Chapter 2  BRITAIN

Section 1 The Making of the Modern British State
Section 2 Political Economy and Development
Section 3 Governance and Policy-Making
Section 4 Representation and Participation
Section 5 British Politics in Transition

Official Name: United Kingdom of Great Britain and Northern Ireland
Location: Western Europe
Capital City: London
Population (2008): 60.9 million
Size: 244,820 sq. km.; slightly smaller than Oregon
Politics in Action

Tony Blair and Gordon Brown met innocently enough as newly elected members of Parliament (MPs) after the 1983 election. They formed a friendship and shared an office: Blair charming, intuitive, telegenic; and Brown more bookish, intense, cautious, and dour. Both were rising stars in the party. Blair pushed the party to modernize and expand its political base well beyond its heritage as a labor party. Brown took on the role of shadow chancellor (the opposition party’s spokesman on the economy and potential chancellor should Labour return to office).

But soon they became competitors for leadership of the party. Over dinner at a restaurant in 1994, as the party was selecting a new leader, Brown agreed to withdraw from the leadership contest in favor of Blair—and in return Blair promised one day to resign as prime minister in favor of Brown, who would be given unprecedented power as chancellor under Blair as prime minister. But as time dragged on and both personality and policy differences made for an increasingly testy relationship, Brown chafed at how long it was taking for Blair to make good on his promise. Increasingly, the British government began to look and feel like a dual executive, with Brown in charge of domestic policies and Blair responsible for foreign affairs.

Blair’s decision to support the U.S.-led war in Iraq was very unpopular, and questions about the war...
An imposing and rigorous intellectual figure from an early age (a primary school teacher recalls that he was always doing sums), he attended Edinburgh University at the age of 16 and achieved first class honors. He earned a doctorate (he wrote on the Labour Party in Scotland in the early part of the twentieth century) and served as a lecturer at Edinburgh and at Caledonian University. He then worked for Scottish television as a journalist, producer, and current affairs editor before moving on, full-time, to the world of Scottish and British Labour party politics.

As the 1983 election approached, Brown honed his skills as a candidate. He displayed the prudence for which he would become famous, arguing for a significant increase in public spending to save the welfare state from the retrenchment of the Thatcher years, but also promising that the increase on social spending would be measured. He proved himself a skilled political operative, able to pull the levers of machine politics to gain the backing of the powerful Transport and General Workers’ Union (TGWU), the British equivalent of the teamsters in the U.S., which he had joined in 1976. The TGWU had the muscle to make him chairman of the Scottish Labour Party and candidate for a safe seat (one that Labour was expected to win) in the 1983 election.

With Tony Blair, this stolid son of the manse modernized and transformed the Labour Party, its organization, its political values and, above all, its electoral fortunes. Brown built his reputation as one of the most powerful, reassuring, and successful chancellors in British history. Given credit for the longest continuous period of growth in Britain since the industrial revolution, he seemed as prepared as anyone could be to take over the reins of government when Blair resigned. How could this unflappable man—known for meticulous planning, formidable intellectual and political skills and, above all, his trademark prudence—turn his lifelong dream into a nightmare in less than six months, making U-turn after U-turn? Of course, Brown could yet become a successful prime minister and confound his current critics but, if he does not, the unraveling of Gordon Brown will become one of the most colossal reversals of fortune in modern British politics.


Hounded Blair right through the campaign leading to his third electoral victory in May 2005—a feat never before achieved by the leader of Britain’s 105-year-old Labour Party. The victory was bittersweet. His parliamentary majority was slashed by nearly 100 seats. And by then, Blair and Brown were barely on speaking terms, and Brown loyalists in government had the knives sharpened and ready. Soon, a full-scale succession crisis was underway. In June 2007, Blair tendered his resignation to the Queen, who immediately summoned Gordon Brown (he had run unopposed in a leadership election in the Labour Party) to become prime minister.
With the handover to Brown finally consecrated, at the annual Labour Party conference in September 2007, the mood was unusually upbeat. The Blair–Brown feud seemed a distant memory and Labour supporters felt good about the way the new prime minister had handled a set of crises that tested his early leadership: from attempted terror attacks in London and Glasgow, to horrible flooding that displaced thousands in the north of England, to the collapse of Northern Rock, one of the premier banks that provided mortgages to increasingly worried homeowners. Suddenly, with Gordon Brown at the helm, New Labour was on the upswing and the country was buzzing with talk about an early election to give Brown a proper mandate (it is the prerogative of the prime minister to call an election when the time seems right at any point within five years of the previous election). Then, even more suddenly, Brown appeared to get cold feet and dropped plans for a snap election (none is required until spring 2010).

The resurgent Conservatives—with David Cameron, its young and untested but increasingly confident leader leading the charge—made much of Brown’s retreat, putting the new prime minister on the defensive not only for retreating on the timing of an election but also for his decision to sign the EU reform treaty in 2007 without committing the UK to a referendum. (Blair had made this promise before the EU constitutional treaty was rejected by French and Dutch voters in 2005). And that was only the beginning of the end of Brown’s uncommonly short honeymoon as prime minister. When he ran the economy while Blair was prime minister, Brown was nicknamed the “Iron Chancellor” for his steely determination and unwillingness to back down once a policy was set. But within six months of becoming prime minister, Nick Clegg, the usually mild-mannered head of the Liberal Democrats (Britain’s center party) commented to devastating effect that Brown had been transformed “from Stalin to moral compass.”

At the halfway point between Labour’s 2005 victory and the next election to be held by 2010, Brown seemed blown off course, lacking both a political and a moral compass, and uncertain of what direction to take. Source: © Ingram Pinn, Financial Times, April 26/27, 2008.
Mr. Bean” (or from a ruthless dictator to a bumbling and ineffectual slapstick character). By spring 2008, after a much-publicized loss of 25 million records of children receiving benefits, which compromised the bank account details of over 7 million families; a series of policy U-turns on taxes that alienated Labour’s traditional working class supporters and increases in corporate taxes that had companies threatening an exodus; a looming mortgage crisis in the UK and concern about declining housing values; Brown seemed beleaguered. Then things went from bad to far worse. Conservative Boris Johnson beat the Labour incumbent

Table 2.1

<table>
<thead>
<tr>
<th>Political Organization</th>
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<tbody>
<tr>
<td>Political System</td>
<td>Parliamentary democracy, Constitutional monarchy.</td>
</tr>
<tr>
<td>Regime History</td>
<td>Long constitutional history, origins subject to interpretation, usually dated from the seventeenth century or earlier.</td>
</tr>
<tr>
<td>Administrative Structure</td>
<td>Unitary state with fusion of powers. UK parliament has supreme legislative, executive, and judicial authority. Reform in process to transfer limited powers to representative bodies for Scotland, Wales, and Northern Ireland.</td>
</tr>
<tr>
<td>Executive</td>
<td>Prime minister (PM), answerable to House of Commons, subject to collective responsibility of the cabinet; member of Parliament who is leader of party that can control a majority in Commons.</td>
</tr>
<tr>
<td>Legislature</td>
<td>Bicameral. House of Commons elected by single-member plurality system with no fixed term but a five-year limit. Main legislative powers: to pass laws, provide for finance, scrutinize public administration and government policy. House of Lords, unelected upper house: limited powers to delay enactment of legislation and to recommend revisions; specified appeals court functions. Reform introduced to eliminate voting rights of hereditary peers and create new second chamber.</td>
</tr>
<tr>
<td>Judiciary</td>
<td>Independent but with no power to judge the constitutionality of legislation or governmental conduct. Judges appointed by Crown on recommendation of PM or lord chancellor.</td>
</tr>
<tr>
<td>Party System</td>
<td>Two-party dominant, with regional variation. Principal parties: Labour and Conservative; a center party (Liberal Democrats); and national parties in Scotland, Wales, and Northern Ireland.</td>
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Ken Livingstone in the race for London’s mayor and Labour suffered its worst showing in local elections across the country, slipping to third place behind the centrist Liberal Democrats, and the resurgent Conservatives who beat them by 20 percent. What had become of the Iron Chancellor? What did the government stand for?

Geographic Setting

Britain is the largest of the British Isles, a group of islands off the northwest coast of Europe, and encompasses England, Scotland, and Wales. The second-largest island comprises Northern Ireland and the independent Republic of Ireland. The term Great Britain encompasses England, Wales, and Scotland, but not Northern Ireland. We use the term Britain as shorthand for the United Kingdom of Great Britain and Northern Ireland.

Covering an area of approximately 94,000 square miles, Britain is roughly two-thirds the size of Japan, or approximately half the size of France. In 2004, the population of the United Kingdom was 60.4 million people.

Although forever altered by the Channel Tunnel, Britain’s location as an offshore island adjacent to Europe is significant. Historically, Britain’s island destiny made it less subject to invasion and conquest than its continental counterparts, affording the country a sense of security. The geographic separation from mainland Europe has also created for many Britons a feeling that they are both apart from and a part of Europe, a factor that has complicated relations with Britain’s EU partners to this day.

Critical Junctures

This study begins with a look at the historical development of the modern British state. History shapes contemporary politics in very important ways. Once in place, institutions leave powerful legacies, and issues that were left unresolved in one period may present challenges for the future.

In many ways, Britain is the model of a united and stable country with an enviable record of continuity and resiliency. The evolutionary nature of British politics contrasts notably with the history of many countries, ranging from France to Nigeria, which have experienced multiple regimes and repeated transitions between dictatorship and democracy. Some issues that plague other countries, such as religious divisions, were settled long ago in Great Britain proper (although a similar settlement is only now taking shape in Northern Ireland). But others, such as multiple national identities, remain on the agenda.

British state formation involved the unification of kingdoms or crowns (hence the term United Kingdom). After Duke William of Normandy defeated the English in the Battle of Hastings in 1066, the Norman monarchy extended its authority throughout the British Isles. With the Acts of Union of 1536 and 1542, England and Wales were legally, politically, and administratively united. The unification of the Scottish and English crowns began in 1603, when James VI of Scotland ascended to the English throne as James I. After that, England, Scotland, and Wales were known as Great Britain. Scotland and England remained divided politically, however, until the Act of Union of 1707. Henceforth, a common Parliament of Great Britain replaced the two separate parliaments of Scotland and of England and Wales.

At the same time, the making of the British state included a historic expression of constraints on monarchical rule. At first, the period of Norman rule after 1066 strengthened royal control, but the conduct of King John (1199–1216) fueled opposition from feudal barons. In 1215, they forced the king to consent to a series of concessions that protected feudal landowners from abuses of royal power. These restrictions on royal prerogatives were embodied in the Magna Carta, a historic statement of the rights of a political community against the monarchical state. Soon after, in 1236, the term Parliament was first used officially to refer to the gathering of feudal barons summoned by the king whenever he required their consent for special taxes. By the fifteenth century, Parliament had gained the right to make laws.

The Seventeenth-Century Settlement

The making of the British state in the sixteenth and seventeenth centuries involved a complex interplay of religious conflicts, national rivalries, and struggles between rulers and Parliament. These conflicts...
erupted in the civil wars of the 1640s and the forced abdication of James II in 1688. The nearly bloodless political revolution of 1688, subsequently known as the Glorious Revolution, marked the “last successful political coup d’état or revolution in British history.”

By the end of the seventeenth century, the framework of constitutional (or limited) monarchy, which would still exercise flashes of power into the nineteenth century, was established. For more than three hundred years, Britain’s monarchs have answered to Parliament, which has held the sole authority for taxation and the maintenance of a standing army.

The Glorious Revolution also resolved long-standing religious conflict. The replacement of the
Roman Catholic James II by the Protestant William and Mary ensured the dominance of the Church of England (or Anglican Church). To this day, the Church of England remains the established (official) religion, and approximately two dozen of its bishops and archbishops sit as members of the House of Lords, the upper house of Parliament.

Thus, by the end of the seventeenth century, a basic form of parliamentary democracy had emerged. Except in Northern Ireland, the problem of religious divisions, which continue to plague many countries throughout the world, was largely settled (although Catholics and Jews could not vote until the 1820s).

As a result of settling most of its religious differences early, Britain has taken a more secular turn than most other countries in Western Europe. The majority of Britons do not consider religion a significant source of identity, and active church membership in Britain, at 15 percent, is very low in comparison with other Western European countries. These seventeenth-century developments became a defining moment for how the British perceive their history to this day. However divisive and disruptive the process of state building may have been originally, its telling and retelling have contributed significantly to a British political culture that celebrates democracy’s continuity, gradualism, and tolerance.

In Britain, religious identification has less political significance in voting behavior or party loyalty than in many other countries. By contrast to France, where devout Catholics tend to vote right of center, there is relatively little association between religion and voting behavior in Britain (although Anglicans are a little more likely to vote Conservative). Unlike Germany or Italy, for example, politics in Britain is secular. No parties have religious affiliation, a factor that contributed to the success of the Conservative Party, one of the most successful right-of-center parties in Europe in the twentieth century.

As a consequence, except in Northern Ireland, where religious divisions continue, the party system in the United Kingdom has traditionally reflected class distinctions and remains free of the pattern of multiple parties (particularly right-of-center parties) that occurs in countries where party loyalties are divided by both class and religion.

The Industrial Revolution and the British Empire

Although the British state was consolidated by the seventeenth century, the timing of its industrial development and the way that process transformed Britain’s role in the world radically shaped its form. From the mid-eighteenth century onward, the Industrial Revolution involved rapid expansion of manufacturing production and technological innovation. It also led to monumental social and economic transformations and created pressures for democratization. Externally, Britain used its competitive edge to transform and dominate the international order. Internally, the Industrial Revolution helped shape the development of the British state and changed forever the British people’s way of life.

The Industrial Revolution. The consequences of the Industrial Revolution for the generations who experienced its upheavals can scarcely be exaggerated. The typical worker was turned “by degrees . . . from small peasant or craftsman into wage-labourer,” as historian Eric Hobsbawm observes. Cash and market-based transactions replaced older traditions of barter and production for local need.

Despite a gradual improvement in the standard of living in the English population at large, the effects of industrialization were often profound for agricultural laborers and certain types of artisans. With the commercialization of agriculture, many field laborers lost their security of employment, and cottagers (small landholders) were squeezed off the land in large numbers. The mechanization of manufacturing, which spread furthest in the cotton industry, upset the traditional status of the preindustrial skilled craft workers and permanently marginalized them.

The British Empire. Britain had assumed a significant role as a world power by the end of the seventeenth century, building an overseas empire and engaging actively in international commerce. But it was the Industrial Revolution of the eighteenth century that established global production and exchange on a new and expanded scale, with special consequences for the making of the British state. Cotton manufacture,
the driving force behind Britain’s growing industrial dominance, not only pioneered the new techniques and changed labor organization during the Industrial Revolution but also represented the perfect imperial industry. It relied on imported raw materials, and, by the turn of the nineteenth century, the industry already depended on overseas markets for the vast majority of its sales of finished goods. Growth depended on foreign markets rather than on domestic consumption. This export orientation fueled an expansion far more rapid than an exclusively domestic orientation would have allowed.

With its leading industrial sector dependent on overseas trade, Britain’s leaders worked aggressively to secure markets and expand the empire. Toward these ends, Britain defeated European rivals in a series of military engagements, culminating in the Napoleonic Wars (1803–1815), which confirmed Britain’s commercial, military, and geopolitical preeminence. The Napoleonic Wars also secured a balance of power on the European continent, which was favorable for largely unrestricted international commerce (free trade). Propelled by the formidable and active presence of the Royal Navy, international trade helped England to take full advantage of its position as the first industrial power. Many scholars suggest that in the middle of the nineteenth century, Britain had the highest per capita income in the world (certainly among the two or three highest), and in 1870, at the height of its glory, its trade represented nearly one-quarter of the world total, and its industrial mastery ensured highly competitive productivity in comparison with trading partners (see Table 2.2).

During the reign of Queen Victoria (1837–1901), the British Empire was immensely powerful and encompassed fully 25 percent of the world’s population. Britain presided over a vast formal and informal empire, with extensive direct colonial rule over some four dozen countries, including India and Nigeria. In addition, Britain enjoyed the advantages of an extensive informal empire—a worldwide network of independent states, including China, Iran, and Brazil—whose economic fates were linked to it. Britain ruled as a hegemonic power, the state that could control the pattern of alliances and terms of the international economic order, and that often could shape domestic political developments in countries throughout the world. Overall, the making of the British state observed a neat symmetry. Its global power underwrote industrial growth at home. At the same time, the reliance of domestic industry on world markets, beginning with cotton manufacture in the eighteenth century, prompted the government to project British interests overseas as forcefully as possible.

**Industrial Change and the Struggle for Voting Rights.** The Industrial Revolution shifted economic power from landowners to men of commerce and industry. As a result, the first critical juncture in the long process of democratization began in the late 1820s, when the “respectable opinion” of the property-tied classes and increasing popular agitation pressed Parliament to expand the right to vote (franchise) beyond a thin band of men, mainly landowners, with substantial property. With Parliament under considerable pressure, the Reform Act of 1832 extended the franchise to a section of the (male) middle class. In a very limited way, the Reform Act confirmed the social and political transformations of the Industrial Revolution by granting new urban manufacturing centers, such as Manchester and Birmingham, more substantial representation. However, the massive urban working class created by the Industrial Revolution and populating the cities in the England of Charles
Dickens remained on the outside looking in. In fact, the reform was very narrow and defensive. Before 1832, less than 5 percent of the adult population was entitled to vote—and afterward, only about 7 percent. In extending the franchise so narrowly, the reform underscored the strict property basis for political participation and inflamed class-based tensions in Britain. Following the Reform Act, a massive popular movement erupted in the late 1830s to secure the program of the People’s Charter, which included demands for universal male suffrage and other radical reforms intended to make Britain a much more participatory democracy. The Chartist movement, as it was called, held huge, often tumultuous rallies, and organized a vast campaign to petition Parliament, but it failed to achieve any of its aims.

Expansion of the franchise proceeded slowly. The Representation of the People Act of 1867 increased the electorate to just over 16 percent but left cities significantly underrepresented. The Franchise Act of 1884 nearly doubled the size of the electorate, but it was not until the Representation of the People Act of 1918 that suffrage included nearly all adult men and women over age thirty. How slow a process was it? The franchise for men with substantial incomes dated from the fifteenth century, but women between the ages of twenty-one and thirty were not enfranchised until 1928. The voting age for both women and men was lowered to eighteen in 1969. Except for some episodes during the days of the Chartist movement, the struggle for extension of the franchise took place without violence, but its time horizon must be measured in centuries. This is British gradualism—at its best and its worst (see Figure 2.2).

World Wars, Industrial Strife, and the Depression (1914–1945)

With the issue of the franchise finally resolved, in one sense the making of the British state as a democracy was settled. In another important sense, however, the development of the state was just beginning in the twentieth century with the expansion of the state’s direct responsibility for management of the economy and the provision of social welfare for citizens. The making of what is sometimes called the interventionist state was spurred by two world wars.

Expansion of the franchise in Britain was a gradual process. Despite reforms dating from the early nineteenth century, nearly universal adult suffrage was not achieved until 1928. Source: Jorgen S. Rasmussen, The British Political Process, p. 151. Copyright 1993 by Wadsworth Publishing Company. Reprinted with permission of the publisher.

The state’s involvement in the economy increased significantly during World War I (1914–1918). It took control of a number of industries, including railways, mining, and shipping. It set prices and restricted the flow of capital abroad and channeled the country’s resources into production geared to the war effort. After World War I, it remained active in the management of industry in a rather different way. Amid tremendous industrial disputes, the state wielded its power to fragment the trade union movement and resist demands for workers’ control over production and to promote more extensive state ownership of industries. This considerable government manipulation of the economy obviously contradicted the policy of laissez-faire (minimal government interference in the operation of economic markets). The tensions between free-market principles and interventionist practices deepened with the Great Depression (which began in 1929 and continued through much of the 1930s) and the experiences of World War II (1939–1945). The fear of depression and the burst of pent-up yearnings for a better life after the war helped
transform the role of the state and ushered in a period of unusual political harmony.

Collectivist Consensus (1945–1979)

In the postwar context of shared victory and common misery (almost everyone suffered hardships immediately after the war), reconstruction and dreams of new prosperity and security became more important than ideological conflict. In Britain today, a debate rages among political scientists over whether there was a postwar consensus. Critics of the concept contend that disagreements over specific policies concerning the economy, education, employment, and health, along with an electorate divided on partisan lines largely according to social class, indicated politics as usual. Nevertheless, a broad culture of reconciliation and a determination to rebuild and improve the conditions of life for all Britons helped forge a postwar settlement based broadly on a collectivist consensus that endured until the mid-1970s.

The term collectivism was coined to describe the consensus that drove politics in the harmonious postwar period when a significant majority of Britons and all major political parties agreed that the state should take expanded responsibility for economic governance and provide for the social welfare in the broadest terms. They accepted as a matter of faith that governments should work to narrow the gap between rich and poor through public education, national health care, and other policies of the welfare state, and they accepted state responsibility for economic growth and full employment. Collectivism brought class-based actors (representatives of labor and management) inside politics and forged a broad consensus about the expanded role of government.

Throughout this period, there was a remarkable unity among electoral combatants. Both the Labour and Conservative mainstream endorsed the principle of state responsibility for the collective good in both economic and social terms. Although modest compared to policies in Europe, the commitment to state management of the economy and provision of social services marked a new era in British politics. In time, however, economic downturn and political stagnation caused the consensus to unravel.

Margaret Thatcher and the Enterprise Culture (1979–1990)

In the 1970s, economic stagnation and the declining competitiveness of key British industries in international markets fueled industrial strife and brought class-based tensions near the surface of politics. No government appeared equal to the tasks of economic management. Each party failed in turn. The Conservative government of Edward Heath (1970–1974) could not resolve the economic problems or the political tensions that resulted from the previously unheard-of combination of increased inflation and reduced growth (stagflation). The Labour government of Harold Wilson and James Callaghan (1974–1979) fared no better. As unions became increasingly disgruntled, the country was beset by a rash of strikes throughout the winter of 1978–1979, the “winter of discontent.” Labour’s inability to discipline its trade union allies hurt the party in the election, a few months later, in May 1979. The traditional centrist Conservative and Labour alternatives within the collectivist mold seemed exhausted. Many Britons were ready for a new policy agenda.

Margaret Thatcher more than met the challenge. Winning the leadership of the Conservative Party in 1975, she wasted little time in launching a set of bold policy initiatives, which, with characteristic forthrightness, she began to implement after the Conservatives were returned to power in 1979. Reelected in 1983 and 1987, Thatcher served longer without interruption than any other British prime minister in the twentieth century and never lost a general election.

Thatcher transformed British political life by advancing an alternative vision of politics. She was convinced that collectivism had led to Britain’s decline by sapping British industry and permitting powerful and self-serving unions to hold the country for ransom. To reverse Britain’s relative economic slide, Thatcher sought to jump-start the economy by cutting taxes, reducing social services where possible, and using government policy to stimulate competitiveness and efficiency in the private sector.

The term Thatcherism embraces her distinctive leadership style, her economic and political strategies, as well as her traditional cultural values: individual responsibility, commitment to family, frugality, and
an affirmation of the entrepreneurial spirit. These values combined nostalgia for the past and rejection of permissiveness and disorder. Taken together, they were referred to as the *enterprise culture*. They stood as a reproach and an alternative to collectivism.

In many ways, Margaret Thatcher’s leadership as prime minister (1979–1990) marks a critical dividing line in postwar British politics. She set the tone and redefined the goals of British politics like few others before her. In November 1990, a leadership challenge within Thatcher’s own Conservative Party, largely over her anti-EU stance and high-handed leadership style, caused her sudden resignation and replacement by John Major. Major served as prime minister from 1990 to 1997, leading the Conservative Party to a victory in the 1992 general election before succumbing to the New Labour of Tony Blair and Gordon Brown in 1997.

**New Labour’s Third Way**

Under the leadership of Blair and Brown, the Labour party was determined to thoroughly modernize the Labour Party. Although its official name did not change, the party was reinvented as New Labour—a party committed to modernization that promised to fundamentally recast British politics. It offered a “third-way” alternative to Thatcherism and the collectivism of traditional Labour. New Labour rejected the notion of interest-based politics, in which unions and working people naturally look to Labour and businesspeople and the more prosperous look to the Conservatives. Labour won in 1997 by drawing support from across the socioeconomic spectrum. It rejected the historic ties between Labour governments and the trade union movement. It emphasized the virtues of a partnership with business.

It also promised new approaches to economic, welfare, and social policy that emphasized the rights of citizens to assistance only if they took the responsibility to get the needed education and training; and New Labour emphasized British leadership in Europe. Blair undertook far-reaching constitutional changes to revitalize democratic participation. Labour would de-volve (transfer) specified powers from the central government to Scotland, Wales, and Northern Ireland.

In the early months of his premiership, Blair displayed effective leadership after Lady Diana’s death and in his aggressive efforts to achieve a potentially historic peace agreement for Northern Ireland. Soon, however, many began to suggest that Blair was better at coming up with innovative-sounding ideas than at implementing effective policy (it was said that New Labour was “more spin than substance”). In addition, Blair’s popularity suffered from a set of crises—from a set of fatal train crashes beginning in 1997 to protests over the cost of petrol (gasoline) in September 2000 to an outbreak of mad cow disease in spring 2001. Nevertheless, until the war in Iraq, Blair remained a popular and charismatic leader. A few months before September 11, 2001, New Labour won what it most sought: an electoral mandate in June 2001 for a second successive term. But then its luck began to change.

**After September 11**. In the aftermath of the September 11, 2001, attacks on the World Trade Center and the Pentagon, Blair showed decisive leadership in assuming the role of a key ally to the United States in the war on terror. Since Britain was willing and able to lend moral, diplomatic, and military support, September 11 lent new credence to the *special relationship*—a bond of language, culture, and national interests, which creates an unusually close alliance—that has governed U.S.–UK relations for fifty years and catapulted Blair to high visibility in world affairs. Before long, however, especially when the central focus of the war on terror moved from Afghanistan to Iraq, many Britons became disenchanted. Blair’s willingness to run interference with allies and add intellectual ballast to President George W. Bush’s post–9/11 plans was a big help to the United States. However, it also locked Britain into a set of policies over which it had little or no control, it vastly complicated relationships with France and Germany (which opposed the war), and it generated hostility toward the United Kingdom in much of the Arab and Muslim world.

A series of devastating bombings in London on July 7, 2005 (the date of 7/7 is emblazoned in the collective memory like 9/11) was perpetrated by UK citizens who were Muslim and timed to correspond with the G-8 summit in Gleneagles, Scotland. They appeared to confirm that Britain faced heightened security risks because of its participation in the war. Attempted terror attacks in London and Glasgow in
In the early years of his premiership, it seemed likely that Blair would leave a glittering legacy behind as modernizer and architect of the Third Way. But Blair’s commitment to the “special relationship” led Britain into the war in Iraq, and when no weapons of mass destruction were found, he seemed trapped, his legacy falling down around him. Source: © Ingram Pinn, Financial Times, May 12, 2007.

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Themes and Implications

The processes that came together in these historical junctures continue to influence developments today in powerful and complex ways. The four core themes in this book, introduced in Part I, highlight some of the most important features of British politics.

Historical Junctures and Political Themes

The first theme suggests that a country’s relative position in the world of states influences its ability to manage domestic and international challenges. A weaker international standing makes it difficult for a country to control international events or insulate itself from external pressures. Britain’s ability to control the terms of trade and master political alliances during the
height of its imperial power in the nineteenth century confirms this maxim, but times have changed.

Through the gradual process of decolonization Britain fell to second-tier status. Its formal empire began to shrink in the interwar period (1919–1939) as the “white dominions” of Canada, Australia, and New Zealand gained independence. In Britain’s Asian, Middle Eastern, and African colonies, pressure for political reforms leading to independence deepened during World War II and in the immediate postwar period. Beginning with the formal independence of India and Pakistan in 1947, an enormous empire of dependent colonies more or less dissolved in less than twenty years. Finally, in 1997, Britain returned the commercially vibrant crown colony of Hong Kong to China. The process of decolonization ended any realistic claim for Britain to be a dominant player in world politics.

Is Britain a world power or just a middle-of-the-pack country in Europe? It appears to be both. On the one hand, as a legacy of its role in World War II, Britain sits as a permanent member of the United Nations Security Council. On the other hand, Britain invariably plays second fiddle in its special relationship to the United States, a show of relative weakness that has exposed British foreign policy to extraordinary pressures, especially since September 11. In addition, British governments face persistent challenges in their dealings with the EU. Can Britain afford to remain aloof from the fast-paced changes of economic integration symbolized by the adoption of a common currency, the euro, by a majority of the countries in the EU—but not by Britain?

A second theme examines the strategies employed in governing the economy. Since the dawn of Britain’s Industrial Revolution, prosperity at home has relied on superior competitiveness abroad. This is even truer in today’s environment of intensified international competition and global production. Will Britain’s “less-is-more” laissez-faire approach to economic governance, invigorated by business partnerships, survive the daunting challenges of the 2008 global financial crisis? Can Britain achieve a durable economic model without fuller integration into Europe?

A third theme is the potent political influence of the democratic idea, the universal appeal of core values associated with parliamentary democracy as practiced first in the United Kingdom. Even in Britain, issues about democratic governance, citizen participation, and constitutional reform have been renewed with considerable force.

The traditionally respected royal family has been rocked by scandal and improprieties. Few reject the monarchy outright, but questions about the role of the monarchy helped place on the agenda broader issues about citizen control over government and constitutional reform. In addition, long-settled issues about the constitutional form and unity of the state have also reemerged with unexpected force. How can the interests of England, Wales, Scotland, and Northern Ireland be balanced within a single nation-state?

Finally, we come to the fourth theme, collective identities, which considers how individuals define who they are politically in terms of group attachments, come together to pursue political goals, and face their status as political insiders or outsiders. Through the immigration of former colonial subjects to the United Kingdom, decolonization helped create a multiracial and multiethnic society. Issues of race, ethnicity, and cultural identity have challenged the long-standing British values of tolerance and consensus. Indeed, the concept of “Britishness”—what the country stands for and who comprises the political community—has come under intense scrutiny, especially since 9/11, and in the aftermath of the bombings of the London transport system by British Muslims in July 2005.

**Implications for Comparative Politics**

Britain’s privileged position in comparative politics textbooks follows naturally from its historical firsts. Britain was the first nation to industrialize, for much of the nineteenth century, the British Empire was the world’s dominant power, with a vast network of colonies throughout the world. Britain was also the first nation to develop an effective parliamentary democracy.

For these reasons, British politics is often studied as a model of representative government. Named after the building that houses the British legislature in London, the Westminster model emphasizes that democracy rests on the supreme authority of a legislature—in Britain’s case, the Parliament. Finally, Britain has served as a model of gradual and peaceful evolution of democratic government in a world where transitions to democracy are often turbulent, interrupted, and uncertain.
The pressures of global competitiveness and the perceived advantages of a “one size fits all” style of minimalist government have encouraged the movement in many countries toward neoliberal approaches for economic management. A legacy from Thatcher’s Britain, neoliberalism is a touchstone premise of Gordon Brown’s New Labour government. Policies aim to promote free competition among firms, to interfere with entrepreneurs and managers as little as possible, and to create a business-friendly environment to attract foreign investment and spur innovation.

This section analyzes and evaluates the range of strategies that Britain has applied in the post–World War II period for managing the economy, culminating in New Labour’s economic and social model. We then consider, in turn, the social consequences of economic developments, and the political repercussions of Britain’s position in the international economic order.

**State and Economy**

Thirty years ago, there was not much to admire in the British economy. Growth was low, and unemployment was high, and in 1976 the country received a Third World–style bailout from the International Monetary Fund to help stabilize the economy. Britain was routinely called the “sick man of Europe.” Then times changed for the better. From the mid-1990s until the widening turmoil in financial markets spurred by the mortgage crisis that erupted in the United States in 2007, Britain avoided the high unemployment and recession that has plagued many of the member nations of the European Union (EU). In fact, in 2006 Britain ranked second in income per capita, up from fifth when New Labour took office in 1997.

In general, the British economy reveals a two-track character, with growth in the service sector—the UK is especially competitive in financial services—offsetting a much weaker industrial sector performance. The British economy stands up well in knowledge-intensive high-technology industrial sectors, which account for one-quarter of the country’s total exports. International comparisons also reveal superior micro-economic competitiveness, with first- or second-place rankings in global comparisons of national business environment and company operations and strategy.

On the negative side, however, must be counted a productivity gap in manufacturing between the United Kingdom and key competitors, a persistent deficit in the UK balance of trade, as well as ongoing concern about low rates of domestic investment and spending on research and development. The rising costs of fuel, declining housing values, and the credit crunch are squeezing the economy. By spring 2008, Britain had joined the recessionary club, with growth forecast below 2 percent for 2009. By fall 2008, unemployment, was about 5 and a half percent and creeping upward, still low by European standards, and lower than that in the U.S. However, official Bank of England estimates predicted that growth would be flat for the year, the UK currency was losing value, inflation was expected to hit 5 percent in 2008, and the housing market was collapsing.

The economy New Labour inherited after eighteen years of Conservative stewardship was both prosperous and troubled. It was still in decline relative to the performance of key competitors, but it exhibited a long and significant growth performance relative to British performance. But despite New Labour’s best efforts to claim full credit for the longest run of uninterrupted growth since 1701, in fact more than a third of that run came under the Conservatives.

Despite that success, the British economy had been going through, and was continuing to experience, a set of radical shifts that created great political challenges—and headaches. In a few unsettling decades, it had shifted from heavy industry to a predominantly service economy. It was rapidly shedding labor and, from 1983, for the first time since the industrial revolution, it became (as it remains today) a net importer of manufactured goods. So New Labour inherited growth along with economic troubles: relatively weak competitiveness and key industrial sectors that were losing ground to rivals. In short, when Gordon Brown took ultimate responsibility for the economy in 1997, he found a platform for economic stability in the making but, at the same time, not just an economy, but also a society in need of reform—one that was not so easy to govern.
It was an aging society, one with the gender gap in voting (in which women favored the Conservatives) and in experiences of work (with women very significantly overrepresented in part-time and nonstandard work). David Coates aptly describes this troubled economic, social, and political context marked by tensions and frustrations, a “patchwork Britain,” of vastly disparate experiences of life—with some, especially in London, enjoying a style of life and living standards as elevated as any in the world, while others lived in Second World (the term used for the Soviet Bloc during the cold war) conditions of grim run-down housing estates and the near-certainty of long-term unemployment.

**Economic Management**

Like all other states, whatever their commitment to free markets, the British state intervenes in economic life, sometimes with considerable force. However, the British have not developed institutions for state-sponsored economic planning or industrial policy. Instead, the British state has generally limited its role to broad policy instruments designed to influence the economy generally (macroeconomic policy) by adjusting state revenues and expenditures to achieve short-term goals. The Treasury and the Bank of England dominate economic policy, which has often seemed reactive and relatively ineffectual. Despite other differences, this generally reactive and minimalist orientation of economic management strategies bridges the first two eras of postwar politics in Britain: the consensus era (1945–1979) and the period of Thatcherite policy orientation (1979–1997). How has the orientation of economic policy developed and changed during the postwar period?

**The Consensus Era.** When it took control of crucial industries during World War I and assumed active management of industry in the interwar years, the state assumed a more interventionist role that belied its laissez-faire traditions. After World War II, the sense of unity inspired by the shared suffering of war and the need to rebuild a war-ravaged country crystallized the collectivist consensus as the British state broadened and deepened its responsibilities for the overall performance of the economy.

The state nationalized some key industries, assuming direct ownership of them. It also accepted the responsibility to secure low levels of unemployment (a policy of full employment), expand social services, maintain a steady rate of growth (increase the output or GDP), keep prices stable, and achieve desirable balance-of-payments and exchange rates. The approach is called Keynesian demand management, or Keynesianism (after the British economist John Maynard Keynes, 1883–1946). State budget deficits were used to expand demand in an effort to boost both consumption and investment when the economy was slowing. Cuts in government spending and a tightening of credit and finance, by contrast, were used to cool demand when high rates of growth brought fears of inflation or a deficit in balance of payments. Taken together, this new agenda of expanded economic management and welfare provision, sometimes referred to as the Keynesian welfare state, directed government policy throughout the era of the collectivist consensus.

Before Thatcher became leader of the Conservative Party in 1975, Conservative leaders in Britain generally accepted the terms of the collectivist consensus. By the 1970s, however, public officials no longer saw the world they understood and could master. From 1974 to 1979, the Labour government of Harold Wilson and James Callaghan reinforced the impression that governments could no longer control the swirl of events. The beginning of the end came when trade unions became increasingly restive under the pinch of voluntary wage restraints that had been pressed on them by the Labour government. Frustrated by wage increases that were well below inflation rates, the unions broke with the government in 1978. The number of unofficial work stoppages increased, and official strikes followed—all fueled by a seemingly endless series of leapfrogging pay demands that erupted throughout the winter of 1978–1979 (the “winter of discontent”). There is little doubt that the industrial unrest that dramatized Labour’s inability to manage its allies, the trade unions, contributed a great deal to Thatcher’s electoral victory a few months later in May 1979. The winter of discontent helped write the conclusion to Britain’s collectivist consensus and discredit the Keynesian welfare state.

**Thatcherite Policy Orientation.** In policy terms, the economic orientations of Thatcher and Major signaled a rejection of Keynesianism. In its place, monetarism
emerged as the new economic doctrine. Monetarism assumed that there is a “natural rate of unemployment” determined by the labor market itself. State intervention to steer the economy should be limited to a few steps that would help foster appropriate rates of growth in the money supply and keep inflation low. Monetarism reflected a radical change from the postwar consensus regarding economic management. Not only was active government intervention considered unnecessary; it was seen as undesirable and destabilizing.

New Labour’s Economic Policy Approach. From the start of New Labour’s time in office, Gordon Brown as chancellor—and later as prime minister—insisted on establishing a “platform of stability.” Above all, Brown was determined to reduce public debt. Only as he turned that debt into a surplus did the “Iron Chancellor” reinvent himself as a more conventional Labour chancellor. During his last few years as chancellor, Brown used economic growth to increase spending (rather than cut taxes). The money spent on the National Health Service (NHS) and on education rose dramatically from 2006 to 2008.

In some ways, government policy seems to pursue conventional market-reinforcing and probusiness policies (neoliberalism). In other ways, the New Labour program stands as an alternative to both Thatcherite monetarism and traditional Keynesianism. Does the third way represent a genuine departure in economic policy?

Just as Keynesianism inspired Old Labour, new growth theory allowed New Labour to embrace globalization as something positive, to be welcomed, as a rising historical tide—one that the center-left was uniquely well placed to understand and exploit. According to this theory, which Gordon Brown embraced and vigorously applied, a high-skill labor force tilted toward high-tech applications spurs growth and competitiveness.

Brown argues that since capital is international, mobile, and not subject to control, industrial policy and planning that focus on the domestic economy alone are futile. Rather, government should improve the quality of labor through education and training, maintain the labor market flexibility inherited from the Thatcher regime, and attract investment to Britain. Strict controls of inflation and tough limits on public expenditure help promote both employment and investment opportunities. New Labour is very focused on designing and implementing policies that will create new jobs and get people, particularly young people, into the work force in increasingly high-skill and high-tech jobs.

Political Implications of Economic Policy. Differences in economic doctrine are not what matter most in policy terms. In fact, British governments in the past have never consistently followed any economic theory, whether Keynesianism or monetarism or new growth theory. Today, the economic policy of New Labour is pragmatic and eclectic. The political consequences of economic orientations are more significant: each economic doctrine helps to justify a broad moral and cultural vision of society, provide motives for state policy, and advance alternative sets of values. Should the government intervene, work to reduce inequalities through the mildly redistributive provisions of the welfare state, and sustain the ethos of a caring society (collectivism/“Old Labour”)? Should it back off and allow the market to function competitively and in that way promote entrepreneurship, competitiveness, and individual autonomy (Thatcherism)? Or should it help secure an inclusive “stakeholder” economy in which business has the flexibility, security, and mobility to compete and workers have the skills and training to participate effectively in the global labor market (New Labour)? As these questions make clear, economic management strategies are closely linked to social or welfare policy.

Social Policy

The social and political role of the welfare state depends as much on policy goals and instruments as on spending levels. Does the state provide services itself or offer cash benefits that can be used to purchase services from private providers? Are benefits universal, or are they limited to those who fall below an income threshold (means-tested)? Are they designed to meet the temporary needs of individuals or to help reduce the gap between rich and poor?

The expanded role of government during World War II and the increased role of the Labour Party during the wartime coalition government led by Winston
Churchill prepared the way for the development of the welfare state in Britain. The 1943 Beveridge Report provided a blueprint for an extensive but, in comparative European terms, fairly moderate set of provisions. In general, welfare state provisions interfere relatively little in the workings of the market, and policymakers do not see the reduction of group inequalities as the proper goal of the welfare state. The NHS provides comprehensive universal medical care and has long been championed as the jewel in the crown of the welfare state in Britain, but it remains an exception to the rule. Compared with other Western European countries, the welfare state in Britain offers relatively few comprehensive services, and its policies are not very generous.

The Welfare State under Thatcher and Major. The record on social expenditure by Conservative governments from 1979 to 1997 was mixed. Given Britons’ strong support for public education, pensions, and health care, Conservative governments attempted less reform than many at first anticipated. The Thatcher and Major governments encouraged private, alongside public, provisions in education, health care (insurance), and pensions. They worked to increase efficiency in social services, reduced the value of some benefits by changing the formulas or reducing cost-of-living adjustments, and contracted out some services (purchasing them from private contractors rather than providing them directly). In addition, in policy reforms reminiscent of U.S. “workfare” requirements, they tried to reduce dependency by denying benefits to youths who refused to participate in training programs. Despite these efforts, the commitment to reduced spending could not be sustained, partly because a recession required increases in income support and unemployment benefits.

To some degree, however, this general pattern masks specific and, in some cases, highly charged policy changes in both expenditures and the institutionalized pattern of provision. In housing, the changes in state policy and provision were the most extensive, with repercussions in electoral terms and in changing the way Britons think about the welfare state. By 1990, more than 1.25 million council houses (public housing maintained by local government) were sold, particularly the attractive single-family homes with gardens (quite unlike public housing in the United States). Two-thirds of the sales went to rental tenants. Thatcher’s housing policy was extremely popular. By one calculation, between 1979 and 1983 there was a swing (a change in the percentage of the vote received by the two major parties) to the Conservative Party of 17 percent among those who had bought their council houses.6

Despite great Conservative success in the campaign to privatize housing, a strong majority of Britons remain stalwart supporters of the principle of collective provision for their basic needs. And so there were limits on the government’s ability to reduce social spending or change institutional behavior. For example, in 1989, the Conservative government tried to introduce market practices into the NHS, with general practitioners managing funds and purchasing hospital care for their patients. Many voiced fears that the reforms would create a two-tier system of medical care for one system for the rich and one for the poor.

More generally, a lack of confidence in the Conservatives on social protection hurt Major substantially in 1992, and it has continued to plague the party. Nothing propelled the Labour landslide in 1997 more than the concern for the “caring” issues. The traditional advantage Labour enjoys on these issues also helped secure victory for Blair in June 2001 and again, in 2005, when he needed a boost from traditional Labour supporters to offset their opposition to the prime minister on the war in Iraq.

New Labour Social Policy. As with economic policy, New Labour sees social policy as an opportunity for government to balance pragmatism and innovation, while borrowing from traditional Labour as well as from Thatcherite options. Thus, Blair and Brown rejected both the attempted retrenchment of Conservative governments that seemed mean-spirited as well as the egalitarian traditions of Britain’s collectivist era that emphasized entitlements. Instead, New Labour focuses its policy on training and broader social investment as a more positive third-way alternative. At the same time, New Labour draws political strength from the “Old Labour” legacy of commitment on the “caring” social policy issues.

Under New Labour, the approach to social provision has been refined, with social policy now directed
by the Department for Work and Pensions (DWP),

focused on ensuring support systems for children
and eliminating child poverty, providing benefits and
counseling for the unemployed, coordinating disabil-
ity policy, and more comprehensive retirement plan-
ning assistance and benefits for retired people. DWP
reflects the modernizing ethos of New Labour, “pro-
moting work as the best form of welfare,” and trying
to make the bureaucracy more user-friendly—rather
than referring to clients or beneficiaries of the welfare
state, DWP calls them customer groups.

Following Bill Clinton, Blair’s New Democratic
counterpart in the United States, prime minister
Blair promised a modernized, leaner welfare state, in
which people are actively encouraged to seek work.
The reform of the welfare state emphasizes efficien-
cies and tries to break welfare dependency. Efforts
to spur entry into the labor market combine carrots
and sticks. A signature policy initiative of Chancellor
Brown, the government offered positive inducements
including training programs, especially targeted at
youth, combined with incentives to private industry
to hire new entrants to the labor market. The threats
include eligibility restrictions and reductions in cov-
erage. Referred to as the “New Deal” for the young
unemployed, welfare reform in the United Kingdom
has emphasized concerted efforts to create pathways
out of dependence. Although beginning with a focus
on moving youth from welfare to work, New Deal
reform efforts expanded in several directions.

The New Deal quickly extended to single parents
and the long-term unemployed. In 1999, the govern-
ment launched a “Bridging the Gap” initiative to pro-
vide a more comprehensive approach for assisting
sixteen- to eighteen-year-olds not already engaged in
education, employment, or training to achieve clear
goals by age nineteen through a variety of “path-
ways” (academic, vocational, or occupational). “Bet-
ter Government for Older People” was launched in
1998, which was followed quickly by “All Our Fu-
tures,” a government report issued in the summer of
2000 with twenty-eight recommendations to improve
the quality of life and the delivery of public services
for senior citizens. A new initiative, the IT New Deal,
was launched in 2001 as a government-business
partnership to address skill shortages in information
technologies.

Although doubts remain about the follow-through
and effectiveness of New Labour social and welfare
policy initiatives, the intent to create innovative
policies and approach social policy in new and more
comprehensive ways is clearly there. Late in 1997,
the government inaugurated the Social Exclusion
Unit. It was charged broadly with addressing “what
can happen when people or areas suffer from such
problems as unemployment, poor skills, low incomes,
poor housing, high-crime environments, bad health, and
family breakdown.” This effort to identify comprehen-
sive solutions to society’s ills and reduce the tendency
for government to let marginalized individuals fall by
the wayside captures the third-way orientation of the
New Labour project. In addition, since January 2005,
the payment of vouchers to the parents of all British
children born since 2002, with a promise to top up the
funds periodically, represented an innovative effort to
provide a sizeable nest egg of savings available for
eighteen-year-olds. This “asset-based” welfare held
the promise of reducing poverty and providing a new
generation with new economic opportunities.

Nevertheless, New Labour, like all governments
in Britain and in many other countries, will be ac-
countable above all for the failure or success of more
traditional social policies, especially health care and
education. After years of skepticism about New La-
bour’s ability to deliver on promised improvements
in providing key public services, by 2005 the tides
of opinion—and massive budgetary increases—were
beginning to have the desired effect. New Labour had
gained considerable credibility on health care as well
as education, and increasing success on core poli-
cies gave Labour a huge boost heading into the 2005
election. It is also true, however, that Gordon Brown
inherited some significant problems with the delivery
of key public services, such as health care. Despite
the unprecedented increase in resources, health care
remains a huge headache for New Labour and Gordon
Brown. New Labour’s internal market health care
reforms have left the system with increasingly un-
tenable deficits. Some hospital trusts are ominously
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vide health care—and other public services such as
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Society and Economy

What were the distributional effects of the economic and social policies of Thatcher and Major—the consequences for group patterns of wealth and poverty? To what extent have the policies of the Labour governments headed by Blair and Brown continued—or reversed—these trends? How has government policy influenced the condition of minorities and women? It is impossible to be sure when government policy creates a given distribution of resources and when poverty increases or decreases because of a general downturn or upswing in the economy. The evidence is clear, however, that economic inequality grew in Britain during the 1980s before it stabilized or narrowed slightly in the mid-1990s, and that ethnic minorities and women continue to experience significant disadvantages.

In general, policies initiated by the Conservative Party, particularly during the Thatcher years, deepened inequalities. The economic upturn that began in 1992, combined with Major’s moderating effects on the Thatcherite social policy agenda, served to narrow inequality by the mid-1990s. Since 1997, as one observer noted, Labour has “pursued redistribution by stealth, raising various indirect levies on the better-off to finance tax breaks for poorer workers.” As a result, Britain has witnessed a modest downward redistribution of income since 1997, although the downward slide of the economy will make that difficult to sustain.

Attention to social exclusion in its many forms, a 1999 pledge by the prime minister to eradicate child poverty (even though Britain at the time had one of the highest rates of child poverty in Europe), and strong rates of economic success reinforce isolation and distinct collective identities. Variations among ethnic minority communities are quite considerable, however, and there are some noteworthy success stories. For example, among men of African, Asian, Chinese, and Indian descent, the proportional representation in the managerial and professional ranks is actually higher than...
that for white men (although they are much less likely to be senior managers in large firms). Also, Britons of South Asian and, especially, Indian descent enjoy a high rate of entrepreneurship. Despite some variations, however, employment opportunities for women from all minority ethnic groups are limited. In addition, a distinct gap remains between the job opportunities available to whites and those open to ethnic minorities. It is clear that people from ethnic minority communities are overrepresented among low-income households in the United Kingdom (see Figure 2.4). Almost 60 percent of Pakistani or Bangladeshi households are in low-income households (defined by income below 60 percent of the median). Just under half of black non-Caribbean households also live on low incomes after housing costs are deducted, as do nearly one-third of black Caribbeans. In contrast, only 16 percent of white people live in such low-income households before housing

Despite a strong commitment by New Labour to end child poverty, Britain comes in last in a comparison of child well-being among twenty-one wealthy countries.

costs are deducted, and 21 percent after housing costs are deducted.\textsuperscript{11}

The human side behind the statistics reveals how difficult it remains in Britain for ethnic minorities to achieve top posts and how uneven the prospects of success are, despite some pockets of modest success. It seems that the police have been more effective in recent years in recruiting and retaining ethnic minority police officers, and moving them up through the ranks, but the further-education colleges (nondegree-giving institutions providing mainly vocational training for sixteen- to eighteen-year-olds not headed to university) have not done so well. “We don’t have one black college principal in London in spite of having one of the most ethnically diverse student populations in the country,” observed the mayor of London’s senior policy director in 2004. “There are many more young Afro-Caribbean men in prison than there are in university, and more black Met [London police] officers than there are teachers.”\textsuperscript{12} Ethnic minority police officers now make up 3 percent of the United Kingdom’s 122,000-member police force, but only 2 percent of junior and middle managers in the more than four hundred colleges in Britain, only five of which have ethnic minority principals. It speaks volumes about the level of ethnic minority inequality that a 3 percent representation of ethnic minority police officers is considered evidence that “the police have in recent years been undertaking a much-needed overhaul of equal opportunities.”\textsuperscript{13}

\textbf{Inequality and Women}

Women’s participation in the labor market when compared to that of men also indicates marked patterns of inequality. In fact, most women in Britain work part-time, often in jobs with fewer than sixteen hours of work per week and often with fewer than

\textbf{FIGURE 2.4}

\textbf{Distribution of Low-Income Households by Ethnicity}

People from Britain’s ethnic minority communities are far more likely than white Britons to be in lower-income households, although there are important differences among ethnic minority groups. Nearly 60 percent of Pakistani or Bangladeshi households are low-income households, while about one-third of black Caribbean households live on low incomes. Source: National Statistics Online: www.statistics.gov.uk/CCI/nugget.asp?ID=269&Pos=1&ColRank=2&rank=384.
eight hours (in contrast, fewer than one in every fifteen men is employed part-time). More than three-quarters of women working part-time report that they did not want a full-time job, yet more women than men (in raw numbers, not simply as a percentage) take on second jobs. Although employment conditions for women in Britain trail those of many of their EU counterparts, the gap in the differential between weekly earnings of men and women in the United Kingdom has narrowed. In fact, the gender gap in pay based on median hourly earnings has narrowed from 17.4 percent in 1997 to 12.6 percent in 2006, the lowest value since records have been kept. That’s the good news. The bad news is that the part-time gender pay gap (based on a comparison of the hourly wage of men working full-time and women working part-time) for 2006 was 40.2 percent.14

New Labour remains committed to gender equality in the workplace and has affirmed its resolve to address women’s concerns to balance work and family responsibilities. The government has implemented a set of family-friendly work-related policies, including parental leave and flexible working arrangements and working times. Most of these initiatives only reach the minimum EU standard as required by treaty commitments (under Blair the UK entered into a set of EU treaties governing workers’ rights and related social issues from which it had previously opted out). Other measures include a commitment in principle to filling half of all public appointments with women, a review of the pension system to ensure better coverage for women, draft legislation to provide for the sharing of pensions after divorce, tax credits for working families as well as for childcare, and a National Childcare Strategy, to which the Blair government committed extensive financial support and gave high visibility. Nevertheless, the gap between childcare supply and demand is considerable, and the cost for many families remains prohibitive. Moreover, despite its efforts to make it easier for women to balance work and family obligations, “Labour has focused its efforts on persuading employers as to the ‘business case’ for ‘family friendly’ working conditions.”15

This approach limits New Labour’s agenda, as witnessed by the government’s willingness to let employers opt out of a forty-eight-hour ceiling on the work week (a serious impediment to a healthy family-work balance, especially since UK fathers work the longest hours in Europe).16 Thus, New Labour’s core commitment to management flexibility makes it likely that the general pattern of female labor market participation will change relatively little in the years ahead. A report commissioned by the Cabinet Office’s Women’s Unit confirms that there is a significant pattern of inequality in lifetime earnings of men and women with an equal complement of skills, defined by both a gender gap and a “mother gap.”

**Britain in the Global Economy**

Britain plays a particular role within the European and international economy, one that has been reinforced by international competitive pressures in this global age. For a start, foreign direct investment (FDI) favors national systems, like those of Britain (and the United States), that rely more on private contractual and market-driven arrangements and less on state capacity and political or institutional arrangements. Because of such factors as low costs, political climate, government-sponsored financial incentives, reduced trade union power, and a large pool of potential nonunionized recruits, Britain is a highly regarded location in Europe for FDI. In fact, in 2006 it placed second in the world behind the U.S. in FDI inflows.

The UK scores extremely well in international comparisons of microeconomic competitiveness and growth competitiveness. The competitive strengths of the UK economy are confirmed in some key benchmarks used in the Global Competitiveness Report, 2005–2006, published by the World Economic Forum.17 The UK ranked thirteenth in growth competitiveness and sixth in business competitiveness, with very high rankings for the quality of the national business environment (6), financial market sophistication (1), and, perhaps a mixed blessing, the extent of incentive compensation (1). Britain also displays areas of competitive disadvantage: national savings rate (98), real effective exchange rate (87), and government success in ICT promotion and quality of math and science education (47). This last point was both generalized and reinforced by the results of an executive opinion survey in which respondents rated an inadequately educated workforce as the most troubling factor for doing business in the UK.18
On balance, the report indicates success in economic competitiveness, but does not provide heartening news on the new growth theory front, since competitive disadvantages are clustered in the key areas of education and technology acquisition and diffusion, not to mention the availability of scientists and engineers, where the UK ranks 41, below Vietnam and Romania and just above Turkey and Ghana.

Nor does the OECD improve the assessment. The most recent OECD UK survey (conducted in 2005) states, “A wide range of indicators suggests that UK innovation performance has been mediocre in international comparisons,” (it ranks sixth among the G7, down from a rank of second, behind Germany, in the early 1980s). The OECD survey also emphasizes the UK’s considerable strength in knowledge-intensive services, and points to success in an area that Brown holds dear. The UK achieves a double first—among the G7 and among the thirty OECD countries—in liberal product market regulation. But it is ranked only fifth among the G7 and seventeenth among the OECD countries for the percentage of adults having more than low skills.

Britain preaches a globalization-friendly model of flexible labor markets throughout EU Europe, and its success in boosting Britain’s economic performance in comparison with the rest of Europe has won some reluctant admirers, even converts. For example, Chancellor Gerhard Schröder’s economic reform package, Project 2010, had much in common with Blair’s neoliberal approach to economic governance, and French president Nicolas Sarkozy seems determined to introduce neoliberal economic reforms. Thus, Britain has been shaped by the international political economy in important ways and hopes to take full advantage of the economic prospects of globalization, even as it tries to reshape other European national models in its own image.

As the world-of-states theme suggests, a country’s participation in today’s global economic order diminishes autonomous national control, raising unsettling questions in even the most established democracies. Amid complicated pressures, both internal and external, can state institutions retain the capacity to administer policy effectively within distinctive national models? How much do the growth of powerful bureaucracies at home and complex dependencies on international organizations such as the EU limit the ability of citizens to control policy ends? We turn to these questions in Section 3.

Understanding of British governance begins with consideration of Britain’s constitution, which is notable for two significant features: its form and its antiquity. Britain lacks a formal written constitution in the usual sense; that is, no single unified and authoritative text has special status above ordinary law and can be amended only by special procedures. Rather, the British constitution is a combination of statutory law (mainly acts of Parliament), common law, convention, and authoritative interpretations. Although it is often said that Britain has an unwritten constitution, this is not accurate. Authoritative legal treatises are written, of course, as are the much more significant acts of Parliament that define crucial elements of the British political system. These acts define the powers of Parliament and its relationship with the Crown, the rights governing the relationship between state and citizen, the relationship of constituent nations to the United Kingdom, the relationship of the United Kingdom to the EU, and many other rights and legal arrangements. It is probably best to say, “What distinguishes the British constitution from others is not that it is unwritten, but rather that it is part written and uncodified.”

More than its form, however, the British constitution’s antiquity raises questions. It is sometimes hard to know where conventions and acts of Parliament with constitutional implications began, but they can certainly be found as far back as the seventeenth century, notably with the Bill of Rights of 1689, which helped define the relationship between the monarchy and Parliament. “Britain’s constitution presents a paradox,” a British scholar of constitutional history has observed. “We live in a modern world but