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Things could only get better

Labour has made some big changes to Britain and achieved considerable successes. But during its 13 years in office there have been grave disappointments, too

"WE'RE still looking at the photos," says Sue Morton, an IT trainer, "and it still gives me a glow when I think about it." Ms Morton and Anna Richards, a social worker and her long-term partner, celebrated their civil partnership last year, under legislation introduced by Britain's Labour government in 2004. "I'd got so used to being marginalised," says Ms Richards. "Ten years ago it didn't seem possible...it was a very joyous day."

In this era of globalisation, politicians often appear mere bystanders to the shifts and trends that define society. During Labour's 13-year stint in office, Britain has been reshaped by the rise of al-Qaeda and the ascent of Asian manufacturing; by mass immigration and the continued fracturing of the nuclear family; by the advent of the internet and budget airlines. In all this, government has played a largely passive role. Labour's civil partnerships, however, and other social reforms that have made life easier and better for gay people, ethnic minorities and parents, are an example of how government can drive—and has driven—change rather than just finessing or ameliorating it.

They are also a reminder of how some of Labour's bolder policies have become uncontroversial features of British life. In thinking about its long rule—which may end next week, depending on the unpredictable and potentially messy outcome of the general election on May 6th—there is a natural tendency for recent events, such as the recession and Britain's parliamentary-expenses scandal, to loom larger than more remote history. A fair assessment of Labour's record must begin by acknowledging that, amid its mistakes, it has managed some big and lasting achievements.

That "wasted" first term in full

It has become a truism of political commentary that, after their election landslide of 1997, Tony Blair and his government "wasted" their first term. It isn't true. Among other things, they enacted a series of constitutional reforms that transformed the way Britain is governed, and which historians of the future may well regard as Labour's most important domestic legacy. They booted out most of the hereditary peers from the House of Lords; passed the Human Rights and Freedom of Information Acts; and devolved power to Wales and Scotland, which got its first parliament for 300 years. Much of this was done cackhandedly: Mr Blair seemingly hadn't realised that devolution meant giving power away. But the changes Labour did make were historic, and broadly beneficial.

Power has also been devolved, of course, if with interruptions, to Northern Ireland. Many people were involved in the making and keeping of peace there, notably Bertie Aherne, Ireland's former prime minister, as well as Ulster's own politicians, some of them exceptionally brave. The work began before Labour took office. And it isn't altogether complete: there is still suspicion and bitterness between Northern Ireland's rival communities, plus intermittent violence by rejectionists.

But Belfast today is a smart, relaxed city, whose prosperity is shared by both Protestants and Catholics. The days of tit-for-tat murder and mainland bombing campaigns feel like ancient history. Mr Blair deserves considerable credit for both the Good Friday agreement of 1998 and the 2007 deal between once-irreconcilable unionists and republicans that he secured shortly before he left office.

Labour's main pledges when it came to power concerned more bread-and-butter issues. It promised, for example, to reduce poverty and increase "fairness". It is fashionable these days—including among Conservatives—to contend that it has failed to meet that goal. And indeed, according to one basic measure of income inequality, the Gini coefficient, Britain today is a marginally less equal society than the one the government inherited.

It is fairer to say, however, that Labour has taken the edge off economic trends that threatened to increase inequality further: the Institute of Fiscal Studies (IFS) concludes that inequality "would have been even higher" in the absence of Labour's tax and benefit measures. Its quiet redistribution helped many impoverished pensioners, among others. That headline

Le cose potrebbero solo andare meglio (ag)

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inequality measurement is skewed by the rocketing incomes of the very richest.

Moreover, in 1999 the government introduced a minimum wage, arousing now-forgotten but vociferous opposition from the Tory party and businessmen. No one much complains about the minimum wage today; it has improved the meagre lot of hundreds of thousands of low-paid workers. "They tried many things" to deal with poverty, says John Hills of the London School of Economics (LSE), "and most worked. The difficulty was that the scale of the problems was often greater than the scale of the action taken."

Another of Labour's big promises was to "save" the country's public services, whose management, along with that of the economy, is the main domestic challenge for any British government. Here, too, Labour suffers from the popular amnesia that comes with such long incumbency: voters have forgotten what Britain's "public realm" looked like before 1997, even as their expectations for it have become more demanding and consumerist. The once-crumbling physical infrastructure of schools, job centres and hospitals, such as the one in Birmingham in which the party recently launched its election manifesto, has been thoroughly renovated (though that particular hospital, like many others, was built under the private-finance initiative—ie, on the never-never—and so hasn't been fully paid for yet).

Some important public-service outcomes have unquestionably improved too. The proportion of young people going to university has risen. Almost all patients are now seen in hospital within 18 weeks of referral by their family doctor, and most much more quickly (see chart 1); once, some waited 18 months. It is an irrational quirk of public opinion that while record numbers of National Health Service patients are satisfied with their care, many tell pollsters that the NHS is deteriorating. The same disjuncture between personal experience and general perceptions is evident when it comes to crime, fear of which has increased even as incidence has fallen.

Labour has also introduced a new and welcome institution: Sure Start children's centres, nurseries-cum-playgroups-cum-advice centres designed to improve the life chances of under-fives, a cause which ought to be as dear to liberals as to social democrats. "We're an oasis in a concrete desert," says a carer at one London centre, as 30 children of assorted ethnicities and nationalities cavort around him.

As Matthew Taylor, formerly head of Mr Blair's policy unit, now of the Royal Society of Arts, says, it is impossible to know how much of this legacy would survive a change of government, or—another key test—how much opposition would be provoked if someone tried to dismantle it. But, to judge from the rhetoric of Labour's adversaries, it has succeeded in making compassion for the poor compulsory, and enthusiasm for early-years intervention and the NHS politically universal.

That is some of what might appear in the positive column of a Labour reckoning. But, like any government, it must partly be judged against the opportunities history afforded it. Few in Britain have been blessed with such happy circumstances: a decade of economic growth, two landslide election victories followed by a respectable third, and an astonishingly feeble opposition until the end of 2005. In that context, Mr Taylor compares Labour's record to that of a gambler, who wins, but afterwards thinks he ought to have won bigger, considering the hand he was dealt.

Another way of putting it is that alongside Labour's accomplishments have been failures and mistakes: sins of both omission and commission.

Investment minus reform

It is one thing to say that the public services have improved; another that they are as good as they could or should have been, considering Labour's investment in them. Health spending has doubled in real terms, as has funding per secondary-school pupil. But the reform Labour said would accompany this investment materialised patchily and belatedly. Peter Hennessy, Britain's best historian of Whitehall, concludes that Mr Blair "didn't understand how institutions worked. He thought that willpower and rhetoric were enough, and was shocked when they turned out not to be." That naivety reflects the loss of executive acumen incurred in an 18-year spell in opposition; the rise of professional politicians, which has left a dearth, in all parties, of leaders who have actually run things; and, perhaps, a residual, inflated left-wing faith in the easy power of the state.

It was only in 2003, says Julian Le Grand of the LSE, that Mr Blair had his epiphany. He saw that the target regime that had characterised Labour's approach to public services was distortionary; that monolithic services fail those who need them most; and that the remedy, as Professor Le Grand puts it, was "independent institutions in a quasi-market system". Unfortunately, for Mr Blair and for Britain, this realisation coincided with the sharpening of hostility between him and his chancellor of the exchequer, Gordon Brown. This tension—driven by Mr Brown's impatience to take over the top job—was more debilitating for the government than any external opposition. Part of the tragedy of the saga is that, when Mr Brown finally got his wish and became prime minister in 2007, it was soon apparent that the rivalry had been born less out of any meaningful ideological dispute, than out of ego and faction.

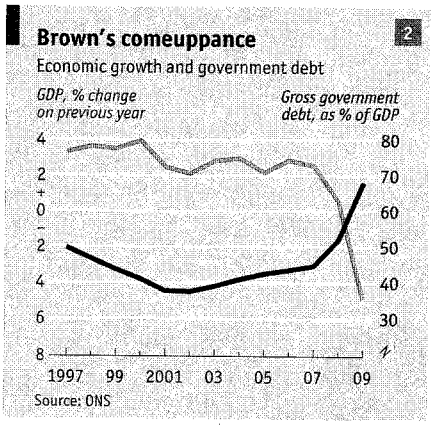
Labour, in fairness, did manage some creditable reforms—some of which, perhaps, on the "Nixon-to-China" principle, only a centre-left government could have implemented. It introduced university tuition fees and a bigger role for private providers in publicly funded health care, a reform that may, in time, dramatically alter the shape of the NHS. But the Blair-Brown rift stalled the reform process, and it more or less ceased during Mr Brown's three-year premiership. "New Labour will be wise spenders, not big spenders," claimed the party's 1997 manifesto. But too often extra cash has been a substitute for reform, rather than lubrication for it.

It is in education, allegedly Mr Blair's priority, that the results of this inertia have been starkest and most disappointing. The improvements in pupils' exam results that Labour likes to tout have been undermined by both the proliferation of the exams themselves, and the fact that the scores have been devalued by grade inflation. Worse, Britain's long tail of educational underachievement has persisted.

The proportion of 16-to-18-year-olds not in education, employment or training (so called NEETs) has remained unchanged at roughly 10%. Too many children still leave primary school unable to read and write properly. As Michael Gove, the Tory education spokesman, likes to point out, a poor boy educated in a state school has almost as much chance of playing for Manchester United as going to Oxford or Cambridge. (Mr Gove's plan for Swedish-style "free" schools, set up by anyone, in the state system is a policy Mr Blair might have adopted, had others not frustrated him.) Under Labour, Britain has slipped down the international education rankings.

Another grave failure has been in welfare. When Labour took over, more than 5m working-age adults subsisted on state benefits. That scandalous figure has barely shifted. (The vast majority of the jobs created in Britain since 1997 have gone to foreign-born workers.) For all Mr Brown's tinkering with the benefits system, a serious push to reform its misaligned incentives began only recently.

The spending splurge prefigured the most toxic aspect of Labour's domestic re-



cord: vaulting debt (see chart 2) and a fiscal deficit that equalled 11.6% of GDP in 2009-10. Labour didn't use the fat years to shore up the public finances as much as other governments did. The IFS calculates that between 1997 and 2007, among comparable rich countries, only South Korea's public spending grew more as a share of national income. That laxity helped to leave the exchequer badly exposed when the lean period arrived—with the financial turmoil that began in 2007.

As chancellor, Mr Brown seemed to some to have worked a kind of economic alchemy. Britain's economy grew by an average of 2.9% a year for a decade. Living standards rose and inflation was tamed, with the help of an independent Bank of England. Mr Brown boasted of abolishing "boom and bust"; and if Labour had lost the election of 2005, that claim, and his reputation for economic management, might have escaped intact.

Instead, he has been humbled. True, in 2008 he implemented a wise bank bail-out that was admired and emulated elsewhere. But he has since presided over a deeper and longer recession than in many of Britain's peers. The previous prosperity under Labour now looks somewhat illusory. It was too reliant on a financial-services sector that the government, transfixed by a kind of post-socialist awe at the magical workings of the City, failed to regulate properly, and on rising public debt and perilous private borrowing: British citizens are more heavily indebted than those of any other rich country. Labour argues that the mistakes evident in retrospect—in financial regulation, for example—would have been made by a Tory government too. Perhaps. But they happened on Labour's watch.

The impact on the public finances has been severe. Britain's fiscal plight may not be as apocalyptic as that of Greece, but it is dire all the same: the next government will be obliged both to slash spending and, probably, raise taxes. Carl Emmerson of the IFS says that, under the deficit-reduction plans that Labour has itself announced, by 2014 Whitehall spending on public services will make up the same share of national income as it did in 2000, when Labour's splurge truly began.

So, while Labour intended to safeguard the "public realm", it has instead made the opposite inevitable: public services and the state (now equivalent in size to almost half the nation's economic output) face an inevitable and painful retrenchment.

Tony's wars

If the huge deficit seems likely to overshadow British politics in the immediate future, historians in coming years may concentrate on its conduct of foreign affairs—the field in which Mr Blair, who in other ways never seemed to shake off the nerves of opposition, was most bold, and most rash. The moral and military vindication of the Kosovo campaign of 1999 went to his head. The speech he gave in Chicago that year, outlining his doctrine of humanitarian intervention, may well come to seem the most important, and most fateful, of this Labour administration.

This newspaper supported the invasion of Iraq in 2003. But it is now clear that Mr Blair committed British forces to it with vanishingly few reassurances from George Bush about how that country was to be reconstructed. Moreover, the way Mr Blair made his case for war—focusing on the alleged threat posed by Saddam Hussein's weapons of mass destruction—turned out to be cavalier at best.

Mr Blair's wars, and Iraq in particular, have, rather like Labour's public-spending overstretch, had the opposite effect on Britain's foreign-policy and national standing from the one he intended. It isn't only the animosity incurred in the Muslim world or the strain on the country's European alliances. Truth be told, when British forces finally left Iraq in 2009, they went with their tail between their legs, raising questions about Britain's continued ability to project military power globally, and its usefulness as a military ally to America. The electorate is now so queasy about foreign adventures that future governments are likely to be wary of embarking on new ones; the ongoing, bloody campaign in Afghanistan, the other long-term deployment of the Labour era, is increasingly unpopular. And although the Iraq war didn't instigate the Islamist terrorist threat to Britain, which already featured in the ranks of al-Qaeda's infidels, the conflict exacerbated it.

This has been a selective account of Labour's long, eventful tenure. (Among other things, it leaves out, on the positive side of the ledger, the government's stance on international aid, and, on the negative one, its erosion of civil liberties.) But what should a fair overall judgment of Labour be based on? What it has done, or what it hasn't? What other governments achieved, or what this one could have?

Perhaps the fairest way to assess it is against its own promises and aspirations. "A new dawn has broken, has it not?", Mr Blair declared in May 1997. "Tolerance and respect", he said, "will be the order of the day"; and, in those ways, Britain has improved. He also promised "a Britain that stands tall in the world", educational opportunity for all and a modernised welfare state. On those counts, Labour has flopped.

Its overall promise was embodied in its 1997 election anthem, "Things can only get better". In many ways, for many people, they have. For some of those advances, Labour deserves credit for moulding the zeitgeist, rather than simply accommodating it; some of the gains are now forgotten or taken for granted. At the same time Labour has failed to tackle the entrenched social problems it hoped to, and has created some new ones. Thirteen years is as fair an innings as it has a right to expect. ■

Foreign policy going down in flames