

Blair's Britain

Tony Blair is dismantling the British state as it has existed since the 18th century. Is his new Britain a fair trade for the old?

by *Martin Walker*

Britain has been scourged this year by a series of natural disasters and plagues of almost biblical proportions. The worst floods ever recorded and a series of fatal rail crashes embarrassed the world's oldest railway network and led to disruptions and the imposition of speed restrictions. At snail's pace, a traveler could lurch past flooded fields to more somber landscapes, where the pall of the funeral pyres of some three million slaughtered cattle drifted dark against the lowering skies. The slaughter was not the result of mad cow disease, by which Britain had been uniquely ravaged, but of the more prosaic foot-and-mouth disease. In an effort to stamp it out, national parks and ancient footpaths and rights of way were closed across the country.

Heading north, the traveler might have seen a different kind of smoke drifting across the sky, from burning cars and looted shops, as a sudden wave of race riots swept across the old textile-mill towns of Burnley, Leeds, and Oldham. These pockets of industrial depression made fertile ground for the neo-Nazi agitators of the new British National Party, whose campaigns for the repatriation of immigrants won them 16 percent of the vote in those areas in the general election in June.

Yet all these events took place in a country that could plausibly claim to be the most prosperous and dynamic in Europe. Almost 20 years have gone by since *il surpasso*, that moment when the gross domestic product (GDP) of Italy overtook that of

Britain, and Italy became the third-largest economy in Europe, after Germany and France. A symbolic moment in Britain's long postwar travail of relative decline, *il surpasso* was dismissed in the Fleet Street press as the effect of recalculating Italy's national income statistics to include estimates of the contributions of the untaxed underground economy. Nonetheless, at a time when Britain was being widely described as "the sick man of Europe," it hurt.

The transformation in Britain since then has been dramatic. Italy's GDP was surpassed a decade ago. Late last year, with some help from the declining euro, Europe's new single currency, and from the strength of the still proudly independent pound, Britain's GDP surged past that of France for the first time in 30 years. Britain became Europe's second-largest economy, with a tantalizing if distant chance of catching the leader, Germany, in another decade or so.

Talk of a historic recovery, even of a British economic miracle, began in the mid-1980s, the high point of the Thatcher years, and some of the current statistics seem to confirm the good news. Inflation and interest rates are low. The British are far more likely than other Europeans to invest in stocks, and they are unique in Europe in not fearing the coming demographic shock. They breed more than other Europeans and accept more immigrants, and because they have largely privatized their pensions, unlike the French



The Thatcher-Blair eras blend none too prettily on an Economist cover.

and Germans, the government will not have to grab another five to 10 percent of GDP to finance care for the soaring numbers of the elderly. Unemployment, at just under five percent, is around half the rates of France and Germany, and in this year of global flirtation with recession, Britain looks set to have the best growth rate of any of the main economies in Europe. Its consumer boom is untamed, its City of London dominates the global exchange markets, and its investments pour out across the globe in a way not seen since the halcyon years before 1914.

Britain's international corporations—BP in energy, Vodafone in telecommunications, GlaxoSmithKline in pharmaceuticals, BAe in defense and aerospace, Tesco in retailing—are world leaders. And the rest of the world plainly recognizes the new British vigor: The United Kingdom attracts almost half of all foreign direct investment in the European community.

Indeed, one of the strongest arguments in favor of Britain's adoption of the euro is that it will maintain the United Kingdom's attractiveness to American and Japanese capital as the favored springboard for the vast European market.

So there was little surprise in the historic second election victory by Tony Blair's "New" Labor Party in June, the first time any Labor government has been elected to a full second term in office. On the surface, the election seemed a reward for good management. It was also perhaps a recognition that the Conservative opposition had still not recovered from the heroic but exhausting efforts of their four successive election victories between 1979 and 1992, three of them under the redoubtable Margaret Thatcher. Her brusque free-market reforms and defeat of the labor unions may have done much to promote the nation's economic transformation. But why vote Conservative when

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Blair delivers the same economic polices wrapped in a less disciplinarian package? The degree to which Blair has become Thatcher's true heir was captured during the election campaign by a cover of the *Economist* that framed his face with her hair.

But though reelected and respected, Blair is not popular. The almost sublime identification with the national mood that he achieved at the time of Princess Diana's death has gone. His tendency to preach and his sanctimonious streak inspired jeers and slow handclaps from that most accommodating of audiences, the conference of the Women's Institutes; no other speaker in history has managed to offend the massed ranks of the nation's grannies. The hit play of London's current season is Alistair Beaton's *Feelgood*, a vicious satire of Blair, his spin-doctors, and the centrist anti-ideology of the Third Way that Blair learned from Bill Clinton. Blair is thinly disguised in the play as DL, the Divine Leader, protected by a ruthless palace guard that is prepared to murder critics in the media to keep power.

On closer examination, Blair's second election victory was far from impressive. He won just 40.8 percent of the vote, but thanks to Britain's winner-take-all electoral system, his party secured nearly twice as many seats in Parliament as the Conservatives and Liberal-Democrats combined, even though their total share of the vote was just over 50 percent. The unusually low turnout of voters (below 60 percent) reflected a widespread political apathy; Blair won the support of only one potential voter in four, well below the 32 percent of the potential vote that Margaret Thatcher won in her 1983 landslide. These are dismal figures, and a far less imposing mandate than the commanding masses of Labor members of Parliament would suggest.

Yet Blair relies on this dubious mandate

for the fulfillment of his grand project to modernize Britain. That project has very little to do with the avowed priority of his second term, which is to improve public services—from health to education, policing to public transportation—by making up for those long years of poverty and stringency that followed the three postwar decades of anemic growth, industrial unrest, imperial surrender, and national decline. Hints emerging from think tanks close to Labor suggest that the changes will involve the increasing deployment of private capital to sustain services hitherto dependent largely on taxpayer funds.

Many traditional Labor supporters, from labor unions to former ministers such as Roy Hattersley, suspect a betrayal of their traditional principles. Hattersley, once a deputy party leader, has a name for his fellow traditionalists. He refers to them as “the old contemptibles of egalitarian socialism,” a phrase with a pungent echo in British history. After the Kaiser called the small but professional British army of the years before 1914 “a contemptibly little army,” those brave few helped defeat the German masses at the Battle of the Marne; they themselves were then virtually destroyed stopping the final thrust of the 1914 assault at the Battle of Ypres. The survivors proudly called themselves “the old contemptibles.” Hattersley's phrase deliberately suggests a defiant assurance that old Labor will in the end prevail over Blair's image-conscious modernizers. Indeed, a battle over the financing of the future of London Transport has already been joined with “Red Ken” Livingstone, an “old contemptible” leftist who, in the teeth of Blair's opposition, became London's first-ever elected mayor.

Yet to focus on the battles between old Labor and new, as the British media and many observers have understandably done, is to miss the deeper point. The importance of Red Ken's challenge is not simply that he represents a kind of opposi-

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In May 1999, Scottish nationalists wearing ancient dress and holding a saltire flag and a broadsword celebrated the swearing in of Scotland's first newly elected parliament in nearly 300 years.

tion that the dispirited Conservatives are unable to deploy, or that he offers an alternative model of financing public goods and services. It's that he has been empowered by a Blairite revolution that has a considerable way to go.

As a British-born citizen who has been out of the country working as a foreign correspondent and writer for the past two decades, I find that the perspective of distance (interspersed with frequent visits home) imposes a view that the old country is going through three separate revolu-

tions. One of them, the economic revival and the decisive shift in the balance of social power from labor to capital, was Thatcher's, loyally sustained, and even extended, by Blair. The two other revolutions have received much less attention, and yet they promise to change the country more profoundly. The first—to resolve, finally, Britain's hesitant relationship with the Europe of which it has been a grumpy member since 1973, and to participate fully in the movement toward political and economic union—will transform the

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traditional concept of one of the world's oldest and proudest nations. The second—to democratize what had become under Thatcher the most centralized and authoritarian, and the least democratic, state in Western Europe—will forever change the traditional notion of the British state. Indeed, the revolution has already begun: The abolition of the hereditary right of peers to sit and vote in the House of Lords, the upper chamber of Parliament, and the establishment of separate elected assemblies for Scotland and Wales are the clear signs.

British democracy has always rested upon the sovereignty of Parliament, not on any written constitution (for there is none), and not on an independent judiciary (for judges are appointed by the government of the day). The power of a prime minister backed by a strong and loyal majority is that of “an elective dictatorship,” in the pungent phrase of Lord

Hailsham, a recent lord chancellor. The quaint nature of British democracy (no other “democracy” worth the name accepts an unelected second chamber) and the strength of its long tradition are illustrated by the way in which the lord chancellor, the nation's chief law officer, is seated in the House of Lords—usually, these days, after being ennobled and appointed by the government of which he (no woman has had the post thus far) is always a senior member. The House of Lords, which retains significant powers to amend and delay legislation, is no longer dominated numerically by the undemocratic principle of aristocratic inheritance. Its composition today is defined by the prime minister's choices for elevation to the peerage, which is a post now held for life rather than in perpetuity through the generations. Having reformed the hereditary principle by decimating to a rump 93 the number of hereditary peers with the right to vote, the Blair government has



In a Sunday Telegraph cartoon (Jan. 31, 1999), Blair makes no secret of an infatuation.

removed one palpably undemocratic flaw. But by turning the old watchdog House of Lords into the prime minister's poodle, he has transformed it into a beast equally grotesque.

The distortion at the top of the British democratic structure is matched by another at the bottom, where the traditional powers and authority of local government were comprehensively dismantled during the Thatcher years. The Greater London Council, the elected body for the capital, was bluntly abolished, because under the chairmanship of Red Ken Livingston it had become a highly visible center of opposition, flaunting, for example, the latest unemployment figures on a large banner outside its headquarters, just across the Thames from the houses of Parliament. As control of the purse was centralized in Whitehall (the seat of the national government and administration), elected councils effectively lost the power to set their own taxing and spending priorities. A series of measures to centralize control over education, traditionally run by local education authorities, were deployed—partly because so many councils were controlled by the Labor opposition, partly for blunter reasons of ideology—and the main capital stock of local governments across the country was put up for sale to sitting tenants. The sale of the council-owned homes was part of a broader and, on the whole, popular strategy (which included the privatization of other state-owned assets) to promote private property. As Mrs. Thatcher wrote in her memoirs, *The Downing Street Years* (1993), “The state in the form of local authorities had frequently proved an insensitive, incompetent, and corrupt landlord.”

As power shifted to London, a great deal of the energy and self-reliance—and a considerable share of the talent—of the provinces went with it. The economic imbalance between greater London and its environs, known dismissively in the city as “Roseland,” for “rest of the southeast,” became striking. If one puts the per capita GDP of the United Kingdom as a whole at 100, London's GDP is 130. London's envi-

rons in the southeast and East Anglia each score 116. The GDP of the northeast, by contrast, is 77.3, and that of the rest of England languishes in the 80s and 90s.

Tony Blair knows this very well, as the member of Parliament for the northeast seat of Sedgefield, a former coal-mining community in the poorest part of the country. Blair's government depends overwhelmingly on votes from regions in England whose per capita GDP is below the national average, and on the traditionally loyal votes of Scotland and Wales. The important role of the Celtic fringe was reflected in Blair's first government, in which Scots held almost all the grandest cabinet posts.

So the signal commitment of Blair's second term is to offer all the English regions a referendum on whether they want to follow the example of Scotland and Wales and have their own elected assemblies. They are to be offered powers over transportation policies, including those for roads, airports, and public transportation; over land use and development planning; and over economic development, with a yet-to-be-defined authority to raise taxes for local investments. The formal proposal is still being drafted at this writing, but rough calculations suggest that the national government, which currently spends some 40 percent of GDP, will surrender a 2.5 to five percent share of GDP to the new regional assemblies.

Blair is not proposing simply to turn back the clock to the pre-Thatcher years. The English provinces have not enjoyed powers such as these since the great days of Victorian Britain, when the flourishing industrial cities of the north built their palatial town halls, when Glasgow and Manchester vied for the title of second city of the empire, and when to be lord mayor of Birmingham was to aspire, like Joseph Chamberlain, to be prime minister and to raise a grand political dynasty. The provincial powers were eroded, first, by the pre-1914 welfare state, with its high taxes to finance old-age pensions and unemployment insurance, and then by the extraordinary centralizing effect of two world wars. To begin redressing the balance of

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power from London to the regions is to reverse what seemed an implacable trend of the 20th century. But to return the powers of self-government and home rule to Scotland and Wales, with even the limited powers to tax so far entrusted to the Scottish Assembly, is to begin dismantling the British state as it has existed since the dawn of the 18th century.

In her groundbreaking book *Britons* (1992), the historian Linda Colley analyzes the way that a new, militant, Protestant British patriotism was deliberately forged in the 18th century after the 1707 Act of Union with Scotland. She suggests that the current processes of democratic devolution reflect the way that “God has ceased to be British and Providence no longer smiles. . . . Whether Great Britain will break down into separate Welsh, Scottish, and English states or whether, as is more likely, a more federal Britain will emerge as part of an increasingly federal Europe, remains to be seen. What seems indisputable is that a substantial rethinking of what it means to be British can no longer be evaded.”

Blair made it known that he had read Colley’s book with profit and attention. He shares her view that almost every question about the future of Britain hinges on the development of its relations with Europe. Europe—or, rather, the backlash within the Conservative Party against her anti-Europe campaigns—destroyed the political career of Margaret Thatcher. Divisions over Europe then broke the government of her successor, John Major. The British Parliament has already surrendered a great deal of its sovereignty, including the power to legislate, to European institutions. The European Court of Justice is, for most practical purposes, Britain’s Supreme Court. Having deliberately avoided a written constitution for centuries, Britain has now incorporated the European Charter of Human Rights into the national law. British foreign policy, accustomed since 1941 to functioning within the context of the transatlantic alliance, has now also to accommodate the constraints of Europe’s new Common Foreign and Security Policy.

The great political question of the next five years of Blair’s government is whether Britain, by embracing the euro, will go on to surrender its sovereignty over the economy and entrust to the European Central Bank the power to set interest rates and determine the money supply. The powers to declare war and peace and to regulate the coinage have traditionally defined sovereignty. The process of European integration is now far enough advanced to have encroached mightily on both.

Blair has promised a referendum within the next two years on whether to abandon the pound and adopt the euro. He suggests that the choice should be made essentially on the economic merits of the case. But the arguments cut both ways. The British economy has done remarkably well of late while remaining outside the euro zone; that the new currency, as managed by the European Central Bank, has lost some 30 percent of its value against the dollar over the past 18 months is hardly reassuring. And yet, 60 percent of British exports now go to the other 14 members of the European Union. The Union’s imminent enlargement to some 26 or more members through the incorporation of Central and Eastern Europe will create a single market of 520 million consumers in the world’s largest economic bloc. That adds to the attraction of the euro, and to the suspicion that the impending change may represent an opportunity Britain cannot afford to miss.

But to couch the argument solely in economic terms is willfully to miss the point, and Blair is suspected of doing so because he remains so nervous about the constitutional questions. By forcing a resolution, the referendum on the euro will end half a century of vacillation over Europe. It is not a choice Britain relishes having to make. The referendum is also an intensely high-risk course for Blair to adopt, since opinion polls show a consistent majority of two to one against the euro. Blair knows that he is playing with psychological fire: The British nation’s identity was born in opposition to Europe. The most treasured national myths, from the defeat of the Spanish

Armada in 1588 to the defiance of Hitler in 1940, from “Britannia Rules the Waves” to the “Thin Red Line,” celebrate achievements against other European powers. Building a worldwide empire was itself an act of turning the national back on Europe. The wider world beyond Europe still beckons, and the instinctive sense that Britain has more in common with its reliable American ally remains strong.

Still, given Blair’s political skills and his gift for careful preparation, only the boldest pundit would bet against his success. The opinion polls suggest that almost as large a majority thinks adopting the euro to be inevitable as says it intends to vote no. Scare stories quote foreign businessmen warning that Japanese and American investments will shun an isolated Britain. At London dinner tables there is endless gossip about the deals Blair will make, from backing Rupert Murdoch’s expansion into lucrative European broadcasting to privatizing the BBC to secure the support of media barons. Opponents warn darkly of the vast sums the City of London and French and German corporations are prepared to pour into pro-euro propaganda. American diplomats in the salons and on talk shows argue that a Britain fully engaged in a united Europe will have far more influence in Washington than an isolated offshore island ever could.

The role of the powerful Chancellor of the Exchequer, Gordon Brown, is much debated. He is credited with checking Blair’s instinct to hold the referendum on the euro back in the prime minister’s first honeymoon period, in 1997, and his ambition to succeed Blair burns hot to the touch. Blair’s own ambitions, given that he is a young 50, provoke intense speculation. Some claim to have heard Bill Clinton’s private prediction that Blair will step down after winning the referendum and go to Brussels to replace Romano Prodi as president of the European Commission. A victory on the euro would be a nice prize to bring along. Others close to Blair say he intends to match Thatcher by winning a third election. Nobody really knows, which is half the fun. The next two years of

British politics promise to be riveting psychodrama, a feverish prologue to the historic referendum.

The referendum campaign will also see a personal duel between the two most gifted and compelling British politicians of the last half-century, Thatcher and Blair, a battle without quarter between the two great modernizers of the British state. It promises to be an almost oedipal encounter, between the woman who restored the national fortunes and the national pride, and the heir who knew what he wanted to do with the transformed nation she had bequeathed him. Blair’s twin projects, to decentralize Britain and to Europeanize it, are anathema to Thatcher. Yet the striking feature of the past 20 years in Britain is how much the Thatcher-Blair years dovetail into each other and become a single tumultuous period of wholesale change that has swept aside the old postwar Britain of welfare state and decolonization, “One Nation” and creeping decline.

Britain is not just a different country now; it is three or four or five different countries. Scotland and Wales have become far more than nostalgic names on maps, and provincial England is poised to follow their path toward home rule. London, with its elected mayor, has become one of the great city-states of the global economy, a thrilling and polyglot place where one goes from the world’s finest theater to a late-night café and club culture. Enlivened by vast communities of American bankers and French and Asian entrepreneurs, it is Europe’s fastest market for champagne and Ecstasy and heroin, with a higher burglary rate than New York’s. Each weekend, the Eurotunnel train terminal at Waterloo pours hordes of young Europeans into the rave clubs and gay bars. Meanwhile, rural England quietly buries its dead livestock, files for bankruptcy, and braces for Blair’s next assault on its traditions—a ban on fox hunters, with their red coats, thundering hooves, and cries of “Tallyho!” Margaret Thatcher has said that at times she hardly recognizes the place. For better or for worse, Blair does. And that’s the difference. □