

## Who killed New Labour?

“We meet in a spirit of hope,” the new leader of the Labour Party told its annual conference. “For the first time in a generation”, he declaimed, “it is the right wing that appears lost and disillusioned.” The speech ended with an incantation: “New Labour! New Britain! New Labour! New Britain!”

That was Tony Blair, in 1994. It was a speech that announced the birth of New Labour - the flexible social-democratic movement that dominated British politics until very recently. Next week, at this year’s party conference, Gordon Brown - Mr Blair’s successor as Labour leader and prime minister - will also give a speech, conceivably his last big address in those offices. This one may come to be regarded as New Labour’s elegy.

New Labour is dying. It has lost the three vital qualities that kept it alive and vibrant. First, discipline. A shared purpose and scowling party apparatchiks once bound Labour MPs to a party line; now some are calling for Mr Brown to stand down - and he may yet have to, little more than a year after he moved into Number 10. The rumblings about his leadership already constitute a crisis, and a humiliation, for him and his party.

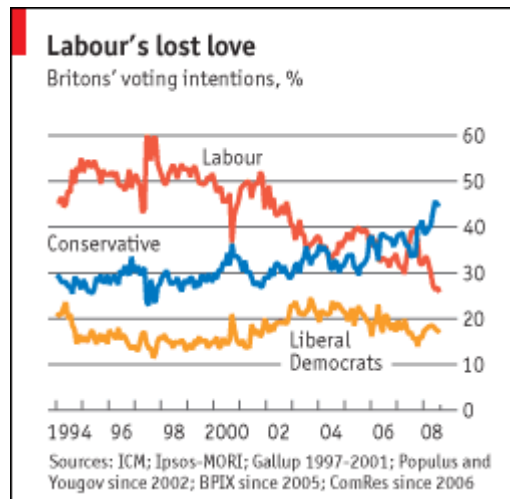
Second, intellectual confidence: the party that once defined the intellectual terrain of politics has been reduced to aping its opponents’ policies. Most important, New Labour has lost the habit of winning.

What has been one of the great election-winning forces in British political history has been routed in a run of parliamentary by-elections and local votes. Its poll ratings are so bad - a survey released on September 18th gave the Conservatives a 28-point lead - that recovery before the next general election, due by June 2010, looks almost impossible. On current form, the resulting defeat may be Labour’s worst since the second world war. In the aftermath of such a rout, some Labour supporters fear, the party may disintegrate, with a revived Old Labour faction, wedded to the ideals of punitive taxation and a monolithic state, reasserting its anachronistic grip.

### **Mr Brown, in the library**

But if the demise is plain enough, the explanation is less so. Who killed New Labour? There are three possible solutions: murder, natural causes or political suicide.

For some Labour MPs, the culprit is obvious: Mr Brown. He waited most of his life to fill the top job, scheming and manoeuvring during his long years as chancellor of the exchequer, destabilising the government with his simmering ambition and rows with Mr Blair. In June 2007 he finally got his wish - and botched it. Under Mr Brown’s leadership, the party has haemorrhaged support and credibility. Unlike John Major - who also took over in mid-term from a long-serving and iconic predecessor, but whom the public mostly viewed as the decent if hapless leader of a disreputable rabble - this prime minister is even more unpopular than his party.



Mr Brown's fingerprints are all over the two most damaging mistakes of his brief premiership. First, the calamitous episode last autumn, when he floated the idea of calling a general election, then pulled back. It was a tragicomedy in three acts: by vacillating and then "bottling" it, Mr Brown ruined his claim to strong leadership; by claiming that alarming opinion-poll results had not swayed his decision, he undermined his trustworthiness; by meekly and hastily emulating a popular Tory idea on reducing inheritance tax, he seemed plagiaristic and desperate.

The other main debacle concerned the abolition of the 10% income-tax band, a change Mr Brown announced in 2007 in the last budget he delivered as chancellor. When it came into effect in April, several million low-income households were disadvantaged; the resulting furore eventually led to an emergency tax cut. And worse than both these cock-ups has been Mr Brown's personal and consistent failure to speak to the electorate in a language it understands—in other words, to discharge the key communications responsibility borne by all 21st-century democratic politicians. In place of vision and placating empathy, he seems to offer only droning iterations.

And if Mr Brown is the culprit, the remedy is plain: to get rid of him. That is the aim of the dozen or so Labour MPs - a couple of junior officials (promptly sacked), a gaggle of former ministers and a gang of backbenchers - who have publicly tried, but so far failed, to force a party-leadership contest. Their stand has been touchingly unco-ordinated; more effective, it may transpire, for seeming heartfelt rather than conspiratorial. Their aim is to pressure members of the cabinet to push Mr Brown out, using the threat of group resignations if he refuses. Ousting him would make Labour look chaotic, fractious and undemocratic. But the rebels calculate that short-term embarrassment is preferable to electoral obliteration.

On September 16th David Cairns, a minister in the Scottish office, resigned, citing doubts about Mr Brown's leadership. There are many others in government who sympathise (and some with scores to settle from the decade-long hostilities between Mr Brown's acolytes and Mr Blair's). For the moment, however, the insurgents lack a high-profile champion. They also lack an agreed successor. David Miliband, the clever young foreign secretary and a supposed candidate, professes his loyalty. Ditto two of his plausible rivals, Alan Johnson, the personable health secretary, and Jack Straw, the wily justice secretary.

### **Quietly in its bed**

That may change if the rebellion mounts at or soon after next week's conference; some members of the cabinet have been less than full-throated in their support of Mr Brown. But if they think

deposing him will revive New Labour at a regicidal stroke, the rebels are mistaken. New Labour is also suffering from a separate and incurable condition: old age.

Before 1997, no Labour government had served two full parliamentary terms in office. New Labour has managed three, winning two landslide victories in the general elections of 1997 and 2001 and a comfortable parliamentary majority in 2005. It has outlived the other governments of the centre-left that were once its peers - in France, Germany, America and elsewhere. But it has not - could not - defy political gravity indefinitely. It had to fall in the end.

Look at the evidence closely and it is clear that the decline precedes Mr Brown's move to Number 10. Between 1997 and 2005 the party lost 4m voters. It won its last general election with just 35.2% of the popular vote, the lowest winning share ever. The grand coalition of working- and middle-class voters that swept Mr Blair to power in 1997- enabling him, with hubris but some justification, to describe his party as "the political wing of the British people" - has crumbled. Disappointments have mounted, as they must; the public craves new faces; antagonism to the Tories has faded. New Labour understands that natural process, which is partly why it replaced Mr Blair, just as the Tories confected an impression of change by installing Mr Major in place of Margaret Thatcher.

Yet change and attrition in personnel - a natural consequence of the government's longevity - has weakened New Labour too. Several of its most talented and determined campaigners - some of the people who created New Labour - have, one way or another, departed. Peter Mandelson and David Blunkett were obliged to leave the government twice each. Robin Cook resigned over Iraq. Jaundiced as his relationship with the country became (not least because of Iraq), Mr Blair was by light years the party's biggest star.

The other natural cause that has caught up with New Labour is the economic cycle - exacerbated and accelerated, in this case, by the credit crunch and rises in commodities prices. Inflation in Britain has crept up and growth stalled; recession, albeit perhaps a short one, is imminent if not already happening. The hardship may so far be mild compared with previous downturns in the 1970s and 1980s. But those are now distant memories, and for young voters scarcely a memory at all.

For a prime minister who built his reputation, and his claim to the premiership, on economic management, the political consequences are especially acute. When he was chancellor, Mr Brown claimed, rashly and repeatedly, to have led Britain out of the old pattern of "boom and bust". He sucked up credit for economic success, for which New Labour was only marginally responsible. He ought not to be surprised that the public blames him now.

Bushy-tailed Blair and Brown in 1994 Among some Labour MPs, these twin conditions—a sense of superannuation, and the gathering economic gloom—have induced a kind of fatalism: a belief that, disappointing as Mr Brown may be, no other leader could resist the forces that are driving Labour to defeat. This despair may constitute the prime minister's best hope of avoiding a coup. And in their way these implacable but impersonal elements offer a consoling explanation of Labour's woes, especially for Mr Brown himself.

### **By its own hand**

But they are not the whole solution of the New Labour mystery either. It is true that time kills all governments and that economic troubles often make them unpopular. But the Tories won an election during a downturn in 1992. And it was not inevitable that three parliamentary terms would be New Labour's limit (Mr Blair used to talk about bequeathing a "progressive century"). There is another factor, one which few Labour MPs wish to confront.

“It is not this or that minister that is to blame,” Mr Blair said of the Tories in that 1994 speech: it was, he said, a whole ideology that had failed. Something similar might be said of New Labour today. Its approach to government increasingly looks expensive, exhausted and outmoded.

New Labour emerged in the 1990s from a double epiphany on the part of Mr Blair, Mr Brown and others: an intellectual acknowledgment that deregulation and free markets were, after all, the best way to maximise prosperity; and a political recognition that, with the shrinkage of its traditional working-class base, Labour would never win power again unless it courted and reassured the middle classes.

These realisations were honed - partly in wonkathons with Bill Clinton and other New Democrats - into a rough-and-ready political philosophy. It purported to offer a new path between socialism and neoliberalism, promising a utopia of “ands”: competitive tax rates and quality public services, which would be blessed with both investment and reform; patriotism and internationalism (as Mr Blair wrote in a 1998 pamphlet on the “third way”) and rights and responsibilities; tough on crime and tough on the causes of crime; a free market and a robust social safety net; have cake and eat it. The Old Labour fixation on equality of outcomes was replaced by a new notion of “equal worth”. The state was to be an “enabler” and guarantor. The poor would be “levelled up” rather than the rich squeezed down. Mr Blair famously did not have “a burning ambition...to make sure David Beckham earns less.”

The rhetoric was excoriated by some as vapid marketing, and by others as thinly disguised neo-Thatcherism. But New Labour did, in fact, have corresponding policies. It demonstrated its commitment to macroeconomic stability by giving the Bank of England autonomy in the setting of interest rates; just as the New Democrats fetishised budget-balancing, so Mr Brown, as chancellor, bound government expenditure with his fiscal “golden rules” (which he now looks set to break). But there was also a minimum wage, assorted welfare-to-work schemes and covert redistribution of wealth through a fiddly system of tax credits. There was lots of cash for public services, combined, albeit belatedly, with some market-based reform; the introduction of tuition fees for universities; more freedom for some hospitals and schools; the encouragement of competition among providers, including private ones.

### **Cameron, the grave-robber**

Many of these policies were initially opposed by the Conservatives, but most have now been adopted by David Cameron, their leader since 2005. Mr Cameron has also accepted New Labour’s social liberalism, updating his party’s official views on sexuality, and evinced (or simulated) a concern for the poor. New Labour has succeeded in making compassion compulsory. And Mr Cameron has embraced New Labour’s public-service reform agenda - while indicating that Britain’s universal, tax-funded health service will remain politically sacrosanct under a Tory government. Just as New Labour swallowed deregulation and free markets, so Mr Cameron has incorporated many of New Labour’s central tenets. He, too, has helped to kill New Labour - but also, arguably, to ensure some of its ideas endure, reincarnated as Tory policy.

Unfortunately, for the party and the country, New Labour was also undermined from its inception by internal weaknesses and contradictions. These have always been visible, but now look terminal.

One of the problems is that having and eating the cake is possible only if the cake is big enough. New Labour spent lavishly on the public services, at first as a substitute for proper reform and then as lubrication for it. With the economy growing steadily, healthy government receipts paid for the generous benefits and tax credits. Now, perforce, the splurge is over - and tougher times require

choices that New Labour hoped, and for a long time managed, to avoid. It has come to look rather like a fair-weather creed.

The pressure on the budget has also revealed fissures within the Labour Party, cracks that have opened periodically but are now gaping. New Labour, like most political parties, has always been a precarious coalition of parliamentarians and interests, from trade unionists who submitted to the “third way” reluctantly, to sharp-suited “modernisers”. Economic hardship and tightening spending constraints have brought the resulting tensions into the open: witness the recent row over whether the government should impose a windfall tax on energy companies and use the money to help poor families meet their rising fuel bills (it didn’t).

Those disagreements may also help to save Mr Brown, since his critics have no coherent view on the changes that ought to follow. It isn’t only the money that has run out. So have the ideas.

Although he was one of New Labour’s architects, as chancellor Mr Brown cultivated a reputation as less New and more straightforwardly Labour than Mr Blair, perhaps because this stance strengthened his hand in internal party politics. As prime minister, he at first seemed unenthusiastic about Mr Blair’s efforts to inject choice and competition into the public services. But he has recently seemed more committed, appreciating, perhaps, that simply pledging improvements, without a credible theory of how they might be achieved, wouldn’t wash. In fact, many of his biggest troubles as prime minister have derived from an excess of New Labour orthodoxy. His government’s indecision over how to handle the collapse of Northern Rock, the bank that was an early victim of the credit crunch, was partly born of a violent allergy to the term “nationalisation”, with its whiff of Old Labour shibboleths. His quixotic determination to enact illiberal anti-terror laws reflects a deep New Labour conviction that it must never be out-toughed on crime and security.

### **A thousand cuts**

All the same, the intellectual momentum that gathered under Mr Blair has dissipated. Mr Brown may not have unravelled existing policies, but there is little sign of a new phase of reform: in primary schools, for example, or in the powers and structure of local government. New Labour’s push to decentralise power and decision-making - to create a new kind of state - has always been retarded by a countervailing instinct, one that combines the retentive neurosis that British governments of all stripes have shared with a residual old-fashioned statism. The haphazard effort now seems to have stalled.

Finally, during New Labour’s long spell in office, the world has changed. The new worries of terrorism and immigration favour parties of the right across Europe. New Labour, meanwhile, has yet to hit upon a distinct and persuasive approach to the new, strategic problem of climate change or the more immediate one of mayhem in the global economy. A deficit of imagination is a problem for any administration, but a crippling one for governments of the centre-left, which tend to live and die by their ideas.

“Their time is up.” Mr Blair said of the Tories in 1994: “Their philosophy is done. Their experiment is over.” New Labour seems, at the moment, to have reached that point too. Old age, penury, Mr Cameron, Mr Brown: they are all incriminated. But, in the end, New Labour killed itself.