Blair's project in retrospect

JOHN GRAY

Tony Blair came to power aiming to break the hold of the Right on power and open up a new path to modernity for Britain. Under the leadership of Margaret Thatcher, the Conservative Party had been the vehicle for an ambitious modernizing project. Thatcher was herself bewitched by a nostalgic vision of England's past, but her policies had resulted in a brutal shake-up in nearly every aspect of British life. Unlike the old Left, Blair understood that the changes imposed by Thatcher were not a blip on the screen of history, which would soon be followed by a return to the familiar forms of social democracy: the new economic settlement she had installed was irreversible. In some ways, he believed, it was also desirable; but the free market was not enough. The dynamism of capitalism had to be reconciled with social cohesion, the inequalities of the market with fairness. Individualism and community, economic efficiency and social justice need not be at odds; they could complement and reinforce one another. New Labour—a party that had broken with its past by accepting Thatcher's settlement—was to be the vehicle for this elusive vision. Blair would advance a post-Thatcherite model of British modernization—and in so doing dish the Tories.

In fact, under Blair's leadership, New Labour has turned out to be not so much a successor to Thatcherism as a continuation of it. A post-Thatcherite project may be emerging onto the political scene, but it comes from Michael Howard's Tory Party, not New Labour. Despite the communitarian rhetoric adopted by Blair before he came to power, his recurrent genuflection to a defunct One Nation Tory tradition and his intermittent allusions to the Third Way, a neo-liberal model of modernization underpins all of his economic and social policies. The tax and welfare policies sponsored by Gordon Brown have been notably redistributive, particularly with regard to the poorest groups, and there has been a marked expansion in the size of the public sector. Even so, market mechanisms have continued to be imposed in health, education and other public services. Blair's government has renewed the Thatcherite project of reshaping autonomous social institutions as bureaucratic replicas of business enterprises.

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Blair gave Thatcherism a new lease on life, but by the start of 2004 his government was hopelessly adrift. Blair's reputation has been damaged irreparably by his decision to back the Bush administration's ill-fated adventure in Iraq. As a result, the only policy on which he differs sharply from Thatcher has come to nothing. Blair has always seen Britiain's integration in Europe as a precondition of it becoming a truly modern country. Indeed, if there is any policy for which he would wish to be remembered, it is taking Britain into the euro. Yet his unwavering support for American military intervention in Iraq has made this impossible and left Britain as deeply alienated from much of continental Europe as it has been at any time since the Second World War. In the one area where he is unequivocally at odds with Thatcher, Blair's actions have had the effect of advancing her vision of a Britain semi-detached from Europe.

If the upshot of Blair's attempt at a post-Thatcherite project has been to entrench Thatcherite policies, it is worth enquiring how this paradoxical situation came about, and what it portends for the future. Blair's dominance from 1997 to the present is a mirror image of Thatcher's in the 1980s. The single most important factor supporting Thatcher's power was Labour's internal conflict, culminating in the split that led to the formation of the Social Democratic Party. Without Labour's self-inflicted wounds, Thatcher could not have enjoyed her decade of seeming hegemony. Equally, without Thatcher's destructive impact on the Conservative Party Blair could not have had his six years of unchallenged dominance.

The near-destruction of the Conservative Party by Margaret Thatcher was the single most important condition of New Labour's rise to power. The seeds of the Tory collapse in 1997 were sown in Thatcher's hubris a decade before. The inner-party coup that removed her from power was a response to her attempt to impose the hugely unpopular poll tax and—at least as important—to the risk of British isolation that flowed from her increasingly strident anti-European rhetoric. The coup gave the Conservatives another lease on power. At the same time, it destroyed the culture of loyalty in the party. All subsequent Tory leaders had to face the fact that their authority was based on a short-hold lease. Thatcher's toppling illuminated a contradiction at the heart of her outlook. She sought to impose a revolutionary change in British life, but one that left most things unaltered. She aimed to unleash the subversive energies of the unfettered market, but at the same time she dreamt of restoring the safe, stodgy Britain of the 1950s—itself a by-product of Labour collectivism. She was a stout partisan of British traditions—and yet bitterly hostile to many of its institutions. Animated by these conflicting impulses, Thatcher found herself implementing a far-reaching programme of social engineering. In her own party, the upshot of her leadership was to sever the ties of deference that had been its most valuable asset. In the country at large, the result was to accelerate the pace of social change, strengthening an individualist culture with no enduring loyalty to any political cause.

Thatcher's policies were never the systematic application of a clearly defined political theory. Much of the time they were reactions to events. The goals of

Thatcher's first government were a reaction to the failures of the Labour government that preceded it. Among senior British politicians it was Denis Healey who first declared that the postwar economic consensus had become unsustainable. It was he who first grasped the scale of the changes—above all, a reduction in trade union power—that were required. Labour proved unable to carry through the necessary measures, and the task passed to the Tories. When Thatcher came to power her agenda was set by history.

'Thatcherism' is a term applied after the fact to a succession of improvisations, but Thatcher's innovations added up to an experiment in statecraft on an ambitious scale. By the end of the 1980s the postwar economic consensus was barely remembered. The unions had been tamed and a new fiscal orthodoxy was in charge. Thatcher had installed a new regime. Yet she was not satisfied. Alongside her belief in the free market she had a belief in her capacity to embody the national will that resembled De Gaulle's. She believed she could end the cycle of national decline and rejuvenate Britain in the image of a fabulous past. With the fall of communism in late 1989 her self-belief escalated to the point of *folie de grandeur*. She pressed on with her attack on British institutions, with the result that the Britain of her nostalgic dreams was finally consigned to the rubbish heap and her party nearly destroyed.

The decay of the Tory Party started as a reaction against Thatcher's hubris, but it was John Major's decision to join the Exchange Rate Mechanism (ERM) at an unrealistic exchange rate that made the party ungovernable. When Britain was driven from the ERM in September 1992, the impact on the Tories was two-fold: their economic competence was all but destroyed in the eyes of voters, and civil war broke out in the party over the issue of Britain's relations with Europe. Both developments were deeply damaging, but it was the conflict over Europe that proved most serious. Major lived from day to day in a permanent crisis mode. He had been put in as party leader to block Michael Heseltine, with a brief to abolish the poll tax and ensure that Britain signed the Maastricht Treaty. Once these measures had been implemented—in the case of the Treaty, not without some difficulty—Major seemed at a loss. He turned to a stilted and mechanical version of Thatcherism, in which privatization—often extremely ill thought out, as in the case of the railways—seemed to be pursued for want of anything better to do. The energies of his government were consumed in internecine warfare. As his party descended into rancorous chaos, the Tory press turned viciously on Major. Recurrent allegations of sleaze added to his difficulties. By the time of the general election in 1997, the Tories had lost the capacity—and perhaps the will—to govern.

The Tory collapse presented Labour with a historic opportunity, but it could not be seized without major changes in strategy. Despite the long Tory decline of the Major years, Thatcher's economic settlement was an established fact; but this was a potential source of weakness for the Tories. For as long as anyone could remember, the Conservatives had thrived as an anti-socialist party. Hostility to collectivism had been part of the Tory identity since Labour replaced the

Liberals as the main opposition party. How could the Tories cope if Labour came to be seen as market-friendly? To be sure, Labour in power had long been practically post-socialist. There was nothing notably doctrinal in the governments of Harold Wilson or James Callaghan. Nevertheless, Labour continued to be perceived as too close to the unions and too fond of high spending and high taxes to be able to manage a market economy successfully. When the Tory Party's reputation for economic competence was shredded in the ERM debacle there was a real possibility for Labour to replace it as the party of capitalism. Building on John Smith's 'prawn cocktail offensive', New Labour launched a bold campaign to reshape its public image that reached its high point when in 1995 Blair persuaded the party to remove Clause Four (mandating 'common ownership of the means of production, distribution and exchange') from its constitution. Blair defended the abolition of the clause as a necessary part of 'modernization'—an elastic term he has used to cover many shifts in policy, but whose core meaning is that social institutions must be reshaped to meet the imperatives of the free market. In rewriting Labour's constitution in this way, Blair was showing his deference to this conventional wisdom, but he was also removing the enemy in terms of which the Conservative Party had defined itself for nearly a century.

In her last years in power, Thatcher seemed bent on extirpating every trace of socialism from British life. She did not pause to consider the consequences of success in her crusade. F.A. Hayek, a neo-liberal ideologue who for a time had a certain vogue among Conservatives, had noted that economic planning always had unintended consequences that undermined the planners' objectives. It did not occur to Hayek that a programme aiming to dismantle collectivism could have similar unintended consequences. In the right-wing think tanks in the early 1980s, Hayek's acolytes had a slogan: 'Labour will never rule again'. Socialism had been defeated; it followed that Labour was redundant. It was a callow formulation that failed to take account of the ironies of history. New Labour emerged as an unintended consequence of Thatcherism, while the party that had been the vehicle for Thatcher's project was nearly destroyed by it.

New Labour's embrace of Thatcherism was in large part a response to the strategic logic of the political situation, but it was not only that. The pervasive influence of neo-liberal ideas in the 1990s shaped the New Labour world-view. New Labour was founded in the neo-liberal belief that only one economic system could deliver prosperity. Like Marxism, neo-liberal ideology instils a dangerous conceit. It encourages the illusion that history does not matter; the past is seen as a prelude to a radiant future. Intractable conflicts are viewed as soluble problems, which with advancing rationality can be eradicated entirely. Politics becomes a branch of technology.

Blair may have talked for a time about transcending Left and Right, but there is no distinctive Blairite ideology. The Third Way originated in Bill Clinton's practice of 'triangulation'—a tactic dreamt up in the mid-1990s by his adviser Dick Morris that involved Clinton selling himself as a superior, more

pragmatic alternative to both parties in Congress. Blair adopted a similar position, attacking his own party as much as the Tories. The Third Way—a strategy of national development equidistant from old-fashioned social democracy and unfettered capitalism—was a metaphorical extension of Clinton's tactic. Its strength was its recognition that social democratic values could no longer be effectively promoted by the social democratic policies of the past; new policies were needed that reflected a world very different from that which existed when Labour was last in power. Its weakness was its assumption—which it took from neo-liberal ideology—that capitalism had overcome its propensity to periodic crisis. In practice, the limitations of the Third Way did not matter. Blair used it as he did other ideas, as a political marketing tool.

Neo-liberal ideology was undoubtedly important in the intellectual formation of New Labour, but Blair's debts to Thatcher were not confined to the cult of the market. It is true that he extended privatization well beyond anything Thatcher envisaged. A striking example is the introduction of market forces into the justice system, including parts of the prison service. Here the market was being inserted into the core of the state itself—a move that in Thatcher's time only the right-wing think-tanks supported. In this, as in a number of other policies such as the deregulation of postal services and his push to inject market forces into the National Health Service (NHS), Blair went further than Thatcher dared, or even wished to go. Yet side by side with this cult of the market, Blair continued another Thatcherite trend—the centralization of power.

Centralization was always the inner logic of Thatcherism. The free market is not a realm of freedom that emerges spontaneously in the absence of state interference. It is a complex legal artifice backed at every point by state power, and promoting it always entails an expansion of government. As Michael Polanyi showed in his seminal study of *laissez-faire* in nineteenth-century England, *The great transformation*, the free market of that period came into being as a result of the systematic use of state power to create new property rights. Similarly, Thatcher's assault on producer power in the late twentieth century required a strengthening of government. More subtly, but no less inexorably, the attempt to introduce market forces into previously self-regulating intermediary institutions led to a further expansion of the role of the state. John Major inherited a far more invasive apparatus of government than that which Mrs Thatcher took over from Labour in 1979. Major further expanded the ambit of government, but it was Blair who installed the audit state. Targeting was introduced throughout the public sector. Services such as hospital care, university teaching and policing became subject to central direction. Autonomous institutions became instruments of government.

To some extent this was unavoidable. Thatcher's attack on the public sector did not reduce its size, but it diminished the contribution of those who work in it. When the public sector is under attack as a redoubt of producer power it cannot be expected to do its work from a sense of duty. The logical conclusion

of Thatcher's policies was to rely on market incentives for the delivery of public services; but wholesale privatization is not feasible in education or health, and is problematic in many other areas. It was the practical impossibility of private provision that led to the proliferation of shadow markets in the NHS and throughout the public sector during John Major's time in office. Bureaucratic simulation of market competition is not terribly efficient. Aside from its enormous transaction costs, it is easily distorted by self-serving reporting. Quasi-markets of some sort may be indispensable when ethos is scorned, but they need to be actively policed. In adding a new layer of centrally imposed targets onto the shadow markets created by Major, Blair was responding to the logic of the situation. The audit state may be the only practical means of regulating the public sector in a society that no longer recognizes public service.

Yet it was not simply the absence of any other form of regulation that led Blair to rely on targeting. The rise of the audit state was an authentic expression of New Labour's faith in social engineering. Britain's public services are a palimpsest of successive political settlements reached over a century or more. Arising from intense social conflicts and the impact of two world wars, they are living institutions; they cannot be understood as machines for delivering results. But that is how they came to be used, as Blair continued the trend of policy laid down under Thatcher and Major. Schools and hospitals, universities and the police were judged by performance; only measurable results were accepted as reliable. Targets are a form of social engineering designed to enhance performance by making it more transparent. In practice they have made it more opaque. As providers have altered their behaviour to meet targets, the needs met by public services have slipped from view. Predictably, the result has been not increased satisfaction by the users of services, but a pervasive mistrust.

This scepticism about improvements in public services was exacerbated by one of the most distinctive features of Blair's regime—its heavy reliance on news management, or 'spin'. All governments try to present their policies in a favourable light, and apply a positive gloss to the news. Blair's has been exceptional in making its relations with the media the pivot of its activities. An intense preoccupation with its presentation in the media was a feature of New Labour from its inception. Blair's chief innovation in government has been to make it inseparable from the techniques of public relations. Together with the strategic appropriation of Thatcherism, the overriding importance given to managing the media was what made New Labour new.

To define New Labour in terms of its policies is to misunderstand it. Certainly there is a pattern in New Labour policy-making—as has been noted, it is very largely a continuation of trends in the governments of Thatcher and Major—but there are actually very few distinctively New Labour policies. The devolution of power to Scotland was a commitment going back to the time of John Smith. Transferring the authority to set interest rates to an independent committee of the Bank of England was a historic act and a politically shrewd move, but it emanated from the office of Gordon Brown. Blair's intimations

about reunifying the British centre-left by reforming the electoral system led nowhere. His apparent willingness to countenance reform of the voting system was premised on his having to rely on the support of the Liberal Democrats. When that proved unnecessary the matter was devolved to an independent commission whose recommendations could be safely ignored. The impulse to electoral reform was soon dissipated, and is likely to return only if recalled by political necessity.

In truth, aside from his early constitutional innovations, Blair hardly has policies at all. It will be objected that there have been innumerable policy initiatives, but that is to concede the point. Over a wide range of issues, Blair's practice has been to float a proposal, assess the response to it and then float another proposal—a process that could go on indefinitely. In the case of fox hunting and the next stage of House of Lords reform—highly sensitive, but in electoral terms pretty marginal issues— there was an unending stream of proposals, but nothing was actually done. A similar pattern was evident in education policy, with ministers' plans on the future of A-levels and university top-up fees changing shape almost daily. It is not so much that policies were made on the hoof as that policy-making had a different purpose. Whereas in the past it embodied the government's view of what was possible and desirable, it became under Blair a process designed to test public opinion. It is here that Blair's regime differs most sharply from Thatcher's. While Thatcher often privately dithered over her next moves, her view of the overall thrust of policy was clear-cut. In contrast, in domestic issues Blair has been an inveterate trimmer. If he took Thatcherism further than Thatcher had, it was chiefly for the reason John Major did. Having no coherent vision of his own, Blair fell back on the only agenda he knew. Yet he has never allowed his neo-Thatcherite agenda to interfere with the main business of his government, which is the management of its public image.

Blair has sometimes been described as the first post-modern British prime minister. If being post-modern means blurring the distinction between appearance and reality, there is some merit in the description. Blair used the media to shape the public's view not only of his government, but also of Britain. His early dalliance with popular musicians, his involvement in the Greenwich Dome and his response to the death of Diana, Princess of Wales, were devised by his media advisers to disseminate an image of Britain as a 'young country', no longer tethered to the past. The aim was to change society by altering the way it was perceived. In Britain, as in other advanced societies, the prevailing view of the world is a construction of the media. Television has created a 24-hour virtual reality, running parallel with actual lived experience and at times displacing it as the source of popular beliefs. The omnipresence of the media has created a new source of power for governments. For Blair, the mass media have served as a technology of social engineering through which public perceptions can be actively shaped.

Ironically, the most serious test of Blair's faith in the power of the media has come not in domestic issues, but in foreign policy—the one area in which he

has acted as a politician of conviction. Iraq has gravely damaged Blair's reputation. His evasive and misleading public justification of the war has undermined his credibility in all areas. Despite his use of the machinery of government to represent Saddam's regime as a threat, the public remains unconvinced. In Iraq itself, the destruction of the regime has been followed by anarchy and escalating guerrilla war. At the same time, the terrorist threat has in no way diminished. Blair may have believed that this would be a quick spectacular war, but reality has prevailed. The impact on the international system has been far-reaching. In the US, trade policy is showing an ominous tilt to protectionism, while exit strategies are being actively discussed in the run-up to the presidential election. At some point Mr Bush may be forced to return to the UN to expedite an American withdrawal, but it is unclear whether sufficient consensus exists for the UN to be able to take on such a mission. The American-dominated world of the post-Cold War era is being replaced by a more pluralistic and anarchical international system.

In 'Old Europe', the war has hardened the perception that Britain belongs irrevocably in the American geopolitical zone. It is unclear whether France and Germany any longer wish for Britain's deeper integration in the EU, since the most likely effect would be to slow or dislocate the European project. In any case, Blair now has no prospect of delivering a successful referendum on Britain's membership of the euro. Britain may still someday join, but it will not be Blair who takes it in. If Blair's support for Bush has damaged Britain's position in Europe, it has not noticeably improved Britain's standing in the White House. The more hawkish faction in the administration loathes Blair for persuading President Bush to seek a UN mandate for military action. In issues such as trade and the future of British citizens interned by the US in Guantanamo, Bush has shown no great readiness to reward Britain for its part in the war. If any pressing British national interest was served by Blair's supporting US action with such fervent enthusiasm it remains obscure.

To some extent Blair's support for the Bush administration's stance on Iraq may express his personal belief-system. Before the war he was adamant that its purpose was not regime change. In its aftermath he defended it as the only way of ridding the world of a wicked dictator. The destruction of Saddam was a victory in a universal crusade against evil. It has often been observed that Blair shares with Bush a habit of framing issues of diplomacy in the categories of theology; but the theology they invoke is highly unorthodox. It is certainly not the theology of Augustine, which recognizes that since good and evil run through every human being there can be no final victory of good over evil in this world. Nor—contrary to a familiar academic cliché—is the Blair/Bush theology Manichaean, for while the Manichaeans saw the world in terms of a cosmic conflict between good and evil, they believed the upshot to be in doubt. Instead, the world-view that seems to unite Blair and Bush is a variation on the Pelagian heresy, which affirms the original goodness of humankind. In this view, evil is an error that can be rooted out; the struggle may be hard, but victory is certain.

This is a view of things that has a particular place in the American Puritan tradition. The belief that America's mission is to rid the world of evil found expression in Woodrow Wilson's foreign policies, and recurs in the thinking of the Deputy Secretary of Defense, Paul Wolfowitz. Others in the Bush administration may have seen the Iraq war in terms of weapons of mass destruction or US energy security, but for Wolfowitz it seems to be an exercise in liberal imperialism designed to export American-style democracy throughout the Middle East. This Wilsonian strand in American foreign policy fits well with the missionary streak in Mr Blair's make-up. At the same time, it discloses the true character of his political outlook. Blair's critics have sometimes described him as a crypto-Tory, but in truth there is not an ounce of Tory scepticism in him. As his impassioned endorsement of the Bush administration's grandiose schemes for the Middle East shows, he is not so much a Tory manqué as an American neo-conservative.

Blair's support for American action in Iraq may have expressed his personal beliefs, but it was also an exercise in misjudged *realpolitik*. He feared the impact on the international system if the US went to war alone, and saw an opportunity for Britain to 'punch above its weight' by acting as the bridge between America and Europe. Perhaps, for a time, he may have believed that war might be avoided altogether. If he ended up involving Britain in a war that the UN had not mandated and that may well have been illegal, it was as a result of errors in judgement as much as from deep moral conviction. The impact on his standing in Britain has been not only to bring his trustworthiness into doubt, but also to plant a question mark over his competence. At the time of writing the findings of the Hutton inquiry into the events surrounding the death of Dr David Kelly have not been published, but it is unlikely to point the finger of blame at the prime minister. Even so, Iraq casts a long shadow over Blair's future.

In the Labour Party, Iraq figures as a locus of discontent with Blair's leadership. Like the issue of university top-up fees, it provides a rallying point for those—a majority in the party—who tolerated Blair because he seemed to be a winner, but always rejected his neo-Thatcherite vision. At the same time, the Conservatives are awakening from their long sleep. Giving Old Labour positions on pensions and university tuition fees a Tory populist twist, their new leader Michael Howard is consigning Thatcher's inheritance to the memory hole—while Blair continues to defer to it. A successor to Thatcherism appears to be emerging on the Right, and Britain is returning to two-party politics. Blair has declared that he will lead his party into the next general election and may stay on until the end of the decade. Yet his neo-Thatcherite stance has become a liability, and Iraq has tarnished his leadership indelibly. It is unclear what he will gain by taking Labour into the election only to see its huge majority savaged, or—if just over 80 of the party's seats change hands—a hung parliament is the result. The current consensus is that he will soldier on, but it may yet be confounded.

There is a certain symbolism in the fact that the prefix 'New' was formally dropped from Labour Party membership cards in December 2003. Blair's project was to dish the Tories by accepting Thatcher's settlement. By doing so, he hoped to open up a new path to modernity for Britain. He promised a new country but has left Britain much as he found it, with many of its links with the past severed and lacking any clear view of the future.