New Labour and the Thatcherite Legacy

According to Conservative politician Conor Burns, Thatcher once remarked that ‘Tony Blair and New Labour’ were her greatest achievements.¹ Her statement indicates that despite the change of the government in 1997, she believed that her policies had, on the whole, proved irreversible. This raises the question of how New Labour dealt with the Thatcherite heritage, and whether Thatcher is right to claim Blair as one of her heirs.

Against this backdrop, I argue that ‘New Labour’ normalised the neoliberal regime of condensation: Blair, Brown et al. preserved the existing economic-political order while establishing a new class political regime.² In my terms, the Blairites managed to facilitate the transition from an offensive to a consolidating step of the power bloc. They created new institutional arrangements designed to extend popular consent to the status quo. In a nutshell, Blairism replaced Thatcherism, but free-market authoritarianism remained intact.

Blair, Brown et al. triggered these shifts by exploiting popular discontent over the divisiveness of Thatcherism and building a new political platform. Their brand of neoliberalism attracted ‘Middle England’, that is, petty capitalists and private sector-employees with median qualifications, but it was more inclusive than the neoliberalism of the new right and won wider support from traditional Labour-supporting class fractions, that is, unionised workers and public-sector employees.³

At the level of the extraction strategy, the Blairites’ key strategic decision was to make small concessions to organised labour while preserving the repressive trade union legislation introduced under Thatcher and Major. Their approach was to keep avenues of collective organisation for workers more or less closed while improving their rights as individuals.⁴ Besides, they opened new chan-

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¹ Burns 2008. This assertion fits with earlier pronouncements from Thatcher et al. that Britain would benefit from the absence of a big social democratic party (see above).
² In my view, while significant differences between the Blairite and Brownite camp may have existed concerning class politics and economic order politics, they do not warrant differentiation at my chosen level of abstraction. In the short period between Brown becoming Prime Minister and the financial crisis hitting Britain, he did not perform a U-turn away from Blair’s course. This is unsurprising given that Brown was Chancellor in all three Blair governments.
nels of communication between unions and government. In 2004, the party leadership and the leadership of the Labour-affiliated unions negotiated the ‘Warwick Agreement’. Under it, the party representatives made some minor concessions in order to safeguard union members’ support in the 2005 general election. In short, there was a shift from a purely repressive to a repressive-consultative approach, which brought limited improvements for working people.

One of the centrepieces of employment legislation under New Labour was the introduction of a statutory minimum wage in 1999. Richard Dickens and Alan Manning argue that its impact was ‘modest’ because only about 25 percent of households with at least one person working in the two lowest income deciles benefited from it. In other words, its level, initially £3.60 an hour, was set so low that only a small band of people were directly affected by its implementation. The minimum wage may have alleviated downward pressure on already low wages, but its redistributive effect was small.

On the whole, legislation in the areas of employment and industrial relations law did not amount to a U-turn away from the Thatcherite status quo. The 1999 Employment Relations Act addressed the individual rights of workers more than trade unions as collective bodies. Importantly, it did not annul any of the key elements of Thatcherite trade union law. It brought some improvements for workers, which, however, did not go against the spirit of the existing laws: rights to parental leave were expanded; part-time workers gained the same rights as full-time workers; work hours were limited to 48 per week; the qualifying period for coverage by unfair dismissal legislation was halved to one year; employers were barred from laying off workers because they were involved in collective bargaining, union recognition procedures, or legal strikes that lasted no longer than eight weeks; and a statutory union recognition procedure was introduced. Like the 1999 Act, the 2002 Employment Act and the 2004 Employment Relations Act did not reverse Thatcherite trade union legislation. The former improved the rights of working parents; the latter extended the ‘protected period’ during ‘lawful’ industrial action from eight to twelve weeks. All in all, the impact of the changes amounted to normalising the repressive arrangements installed by the Thatcherites by partially moderating them.

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5 Compare Bewley 2006.