

Introduction: The New Labour Phenomenon

Andrew Chadwick and Richard Heffernan

The underlying ideological assumptions of the Labour Party were transformed in the 1980s and 1990s, its policies altered to embrace new forms of political discourse, and its organizational structure changed to enhance the role of an assertively reformist leadership. The remaking of Labour under Neil Kinnock, 1983–92, John Smith, 1992–4, and Tony Blair since 1994 has produced a fundamental reordering of the party's doctrine and ethos (Drucker 1979), one that has seen the abandonment of previously cherished policy positions in favour of dramatically different new ones. Labour's current policy stance, and the record of the Blair government since 1997, reflects the fact that the ideological differences between the two principal parties in British politics, Labour and the Conservatives, have narrowed significantly in the past twenty years.

The emergence of New Labour essentially reflects a process of party change, one that was gradual, incremental and caused by a confluence of external political shocks suffered by Labour and the internal responses these shocks engendered. Such shocks, defeat in the general elections of 1979, 1983, 1987 and 1992, the seemingly unstoppable forward march of the Thatcher governments, and the supposed irrelevance of collectivist, statist social democratic politics in the wake of an innovative individualist, anti-statist neo-liberal alternative, all prompted considerable changes in Labour's conception of itself as a political party. For supporters of the Blairite 'project', the reinvention of Labour was necessary to win elections, and to do so by reconnecting with the electorate by becoming politically 'relevant' (a key word in the Blairite lexicon) once again.

In May 1997, having been effectively declared dead in the water in 1983 and again in 1987 and 1992, Labour secured its largest ever parliamentary majority, a thumping 179, the largest since 1945. In June 2001, the Government was re-elected in another landslide, with a majority this time of 166. Throughout the 1997 Parliament, Labour never ceded a commanding opinion poll lead, and as a consequence easily secured, for the first time in its 101-year history, a second term with a more than solid parliamentary majority. These two elections witnessed a dramatic shift in British voting behaviour, so much so that Labour now enjoys the biggest share of support across all social groups excepting class AB ('professional and upper

non-manual'), though even here Labour (at 33 per cent) is only seven points behind the Conservatives. Compared with its electoral performance in the 1980s, perhaps most significant is the fact that Labour's support among the C2 'skilled manual' class rocketed to 47 per cent in 2001, while the Conservatives, whose successes in the 1980s and 1990s depended to a great extent on the fabled C2s, slumped to just 29 per cent (Dunleavy 2002: 130). Capturing the 'centre ground' of British politics required that Labour demonstrate that it was dynamic and forward-looking in its approach, while economically and socially cautious in its policies. Appealing to the much-cited 'Mondeo man', named after the dull, solid and value-for-money family saloon car, required that Labour align itself with the zeitgeist of 1990s Britain – conservative (small c) suburban working families, the property price-obsessed, and the 'middle England' of IKEA, TV 'makeover' shows and Britpop.

Declining voter turnouts notwithstanding, New Labour cheerleaders argue that the electoral success of the reformed party is testimony to the political success of the New Labour project. Old Labour stalwarts are not so sure. Critics claim that the political changes brought about under Blair (and Kinnock and Smith) have seen the transformation of the party, not merely its modernization or remaking, and often describe the process as the abandonment of its social democratic traditions (Panitch and Leys 1998; Leys 1996). Roy Hattersley, Old rather than New Labour, deputy leader under Kinnock and a self-confessed democratic socialist of the Labour right, is one typical internal dissident. Arguing that 'the policies which define our philosophy have been rejected by the Prime Minister' (*Observer*, 24 June 2001), he charges New Labour with abandoning a great swathe of the party's key policies, among them progressive taxation, state-funded (and provided) public services, and support for a non-elitist, non-meritocratic education system. As a result, according to Hattersley, Labour now bases 'its whole programme on an alien ideology' (*ibid.*). According to such commentaries, Labour's political transition is most often described as 'moving to the right'; but what this actually means in the context of British politics since the 1980s has to be made clear. Others suggest that Labour has simply updated the party's programme, applying 'its traditional values in a modern setting'. It is on this distinction – the extent to which Labour has changed and, if it has changed, why – that the debate on the nature and meaning of the New Labour phenomenon centres.

What, then, is New Labour? Why and how has Labour reinvented itself? And to what end? Providing a critical introduction to the New Labour phenomenon is a huge task in itself, but one that might well benefit from a simple and elegant approach derived from one of the architects of the discipline of political science, Harold D. Lasswell. Students, teachers and researchers alike have long been inspired by the parsimony of Lasswell's famous definition of politics as 'who gets what, when, how' (Lasswell 1936: preface). Criticisms of Lasswell's insistence on a behavioural methodology aside, the major strength of this approach is that it 'underlies the working attitude of practicing politicians', embracing a discussion of politics which seeks to understand and explore the exercise of political power through 'the study of influence and the influential' (Lasswell 1936: 1). Assuming that the ultimate goal of all self-respecting political parties in a liberal democracy is capturing government office through the electoral process, a discussion of the politics of New Labour can be usefully (if loosely) structured around Lasswell's questions 'who gets what, when, how?', while adding a very crisp 'why?' to the end of that classic formula.

Who . . . ?

The question ‘Who are New Labour?’ overlaps with the question ‘When was New Labour created?’, something dealt with in more detail later. Interpretations of the chronology of the party’s transformation have differed. Some writers argue that the process began in 1983 as soon as Kinnock took over from Michael Foot as leader (Westlake 2001; Heffernan 1998; Lent 1997; McSmith 1996). Others focus on the Policy Review process of 1987, which jettisoned many of Labour’s ‘tax and spend’ policies, nationalization and unilateral nuclear disarmament (Kenny and Smith 2001). Still others argue that the real transition did not come until Tony Blair assumed the leadership in 1994, and the changes then made to policy and the internal party machinery, especially the removal of Clause IV in April 1995, which went further than Kinnock or Smith would ever have dared (Gould 1998; Mandelson and Liddle 1996).

The New Labour leaders, foremost among them Tony Blair and Gordon Brown, have been the most decisive actors in prosecuting the remaking of the party, but they did not start from a blank slate. Instead, they were able to capitalize on the efforts of their predecessors. Thus, although Neil Kinnock began the remaking of Labour as far back as 1983, Labour’s transformation is seen by many to be the creation of an inner party cadre formed before and after 1994, a collection of like-minded men and women led by Tony Blair and including, most notably, Gordon Brown, Peter Mandelson and Alastair Campbell. At the heart of this cadre has been the Blair–Brown duumvirate, the principal axis on which the New Labour project was formed and upon which the post-1997 Labour government rotates. Today, intra-governmental relations, principally those between Blair and Brown, continue to dominate discussion regarding the government’s internal workings. Brown is a putative Prime Minister, the coming man, an obvious alternative to Blair should he falter, and one with a considerable power base within the government and the Parliamentary Labour Party. As the undisputed number two in the government, Brown dominates economic policy, is influential over domestic policy, and has to date a *de facto* veto power over the decision on whether Britain should join the European Single Currency. Once described as ‘a French Prime Minister with Blair as a Fifth Republic President’ (Hennessy 2000: 513), Brown remains in theory subordinate to Blair (the Prime Minister appoints him and, should he choose, may dismiss or demote him), but in practice is an indispensable figure with whom Blair is obliged to work. As a result, economic policy, and much else in the domestic field, continues to be dominated by the two, so much so that should the Prime Minister and the Chancellor differ on policy choice, this may prove to be an important source of disagreement as Labour’s second term progresses.

Most apparent about the ‘who’ of New Labour is the extent to which the key ideological messages were very much the hand-crafted products of Blair and Brown (and those around them) from the very beginning of Blair’s leadership in 1994. Although they were undoubtedly capitalizing on the process of internal change started by Kinnock in the 1980s (continuing, tempered somewhat, by John Smith between 1992 and 1994), it is now clear that Blair and Brown recognized that the strategic direction of the party could be altered only if the leadership tightly controlled the debate. In short, as many of the primary sources reproduced in this book

testify, the range of key personnel involved in the re-engineering of Labour's official policies and ideas was, and always has been, strictly limited. In compiling this Reader, for example, we were struck by how few substantive primary ideological statements we could locate which had not been delivered by, or published in the name of, Blair or Brown. Even though background personnel – in particular, figures like Alistair Campbell, Jonathan Powell, David Miliband, Andrew Adonis, Ed Balls, Philip Gould and Geoff Mulgan – have played some role in honing the New Labour message (particularly Campbell and Powell), they have done so by working as agents of the party leadership; the party's *public* presence since 1994 has been very much the product of Tony Blair and Gordon Brown.

Despite this, the fact remains that political parties are always something more than their leaders or their official public declarations. Like Thatcherism and the New Right before it, New Labour has been constructed out of a curious mixture of a small, tightly centralized 'on-message' cadre of 'modernizer' politicians and staff, on the one hand, and a loose network of think-tanks, academics, journalists and opinion pollsters, on the other. Bodies such as the Fabian Society and the Institute for Public Policy Research (IPPR), and even the constitutional reform group Charter 88, although not unqualified in their support for New Labour, have played some part, however small, in popularizing the party's agenda since the early 1990s. Emblematic of the desire to emulate the success of the New Right in the 1970s and 1980s was Blair's and Brown's insistence that individual supporters in the party, the news media and academe (invariably from think-tanks, rather than universities) be co-opted into the policy making process at the very highest levels (particularly in Number 10 and the Treasury).

The scholarly community has not always been supportive, particularly in the area of social policy, which attracted much criticism during the government's first term (Lister et al. 1997). While academics such as Anthony Giddens, Julian Le Grand and Richard Layard, all at the London School of Economics, were also invited to express their opinions to the government (Barnett 2000; Balls 1998; Giddens 1998; Le Grand 1998), public intellectuals have always been considered at best as advisers of the Government, not deciders for it; designated constructive critics or supportive cheerleaders of the New Labour project, rather than active participants in it. For, while claiming that 'politics is first and foremost about ideas' (Blair 1998: 1), Blair also argues that politicians should 'approach issues without ideological preconceptions and . . . search for practical solutions to their problems through honest well-constructed and pragmatic policies' (Blair and Schröder 1999: 15). However, despite efforts to fashion a veneer of intellectual respectability, some more successful than others, the New Labour project reflects first and foremost a policy agenda, a political project, one concerned with propelling Labour into office, building a reliable electoral base, and providing a workable set of proposals. It reflects a pragmatic belief that politics can never be anything other than the 'art of the possible'; policy perhaps being 'whatever works' under contemporary economic and social conditions.

If intellectuals have provided some background knowledge to the New Labour project at certain times, they have rarely been assigned to communicate its message. This task has fallen to politicians, trusted officials and *apparatchiks*, spin doctors and a plethora of journalists, especially those in the Murdoch press and, for a brief time, the *Daily Mail*, sedulously courted by Blair prior to the 1997 election. These have played their part in convincing electors, especially swing voters in marginal

constituencies, that Labour has changed, and now takes seriously the concerns of suburban 'middle England' – fear of crime, support for upward mobility, self-reliance and consumption (Anderson and Mann 1997: 36–45). The issue of 'spin' reached its apex during Labour's first term, and part of answering the 'who' question must involve discussion of the role played by figures like Peter Mandelson, Alastair Campbell and less successful, but highly representative, individuals like Charlie Whelan, who resigned as Brown's press secretary in January 1999 over his role in the Mandelson loan scandal, when Labour's spinmeister first resigned from the Cabinet.

New Labour took the politics of presentation to new levels of professionalism during the mid-1990s, and this ethos did not desert the party leadership when it took office (Franklin 2000; Gaber 2000; Jones 1999). Peter Mandelson's role is of particular interest here, since his influence may be traced back to the founding of Labour's Shadow Communications Agency in 1986 and the remaking of Labour initiated under Neil Kinnock (McIntyre 2000). The period 1985–90 was one of the defining moments in the transition to the new 'designer politics' (Scammell 1995). Mandelson's close relationship with Blair and his well-documented conflicts with Brown simmered throughout the government's first term. His resignations from the Cabinet, first in 1998 and again in 2001, reflected debates about the politics of spin (and its impacts) that have carried on ever since, revealing much about the ways in which press secretaries and political (rather than 'special') advisers have come to play such crucial roles in the New Labour strategy.

What of the role played by the trade unions in the emergence of New Labour? Historically the main source of party funding by a large margin, trade union donations now account for only around 30 per cent of the party's overall funds. The chief reason for this fall is that ordinary member donations and those from rich 'high-value donors' have increased dramatically (Ludlam 2000: 235). Since the Kinnock and Smith reforms of the 1980s, specifically the shift towards one member one vote, the unions' internal party influence has also diminished. Eager to do all they could to bring about a Labour election victory, the trade unions refused to 'rock the boat', swallowing all disagreements while providing crucial backing to Kinnock's and Blair's reforms, not least in supporting Blair's revision of Clause IV in April 1995. It was not until Labour's second term that the unions began to voice their concerns about the Government's policies, when its insistence following the election victory of 2001 that 'public-private partnerships', mainly under the Private Finance Initiative, be extended across all the public services inflamed leaders of the largest unions, such as Rodney Bickerstaffe of UNISON, John Edmonds of the GMB, and Bill Morris of the TGWU (Morris 2001).

Such instrumental opposition aside, the trade unions have been broadly supportive of the New Labour project, rightly hoping that they would receive more of a hearing from a Labour government than a Conservative one, reluctantly accepting the Labour offer of 'fairness, not favours'. TUC leader John Monks, the architect of the pragmatic 'new unionism', while welcoming the introduction of reforms such as the minimum wage and statutory recognition, has sometimes been mildly critical of employment and industrial policy. Of course, 'new unionism' notwithstanding, essentially a relaunch for the TUC in the face of dwindling membership, the unions have not played anything resembling a centre stage role in the New Labour project, their influence nowhere near what it had been. The divide between the supposed 'political' and 'industrial' wings of the old Labour movement was never as starkly pronounced as it is in this era of New Labour.

What . . . ?

Labour politics have echoed, and occasionally foreshadowed, political and ideological changes. At key moments of its history, the party has found itself in touch with a national mood, able to empathize with, as well as encourage and deepen, a national, progressive zeitgeist. In 1945, as the electoral beneficiary of a national swing in favour of wide-ranging social reform, Labour was deemed the means by which state-sponsored collectivist welfare politics would prevail. Eager to 'win the peace' having 'won the war', the British people propelled Labour into office at an election it did not really expect to win. In 1964–6, albeit to a lesser extent than in 1945, Harold Wilson's dual themes of modernization and technology briefly struck a chord with an electorate critical of a hidebound, class-ridden, old-fashioned Britain and eager to support a forward-looking, innovative and new government. Yet, in the 1980s, Labour found itself seemingly hopelessly old-fashioned, out of touch with the politics of the new Britain supposedly being fashioned by Margaret Thatcher, and in danger of becoming irrelevant and obsolete.

Labour was first called into existence as a party designed to enact programmes of benefit to working-class constituents and the trade union movement. Electoral motivations, as ever, were part of Labour's reform agenda, its pursuit of a more equal society, however defined, being dependent on the ability to win and retain governmental office. Quite obviously, Harold Wilson's famous claim that Labour was 'the natural party of government' was premature. Since first winning an overall majority in the House of Commons in 1945, the party was in government only fleetingly, spending around fifteen of the fifty-two years between 1945 and 1997 in office. The background to the making of New Labour was the fact that the party had been cast out of office in 1979 and routed at the polls in 1979, 1983, 1987 and 1992. Labour pre-Blair was seemingly deemed down and out, no longer a credible electoral force. Back in the 1950s, similar electoral misfortunes had led a number of commentators to suggest that Labour was in terminal decline, the party's failures headlined in book titles such as *Must Labour Lose?* The same claims were made in the 1980s and early 1990s.

Ambitious for office for themselves and their party, electoral realities were imprinted on the minds of Labour's Shadow Cabinet in the 1980s and 1990s, many of whom had never experienced high political office, despite relatively long political careers. In opposition, Labour was merely able to preach politics and pass resolutions or declarations of intent, but only in government could it ever attempt to make a difference and engage with the problems it wanted to solve. In the face of the calamities of the 1980s, New Labour's objective was to become electorally and politically relevant, to again become a party of government, one able to successfully govern in the 'national interest'. In Tony Blair's words, spoken on the morrow of the 1997 victory, the Labour government was 'elected as New Labour and shall govern as New Labour'. In July 1995, having travelled to Perth, Western Australia, to deliver a speech to Rupert Murdoch's News Corporation Leadership Conference, an occasion itself an indication of the journey which Labour had undertaken, Blair had explicitly set out the principal motivation behind the creation of New Labour: 'To become a serious party of government Labour required a quantum leap . . . [we had to] reconstruct our ideology and organisation . . . [to begin] the long march back

from the dark days of the early 1980s when, frankly, we were unelectable' (Blair 1995). Of course, the reason why a party should reconstruct its 'ideology and organisation' is one question; the means by which it should choose to do so is quite another.

Eric Shaw (1994) suggests that the Labour Party faced a series of interrelated crises both before and after 1983, best described as electoral, ideological and organizational, which in time prompted party change in all three categories. Foremost among these crises, perhaps the issue determining the party's response to the other two, was that Labour had singularly failed to mount a serious electoral challenge to the Conservatives since it narrowly won the October 1974 election. As Andrew Rawnsley writes, 'Tony Blair's rhetoric might be relentlessly futuristic, but he was fixated by the past. This was not surprising. Before 1 May 1997, Labour had not won an election in more than twenty-two years and had not secured a proper parliamentary majority in over three decades' (Rawnsley 2001: p. xiv). Since the defeat of 1992, this record of unmitigated failure in Westminster elections has been rectified. New Labour's electoral strength under Blair has been formidable. Apart from a brief interruption in the midst of the petrol crisis in September 2000, the Labour government has been ahead of the opposition in the polls every month since May 1997. But this amazing opinion poll supremacy goes back all the way to the autumn of 1992, when sterling's ejection from the Exchange Rate Mechanism on 'Black Wednesday' sparked a decline in Conservative support from which the party has yet to recover. In keeping with the performance of his party, Blair's own personal ratings are similarly impressive, and he 'can claim a level of sustained popularity far beyond anything experienced by any other British prime minister in the past 100 years' (*Guardian*, 27 April 2002). The party's electoral domination of British politics since 1997 (no other word suffices) is something indicating, to date at least, that New Labour has spectacularly met the challenge of reinvigorating the party's electoral base.

Drawing upon the two dominant approaches to party competition in political science, we can see that Labour, in common with all major parties, pursues two central goals: office and policies. Parties in parliamentary democracies aspire to win control of the executive branch both for the benefits that accrue and because it grants them the opportunity to introduce their favoured policies (Müller and Strøm 1999; Budge and Laver 1986; Downs 1957). New Labour is no exception. Office- and policy-seeking are intertwined in the 'real world', as Budge and Laver have argued: 'In the first place, the rewards of office may be valued intrinsically, in and for themselves. In the second place, office may be valued only instrumentally for the ability that it gives to influence policy outputs' (Budge and Laver 1986: 490). Managing the relevant tensions and compatibilities between office and policy are part and parcel of any major political party's existence.

In this regard, New Labour has excelled. While its quest for power naturally embraced both office seeking and policy seeking, the hunger for electoral success under Blair's leadership saw the party successfully prioritize the former over the latter. In short, Labour's policy profile was ruthlessly tailored to meet its perceived electoral needs, and the result was the final abandonment of what remained of its social democratic programme of the 1970s and early 1980s. In large part, this was because the Blairites were deeply afraid of becoming Labour's lost generation. In their view, Thatcherism had so reworked the political terrain after 1979 that Labour found itself in danger not merely of missing the electoral bus, but of becoming

completely irrelevant to dealing with the pressing problems of contemporary politics. The Britain of the 1990s was seen to be fundamentally – indeed, irrevocably – different from the Britain of the 1970s. To take but one example, the great public enterprises had gone, transferred from the public to the private sector, re-regulated, and never, it would seem, to be reclaimed by the state. Under the Thatcher and Major governments, the state, having previously devoted itself to ever increasing the percentage of the economy in public ownership, rolled itself back, privatizing all sorts of state industries and public utilities, and selling off telecommunications, electricity, gas, water and railways, to name only the high-profile examples. This marketization of the economy forever blurred the distinctions between the public and the private sectors, deregulation and privatization together encapsulating ‘private good, public bad’, the watchword of the Thatcher government as applied to the management of the economy. All this influenced Labour policy modernization, because a New Labour government had to deal with the world as it found it, not with the world in a form it would have preferred. Whereas nationalization was the formal logic of industrial policy in the fifty-odd years before 1979, privatization became the new logic after 1979 (Feingenbaum, Henig and Hamnett 1999; Wolfe 1996; Saunders and Harris 1994). As a result, nationalization in the form of the public corporation was deemed to have about the same relevance to contemporary British politics as would temperance, imperial preference or the Divine Right of Kings. In industrial and economic policy, this fact above all others came to colour Labour’s policy preference and its political attitudes.

Not merely in the case of privatization, but in other fields too, the Thatcherite remaking of Britain also saw Labour tailor its policy agenda to what it saw as contemporary realities. Labour’s renewal reflected not merely its own electoral needs, but the demands which economic and administrative obligations would place upon it in government. Perhaps the defining feature of New Labour has been its willingness to accommodate its reform agenda to the political and economic world within which it finds itself. It is this that has prompted ‘Labour’s reconciliation with the market economy and with the macro-economic orthodoxy of the times’ (Stephens 2001b: 185), and Labour’s belief that markets and competition ensure that the economy’s resources are allocated efficiently. In government, Labour has eschewed the high levels of taxation and public expenditure prevalent in continental Europe, claiming it could deliver European levels of public service at American levels of taxation. Having abandoned old-style collectivism and ‘tax and spend’, the Blair government’s watchword is prudence and responsibility, its policy instinct seemingly to prioritize the needs of the private wealth-creating sector over the public wealth-consuming sector when there is a conflict between the two. Historically, faced with a choice between managing, focusing, restricting or constricting the market for a social purpose or empowering, freeing and liberalizing the market in an economic interest, Labour’s policy (and its core instinct) was always to favour the first course of action. It now favours the latter.

As a means to its own particular socialist ends, working with the market economy in order eventually to supplant it, Old Labour defined its role as managing the economy by using the state to regulate a market deemed incapable of self-regulation. It did so at a national level, pursuing stabilization and growth by an active macro-economic policy and using that growth to fund social reforms. In the post-war period, this national policy was supplemented by an international regime, the Bretton Woods system, of managed exchange rates, economic stability and free

trade. The state's role was to provide social income in the form of insurance and related forms of social policy, to empower trade unions and guarantee labour rights, to make substantial public investments, and to vastly extend its direct and indirect control of industry and planned production. By these and other means, Labour would 'domesticate' *laissez-faire* capitalism. Reform-minded Conservatism aside, Labour was the political movement which articulated (and occasionally enacted as policy) social democratic aspirations from the 1940s to the 1970s, pursuing a reformist agenda informed by welfarism. The then twin engines of Labour policy, progressive taxation and increased public expenditure, reflected the state-managed collectivist paradigm of the mid-twentieth century. To this end, Labour ministers set themselves the task of controlling the market through the apparatus of a loosely corporatist state. This is no longer the case, as New Labour clearly testifies. The politics of the Blair government stand as proof positive of the passing of the old social democratic party. Today, with contemporary mainstream politics having moved away from the nostrums of the post-war social democratic era, Labour has acknowledged the demise of this model. Labour now has to govern within a radically different market economy, one based upon a neo-liberal policy paradigm, and these facts necessarily frame and constrain policy.

Labour has 'scorned the demand management on which previous Labour governments relied in favour of macro-economic stability and a social policy rooted in welfare reform and higher spending on education and training. Explicit in all of this was a recognition that the government's ambition of greater social cohesion was contingent on a demonstrable capacity to run the economy competently' (Stephens 2001b: 185). This is not to say that New Labour has not taken some aims of classical social democracy on board, albeit in diluted forms. Whether redistribution of wealth has in fact occurred under the Blair government has acquired totemic significance for New Labour watchers. It is too soon to tell if the answer is affirmative, but preliminary research has shown that although inequality and relative poverty actually increased during Labour's first two years in office, Gordon Brown's budgets have been mildly redistributive, mainly as a result of programmes like the Working Families Tax Credit which benefit those toward the lower end of the income scale by a proportionately larger amount than those at the top (Hills 2001). The Budget of 2002, which substantially increased National Insurance contributions to pay for extra investment in the NHS, was marginally more punitive for high earners, and this led some commentators to claim that the days of redistribution had returned. But raising extra public money to invest in the NHS is not synonymous with redistribution by taxing the wealthy and using the returns to fund higher levels of state benefits. In other words, although they are obviously related, a distinction still needs to be drawn between increasing funding for public services and increasing the amount of money which the less well-off, particularly pensioners, the disabled and the unemployed, receive in the form of direct benefit payments. A helpful explanation of this conundrum is to accept that New Labour believes in redistribution, but only for poverty alleviation, not for the purposes of broader social equality (Goes 2002). The issue then becomes a matter not of absolutes but of degree: redistribution within limits.

Labour's policy agenda clearly reflects the contemporary policy agenda, and because of this it is more obvious today than perhaps at any other time in Labour's history that the two core goals of political parties – office and policy seeking – now seem to happily coincide. Of course, Labour has always been both an office- and a

policy-seeking party, wanting to secure office in order to pursue reform. Even the most avowed policy seeker is obliged to recognize the importance of successful office seeking, if not in the short term, then certainly in the long term. The ability to govern is a requirement for any major party that wishes to continue in existence. Labour, New and Old, has always juggled ideological predisposition and practical necessity, and managed the trade-off between principle and pragmatism. The party was inevitably a broad church, its membership embracing both radical and moderate opinion, reaching across the left–right socialist perspective to incorporate those who wished to reform capitalism and those who wished to transcend it. Thanks to the institutional setting of a two-party system copper-fastened by the plurality electoral system, all major British political parties have been such coalitions of interests. With the brief (and unusual) exceptions of the leadership tenures of George Lansbury and Michael Foot, Labour’s leadership has long been the reliable redoubt of the centre right of the party (but this is not to say that the left has not enjoyed significant periods of influence). Although informed by its own ideological preconceptions and set of political objectives, Labour has always had to acknowledge the need to both simultaneously work with and seek to change the grain of British politics in whatever contemporary form it has taken. It therefore should not be too surprising that New Labour cuts its policy cloth in the way that it does.

When . . . ?

From when does New Labour date? Did the process begin with the election of Blair as leader in 1994? Is it possible to trace the main features back to 1983, when Kinnock was elected (Westlake 2001; Kinnock 1994)? To complicate matters further, what contributions, if any, were made by John Smith’s two-year period as leader? For the most die-hard Labour modernizer, July 1994, the occasion on which Blair became leader, is ‘year zero’. Yet the transition from ‘Old’ to ‘New’ was, in reality, a slow, incremental process (Heffernan 1998; Lent 1997). Certainly the period from 1983 to 1987 saw the gradual withering of the Bennite left’s influence as blame for the 1983 defeat was lain at its door; but in the early years Kinnock was widely perceived to be on what was then known as the ‘soft left’. In the 1983 leadership contest, he effectively portrayed himself as a younger, more dynamic version of Michael Foot, someone who would improve Labour’s presentation of its existing policies. During the 1983 parliament, however, Kinnock and his supporters within the parliamentary party gradually began to abandon the key tenets of the 1983 manifesto, moving Labour to the right, and doing so in close alliance with key trade union leaders. Symbolic victories, such as a more positive approach to Britain’s membership of the European Community, the dilution of nationalization, the acceptance of the Thatcher governments’ legislative restrictions on the trade unions, and the expulsion of the Militant Tendency (the means by which the further demonization of the left was secured), it was the Policy Review process of 1987–91 which signalled the extent and breadth of Labour’s metamorphosis.

During the early Kinnock years – before the 1987 general election at any rate – the party walked a fine line, seriously diluting many features of the 1983 programme, but still not rejecting the commitment to economic planning and the statist regulation of business. Following the defeat of 1987, and Britain’s headlong lunge into the

period of high Thatcherism, the Policy Review marked a departure from the post-1983 compromise between Labour Old and New. The Review was the genuine precursor to New Labour, not only in its affirmation of the principles of the market economy and its retreat from nationalization, public spending commitments and unilateral nuclear disarmament, but also in terms of the role it played in allowing the Kinnock leadership to create a 'New Model' party, tightly centralized around the parliamentary leadership and certain members of the Shadow Cabinet, assisted by a compliant National Executive Committee (NEC) (Heffernan 2001b: 79). Two major policy documents were published during the three-year Review, the most important of which was *Meet the Challenge, Make the Change* (1989), and the Annual Conference endorsed both without problems in successive years. While the Policy Review officially ended in 1989, the informal process of revision continued at the level of the leadership right through until the 1992 general election, as two further policy documents, *Looking to the Future* (1990) and *Opportunity Britain* (1991), appeared (Westlake 2001; Taylor 1998). By 1992, Labour had jettisoned many of the commitments of 1983 and 1987, especially those relating to social and economic policy, such as renationalization, and had diluted its commitment to the redistribution of wealth through progressive taxation.

When Labour lost the 1992 election, Kinnock duly fell on his sword and was replaced by John Smith, the old-style alternative leader-in-waiting during most of the 1987 Parliament. To some the role of Smith in the transition to New Labour is perplexing. While he was considered to be an Old Labour 'fixer' by modernizers close to Kinnock, such as Peter Mandelson, Smith also firmly laid the foundations of the economic 'prudence' that was to become Gordon Brown's stock-in-trade. Smith also set in train a significant debate about constitutional reform, or what came to be termed 'democratic renewal', that Blair was obliged to inherit and which subsequently found a place in New Labour's platform for the 1997 general election. At the same time, demonstrating decidedly Old Labour credentials, Smith exhibited a friendlier attitude to the trade unions (McSmith 1994). It should be emphasized, however, that Smith did not reverse any of the changes to Labour's programme and internal structures that had occurred during the Kinnock era. Indeed, at the 1993 conference it was Smith who delivered 'one member one vote' in the selection of Labour parliamentary candidates, removing at a stroke a key plank of trade union involvement in the party, a change Kinnock had long wanted, but was never able to secure.

Looking back, whatever Smith's long-term strategy, and recalling the fact that, on key indices such as economic competence, Labour's opinion poll recovery began under him, the period 1992–4 was but a brief pause in the 'modernization' process. Blair's ascendancy as Smith's successor came just as increased support for Labour in the opinion polls started to show real substance. Under his leadership, Labour ruthlessly set about developing a media-centric strategy, and Blair took the considerable risk of finally ditching Clause IV – a feat never seriously considered by Kinnock or Smith – in April 1995. This symbolic shift demonstrated Blair's determination to pick up where Kinnock had left off, intensifying the modernization dynamic and offering a cast iron pledge on taxation and public spending that was designed to finally purge the demons of the 1980s. In organizational terms, Blair continued the process of centralization, while simultaneously introducing new structures like regional policy forums and a one-off party referendum on *The Road to the Manifesto* document in 1996. Above all, Blair succeeded in areas where Kinnock had largely

failed, by demonstrating to the electorate that he possessed the qualities of 'strong' and 'dynamic' leadership, personal charisma that appeared to jell with the party's new policies, and a set of relevant, workable and, above all, moderate policy proposals. Instead of the preferred mantra which Blair liked to proclaim, 'education, education, education', New Labour's watchwords were essentially 'reassurance, reassurance, reassurance'. Blair thus became the embodiment of New Labour, much as he strived to assert some symbiotic link between the new Labour Party and a new Britain.

No single point in time can therefore be identified as the 'beginning' of New Labour. There is no year zero. The contemporary party is the product of a cumulative process of change that spanned nearly two decades (Heffernan 2001b, 1998; Hay 1999). Yet one thing is now clear: when Blair announced shortly after the 1997 election that the party was 'elected as New Labour' and would therefore 'govern as New Labour', he was signalling the permanence of the changes to Labour's policy profile and internal organizational discipline. There was to be no going back.

How...?

How did (and does) New Labour pursue its goals? To become electorally successful, the party leadership decided that it had to dramatically alter its programmatic stance; and to alter its programmatic stance, it had to alter its internal structures. In organizational terms, the trajectory mapped out during Labour's transformation was both simple and stark: the parliamentary leadership had to be empowered at the expense of the extra-parliamentary party; Labour's structures had to be altered to grant the leadership *de facto* powers of command. Blair prides himself on leading his party from the front. Of a beleaguered John Major, he once said, 'He follows his party, I lead mine' (Rentoul 2001: 145), perhaps a phrase that best encapsulates Blair's attitude to leadership and party politics.

Of course, changes made to Labour cannot be ascribed solely to Blair's agency. Over time, the building of the 'electoral professional' party (Webb 2000; Panebianco 1988) saw Labour move from its relatively decentralized, federal structure, in which both parliamentary and extra-parliamentary wings coexisted in an occasionally tense, ambiguous relationship, towards a centralized structure. Now the parliamentary leadership, being more autonomous with respect to the extra-parliamentary party, is more fully equipped to point the party's strategic direction. As catch-all, professionalized organizations, political parties are increasingly run from the centre. In the case of Labour, its electoral organizers and campaign professionals are geared to serve the needs of the parliamentary leadership, not local affiliates. As a result, in common with all party elites, the Blair leadership sets out its policy stall as Labour's policy stall, addressing the electorate from a distance, making full use of the news media to frame and disseminate its message, packaging its appeal through carefully chosen imagery, perpetually seeking favourable media coverage. Today's media-driven electoral processes, often blurring personality politics with policy deliberation, further empowers party leaders at the expense of the grass roots. The aim after 1994 was to project the party as the Blair leadership, and the Blair leadership as the party, and this successful strategy has served to further empower the party leadership at the expense of the party at large, in Parliament and in the country.

Once elected, the Labour government quickly sought to translate the principles of centralized, disciplined leadership into a new governing style. Often dismissed by journalists as ‘control freakery’, New Labour’s changes to Whitehall are much more significant than the personal predilections of Blair, because they encompass a programme of Whitehall reform under a ‘Modernizing Government’ banner (Cabinet Office 1999). Leading ‘from the centre’ remains a key Blair objective. To this end, strengthening the Downing Street–Cabinet Office nexus in terms of personnel and resources (Hennessy 2000; Burch and Holliday 1999; Kavanagh and Seldon 1999), equipping the Prime Minister and his staff with the means to intervene across Whitehall, and astute use of information and communications technology (Jones 1999; Franklin 2001; Chadwick and May 2003; Chadwick 2001) to publicize Government actions have become central preoccupations. As the Cabinet Office has been gradually brought into the orbit of Downing Street, to serve the Prime Minister rather than the Cabinet collectively, this ‘Whitehall Centre’ is increasingly organized by and for the Prime Minister, charged with issuing instructions to departments and enabling the Prime Minister to respond to departmental representations. Critics have argued that these reforms have finally ‘presidentialized’ British government and have continued the ongoing process of building a *de facto* Prime Minister’s Department, even if the name itself is deliberately shunned.

Central to Labour’s strategy was the very invention of the term ‘New Labour’. First used as a slogan at the 1994 party conference, it was an attempt to reconnect with the electorate, and to demonstrate that the election of Blair as leader in succession to John Smith marked a new beginning. In essence, the phrase was deployed to market the party as something different from what it once was, to starkly demonstrate that Labour had changed, had done so fundamentally and irrevocably, and that it would change further. The very term ‘New Labour’ is therefore a brand, and a key signifier of a reformed political party. The phrase has well and truly stuck. Now used by friend and foe alike, informing both analytical and normative accounts of how the party has been reformed and what the party has been doing in government since 1997, it shows little sign of being past its sell-by date even some eight years after its first appearance.

The phrase ‘New Labour’ resonates, because it encapsulates change in both ideological and organizational terms. A party defining itself as ‘new’ is one that wishes to be seen as clean, bright and fresh; no longer sullied by a past best forgotten, and no longer ‘old’. More than a marketing device, New Labour was and is a political invention, designed to publicly project the Blair leadership’s concept of a modern, vibrant, electorally friendly and, above all, politically viable party. As something pitched to voters at large, as well as to agenda setters, commentators and opinion formers everywhere, New Labour embraced a set of workable and ‘realistic’ ideas. The re-branding proclaimed the party a safe bet for non-Labour voters, demonstrating that its previous assumptions were well and truly a thing of the past. In their place, Blair-led Labour trumpeted its willingness to pursue market-enhancing, supply-side policies which would bring benefits to ‘haves’ as well as ‘have-nots’, appealing to voters who had hitherto provided the core of the Conservative electoral coalition which had propelled Labour into the wilderness after 1979.

This objective involved the construction of a stereotypical Old Labour. Making clear what Labour was not, and what it did not stand for, was the prime objective. The idea that Labour was in thrall to the trade unions, favoured high levels of

taxation, would be profligate with taxpayers' money, and 'irresponsible' in its macro-economic policy – all these had to be banished from popular perception. This was the spectre of 'Old' Labour clinically raised to indicate just how fast change was occurring under 'New' Labour. Strangely enough, its target was just as much Jim Callaghan, say, as it was Tony Benn. New Labour now seemingly agreed with Keith Joseph, who had lambasted the party back in 1979 for being wedded to six poisons polluting the UK economy: 'excessive government spending, high direct taxation, egalitarianism, excessive nationalization, a politicized trade union movement associated with Luddism, and an anti-enterprise culture' (Joseph 1975). These were to be drained from the New Labour mind-set, its contemporary solutions to present problems denying any association with the supposedly mad, bad, sad old days.

While several commentators argue that the 'New' is not very different from the 'Old', Blair's desire for it to appear different might well prove to be the leitmotif of his leadership. While aware of the need to genuflect in homage to the party's illustrious past (though with less gusto than his predecessors), Blair has made it clear that he is eager to move Labour forward, a process identified by his adviser, Philip Gould, as 'permanent revolution', an ironic borrowing from that decidedly non-New Labour figure, Leon Trotsky. Gould is a fascinating figure, not least because his critique of Old Labour, based on his analysis of what he terms 'The Land that Labour Forgot' – the hard-working, aspirational suburban consumers in the south of England – encouraged the leadership to painstakingly reconstruct Labour's appeal with the aid of focus groups and poll data (Gould 1998). Gould's personalized narrative of his life as a Labour supporter in the affluent village of Brookwood, just outside Woking, in Surrey, Britain's wealthiest county, where unemployment in January 2002 stood at just 0.9 per cent (Office of National Statistics 2002), is bizarre. At the 1992, 1997 and 2001 general elections, Labour finished third behind the Conservatives and the Liberal Democrats in Woking, and there has never been a Labour MP elected in the constituency (nor, indeed, the county). Since first created in 1950, in common with most of Surrey, Woking has been staunchly Conservative. Perhaps the party can be forgiven for 'forgetting' a place where it has never really been. Still, these facts get in the way of Gould's story and objective, which was not about turning around solid Tory seats based on the support of middle- and upper-middle-class private sector professionals, and was everything to do with convincing non-aligned swing voters of all classes in more marginal constituencies up and down Britain that Labour was not going to interfere with their personal wealth.

Probably more significant in the long term than the media strategy of Philip Gould was New Labour's attempt to frame its policies as the 'Third Way'. According to Blair,

The Third Way stands for a modernized social democracy, passionate in its commitment to social justice and the goals of the centre-left, but flexible, innovative and forward-looking in the means to achieve them. It is founded on the values that have guided progressive policies for more than a century – democracy, liberty, justice, mutual obligation and internationalism. But it is a Third Way because it moves decisively beyond an Old Left preoccupied by state control, high taxes and producer interests; and a New Right treating public investment, and often the very notions of society and collective endeavour, as evils to be undone. (Blair 1998: 1)

The Third Way suggests that other ways have failed. It chastises traditional socialist ideas, in both their radical and their moderate forms, for being now impractical, and therefore irrelevant, their failings all too apparent, particularly in terms of economic management and in light of transformations wrought in the political landscape by globalization. Neo-liberalism, and the market fundamentalism it engendered, has also proved to be a failed alternative to social democracy. It has been unable to deal with the economic realities of an unequal, unstable, ever-changing world, particularly when markets are neither self-regulating nor able to promote economic development or provide for social justice. In light of the seeming irrelevance of the 'first way', traditional social democracy, and the 'second way', neo-liberalism, to deal with current conditions, the 'Third Way' offers the possibility of discovering new means to manage both economy and society, working with, rather than against, markets, while nurturing and developing civil society. As Anthony Giddens argues, contemporary social conditions, foremost among them globalization, economic and social transformations, particularly the rise of individualism and the erosion of an old-style egalitarian collectivism, all provide the impetus for the renewal of social democracy, something he argues is exemplified by the emergence of New Labour in the UK and by reform-minded projects in other countries headed by centre-left governments (Giddens 2001, 1998).

Unlike Giddens's preferences, a series of normative prescriptions about what the Labour government should do (as opposed to an analysis of what it is actually doing), Blair's version of the Third Way is more slippery and much more pragmatic. The Prime Minister claims to get his inspiration from early twentieth-century new liberals like L. T. Hobhouse and J. A. Hobson. He is not the first Labour politician to acknowledge such debts; progressive liberalism has had affinities with Labourism all the way back to the party's foundation, and has nourished not only its social and economic ideas, but also its discourses of citizenship and constitutionalism (Chadwick 1999). But, posited as a rejection of social democracy and neo-liberalism, Blair's Third Way suffers from a degree of historical amnesia. For it was progressive liberals like Hobhouse, Hobson and, of course, John Maynard Keynes and William Beveridge who played such an important role in defining British social democracy in the first place (Freedman 1999), not least during the 'golden era' of the post-1940 period.

In electoral terms, in the wake of Blair-led Labour's reworking of Britain's electoral landscape, there seems little doubt now that the nature of British politics has shifted. 'Issue voting' has finally come of age, and 'class voting' is being eclipsed, as social and economic trends towards consumerism have at last converged with politics. Gordon Brown's adept management of the economy between 1997 and 2002, narrowly avoiding Britain being pulled into a global downturn, simply consolidated Labour's electoral base. Growth rates remained healthy, inflation stayed low, and wages rose steadily (Toynbee and Walker 2001). Together these facilitated the 'feel good factor' – or at the very least prevented a 'feel bad factor' – which bound Labour's 1997 electorate to the party in 2001. The problems of the manufacturing sector and a potentially damaging North–South divide aside, what we might term the 'cultural economy' – the patterns of consumer behaviour which play such an important role in defining social and therefore political identity in early twenty-first century Britain – have been very kind to New Labour. There is little immediate sign that this will change.

Why...?

Finally, we come to the issue of how commentators have sought to explain New Labour. The debate is rich, complex and still in development, but its main contours can be outlined (Driver and Martell 2002, 1998; Heffernan 2001b; Kenny and Smith 2001; Ludlam and Smith 2001; White 2001; Hay 1999; Shaw 1994). In the broadest terms, certain authors (Kenny and Smith 2001; Giddens 1998) suggest that Labour has merely modernized its traditional policy stance and is still working within the party's historically accepted ideological parameters, while others (Heffernan 2001b; Hay 1999, 1996) argue that Labour has accommodated itself to Thatcherite neo-liberalism and has effectively altered those central principles that had informed its political thought and practice. Ironically, there is considerable overlap between the 'Thatcherism' and the 'non-Thatcherism' schools. Both agree that Labour has changed its policy stance, and has done so dramatically, and acknowledge that, whatever the party's motivation, Blair's policy agenda is demonstrably different from that of, say, Clement Attlee, Hugh Gaitskell or Harold Wilson. Both schools of thought also blend a mixture of contextual factors and the motivations of political leaders, structure and agency, to explain the nature and form of Labour's political change (and of political change in Britain and elsewhere). At the same time, some writers attempt to transcend the divide by arguing that New Labour is the product of 'post-Thatcherite' politics (Driver and Martell 2002, 1998).

Colin Hay argues that five different contexts can be identified in the existing accounts assessing Labour's transformation: party history and traditions, the development of the British state and economy, demographic and other socio-economic trends, the development of European social democracy, and the development of the global political economy (Hay 1999: 12–14). Indeed, when it comes to party change, such contexts are crucial. All political actors are conditioned by historical circumstance and can only express ideas within existing social, political and economic environments (Heffernan 2002, 2001b; Chadwick 2000; Hall 1993, 1989; Steinmo 1993), although they may be able to manipulate such contexts when in office (Dunleavy 1991). Parties often find themselves obliged to adopt policies that work with, rather than against, the grain of societal interests, within and without the state, in line with the demands of the economy, particularly when they are in opposition and prize the attainment of office over all other party goals. Dramatic policy change is the exception, not the rule, and this may be especially true of reformist parties. As Donald Sassoon (1996) rightly suggests, when the needs of capitalism have changed, the strategies of social democracy have inevitably changed too. Thus, the rise of social democracy in the middle of the twentieth century was gradually enacted in light of the perceived failures of the market economy, the collectivist shift in favour of reformist politics encouraged by the growth of mass politics, and the refinement of the holy trinity of state intervention – Keynesian demand management, Beveridgian welfarism and the Morrisonian public corporation – reflected the political, social and economic needs of their time. The insurgence of neo-liberalism in the 1970s unfolded against the background of the economic and political crisis of social democracy and the belief that statism was now part of an economic problem, and no longer a solution (Kavanagh 1997, 1990; Gamble 1994).

Quite obviously, New Labour has not simply imported unthinkingly the high Thatcherism of the 1980s. After all, since 1997, the government has presided over a series of policy changes opposed by the Thatcher- and Major-led Conservatives when they were in office. The thwarted idea of electoral reform notwithstanding (Jenkins Commission 1998; Straw 1998), the constitutional reform agenda, including the introduction of devolution for Scotland (Dewar 1997), Wales and Northern Ireland, the passing of the Human Rights Act (HMSO 1998), elected mayors (DETR 1998), reform of the House of Lords by the abolition of the hereditary principle (Lord Chancellor's Department 2001), provides obvious examples of where the election of the New Labour government has marked a change of direction from Conservative practice. Policies such as the minimum wage, increasing child benefit, and the use of indirect (and direct, at least in the form of increased National Insurance contributions) tax revenues to redistribute resources to the working poor and to fund increased expenditure on public services also mark a departure from the previous Tory agenda.

There are also differences between a Thatcherite and a New Labour view of Europe, though perhaps fewer than is often assumed. Labour's stance on the Euro reflects domestic political and economic considerations almost exclusively. Whereas Thatcher was 'patriotic' and 'anti-European', Labour is simultaneously 'patriotic' and 'pro-European', its Europeanism deriving from the desire that Britain should benefit from membership of a European Union that protects and enhances British interests (Heffernan 2001a; Stephens 2001a; Daniels 1998; Hughes and Smith 1998). Labour is ever conscious of Britain's geo-political traditions, its Atlantic ties, its conception of national sovereignty, and its continuing allegiance to the majoritarian constitutional forms of the Westminster model. Thus, monetary union continues to be the most important European issue facing Labour, its position being that Britain should join the single currency only after overcoming a 'triple veto' of the Cabinet, Parliament and a referendum (Brown 2001, 1997; Stephens 2001a; Blair 2000).

That there are significant differences between Thatcherite Conservatism and New Labour is not in dispute. Yet, in economic policy, social policy and Blair's governing style, there are very important continuities with the Thatcher-Major years. The disjuncture between constitutional radicalism and social and economic conservatism was labelled the 'Blair paradox' early in the first term (Marquand 1998), but promoting business and encouraging entrepreneurship are still the order of the day. In this regard, Peter Mandelson, for many Blair's *eminence grise* and a key architect of New Labour, publicly claimed that New Labour was 'intensely relaxed about people getting filthy rich' (Rawnsley 2001: 213), a phrase without much resonance in Labour's history.

While being himself 'intensely relaxed' about advancing the interests of Britain's entrepreneurial classes (and those of the international community at large), Blair described the 2001 general election as being about '[m]aintaining a strong economy and reforming the public services'. Launching the manifesto on 16 May, he promised: '[W]e make the public investment we need, we target tax cuts on our priorities as affordable, and at all times we never put the stability of the economy at risk' (Blair 2001). For Blair, Labour's 'first term mission was to sort out the economy and begin the process of investment and reform of public services. Our second term mission is to make real and lasting improvements in our public services' (ibid.). Yet, in matters of public sector reform, it is clear that Labour believes the role of the

private sector in delivering public services should be increased. The position is both simple and stark: there should be an end to the public–private dichotomy, because ‘[t]here should be no barriers, no dogma, no vested interests in the way of delivering the best services for people’ (ibid.). The government’s position, set out in July 2001, is that ‘Where it makes sense to use private or voluntary sectors better to deliver public services, we will do so’ (ibid.).

In introducing the private sector into the provision of public services, the government is going beyond the introduction of new public management techniques pioneered in the 1980s and 1990s, and much further than the Thatcher and Major governments wanted (or felt able) to go. Labour’s willingness to ‘think the unthinkable’ (in Labour Party terms) regarding, say, part-privatizing the NHS, is an illustration of the road the party has travelled in the past twenty years (Hutton 1998). Thus, having adopted the agenda of Conservative governments, Labour is pursuing a number of public–private partnerships (PPPs) in all forms of public service – in transport (the forced semi-renationalization of Railtrack aside), particularly the London Underground, and in education and the NHS. So far, this has created a great deal of unease among many Labour back-bench MPs and the trade unions. While the government, with the exception of up-and-running PPPs, has so far confined itself to making the general case for private sector involvement, the public sector unions, principally the GMB and UNISON, have reacted strongly to the very idea that private firms should be invited to provide health and education services, disagreeing with ministers that they would be more effective than the public sector. With such opponents threatening to mount a campaign to ‘keep public services public’, and Labour back-benchers uneasy, and some openly hostile, this issue may come to dominate Labour’s second term.

Did demographic change pave the way for New Labour? In common with other European parties of the social democratic left, Labour has had to engage with a changing electoral environment, its previous core vote having dwindled. No longer a party determinedly of and for the organized (and disorganized) working class and those social groups allied with them, Labour slowly, over time, became a ‘catch-all’ party, broadening its appeal to seek votes from all classes and social interests, becoming ‘national’ rather than ‘sectional’.

This is nothing new. Labour governments have always prioritized national economic interests over the party’s preferred sectional interests. MacDonald’s 1931 ‘sacrifice’, the Crippsian austerity of 1947–50, and Wilson’s defence of sterling before devaluation in 1967 provide but three such historical examples. In 1976, even in the days of Old Labour, Callaghan and Healey’s IMF-assisted management of the economy saw a Labour government drastically reduce public expenditure and adopt an unachievable incomes policy culminating in the trade union revolt of 1978–9, the infamous ‘winter of discontent’. But whereas in the past a ‘national’ economic policy was supported by a solid base in the trade union movement, it is reasonably clear that demographic change since the 1970s has shrunk Labour’s electoral heartland. Male manual employment in manufacturing industries has continued to decline. Non-unionized jobs have become the norm, and this, together with the growth in the service sector and the relative privileging of skilled manual workers (the C1s and C2s), saw the Conservative Party fashion a new electoral base with which Labour had to engage.

However, with regard to Labour’s electoral resurgence, this all points to the context of electoral competition and the Conservatives’ strategic failures in the

1990s. While the Conservatives' plight was being undermined after 1992 by poor leadership, economic calamities, pro- and anti-European obsessions, and a general image of 'extremism', 'sleaze' and 'incompetence', Labour became a united *centre party*, no longer of the 'centre-left', able to appeal to electors to its left and right. The Conservatives lost their reputation for sound economic management during Britain's disastrous withdrawal from the Exchange Rate Mechanism in 1992 (Sanders 1996), and, ten years on, they have yet to regain it. Major's period of leadership was characterized by internal divisions reminiscent of Labour's past, and, ever fuelled by the party's suicidal tendencies over Europe, including prioritizing opposition to the single currency during the 2001 election campaign, the mantle was gratefully handed down unaltered to William Hague and to Iain Duncan Smith in turn. Before 1992, opinion poll analysts had persistently argued that the main barriers to a Labour victory were low leadership approval ratings and a poor reputation on economic policy. After 1992, the situation was entirely reversed.

Yet, management of the economy today does not mean what it meant for much of the twentieth century. In today's deregulated, liberalized and globalized market, it is often claimed that it is no longer permissible – or possible – for the state to fully regulate business, the creators of wealth, and the owners of capital. Analyses of globalization have been heavily criticized for their slipperiness, and obviously stretch well beyond explaining party change in one country; but in its central tenets the thesis has been used by New Labour friend and foe alike to account for why such policies as old-style 'tax and spend' will not work. Colin Hay has expressed this new orthodoxy very aptly:

This posits an increasingly 'borderless world' in which labour and ('footloose' multinational) capital flow freely – down gradients of unemployment and social protection, and taxation and labour cost, respectively. The result is a much more integrated global economy in which the Darwinian excesses of international competition drive out 'punitive' taxation regimes, 'over-regulated' labour markets, social protection, all but residual welfare regimes and Keynesian economics. This, in turn, serves to establish a pervasive logic of international economics and political convergence – a convergence on neo-liberal terms. At a stroke, it would seem, the liberalisation of capital flows, the deregulation of financial markets and the growth of instantaneous communications technology have eliminated all alternatives to neo-liberalism within the contours of the new global political economy. (Hay 1999: 30)

States therefore find that expanding transnational forces reduce the economic control they can exert over the market; fixed exchange rates, capital controls and Keynesian demand management are therefore deemed not only unnecessary, but also unwise (cf. Friedman 2000; Held and McGrew 2000; Held et al. 1999). If it is argued that globalization is an analytical tool for understanding contemporary political economy, it is also suggested that it is simultaneously a form of ideology used by political elites to strategically justify domestic inaction (Hirst and Thompson 1999; Garrett 1998). Labour's policy realignment met domestic electoral necessities by a shrewd invocation of economic and social forces outside its control. New Labourites could go some way towards silencing critics by pointing to the futility of 'Keynesianism in one country'.

New Labour, in common with most governments in liberal democratic states, has few ideas regarding how to combat the effects of globalization, other than to work with it, rather than against it. New Labour's idea of work has been heavily shaped by

the discourses of globalization and 'national competitiveness'. There have been constant references to the need for a globally competitive economy. Skills in the work-force, especially the shift towards a so-called knowledge based service sector, have been central to this strategy. While hints of this may be found in Neil Kinnock's late 1980s concern with supply-side economics, particularly research and development and the acceptance of globalization, the reinterpretation of the labour market as something that must be subject to state intervention only to make workers better equipped for a global economy is a genuinely new element in Labour's thinking. As Margaret Thatcher was reported to have said in the late 1980s, 'you cannot buck the market' (Thatcher 1993). Today New Labour has no intention of doing so, nationally or internationally.

Conclusions

Initially, making clear what Labour was not, what it did not stand for, was the party's prime objective in the search for votes lost in 1983, 1987 and 1992. The idea that Labour was in thrall to the trade unions, favoured high levels of taxation, would be profligate with public monies, and be deliriously, spectacularly irresponsible with the economy, were all to be banished from the public lists. This was the spectre of Old Labour. As a result, more than a carefully crafted marketing device, New Labour was, and remains, a political invention, projecting the Blairite concept of what a modern, electorally friendly and politically relevant party should look like and stand for. Pitched to voters at large, as well as agenda setters, commentators and opinion formers, New Labour above all else embraced a set of workable, realistic ideas, all of which demonstrated that it had a viable programme for government.

In the end, as prior debates about the role and impact of Thatcherism have perhaps demonstrated (Heffernan 2001b; Kavanagh 1997, 1990; Hay 1996; Marsh 1995; Gamble 1994; Hoover and Plant 1989; Marquand 1988; Jenkins 1987), accounting for New Labour will perhaps come down to a more nuanced account, in which generalization becomes qualified with reference to matters of degree and differences across policy sectors. Disentangling the different factors involved and the relationship between ideas and their contexts is an essential preliminary, but there will always be the need to provide an overarching explanation for the New Labour phenomenon. Despite the wealth of literature already in existence, the New Labour debate is only just getting started. Perhaps absent from the current approaches are studies that fully support analytical assertions with detailed empirical material. This is in many respects a product of the novelty of the subject matter, and will hopefully be redressed in due course, especially as the length of Labour's tenure increases. Synthesizing theory with evidence is always a challenge for political scientists, but there is a real need for work making intelligent use of 'thick description' in presenting its case. A natural starting point for such an exercise would be to examine what New Labour has actually done in office since 1997.

The range of responses to New Labour is inevitably explained by its 'complexity' (Smith 2000); yet there is a more fundamental reason for the ambiguity and caginess which we freely admit has hung over our own assessment here. It stems from trying to examine a political party that has, perversely, radically changed its ideology and

structure only to accommodate and carry forward a pre-existing agenda, most of which was not of its own making. Analysing Thatcherism was more straightforward. A new, relatively clear, distinctive ideology and policy agenda marked some form of break with post-war collectivism and with many of the economic, social and industrial policies pursued by successive governments, both Labour and Conservative (Heffernan 2002, 2001b; Gamble 1994). Change is often easier to explain than continuity. Huge innovation in Labour's ideology and organization was required, first, to pursue relatively unoriginal policies, and second, to begin to fashion a reform agenda within the neo-liberal policy paradigm bequeathed the Blair government by its Thatcher- and Major-led predecessors. This is the central antinomy of New Labour

The Blairite Third Way agenda argues that statist approaches should be abandoned, but that free-market philosophies be reformed (Blair and Schröder 1999; Blair 1998); as a result, Labour works to reform the *status quo* bequeathed it by successive Conservative governments. New Labour is not Old Thatcherism writ large. While to some degree 'fiscally conservative, [New] Labour is committed to interventionist supply side measures and to incremental redistribution through the tax system' (Smith 2000: 259). That said, it remains the case that fiscal conservatism takes precedence over interventionist measures and incremental redistribution should such objectives conflict. Normative theories of the Third Way aside (Giddens 2001, 1998; Marquand 1998), the Blairite Third Way certainly reflects the remaking of existing ideologies and political theories, but does so as a result of political and policy changes brought about by the eclipse of social democracy amid the rise of neo-liberalism (Heffernan 2002).

In this regard, if in no other, Thatcherism remains a factor in the remaking of Labour. Mainstream politics having moved away from the nostrums of the post-war social democratic era, the Blair government acknowledges the neo-liberal policy paradigm framing and constraining the policy of all governments, and within which it pursues its own distinctive reform agendas. Will the 1997 general election rank as important a turning point in British political history as those of 1906, 1945 and 1979? By themselves, election years may not necessarily change anything other than the administration of the day, and may not change the prevailing policy agenda. Of course, New Labour remains a 'work in progress'. It is probably too soon to tell what will be its impacts in government.

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