

Great Britain: New Labour, New Britain?

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On the 1st of May 1997, almost two decades of continuous Conservative governments came to an end with a landslide election victory for the opposition Labour party. This was a remarkable achievement for the party's youthful leader, 43 year-old Tony Blair, who had become party leader in 1994 after the sudden death of his predecessor John Smith. Despite the unexpected nature of Blair's ascendancy to the leadership, he wasted no time in moulding the party to his image, even to the point of informally renaming it 'New Labour'. This rebranding exercise, opposed by many party members, reflected Blair's determination to break with Labour's past and build bridges with disillusioned Conservative voters. The strategy was so successful that John Major's Conservative government suffered an embarrassing defeat at the polls, with Labour winning a landslide majority on May 1st. The following day, Blair followed tradition by addressing a crowd of Labour supporters assembled outside Number 10 Downing Street in bright spring sunshine. His words left no doubt that he saw the election victory as a vindication of his leadership: 'I know well what this country has voted for today. It is a mandate for New Labour and I say to the people of this country -- we ran for office as New Labour, we will govern as New Labour'¹.

Blair's Labour party has had the time and political capital to do precisely that. Winning a further landslide in 2001, and a third, narrower, victory in 2005, Blair has governed longer than any previous Labour leader, in extraordinarily favourable circumstances. With a parliamentary majority even bigger than those enjoyed by Margaret Thatcher in her heyday of the 1980s, and a benign economic climate, the Labour government has had an unprecedented opportunity to make its mark British society and politics. So has New Labour made a 'New Britain'? After almost a decade in power, it has now become possible to. This chapter will seek to draw a balance sheet on the Blair administration's achievements and failures, by analyzing the transformations brought about by this historically unprecedented period of left-of-center political dominance. It will look at three broad areas: the management of the British economy and welfare state, the important changes made to the British constitution since 1997, and Blair's controversial foreign policy choices. The discussion will focus on the impact of New Labour, but in doing so will also provide a general overview of the main trends and developments in contemporary British politics.

New Labour and the British Economy

The Background: From 'Old Labour' to 'New Labour'

One of Tony Blair's key priorities on taking over as Labour leader in 1994 was to rid the party of its reputation for economic incompetence. Labour governments had presided over high profile economic failures in the 1960s and 1970s, most notably the infamous 'Winter of Discontent' in 1979 in which a series of strikes paralyzed the delivery of public services. Although the Conservative governments of Thatcher and

Major also had their share of economic disasters to cope with, Blair perceived that Labour were not regarded as responsible custodians of the British economy. Moreover, it had become clear that a growing share of Labour's traditional working class supporters felt that the Conservatives, with their stress on property ownership and low personal taxation, offered greater opportunities for improving their living standards. The new Labour leader spoke of meeting a self-employed electrician whilst on the campaign trail in 1992; the man used to be a Labour supporter, but since buying his own home and setting up his own business he had switched to the Conservatives. Blair felt that 'his instincts were to get on in life. And he thought our instincts were to stop him'². In order to win an election Labour needed to convince such people that the party was on their side.

This strategy was a delicate balancing act. On the one hand, Labour needed to win over millions voters who had supported Margaret Thatcher's harsh free market reforms in the 1980s. On the other, the party needed to retain the support of millions of loyal Labour supporters for whom 'Thatcherism' was anathema. Blair's first moves were to force through fundamental changes to the party's ideology. At his first party conference as leader he proposed rewriting Labour's historic 'Clause Four' – a statement of the party's ideology and aims dating from 1918, which committed Labour to wholesale state control of economic activity. Party activists, disillusioned by four successive election defeats and confident Blair could return Labour to government, largely backed this change. The new statement of party aims was an early indication of Blair's broader political strategy. It replaced traditional socialist thinking with vaguer, generic ambitions to build a society where 'power, wealth and opportunity are in the hands of the many not the few'³. This cleared the way for Labour to adopt a more pragmatic economic policy, steering a path between the excesses of Thatcherism and the now discredited pro-nationalization policies followed by Labour in the past. To drive the point home to voters, Blair stressed that 'New Labour' was different from 'Old Labour', and that there would be no return to failed policies of the past.

This new approach was elaborated in greater detail by one of Blair's close advisors, sociologist Anthony Giddens, in a short book, *The Third Way*⁴. Giddens argued for a new approach to move beyond the statist policies of traditional social democracy, but also contrast the pro-market doctrines of the new right personified by Thatcher and Reagan. In the 1980s, Thatcher's policies had led to a rapid increase in unemployment amongst blue-collar workers, accentuated social inequalities, and dramatically reduced the power of trade unions. But her cuts in personal taxation and expansion of home ownership had won the Conservatives new support amongst sections of the working class which had been able to cope with economic change. Blair and Giddens perceived that a return to Labour's traditional pro-union, pro-welfare positions would be unpopular amongst centrist voters. The Third Way was an approach which allowed Labour to safeguard perceived successes of the Thatcher-Major period, whilst addressing its failures.

Labour's manifesto for the 1997 election spelled out what the Third Way meant in practical terms. Labour would be fiscally responsible, promising to follow clear fiscal rules to keep government borrowing low. There would be no increase in income tax rates, and the party would effectively freeze public spending for the first two years in office. At the same time, Labour promised to increase investment in key areas of the public sector, particularly the health service and the education system. This greater spending would be paid for by a one-off 'windfall' tax on excessive profits of utility companies privatized by the Conservatives, and through a

programme aimed at slashing long-term unemployment and its related social costs. Would this strategy shift power, wealth and opportunity from the many to the few? After almost a decade of Labour government, we can start to provide an answer to this question.

The Conservative Legacy: For Richer, For Poorer

In many respects 1997 was a good time for Labour to win an election. From a short term perspective, the British economy was in good shape by historical standards. After the pound's devaluation and dramatic exit from the European Exchange Rate Mechanism in September 1992, the British economy very quickly began to emerge from the deep recession which had begun in 1990. By 1997, unemployment had been falling continuously for five years, but without sparking inflation. The pound had stabilized at what was apparently a sustainable level. Britain appeared to be on the road to recovering from its post-war history of macroeconomic instability. Labour had hoped to win power in 1992, when an election was held in the middle of a recession, and the Conservatives appeared weak and divided. However, in retrospect Labour was fortunate to have lost 1992 election: the Conservatives were left to sort out the crisis, and when Labour finally won they inherited a healthy economy.

But 1997 was also a good time for Labour to win for another reason. After almost two decades in power, the Conservatives had apparently exhausted their political agenda. Elected in 1979 after the Labour government had presided over five years of high inflation and balance of payments difficulties, the Conservative administration of Margaret Thatcher embarked on a radical programme of reforms designed to transform the British economy. A restrictive monetary policy was adopted with the aim of killing off inflation, even at the expense of a sharp increase in unemployment from around 1.5 million in 1979 to over 3 million by 1982. Legislation was brought in to curb the power of the trade unions, with bans on secondary strikes, restrictions on unions' political donations, and compulsory ballots of members before strike action could be taken, with financial embargoes for unions which failed to comply. The Thatcher government also hoped to reduce social spending and address the 'dependency culture' which some Conservatives believed the post-war welfare state had fostered. Unemployment benefits were frozen and state pensions indexed to price inflation rather than increases in average earnings, whilst government spending on healthcare and education was curbed. After winning a further parliamentary majority in 1983, the Conservatives set about reforming the tax system, cutting income and capital taxes, and privatizing state-owned industries. The battle against trade union power was concluded with the failure of the miners' strike in 1984-5, provoked by the announcement of closures of unprofitable mines.

This programme of reforms undoubtedly brought about a major shift in the structure and workings of the British economy, and had major social consequences. Faced with a world economic slowdown and a tight monetary and fiscal policy at home, many British companies, particularly in the industrial sector, were unable to survive, and unemployment soared. At the same time, the emphasis of defeating inflation favoured the interests of the financial sector centered around the City of London, which thrived in the mid- to late-1980s. These changes led to a growing territorial divide between the prosperous South-East of England, which enjoyed high income growth and a housing boom, and the declining industrial North, which saw high unemployment, stagnation, and demographic decline. Loss of manufacturing jobs and the growing weakness of the trade unions led to a growth in income

inequality which was exacerbated by fiscal reforms which rewarded high earners with income tax cuts whilst low earners were hit by increases in sales tax (VAT) and other regressive taxes. On the whole, during the Thatcher years the rich became richer and the poor poorer.

The medium- to long-term effects of the Thatcher period began to be felt in the 1990s, under the governments of her successor John Major. After the recession of 1990-92, the British economy began what was to become a period of stable growth, attributed by many observers to the structural, market-oriented reforms of the Thatcher years. Middle-class incomes rose and many citizens, particularly in the South of England, enjoyed growing prosperity. At the same time, many Britons, including those who had benefited from higher living standards, were concerned that Thatcherism's harsh medicine had created an unequal and uncomfortable social environment, with growing numbers of alienated poor, a crumbling infrastructure, and failing health and education services. The unpopularity of the Major government after the devaluation of the pound in September 1992 – an event known as 'Black Wednesday' – suggested that for British voters, improving economic conditions were not enough. This created an opportunity for the Labour party, which had traditionally been strongly committed to the welfare state and the collective delivery of key services such as healthcare and schooling. But Labour had to convince voters that they could address their social issues without sacrificing economic stability. This balancing act was the essence of Blair's political strategy.

Winning Credibility: Blair's First Term

The initial priority of the Labour government was to win credibility as a competent manager of the economy. This was particularly important given the changes in the structure of the British economy over the period since Labour had last been in office. In a world of globalized capital flows, the financial services industry based in the City of London had become undisputably the key strategic sector of the British economy, and the Conservatives had traditionally been the party closest to City interests. Labour's leaders felt that any lack of confidence amongst City institutions in the new Labour government could lead to capital flight and currency instability, which would derail their plans. In order to win over City elites, Blair and his economics spokesman Gordon Brown had embarked on a so-called 'prawn cocktail offensive', meeting key City figures over lunch to reassure them that Labour's economic plans would safeguard City interests. Once in office, Blair and Brown had a clear plan to consolidate this new relationship between the UK's financial elite and the party which had traditionally represented organized labour.

First, Labour had to address its reputation for fiscal irresponsibility. By signing up to the previous Conservative administration's budgetary plans for the first two years of the new parliament, Labour were committing themselves to a tough and approach to public spending; after all, the Conservatives were expecting to lose and felt free to make unrealistically restrictive plans about how much the government would need to spend. By sticking to these heroically frugal plans, Labour aimed to show the City that it could be trusted to keep government borrowing low. It reinforced this approach with a so-called 'Golden Rule' – a commitment that government would not borrow to fund current spending over the business cycle - and a further commitment to keep total government debt below 40% of GDP. These policies were followed so strictly that the Labour government managed to run a budget surplus for every year of the 1997-2001 parliament⁵.

A second fundamental reform was not trailed before the election. In his first act after being named Chancellor of the Exchequer (Treasury Minister), Gordon Brown announced that the new government would now longer set interest rates, which would become the responsibility of the UK's central bank, the Bank of England. By putting monetary policy at arm's length, Labour hoped to enhance its credibility as a responsible manager of the UK macroeconomy. This policy also quickly appeared vindicated, as interest rates and inflation both dropped to historically low levels within Labour's first term of office. Remarkably for recent British economic history, unemployment also continued to fall without sparking price increases. The immediate success of these policy decisions were a boost to Labour's fortunes. First, they vindicated one of Labour's most prominent messages in their political campaigns – that they would put an end to the 'boom and bust' of the Thatcher period and lay the foundations for more stable economic growth. Second, the success in reducing both inflation and unemployment at the same time allowed Brown to follow a cautious economic policy without having to demand too many sacrifices of its traditional supporters.

Of course, Labour's success in managing the macroeconomy was hardly likely to be enough to satisfy the party's traditional left-wing supporters, who demanded action to reduce poverty and achieve a more equitable distribution of wealth. The government also proposed other, more traditionally social democratic, policies. The high levels of poverty amongst British pensioners was addressed by introducing a 'minimum income guarantee' for the elderly, providing increased state pensions for those without private pension entitlements. The 'New Deal' programme, financed by a windfall tax on privatized utility companies, provided assistance to the long-term unemployed to encourage them back into the labour market. This formed part of a series of measures called 'welfare to work', aimed at increasing employment as a way of reducing poverty without increasing the burden on the welfare state. The Labour Chancellor Gordon Brown had identified low wages for unskilled workers as a 'poverty trap' – many of the unemployed could not easily earn enough to move out of welfare. The government attacked this problem by establishing a minimum wage and by providing tax credits for low earners with family responsibilities, topping up low wages to incentivize work over welfare. This was a classic example of Third Way thinking – a policy to reduce poverty and unemployment by neither pure market mechanisms, nor an exclusive reliance on welfare and redistribution. Although some observers remain sceptical about the specific impact of the New Deal on employment, the Labour government was able to point to a continued decline in joblessness through its first term in office as proof of its success.

Financing the Welfare State: The Second Term

After almost a decade in power, few would question that Labour has managed to convince investors of its credentials as competent managers of the British economy. Indeed it is easy to lose sight of the fact that Labour was mistrusted by many in the business community until very recently. The very success of the Blair-Brown strategy for enhancing Labour's credibility led to criticism from within the party that the restrictive policies of the first term in office were, in fact, unnecessary, and that the government should instead have been focusing on rescuing the welfare state and key public services from decades of decline. The decision to effectively freeze public spending during the first two years of office was a good way of demonstrating Labour's commitment to balancing the government's books. However it also meant

that key public services continued to be starved of cash well into Labour's period in office.

When the taps were finally opened after 1999 the main beneficiaries of increased spending were healthcare and education. Despite the Thatcher and Major governments' commitment to a healthy private market in health and education services, the vast majority of British citizens remained reliant on state provision in these two areas. Moreover, opinion polls had long shown that voters demanded higher spending on these services, and that many of them even claimed to be willing to pay higher taxes to achieve this. As regards spending, there is little question that Labour has met this demand for greater resources. Education spending, for example, rose from £38 billion in 1997 to £73 billion in 2006, a spectacular increase in times of low inflation. Health spending, in turn, grew even faster, from £33 billion in 1997 to £96 billion in 2006. Visible evidence of this greater largesse can be found in the new school and hospital buildings which sprung up around the country in the years after 2000. Evidence of increased performance in the delivery of services has been more controversial, however. Official government targets for cutting medical waiting times and achieving better school exam results have been met, but public scepticism over the effective improvement in services abounds. For some Labour opponents the prioritization of public health and education over private consumption has simply increased the pay of public sector workers without any clear productivity gains.

The growth of government spending was the 'big story' of Labour's second term as far as domestic politics were concerned. Much political debate therefore revolved around two related questions: how to pay for this higher spending, and how to ensure that this extra money was transformed into better services. The first question could be elided for some time thanks to the buoyant budgetary position built up during Labour's first term of office. However, as soon as the economic cycle began to turn downwards, budget surpluses quickly turned to deficits in 2003 and by 2005 had breached the Euro area's 3% limit. The problem of how to pay for higher spending was met in a combination of ways. First, by some slippage on Labour's observance of its own 'fiscal rules', which required budgets to balance over the economic cycle. In 2005, Brown's Treasury recalculated the dates of the economic cycle in order to make the rules easier to meet, allowing higher borrowing to continue. Second, by raising taxes. Although Brown stuck to Labour's promise not to increase income tax rates, he did increase revenues through fiscal drag, and also increased the British payroll tax – National Insurance – for high-end wage-earners. Third, the government's budgetary position was helped by the consistent economic growth enjoyed from the mid-1990s, which reduced the costs of unemployment and brought increased tax receipts from property sales and consumption. In short, Labour seemed to have pulled off a difficult balancing act by significantly increasing public spending without a dramatic increase in personal taxation.

The issue of public sector performance was if anything rather more difficult. Although Labour's natural supporters in the public sector were buoyed by increased spending and growing job opportunities, they were also hostile to the government plans to restructure public services in order to enhance productivity. Blair was convinced that the public sector was an ideal arena for Third Way politics. The government would increase spending – a classic social democratic policy – but insist on reforms to introduce the kinds of efficiency gains characteristic of private companies – a new right policy. This strategy ran into two obstacles. First, the public sector was the only sector of the British economy where trade unions remained strong, and the unions were generally unsympathetic to the reforms. Second, there was

inadequate evidence that reforms such as the introduction of simulated markets in healthcare provision, or the publication of league tables of school exam performance, actually did anything to improve the delivery of services. As the Labour government moved into its third term, it faced the challenge of persuading a sceptical public that its higher taxes were in fact producing better services.

The Balance Sheet

Tony Blair and Gordon Brown can point to several achievements in the fields of economic and social policy. Most obviously, Labour has presided over one of the longest periods of uninterrupted economic growth in British history, with high levels of employment, historically low inflation and an average growth rate of 2.5% between 1997-2006, well above trend. Although this period of growth began earlier, after the 1992 devaluation, Labour can certainly take some credit for these benign economic conditions. The handing over of interest rate policy to the Bank of England helped bring inflation and interest rates down to unprecedented levels, whilst Labour's relatively cautious budgetary policy also contributed to low inflation. More controversially, a further factor appears to have made a significant contribution to this non-inflationary growth. Record levels of immigration into the UK since the late 1990s have fuelled economic growth, particularly in services, whilst keeping a lid on wage increases. This growth in the labour force may not have been the result of deliberate government policy, but it has resolved the problem of capacity constraints in the booming personal services sector in the over-crowded South-East of England. However, large-scale immigration has also created social tensions, whilst its contribution to containing wage growth has accentuated the unequal distribution of the fruits of economic growth.

Labour has perhaps been less successful in those areas which might have been expected to be a priority. Gordon Brown achieved what appeared to be an impossible task in dramatically increasing health and education spending without sparking a tax revolt. But the jury is still out on whether this investment will pay off in terms of better services. Perhaps more surprisingly, Labour has not been able to make serious inroads into one of Britain's more serious problems – its highly unequal distribution of income and wealth. The Thatcher reforms had a dramatic effect on poverty rates, and by the 1990s Britain was the most economically unequal society in the European Union. Despite a number of flagship redistributive policies, such as the Welfare to Work programme and higher pensions spending, income inequality remained stubbornly high, largely because of the increasingly large share of national income taken by the very top income groups. By increasing welfare allowances for children, Labour did succeed in moving many families out of poverty, but in the mid-2000s Britain remained a society with European-style tax rates and American-style income inequality. This failure to make Britain a more integrated society must weigh heavily in the Blair government's 'end of term report'.

The British Constitution: A Modern Democracy?

The Third Way thinking which formed the basis of Tony Blair's governing strategy was not solely concerned with governing the economy and managing the social consequences of economic change. The Third Way also contemplated addressing the workings of democracy itself, in order to make the political system more open, transparent and effective. Labour had developed a coherent and powerful critique of

the failings of British democracy, which it saw as excessively centralized and elitist, and governed by an unaccountable metropolitan elite. The 1997 Labour manifesto therefore proposed a number of reforms in a bid to modernize and open up the UK political system.

The Background: The United Kingdom's 'Westminster Model'

The United Kingdom is often described as the oldest democracy in the world. With the Magna Charta of 1215 the English King became subject to legal constraints, and the House of Commons – the lower house of the British parliament – is the oldest legislative institution in the world, sitting continuously in the Palace of Westminster in central London since 1547. Unlike in many other countries, in Britain there has been no specific founding moment at which a democratic system became established. Instead, British democracy was the result of a centuries-long process whereby political power gradually passed from the monarch to parliament, and parliament itself won democratic legitimacy by progressively expanding voting rights until universal suffrage was finally attained in 1928. This conventional interpretation of a smooth transition from absolute monarchy to full democracy of course glosses over the political violence and social conflict which has marked several periods of British history, such as the religious tensions sparked by the Protestant Reformation in the 16th century, the civil war of 1642-49, or the working class mobilization of the 19th and early 20th centuries, not to mention the frequently changing borders of the British state. However it does accurately reflect the remarkable institutional continuity the UK has enjoyed at least since at least the late 17th century, with a stable parliamentary monarchy which has managed to avoid the violent revolutions or foreign invasions suffered by many of its European neighbours.

This remarkable history has left the UK with a rather anomalous constitutional system. First of all, Britain does not even have a written constitution: there is no single text codifying and recording the rules regulating the political system. Instead the British constitution, such that it exists, consists of a mixture of legislation and conventions, many of which are only written down in academic texts. As a result, 'much of the substance of the contemporary constitution remains shrouded in uncertainty'⁶. Secondly, a number of features of Britain's 'constitution' appear out of date and inappropriate for a modern, 21st century democracy. For example, although the monarchy appears for the most part to play a purely symbolic role in British politics, a number of powers exercised by the British government, including the decision to engage British troops in combat, formally belong to the monarch through the so-called 'Royal Prerogative'. This reflects the British political elite's reluctance to address the thorny issue of the constitution, rather than any particular enthusiasm for extending the powers of the Queen. The anachronistic and sometimes dysfunctional nature of the British system of government can be best understood in terms of the British elites' preference for working around the constitution rather than openly and systematically updating it.

This peculiar approach to defining the way government works has some advantages. The British constitution is inherently very flexible. When laws regulating the broader political system become obsolete, they can easily be changed. One of the defining principles of the British political system is 'parliamentary sovereignty', which means that no parliament can bind future parliaments, and that legislation is not subject to judicial review. This gives the parliament of the day unlimited freedom to legislate on any matter with a simple majority vote, making reform of the political

system much more straightforward than in other democracies, where constitutional reforms often require enhanced majorities and often, popular referenda too. Parliamentary sovereignty explains in part why British governments have often preferred to leave the constitution alone: as long as a government enjoys a parliamentary majority, there are relatively few limits to its freedom of action.

This very flexibility is also a problem. Because there are few constitutional restraints on a parliamentary majority, a strong-willed government with sufficient parliamentary support can force through unpopular measures relatively easily. Moreover, through the Royal Prerogative many powers once belonging to the monarchy are now exercised by the head of the government, the Prime Minister, in the monarch's name. These powers, such as government appointments, are not subject to any consultation with parliament and imply a greater concentration of power around the head of the executive than is usual in parliamentary democracies. Parliamentary sovereignty, of course, also means that the executive is ultimately dependent on the majority support of the House of Commons in order to continue governing. British Prime Ministers, unlike American Presidents, can be forced to step down at short notice by a majority vote of censure, known as a 'vote of no confidence'. But provided the Prime Minister retains the support of a parliamentary majority, there are few limits on his or her power, since parliament can pass any law and there is no higher judicial power to review legislation.

In practice therefore, the British parliamentary system has tended to create strong governments subject to few checks and balances. British political parties tend to be fairly cohesive, and individual Members of Parliament (MP) are usually heavily dependent on their parties' support in their efforts to win re-election. As a result, governing majorities in parliament are mostly disciplined in their support for the executive in general and the Prime Minister (who is also party leader) in particular. Moreover, members of the House of Commons are elected in small, single member constituencies, which leads to a heavy over-representation of the winning party. Governments often enjoy very large majorities in the Commons which make their parliamentary position almost unassailable. The upper house of parliament, the House of Lords, is traditionally an unelected body of nobility and party appointees, and therefore lacks the political legitimacy to challenge the power of the government. The Lords can return legislation to the Commons for redrafting, but ultimately must acquiesce in passing the legislation without amendment if the Commons stands firm. In the democratic era, the House of Lords, which until 1999 had an inbuilt Conservative majority due to the predominance of hereditary peers (nobles), has only used its delaying powers against Labour governments.

The Thatcher governments of the 1980s, for many of its opponents, epitomized the abuse of executive power made possible by the UK's constitutional vagueness and the distortions of its electoral system. With a little over 40 per cent of the vote but a comfortable majority in the House of Commons, the Conservative administration forced a number of controversial and divisive measures through parliament in the face of great popular unrest. Thatcher's own robust style was criticized as authoritarian, as she refused to consult with interest groups and trade unions, and even rode roughshod over Conservative opponents within her own government. In response, demands for constitutional reform grew, with the Electoral Reform Society arguing for the House of Commons to be elected by proportional representation, whilst a group named Charter 88 campaigned for a wholesale updating of Britain's constitutional arrangements, including the democratization of the House of Lords and greater transparency in government.

Ironically, Margaret Thatcher's own demise was a timely reminder that parliamentary sovereignty was not a blank cheque for the Prime Minister. Faced with an economic crisis and growing unpopularity over the reform of local taxes and her European policy, opposition mounted to Thatcher's leadership within the Conservative party itself. At the end of 1990, a rival challenged Thatcher to a leadership election; although she won the election, the number of votes against her signalled that a substantial portion of her parliamentary party wanted a new leader. Persuaded by her own ministers that she was in an unsustainable position, she resigned, only three years after winning her third general election. But her long period in office, and Labour's own disillusionment at its inability to defeat Thatcher at the polls, had entrenched demand for constitutional change within the opposition party. When Tony Blair led Labour to victory in 1997, a reform of the British system of government was a key part of the party's programme. This was consistent with Blair's 'Third Way' thinking, which emphasized greater transparency and accountability in government as well as the importance of social reform. A more cynical interpretation would suggest that an ambitious programme of constitutional reform was a good way of distracting Labour's more traditional supporters from Blair's lack of radical ambition in the field of economic and social policy.

Decentralizing Britain: Devolution and Northern Ireland

The most urgent item on Labour's reform agenda was 'devolution' – the creation of new tiers of government in Scotland, Wales and Northern Ireland, all part of the United Kingdom but culturally and politically distinct from England, where the bulk (around 85 per cent) of the British population lives. Devolution addressed one of the most potent critiques of the British system of government; its intense centralization of power around the capital city, London, where the executive, civil service and parliament are based. Decentralization – bringing government closer to the people – was a prominent feature of Third Way discourse, and appeared to offer a response to citizens' growing sense of detachment from the political elite. Labour had long pushed for greater decentralization of power, unsuccessfully proposing devolution to Scotland and Wales in its previous period of government in the 1970s. Reviving this project in the 1990s was consistent with both Labour tradition, as well as the New Labour image.

Understanding the devolution issue requires an understanding of the rather complex history of the United Kingdom. It was argued earlier that the British state has enjoyed remarkable institutional continuity in the past three centuries, but the same cannot be said for the UK's borders. The core of the British state, England, has a long history as a unified nation, dating on some accounts from the 10th century. The history of Britain, however, is marked by a process of expansion, and then partial retreat. Wales was definitively annexed by England under King Henry VIII in 1536, and Scotland was absorbed into the British state by the Act of Union in 1707. The island of Ireland, long dominated by its larger neighbour, was integrated into the United Kingdom in 1800. This political unity of the British Isles did not last long. Discontent amongst the majority Catholic population of Ireland developed into a political movement for Irish independence, and the 'Irish question' dominated British political life towards the end of the 19th century and the beginning of the 20th. Faced with constant unrest, the London parliament decided in 1921 to pull out of most of Ireland, but retained six counties with a large Protestant population (mostly descendants of Scottish settlers) in the north of the country (Ulster). This act, known

as 'partition', allowed for the creation of an independent Irish Republic in the South, whilst the North remained part of the United Kingdom. Northern Ireland was governed by its own parliament based at Stormont Castle outside Belfast, which was dominated by Unionists – mostly Protestant supporters of the Union with Britain. This arrangement was relatively stable until the 1960s, when the growing Catholic population of Ulster – largely of Irish Nationalist sympathies - began to protest against discrimination and denial of political rights. This movement, initially a peaceful protest, turned to violence as the Unionist-dominated security forces adopted a repressive line, and the British Army was sent over to restore order. After 13 Catholic protesters were shot by British troops on Bloody Sunday (1973), the situation developed into open conflict, between Nationalist para-militaries (the Irish Republican Army – IRA) fighting for a united Ireland, Unionist para-militaries defending the status quo, and the British Army, usually identified with the Unionist side. Two decades of sectarian violence followed, including terrorist attacks on the British mainland.

The situation in Scotland and Wales was very different. Although both countries had a distinctive national identity, expressed through culture, language and political movements, Scottish and Welsh nationalisms were almost exclusively non-violent. Political nationalism in the two countries had emerged with some force in the 1974 election, where both the Scottish National Party (SNP) and Plaid Cymru (the Party of Wales) made spectacular electoral gains, winning substantial parliamentary representation at Westminster. Although the Labour government of the late 1970s failed to push through devolution, Scottish and Welsh nationalism grew in strength in the 1980s and 1990s. This was in part a response to Margaret Thatcher's virulent English nationalism, and in part the result of Scotland and Wales suffering disproportionately from the economic changes resulting from her free market reforms. Governed by an increasingly unpopular Conservative party, despite voting overwhelmingly for the Labour opposition, both Scotland and Wales saw big increases in support for more self-government, and Labour adopted devolution as one of its priorities once elected.

Although devolution to Scotland, Wales and Northern Ireland may have appeared to form part of a coherent package of constitutional reform, there was a clear difference between the Scottish and Welsh situations, on the one hand, and Northern Ireland, on the other. In Scotland and Wales, Labour was keen to shore up its support base by delivering decentralized government. In Northern Ireland, the aim was to resolve a historic problem facing the British state, taking advantage of the shift in mood in Irish nationalism, increasingly favourable to a negotiated solution. By dealing with these very different issues simultaneously, Labour could also attempt to defuse the Northern Ireland situation by pointing to the peaceful nature of territorial reform on the British mainland.

The Good Friday Agreement

Although Labour can claim credit for addressing the Northern Ireland problem, it also enjoyed favourable circumstances. Under John Major's Conservative government, the IRA had sent clear signals of a change in strategy, calling a ceasefire in 1994 which held for two years. The Major government was unable to take advantage of the opportunity, in part because of opposition to negotiations amongst hardline sectors of the Conservative party, in part because his weak government frequently sought the support of Unionist MPs in the House of Commons to pass legislation. Shortly after

the 1997 election the IRA called a new ceasefire, and after several months of negotiations agreement was reached between the Unionist and Nationalist leadership in Northern Ireland, and the British and Irish governments, with the US administration playing an important mediating role.

The basis of this agreement was that the Northern Ireland Unionists would share power with Nationalists in a new Northern Ireland Assembly and Executive, rather than being governed directly from London, which most Unionists preferred. In return, the Nationalists accepted the 'principle of consent' – in other words, that Northern Ireland would remain part of the United Kingdom until a majority of its population decided otherwise. Given the Unionists' majority status in the Six Counties, this locked the province into the UK for the foreseeable future, a major concession for the IRA, dedicated to the creation of a united, independent Ireland. The Irish Republic, as part of the deal, removed its territorial claim on the Six Counties from its constitution. All of this was directed at reassuring the Protestant majority in the North that they would not be swallowed up into a united Ireland as a result of the agreement. Just as importantly, the agreement included a commitment, albeit vaguely worded, from the IRA to disarm and definitively renounce violence, whilst the British government undertook to reduce significantly its military presence in Northern Ireland.

The power-sharing agreement meant that the Nationalist community would gain a substantial role in the government of Northern Ireland, a role denied them under direct rule from Westminster. The Northern Ireland Assembly was to be elected by proportional representation in order to ensure each community was adequately represented. Moreover, its procedures were to be based on 'cross-community consent': Assembly members would have to declare their 'community identity' – Unionist, Nationalist, or 'other' – and important decisions would require the support of either a majority of community, or a 60 per cent majority with at least 40 per cent support in each community. This innovative arrangement forced the two sides into a close working relationship if the province was to be governed effectively, encouraging political leaders to overcome the suspicions of the previous decades. The outcome of the agreement remained uncertain even as the Blair government moved into its third term. On the positive side, an effective ceasefire of all the major para-military organizations had remained in place ever since the agreement, a remarkable achievement given the levels of bloodshed of the previous quarter century. Moreover, historical enemies had indeed been involved in joint decision making, with Nationalist leaders for the first time taking on significant executive powers. On the negative side, the new devolved institutions had to be suspended twice and direct rule re-established, due to the difficulties involved in verifying the IRA's adherence to the commitment to dismantle its para-military structure. Nevertheless, although the future of the agreement is in doubt, the achievement of a decade of effective peace has changed, perhaps irreversibly, the political atmosphere in Northern Ireland.

Devolution to Scotland and Wales

In the context of resolving such a difficult issue as Northern Ireland, the creation of decentralized government institutions in Scotland and Wales appeared rather straightforward. Unlike Northern Ireland, where a majority of the population was at the very least sceptical, and in part openly hostile, to devolution, in Scotland and Wales there was broad support for institutions of self-government. Moreover, in the Scottish case, all the major parties with the exception of the Conservatives had been

working together to plan devolution for some time. The vast majority of the Scottish political class was therefore broadly in agreement on the path to follow, and the Labour party in Scotland, itself closely aligned with the national leadership in London, was an enthusiastic proponent. A referendum held in Scotland in September 1997, only four months after the Blair government was elected, showed overwhelmingly support for devolution, with 74 per cent of Scots voting in favour.

The Scotland Act of 1998 established a Scottish Parliament in Edinburgh, which would elect a Scottish Executive responsible for a range of policy areas, including education, healthcare, transport, and local government. The Parliament, elected by proportional representation, has legislative powers and can pass laws on any issue except those 'reserved' to Westminster, the most important of which are foreign and defence policy, monetary and fiscal policy, and social security. The Wales Act of 1998 established devolved government for Wales, but with more limited powers. Only a bare majority (50.3 per cent) voted in favour of devolution in the Welsh referendum, and the project came within a handful of votes of failing at the first hurdle. The Welsh Assembly, elected on similar principles to the Scottish Parliament, was granted only secondary legislative powers, meaning that it could only develop the detailed implementation of legislation emanating from the Westminster parliament, rather than making law of its own. These secondary powers related to similar areas to Scotland: mainly education and health. Unlike Scotland, which had minor tax raising powers, Wales was entirely dependent on the central government in London for its budget.

Devolution made an immediate political impact in these two territories. The first step towards devolution was the election of representatives to sit in the new institutions, and the elections in Scotland and Wales in 1999 suggested a major change in the workings of British politics. First of all, the selection of candidates caused tensions in the governing Labour party, as Tony Blair's national party leadership sought to block selection of popular local Labour figures, with only mixed success. Secondly, the elections took place under a form of proportional representation, making it difficult for Labour – the dominant party in both territories – to win sufficient support to govern alone. In Wales the party fell just short of a majority, forcing it to rely on the support first of the centrist Liberal Democrats, then of the Nationalist Plaid Cymru. The Labour administration's precarious position in the Assembly also helped dissident Labour members to assert their independence: after only Blair's choice as First Secretary in Wales was forced out of office and replaced by Rhodri Morgan, an opponent of the Prime Minister. In Scotland, Labour was far short of a majority, and therefore formed a coalition government with the Liberal Democrats. There too, albeit for different reasons, there was instability in the leadership of the Scottish Executive: the first Labour First Minister, Donald Dewar, died suddenly after little over a year in charge, and his successor lasted no longer, before being forced out over a minor party funding misdemeanour. Coalition government and initially frequent changes of executive leadership marked a departure from the patterns of government stability observed in Westminster.

Devolution, as might be expected, also led to Scotland and Wales adopting different policies to those followed in England. In Scotland, policy differences were partly the result of coalition government: although the Scottish Labour party was close to the UK party leadership, the demands of coalition government with the Liberal Democrats led to policy decisions at odds with those taken at Westminster. The most notable examples of this were over university tuition fees, which were raised in England under Westminster legislation, but turned into a form of graduate

tax in Scotland. Controversial pro-market reforms to the running of the National Health Service and schools passed by the Blair government were adopted in neither Scotland, nor Wales. Although devolution has not brought about dramatic change, it has opened up the possibility for the two countries to express their distinctiveness through their own institutions and through different patterns of policymaking. It has not been as successful as had been hoped in reversing the trend towards citizen disillusionment with democratic politics, and unedifying spectacles such as the spiralling cost of the new Scottish Parliament building in Edinburgh led to considerable scepticism over the benefits of devolution. However the popularity of the devolved institutions in their territories is relatively high, and even the initially unenthusiastic Welsh ultimately warmed to devolution, demanding powers comparable to those enjoyed by the Scottish Parliament.

Democratizing Westminster and Whitehall?

Although devolution and Northern Ireland had by far the highest profile, the Blair government also introduced other significant reforms to the British system of government. Perhaps most importantly, Labour was committed to reform of the upper house of the Westminster parliament, the House of Lords. The House of Lords in 1999 was an extraordinarily anachronistic body, consisting of 759 hereditary peers, and 26 bishops and archbishops of the Church of England, as well as 510 'life peers' – political appointees, often former members of the House of Commons. In short, the House of Lords was not a democratic representative body, and contained an in-built majority of members of a centuries-old economic and social elite based around land ownership. Although the powers of the House of Lords had been gradually pared back throughout the 20th century, it retained powers of revision and delay which could hinder, if not subvert, the implementation of the will of the people as expressed in the democratically elected House of Commons. Labour therefore stood for election in 1997 with a formal commitment to remove the voting rights of the hereditary peers. This was achieved in 1999, although 92 of the peers (voted by the other members of the Lords) were allowed to retain their voting rights. However to the disappointment of more radical reformers, Blair's government refused to go further by introducing some kind of democratic legitimacy to the Lords, and the reform programme stalled leaving the second chamber populated largely by retired party politicians.

Labour also made a major commitment in its 1997 manifesto to the reform of the House of Commons, the pillar of the British system of government. Most radically, Blair promised an enquiry into the possibility of a reform of the electoral system for the Commons, followed by a referendum on a proposed reform. The enquiry, headed by former Labour Chancellor Roy Jenkins, did take place, and recommended a form of proportional representation similar to that used in the Federal Republic of Germany. However this report was simply ignored, and no referendum took place. This outcome was perhaps predictable, in the light of the enormous difficulties involved in persuading members of an elected institution to change the system that elected them. The Blair government did introduce some changes to modernize the working practices of the Commons, including more family-friendly hours. But the basic workings of the Commons and its role in the constitution remained essentially the same.

The rest of the Labour reform project was largely successful on its own terms. The Human Rights Act of 1998 fulfilled the manifesto promise of incorporating the

European Convention on Human Rights into UK law, resolving a major anomaly of Britain's unwritten constitution: the lack of any clear definition of individual rights. A Freedom of Information Act in 2000 also addressed another long-standing problem - the secrecy and lack of transparency in Britain's public administration (often referred to as Whitehall, the area of central London where most ministries are located). These reforms amount to significant progress in clarifying democratic rights and practices in Britain, and the Blair governments deserve recognition for this. However, after two terms of office there is little sign that British citizens feel closer to their political institutions than before 1997.

Britain in the World: Which Side of the Atlantic?

In 1997, the most pressing problem facing the UK in international affairs appeared to be its relationship with the European Union, marked by tensions and misunderstandings in the final years of the Thatcher-Major era. A decade later, a very different set of problems were posed, with the consequences of the September 11th attacks and the resultant changes to American foreign policy. Although foreign and European policies were far from most voters' minds when Labour was elected to government in 1997, the tail-end of the Blair premiership was dominated by Britain's international role, and particularly, its relationship with the United States.

The Background: Atlanticism and Euroskepticism

At the end of the Second World War, the United Kingdom found itself in a contradictory position. On the one hand, it still retained a vast overseas empire and, by virtue of its successful defence of its borders against the Nazi military threat, was able to take its place at the post-war negotiations between the great powers at Yalta. On the other, Britain was exhausted by a conflict which had confirmed the extraordinary military and political weight of the two new superpowers, the United States and the Soviet Union. Its status was now clearly that of a 'second rate' world power, and its colonial interests were threatened by economic limitations and the growth of independence movements in various parts of the empire. It is often said that post-war British foreign policy has revolved around 'managing decline', retreating from colonial commitments and recalibrating its international role in recognition of its diminished resources. But this process of managing decline has thrown up a major dilemma. The UK, as a founder member of NATO boasting a 'special relationship' with the United States, has seen a close transatlantic alliance as the key to maximizing its influence in the world. But this closeness to the United States, reinforced by a shared language and historical ties, has frequently been viewed with suspicion by Britain's partners in Western Europe, determined to enhance integration between the European democracies, in part to counterbalance American power. British governments since the war have been pulled in different directions by the global perspective inherited from the country's imperial past, and the European imperative dictated by its geographical position and commercial priorities.

Britain's complex relationship with the rest of Europe began with the historic decision not to participate in the first phase of the process of European integration. Preoccupied with maintaining ties to the former colonies in the Commonwealth, and hoping to 'punch above its weight' through the transatlantic 'special relationship', the UK stayed out of the European Economic Community established in 1957 by the Treaty of Rome. Very quickly, British foreign policymakers changed their mind,

applying for membership in 1963, but the French President de Gaulle, suspicious of Britain's closeness to the United States, vetoed the application. When the UK finally entered the Community in 1973 its essential characteristics were already entrenched, and the close alliance between the two largest founder members, France and West Germany, left Britain in a marginal position. Britain's ambiguous position was also illustrated by its close military cooperation with the United States, and the presence of significant American military installations on British soil.

The essential tension between Atlanticism and Europeanism came to a head during the 1980s under the premiership of Margaret Thatcher. Thatcher was an instinctive Atlanticist, a great admirer of the United States and its economic dynamism, and supportive of America's tough approach to communism and Soviet Union. Conversely, Thatcher was suspicious of France and Germany, and had little patience for the intricate negotiations that characterized European policymaking. Although a strong supporter of the European Community's deregulatory drive to create a Single European Market by 1992, she was generally unsympathetic to further integration. Her close personal friendship with Ronald Reagan, and poor relations with European leaders such as Mitterrand or Kohl, pushed her into increasingly Euroskeptical attitudes at a time when other member states were planning to share sovereignty over an increasing range of policy areas, including monetary policy, and home and foreign affairs. The situation came to a head in 1990, where Thatcher marked her clear opposition to proposals made by European Commission President Jacques Delors in the House of Commons, declaring 'no, no, no' to his vision of Europe.

Although Thatcher was forced out of office shortly afterwards, the situation under John Major improved little, and anti-European Conservative MPs forced Major to adopt a tough line towards the other member states. At one stage this went so far as to order British representatives 'boycott' all European decision-making processes, in protest at the European ban on British beef during the 'mad cow disease' crisis. By the mid-1990s British relations with its European partners were at a low point, and one of Tony Blair's key promises during the 1997 election campaign was to place Britain 'at the heart of Europe'. This new pro-European policy included the controversial proposal for Britain to join the new Euro currency agreed at the Maastricht summit of 1991.

Blair's European Policy

Tony Blair's relations with the other EU member states got off to a promising start, in part because of the relief felt amongst other European leaders at no longer having to deal with an instinctively hostile Conservative administration. The honeymoon period in UK-Europe relations was extended because of the election of a number of centre-left governments in the EU towards the end of the 1990s. Centre-left leaders were eager to associate themselves with a leader who had won the 1997 election so decisively and was enjoying high levels of popularity in his own country. This led to the attempt by Blair and the German Social Democrat leader Gerhard Schroeder to develop a close working relationship around 'Third Way' principles, the German party having adopted a similar slogan, the 'Neue Mitte' (New Center). However the apparent conservatism of many of Blair's public statements, and the UK's refusal to commit to joining the Euro, put a damper on cooperation.

The Euro, launched in 1999, was a difficult issue for the Labour government to address. Opinion polls suggested that the British public was overwhelmingly

opposed to membership, and the UK's relatively virtuous economic performance in the second half of the 1990s did little to predispose Euroskeptic Britons towards a currency dominated by sluggish economies such as France, Germany and Italy. Blair appeared strongly committed to membership, whilst his Chancellor, the key figure in determining economic policymaking, was unenthusiastic. A 'wait and see' approach was therefore adopted, with the government expressing its intention to join the Euro 'in principle', but only making a final decision in view of a complex set of five 'economic tests', announced in 1997. These tests – such as for instance 'Would joining the euro promote higher growth, stability and a lasting increase in jobs?' – were sufficiently ambiguous as to allow the government to make a decision on the grounds of short-term *realpolitik*. The Blair government failure to join the Euro in the first wave has had stark consequences: given Britain's comparatively better economic performance since 1999 than the other large Eurozone countries, it would appear difficult in the extreme for it to join in the current circumstances. As of 2006, therefore, Britain remains a marginal force in European level decision-making on macro-economic issues.

However Blair's government did engage with European policy-making in other ways, most significantly by arguing strongly for structural reforms to liberalize European economies. This pressure on relatively more regulated economies such as France and Germany to adopt an 'Anglo-Saxon' model of economic governance was not always popular in European capitals, and reminded some Europeans a little too much of the overbearing style of his Conservative predecessors. However Blair won sufficient support amongst some other reform-minded governments to launch the so-called 'Lisbon agenda' for economic reform, at the European Council in the Portuguese capital in 2000. The aim of the Lisbon process, rather optimistically, was to turn the European Union into the world's foremost knowledge economy within ten years, an aim that half a decade later appeared laughable. However the Lisbon objective did amount to a coherent plan for reform, combining liberalization of markets with an emphasis on innovation and technology on the one hand, and sustainability and social justice on the other. Although the process has not been taken as seriously as Blair would have hoped, it certainly amounted to an important constructive British intervention in the debate on Europe's future.

More difficult for the Labour government was the constitutional issue arising from the expansion of the EU eastwards in 2005. Faced with a further 10 member states, the EU's institutions clearly needed updating and reforming, but the proposal to combine this updating with the writing of a European constitution created a serious dilemma for the UK. Britain's tendency towards Euroskepticism, added to its tradition of constitutional ambiguity and flexibility, made a European constitution an unwelcome proposal, and placed Labour in an uncomfortable position. Blair wanted to play an active, constructive role in the debate, but was wary of how the constitutional issue would play at home, and committed the government to holding a popular referendum. Although by most accounts Labour were successful in defending what the government perceived as UK interests in the proposed constitutional text, opinion polls continued to show unremitting hostility. Fortunately for Blair and his government, the 'no' votes cast in the French and Dutch referenda on 2005 made the constitutional project unviable, allowing Britain to suspend its referendum and wait for the issue to disappear.

Foreign and Security Policy: Tony Blair and the 'War on Terror'

Although Blair quickly succeeded in overcoming much of the negative legacy of Euroskepticism bequeathed by the Conservatives, his relationship with the other European member states was to run into trouble as a result of the dramatic events of 11th September 2001. The response to the challenge of Al-Qaeda terrorism drove a wedge between the United States and the most important continental European powers, Germany and France. Britain's difficult position as the transatlantic 'bridge' was placed under acute strain by these developments, and the consequences of the choices made by the Labour government have defined the closing phases of Tony Blair's premiership.

Blair's emergence as an ambitious and activist world leader surprised many, as the Labour leader appeared to pay little attention to foreign affairs before his election in 1997⁷. Very quickly, however, he developed a distinctive approach to foreign affairs which contrasted with the flexible pragmatism which marked British policy towards international affairs in the post-war period. Very quickly the Blair government found itself involved in military action, first cooperating with the U.S. in air strikes on Iraq in 1998, then playing a visible role in the U.S.-led intervention in the Kosovo region of Serbia, where alleged ethnic cleansing was practiced against the Albanian majority population. Indeed, during the Kosovo conflict Blair made a major statement on foreign affairs in Chicago, in which he laid out an agenda for active commitment on the part of Western powers to intervene against dictatorships and use military action on humanitarian grounds. This speech demonstrates that the choices Blair made after September 11th were actually consistent with his thinking almost from the very beginning of his premiership. The British intervention in Kosovo was facilitated by Blair's close relationship with Bill Clinton, an enthusiast of Third Way thinking and fellow alumnus of Oxford University. What surprised many was Blair's keenness to continue such a close relationship with Clinton's successor George W. Bush, a very different kind of political figure who appeared to have little in common with the British Prime Minister.

In the aftermath of September 11th Blair was quick to line up behind the U.S. administration in its response to the atrocities. The British government participated in the attack on Afghanistan, but perhaps most significantly, also backed the shift in strategy announced by the Bush administration soon after, which opened up the possibility of pre-emptive military action against potential threats to U.S. security. The Afghanistan operation received almost unanimous backing from shocked European governments, but the next phase of the U.S. 'war on terror', military intervention in Iraq, divided the European powers to an unprecedented degree. Although opposition to the invasion of Iraq was weaker in Britain than in countries such as France, Italy and Spain, public opinion could be described as at best sceptical, and there was deep unease within the Labour party towards the plan. In these circumstances, Blair was able to exploit the powerful constitutional position of a British Prime Minister to push ahead with support, and full participation in, the Iraq operation. Despite losing two members of his Cabinet, who resigned in protest, and facing substantial parliamentary opposition from a large number of Labour MPs, Blair pressed ahead. The consequences were far-reaching.

As far as European politics were concerned, the Iraq issue divided the UK from the other major European actors on the international stage, with both France and Germany vehemently opposed. Blair was therefore forced to line up with conservative governments in Spain and Italy in supporting the Bush administration. This had consequences for Blair's European policy, with the initial attempts to form alliances with friendly centre-left governments in France, and particularly Germany,

being definitively shelved. The Lisbon agenda for economic reform was also tainted by association, as Blair's closeness to Bush on foreign policy discredited his centre-left credentials on socio-economic issues. More broadly, Blair's influence over European politics was affected by the increasing perception, especially in the founding member states of the European Community, that Britain was a mere proxy for American power.

The consequences for Blair's domestic standing were if anything far more serious. Determined to roll back American unilateralism, Blair was instrumental in persuading Colin Powell to seek a United Nations mandate for the invasion of Iraq, and regarded suspicions that Saddam Hussein was developing weapons of mass destruction (WMD) as the most effective rationale for a U.N. resolution. This move was insufficient to win broad international backing for the war, but did force Blair into exaggerating the available evidence of the WMD threat in a government document used to win over the British foreign policy community. The misleading suggestion that Iraq could launch WMD in 40 minutes had devastating consequences for Blair's political credibility when, after the invasion, no such capacity could be found.

The political damage suffered by the Blair government over Iraq is difficult to calculate accurately, but appears substantial. First, even before the war massive demonstrations took place around Europe, with the turnout of perhaps even 2 million protestors in London constituting perhaps the largest public protest in British history. Second, the war caused deep upset in Britain's large Muslim population. British Muslims, who are mostly of Pakistani or Bangladeshi origins and tend to be concentrated in the less prosperous areas of Britain's largest cities, had traditionally been strong supporters of the Labour party, perceived as the most effective defender of ethnic minority rights. However, the Iraq war and its aftermath undermined this long-standing relationship. Muslim unease at Labour policy was exploited by George Galloway, a former dissident Labour MP expelled from the party for his close relations with the Saddam Hussein regime. Galloway founded a party called Respect, which mobilized around the Iraq issue and was able to win election in 2005, defeating a Labour MP in one of its safest London constituencies. Many Muslims also abstained, or supported the Liberal Democrats, who had opposed the war. The Iraq issue undoubtedly cost Labour in the 2005 election, which saw its majority cut in half and its vote share decline to just 35 per cent.

Blair's decision to back Bush's war in Iraq, and subsequent pro-American positions over Israel and Palestine, including the Israeli attack on Lebanon in 2006, have become the defining feature of the Blair premiership. Any British Prime Minister would have been placed in a difficult position by world events after September 11th 2001, given the UK's historically close relationship with the United States, and ambiguous relationship with the rest of the European Union. However Blair took a big risk in identifying himself so closely and so publicly with the Bush administration, which has become extremely unpopular in British and European public opinion. It is difficult to escape the conclusion that the Blair premiership will be remembered more for its foreign policy choices than for anything else.

Conclusion

In 2006, British politics was dominated by discussion of Tony Blair's political future. In 2004, Blair had already announced that the 2005 election would be the last he would fight as Labour leader. In the 2005 election Labour won a third successive

victory for the first time in its history, but the drop in its vote share to just 35 per cent revealed the fragility of its support base. Although Labour still won a comfortable governing majority, this was purely an artefact of Britain's 'first past the post' electoral system which tends to over-represent the largest parties in general, and Labour in particular. The Conservative party's revival in 2006 after the emergence of a young and dynamic leader, David Cameron also suggested that Labour's grip on power might soon loosen. In these circumstances, Blair soon came under pressure from nervous Labour MPs to give a clear indication of when he would resign from office.

Blair's near-decade in power has been a curious mix of unprecedented success and unexpected failure. The usual problems facing Labour governments in Britain in the past – economic problems, pressure from trade unions and other vested interests, small parliamentary majorities – have been conspicuous by their absence. Labour has presided over a remarkable period of consistent economic growth and rising living standards, and has won electoral success on an unprecedented scale, notwithstanding the losses in 2005. In many respects, Blair's government has been one of the most successful in recent British history, combining economic expansion with strong public investment in popular services such as education and healthcare. Despite persistent public fears over crime and disorder, official figures show a substantial and constant fall in reported offences throughout the Labour decade in office. Power has been devolved to those countries that demanded more self-government, and the intractable problem of Northern Ireland is closer to a solution than at any time for decades. On most measures, the average Briton would appear to be far better off in 2006 than ten years earlier.

However, like almost all of his predecessors, Blair is to leave office as an unpopular Prime Minister. This is partly a pathology of the British system of government. Lacking any term limits, successful British Prime Ministers will tend to stay in office long enough for the public mood to change and voters to tire of familiar faces. But Blair's unpopularity is partly the result of the political consequences of his government's choices. The invasion of Iraq has proved a deeply unpopular decision. But there are other reasons for unpopularity: the increase in the tax burden, public impatience with the slow rate of improvement in public services, the growing urgency of the environmental crisis. It is in the nature of a competitive two-party democracy such as the United Kingdom that political leaders do not receive gratitude for their achievements, but rather criticism for their failures. After a period of Labour dominance the revival of the Conservative party suggests that in the near future British politics will witness once again an alternation in power between its two major parties. However another possibility can be suggested: Labour's electoral decline, and the Conservative party's persistent unpopularity in some sectors of society, could lead to a situation where no single party holds a parliamentary majority. The emergence of coalition government in Scotland, Wales and Northern Ireland offers a precedent for what may happen if the Westminster parliament fails to deliver a governing majority. If this happens, it will represent a major change in the way Britain is governed.

¹ <http://www.number-10.gov.uk/output/Page8073.asp>

² Fielding 1997: 25.

³ Labour party constitution, at <http://www.labour.org.uk/aboutlabour>

⁴ Anthony Giddens, *The Third Way*. Cambridge: Polity Press, 1998.

⁵ Carl Emmerson *et al*, *The Government's Fiscal Rules*. Institute of Fiscal Studies Briefing Note 16, <http://www.ifs.org.uk/bns/bn16.pdf#search=%22public%20borrowing%22>

⁶ Hilaire Barnett, *Britain Unwrapped. Government and Constitution Explained*. London: Penguin, 2002, p.52

⁷ For an analysis of Blair's foreign policy thinking, see Michael Cox and Tim Oliver, 'Security Policy in an Insecure World', in Patrick Dunleavy *et al* (eds.), *Developments in British Politics* 8. London: Palgrave, pp.174-92.