

From Callaghan to Blair:

The shift towards a neoliberal ideology in the British Labour Party

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1. Introduction

This thesis aims to illustrate changes in the ideology of the British Labour party by examining the differences between Tony Blair's New Labour and the traditional Labour party, represented in this study by the previous Labour Party Prime Minister James Callaghan. The idea is to draw a meaningful comparison between Tony Blair and James Callaghan's governments. The goal is to define the ideological changes that have taken place in Labour party politics from Callaghan to Blair, and thus shed light on the shift in the British political climate towards a neoliberal era. It is evident that Margaret Thatcher strongly represents a neoliberal agenda as a Conservative Prime Minister between Callaghan and Blair, so her influence in the shift within the Labour party from a traditional labour agenda to a neoliberal agenda will also be considered.

The framework of this thesis is to compare the ideological positions of the Blair and Callaghan administrations through an examination of their approaches to matters of social and economic policy. More specifically, questions of social and economic policy will be examined and how the Prime Ministers approached the issues of these policy sectors ideologically and how the tools they used to control them reflected that ideology. The primary sources that I will be studying with the help of research literature are James Callaghan and Tony Blair's memoirs, *Time and Chance* (1987) and *A Journey: My Political Life* (2010), from which I will attempt to extract their personal political agendas and ideologies. The comparison between the two will be made after conducting content analyses on the memoirs of both politicians. The differences perceived in the comparison will be analysed and the results reflected against the research literature. To sum up, the subject under investigation is the ideological shift that took place within the Labour party from Callaghan to Blair.

The framework of the hypothesis lies within the idea of neoliberalism as a rising political ideology from the 1980s to this day, which has begun to replace more traditional beliefs of socialism, embedded liberalism and social democracy. Tony Blair's focus as a politician was to create a strong market society that would be supported by the state apparatus. The aim is to reveal a neoliberal discourse from his memoir that supports the idea that Blair is a political follower of Thatcher adhering to a neoliberal ideology, despite being from the opposing party. By comparing Blair and Callaghan's memoirs this thesis attempts to reveal the effect of the Thatcher era in between by examining their ideological thought and economic and social policies. This will illuminate the changes that have taken place in the Labour party between Callaghan and Blair's governments and

reveal the growing neoliberalism within the party. This study will not look at policies outside the sectors of economic and social policy as indicators of the ideology of Callaghan or Blair's politics nor the ideological changes within the Labour party. Social and economic policy are matters of domestic policy, so for example extensive sections on foreign policy featured in both memoirs are excluded.

1.1. Research material

The research material of this study consists of the memoirs of James Callaghan and Tony Blair, *Time and Chance* (1987) and *A Journey: My Political Life* (2010). *Time and Chance* depicts James Callaghan's lifelong political career, but the analysis focuses only on the last main chapter dealing with his tenure as Prime Minister. *Journey's* central narrative is Tony Blair's political ascendance and career as Prime Minister. The books are both comprehensive and written with a personal touch with Blair's especially being full of colloquial language and empathic self-explanation. Both proceed to illuminate their motivations behind their political actions. A considerable part of Blair's book is centred on the politics behind the invasion of Iraq, which was damaging to Blair's popularity. This study does not include examination of foreign policy, so these parts of the book will be mostly overlooked despite their prominence, as the focus on social and economic policies in them is limited at best.

The choice of memoirs as research material instead of, for example, political speeches required much contemplation, but was decisive. One reason is that memoirs are less studied and give a uniquely personal perspective to the conducted analysis, effectively meaning that they lend a more novel research subject. Another reason is that they serve to reveal political ideology equally effectively. A third reason is outlined by Anthony King in his review of Blair's memoir:

American readers need to know that British politicians are inveterate memoir-writers. On leaving office, prime ministers write their memoirs, but so do chancellors of the exchequer, foreign secretaries, and politicians far less significant than that. British publishers clearly reckon that [...] a fair number of copies will be bought and read by the author's fellow politicians, civil servant, and other citizens whom the politician in question will have encountered in the course of a long working life. (King 2011.)

The role of the memoir is well-established in the British political tradition. A memoir is coloured by self-serving bias as authors are often influenced by their desire to make a historical impact and justify their legacy (Diamond & Richards 2012, 183). And as later becomes apparent in the section concerning the study of rhetoric, one function of political rhetoric is to legitimise political ideology and decision-making (Charteris-Black 2005, 21-22). Memoirs are rhetoric texts in the same fashion as political speeches are and by that logic can be considered as equally worthy research subjects and fruitful sources of information for discerning underlying ideologies.

2. Theoretical and methodological background

The topic of this thesis lies at the intersection between several academic disciplines. My primary research material is formed by two large bodies of text, the final part of James Callaghan's *Time and Chance* and Tony Blair's *A Journey*. This gives the thesis a language-based approach. On the other hand, what is essentially being studied here is political history and, even more specifically, the history of political ideas, which is a crossing point between history and political science. The history of ideas is an academic approach focused on revealing the importance of ideas behind human action. This is especially important in the study of politics as ideology is a central driver of political action, which is ultimately born out of human action. In the language-based approach, content analysis is applied in studying the material. Political speeches are in nature inherently rhetoric, for which reason the study of rhetoric is also included in the theoretical framework.

This section contains an account of the multidisciplinary nature of this work, a description of the used methods and perspectives, a review of earlier research literature and an outline of the relevant historical background and terminology that should be understood for a full appreciation of the contents of the thesis. The historical background establishes a continuum of the development of British political ideas from the birth of the labour movement to the onset and institutionalisation of neoliberalism. The history of the labour party forms the backbone for understanding the magnitude of the change that occurred during and after the Thatcher era. It also helps understand the possibility of the neoliberal agenda to succeed in the way it did by illuminating the historical crises that Labour had undergone throughout the 20th century. The history also reminds us that there has been a considerable amount of fluctuation in the distance between the Conservatives and the Labour party. After the account of relevant political history, further light is cast on the more difficult terminology of political ideology and economics.

2.1. Political history and the history of ideas

The importance of ideas in human history is essential. Politics are born out of societies and societies were born out of a need for stability, order and society (Heywood, 2007, p. 45). The history of liberalism is crucial in understanding the liberal democratic Western world. Historical study of the idea consists in drawing a smooth curve of development and progress after plotting its appearances (Edel, 1990, p. 73). Modern liberalism started to take form and gain popularity in

the 18th and 19th centuries, and the history of liberalism and individualism can be drawn in such a smooth curve from those times to modern Britain and Tony Blair; a continuum can be perceived. Through understanding the history of ideas, the understanding of human action becomes possible, or at least easier, as the history of ideas is essentially human history (Edel, 1990, p. 73). It must be stressed that this study does not consist of historical research, per se. Instead, the history of ideas forms the theoretical foundation upon which the textual analysis of Blair's memoir is constructed.

To sum up, the political idea that forms the theoretical starting point of this thesis is neoliberalism. The proper grounding of the history of liberal political ideas provided below is necessary for understanding the reality of neoliberalism today. In addition to the ideological history of neoliberalism, a review of British real political history is essential to form a connection between the concrete world and theory. In other words, the history of ideas and political history form the definitive theoretical foundation of this thesis upon which the analysis of the primary research material is based. The language-based approach concerns the methodological part of the study. The focus of the study is to find ideological connections between separate phenomena in the text.

2.2. Content analysis and discourse analysis

The chosen method in this approach to the topic is content analysis. Qualitative content analysis is a useful method when attempting to derive content and meaning from a large body of text. Neuendorf defines content analysis in the following fashion:

Content analysis is a summarizing, quantitative analysis of messages that relies on the scientific method (including attention to objectivity-intersubjectivity, a priori design, reliability, validity, generalizability, replicability, and hypothesis testing) and is not limited as to the types of variables that may be measured or the context in which the messages are created or presented. (Neuendorf, 2002, p. 10)

As such, content analysis provides an ideal methodological environment for conducting this study. The method's applicability to a wide, if not endless, variety of types of text enables its application to the primary research material being examined. A reliance on scientific method is important due to the qualitative nature of the research, which in turn creates a dangerous environment of overly subjective interpretation. The emphasis on objectivity-intersubjectivity in content analysis is reflected in this study by the extensive background offered for the subject, which has two intentions: giving the reader the necessary background information to fully understand the study

and creating room for interpretation and objectivity in approaching the subject as a reader. A certain level of subjectivity is inherent in research and can never be fully avoided.

This study does not fully meet the criteria of *a priori* design. The point of interest in the study of the chosen material has been decided *a priori*: Callaghan and Blair's commentaries on social and economic policy in order to assess their ideological positions on the subject. However, this is a rather general approach towards the material, which is open to alteration and later division when approached analytically. This undermines the scientific method somewhat, but also leaves room for more innovative processes during the research. The strength of content analysis is its applicability to all contexts. It is not reserved for any single type of content such as mass media studies, but is applicable to all types of message pools: individual, group, organisational or mass messaging. (Neuendorf, 2012, p. 17.) James Callaghan and Tony Blair's memoirs are messages created by individuals, but targeted for a large, undifferentiated audience as they are published books available to all.

Neuendorf (2012) outlines a flowchart for the typical process of content analysis research. The first step and second steps match the progress of this study appropriately. The first step is the deciding of a theory and rationale: what content is being examined and why. This is covered in the second chapter of this thesis through the formulation of the historical and theoretical backgrounds. The second step is to create conceptualisations: what variables will be used in the study and how they are defined conceptually. The choice of economic and social policy as demarcation points for helping to illuminate the political ideological positions of James Callaghan and Tony Blair fulfils the second step. Otherwise, this study follows the simple and practical guideline of content analysis by Timo Laine. Laine's body for conducting qualitative research is as follows: deciding which phenomenon to study from the data; going through the data to distinguish the parts concerning the phenomenon; and limiting the extent of data inclusion to that. (Tuomi & Sarajärvi, 2002, p. 93-94.)

This study takes another step away from the more rigorous and scientifically oriented form of content analysis in choosing an idiographic approach to the method instead of a nomothetic one. A nomothetic approach would aim to create generalisations from the material, while an idiographic approach focuses on a precise description of an individual case. The primary research material pool used in this study, the memoirs of James Callaghan and Tony Blair, fits well to an

idiographic approach to content analysis. The comparison to the politics of Callaghan will be made with the help of the results of the analysis of both memoirs.

While most of the study comprises content analysis, the analysis of Blair's memoir contains a section that is more explicitly orientated towards discourse analysis. Content analysis is an appropriate method for texts with only one author; discourse analysis is more fruitful in a more diverse context. As this study utilises this method, it is necessary to provide a short overview of the concepts of discourse and discourse analysis and an explanation for its use in this context. The philosophical framework of this study is based on the idea of epistemological constructionism. In their theory of the sociology of knowledge, Berger and Luckmann present their classic and influential idea that human knowledge and our experiential reality is socially constructed: what people believe they "know" constructs the "realities" on which they base their decisions and actions. In other words, subjective meanings become objective truths. (Berger & Luckmann, 1967, p. 26-27.)

The idea of discourse analysis is to reveal how the social construction of reality happens. Discourses are the basic units that comprise this process. According to Phillips & Hardy (2002), "without discourse, there is no social reality, and without understanding discourse, we cannot understand our reality, our experiences, or ourselves". A discourse forms out of an interrelated set of texts. Texts are not meaningful individually as it is only through their interconnection with other texts and different discourses that they are made meaningful. Discourses are embodied and enacted in texts, although they exist beyond the individual texts that compose them. (Phillips & Hardy, 2002, Ch. 1.) As discourse analysis has only a small role in this study, it is not necessary to cover the complexities of the extensive theoretical field of discourse analysis, but only give a basic overview of a few relevant matters. Discourse analysis is used in the analysis of Blair's memoir as Blair invokes specific discourses in his text that are linked to more general societal conversations. As such, in this case it is appropriate to use the concept of discourse in the analysis of a text with only one author.

2.3. Rhetoric, political speeches and biographies as subjects of research

We can see ideology as a consciously formulated set of ideas that comprise an organised and systematic representation of the world and therefore form the basis for acting in it. In politics,

language and communication play an important part in legitimising a ruling political ideology. Political leaders need to participate in a process of self-legitimation, where they use language and communication style to identify a set of values regarding what is good and bad to form a basis for political action. (Charteris-Black, 2005, p. 21-22.) In other words, political leaders need to convince others of the benefits that arise from their leadership, and linguistic performance is essential in doing so as voters make decisions on the basis of overall impressions of the reliability, honesty, morality and integrity of politicians as much as on their actual politics (Charteris-Black, 2005, p. 1). In the case of Tony Blair, the overall impression of novelty and change among other things can certainly be considered important in making a 10-year-long period of rule possible.

However, this study does not concentrate on the reasons behind James Callaghan's fall or Tony Blair's success, but instead on the manifestations of ideology in their discourses on social and economic policy. The consideration of the study of rhetoric is important, nevertheless, to legitimise the chosen research material. In simple terms, rhetoric is the art of persuading others. Rhetoric refers to the act of communication from the hearer's perspective while persuasion refers to speaker intentions and the successful outcomes of these intentions: hearers are only persuaded when the speaker's rhetoric succeeds. It is this that explains the importance of rhetoric in discovering the ideological dimension: persuasion is a communicative process in which the message sender aims to influence the beliefs of the message receiver. (Charteris-Black, 2005, p. 8-9.) In the case of politicians, the aim is to communicate and influence the political ideological thought to the governed to legitimise one's rule. For this reason, it can be convincingly argued that the discourse Callaghan and Blair create regarding economic and social policy in their communication effectively reveal the ideologies behind them, because it is the ideology that needs legitimisation most of all as the basis of political action. A lot of earlier research has focused especially on Tony Blair's rhetoric in his political speeches. This is one reason why this study focuses on memoirs, of which Blair's is quite recent and understandably less studied. Memoirs can be placed in the same category of researchable material as political speeches as a memoir is essentially a political speech. It is a rhetorical text, which paints a certain picture of the writer himself, his politics and ideology, in a similar manner as a speech does.

Diamond and Richards (2012) approach the issue of biography study in British political studies. They claim that biography has made a tangible, yet often understated, contribution to the field of political studies in Britain, against claims that political biographies have little to offer the empirical

study of politics (Diamond & Richards, 2012, p. 177). General criticism against biography studies in political studies include the following: a lack of hard, testable data, failure to offer predictive models, a stress on methodological individualism, emphasis on the idiographic (description, subjectivity and interpretation) and an inadequate methodology that cannot cope with generalisation and causality. However, for this study these criticisms do not apply, as the idiographic approach is desired and fitting in this context. In general political studies, the criticisms towards biography study are more relevant. Further reaffirming the position of this study is the claim brought up by Diamond and Richards that biography studies help illuminate and explain political phenomena, particularly the influence of ideas, which also fits this study appropriately.

2.4. A review of earlier research

This study is concerned with the formation of a neoliberal Labour party in Britain since the end of Callaghan's period as Labour Prime Minister. The central points of focus in this thesis are the political characters of James Callaghan and Tony Blair. As such, it is necessary to provide an overview of the research history about the politicians themselves and their connections to the major themes being examined. This section aims to provide an overview of studies concerning Callaghan and Blair's rhetoric, political ideologies and stances on economic and social policy. Blair is a popular subject for academic research, which is understandable as he is a notable character: the New Labour project was a historical shift in the direction of the Labour Party. Besides his novelty, Blair was Prime Minister for a whole decade, which was something no other Labour Prime Minister had managed to achieve before. Callaghan, on the other hand, being a takeover prime minister, had only a three-year period in office. Academic research on him is far more scarce.

Journey has been reviewed on multiple occasions in peer-reviewed journals, but has scarcely been included in academic research. Diamond and Richards studied New Labour memoirs in their journal paper, one of them being Blair's *Journey*. The aim is to explore the extent to which the ideas underpinning the British political tradition are woven through the narrative accounts offered in the New Labour genre of memoirs (Diamond & Richards 2012, p. 182). The study revealed that New Labour had a strong desire to reform the British political system, but also a contradicting tendency to avoid compromising the core ideas that have historically mediated and underpinned the British political tradition (p. 192). The emphasis of the study, however, was not so much in

studying individual politicians or ideologies as it was in legitimising the field of biography study in political studies.

As stated earlier, Blair's speeches have been a frequent subject of analysis in academic research. Many analyses focus on Blair's speeches about foreign policy, especially Iraq. Another recurring theme is the analysis of Blair's speeches regarding European relations. This has been analysed from a variety of perspectives. Fløttum and Stenvoll (2009) have analysed Blair's speeches about Europe from a purely linguistic perspective, but with more general theoretical goals of illuminating the complex relationship between text and context. Callaghan's speeches have also been studied, but to a lesser extent. Batteson (1997) studied one of Callaghan's speeches concerning education to decipher expressions and scepticism associated with education and politics.

Daddow has approached Blair's speeches with similar themes as Diamond and Richards. Daddow (2013) has also examined Blair's encounter with the British political tradition, namely the eurosceptic tradition in Britain popularized by Thatcher through analysis of key foreign policy speeches by both leaders. The result of the study was that Blair failed at achieving his goal of persuading the British public to adopt a more EU-friendly vision. The finding was that Blair's European discourses were not nearly as progressive as he appeared to have convinced himself they were. In an earlier study on the same subject, Daddow (2007) used the method of content analysis to discern Blair's European policy as it appeared in the press with focus on Blair's use of history in his rhetoric. Domestic matters have also been analysed through Blair's speeches, such as Morrison's (2003) analysis of Blair's discourse on good citizenship.

In the field of rhetoric study, Charteris-Black (2005) has explored in his monograph on politicians and rhetoric the linguistic performances of those who are recognized as highly successful political leaders in the twentieth-century western societies. He makes the argument that choice of language in general and metaphor in particular is essential to their overall persuasiveness. Charteris-Black stresses the importance of metaphor heavily and argues that it is central to the creation of persuasive belief systems. Charteris-Black studies empirically the relation between language and leadership. He identifies rhetorical features and metaphors and classifies them according to their linguistic content and what they describe. From these classifications, he proceeds to identify propositions and assumptions that underlie the metaphor use. Tony Blair is one of the political leaders whose speeches were chosen for examination by Charteris-Black in his study.

The subject of Charteris-Black's research is the rhetoric of Tony Blair, especially through the examination of his use of metaphors. Charteris-Black perceives Tony Blair's rhetoric as what he calls "conviction rhetoric". In his rhetoric, Blair legitimises his politics with an ethical rhetoric that uses the imagery of a battle between good and evil, and the effective use of metaphors. Charteris-Black's study reveals the considerable rhetorical and media management skills of Blair as a politician and how this skillset helped him to become a widely-recognised European leader. (Charteris-Black, 2005, p. 142-168.)

Studies concerning Blair and neoliberalism include Gray's (1998), Hall's (2011), Adi's (2006) and Watkins's (2007), which all take different perspectives on the issue. Gray examines Blair as a messenger of the neoliberal agenda to the European arena, promoting neoliberal values in politics and placing special emphasis on the importance of institutionalising a flexible labour force policy. Hall documents the processes of neoliberal revolution from Thatcher to Blair and all the way to David Cameron. Hall asserts that British neoliberalism has been able to lay its foundations and stage a favourable ground. Adi studies the foreign policy of Blair, calling it a new imperialism. Watkins investigates the 2005 electoral chances of Blair.

Blair's employment policy has been studied before to some extent. Shackleton (2007) analyses the potential future created by Blair's policies of increasing employment regulation in Britain. Shackleton views the situation in a balanced fashion, focusing both on regulation measures, which increase the obligations of employers, while also taking to account the offsetting factors of policies that broadly support labour market flexibility. The article is an analysis of economic factors and concentrates on predicting future economic stability in Britain. Callaghan's economic policy has been the subject of a few studies as well. Rogers (2011) asserts in his study that the issues with the value of the sterling Callaghan faced early in his administration created a "buttress" for Callaghan as the sterling was historically considered to be a problematic currency. According to Rogers, the appearance of sterling weakness conveyed political advantages to the Wilson/Callaghan governments as it allowed the justification of controversial deflationary policies while minimising political dissent. Rogers further asserts that the solution of the sterling crisis removed this buttress, and laid the foundation for the Winter of Discontent.

Lund (2008) compared and contrasted the social policies of Major and Blair against the political ideology of the Third Way, which Blair adopted as his catchphrase. Lund's finding was that while the policies were presented with different discourses, they were markedly similar in content.

Interestingly, through the use of discourse, Blair's administration distanced itself from the unpopular Major administration, while actually adopting its policies disguised behind the proclamation of the Third Way. Also, Lund notes that towards the end of Blair's second term, he had started to go beyond the Third Way and towards Thatcher's model of competition between public and private suppliers.

Driver (2009) adopts a similar approach to analysis of New Labour as this study does. Driver analyses the development of New Labour welfare reform from Blair to Gordon Brown, the Labour Prime Minister following Blair. Driver asserts in his introduction that the rethinking of social democratic political economy in Britain is a central theme of the New Labour regime. (Driver, 2009, p. 69.) Driver defines and analyses the content and outcomes of Blair's employment policy and follows with an analysis of the path taken by Gordon Brown in continuing the welfare reform project that Blair never fully finished.

Other studies on Callaghan include a study of takeover Prime Ministers by Worthy (2016), a study of Callaghan's pact with the Liberal Party in 1977-1978 by Dorey (2011), an analysis of the British Treasury's macroeconomic thinking from 1968-1976 by Maloney (2011) and a reflective analysis of the Winter of Discontent thirty years later by Hay (2009). Worthy's study includes all takeover ministers from 1916 to 2016, so it naturally features Callaghan as well. Worthy appraises Callaghan favourably compared to the other takeover ministers, acknowledging him as a politician of considerable skills while criticising others, such as John Major and Gordon Brown for being more lacking in that regard. Dorey analyses the circumstances under which the short-lived yet historic Lib-Lab pact was made, concluding that it was strategic positioning from the minor Liberal Party to try to gain more influence in national politics and prevent a polarisation between hard-leftists in the Labour Party and hard-right politicians in the Conservative Party. Maloney's article is an economics paper that focuses on the history of economic thought in Britain's Treasury. He discusses a speech made to the Labour Party by Callaghan in which Callaghan basically rejects Keynesian economic policies. Maloney marks this as a turning point in the economic thought of British politics. Interestingly, Maloney ponders what Callaghan was thinking while making the speech and he refers to an account given by Callaghan to political scientist Kevin Hickson in 2000. I take particular note of this as Callaghan comments on this explicitly in *Time and Chance* (JC, 427).

Finally, in his article Hay argues that the Winter of Discontent was a constructed crisis. Hay acknowledges that the Winter of Discontent was a genuine crisis of the British state and of

Keynesianism as an economic paradigm, but that a narrative was built around it which framed the period as the crisis of an overextended state held to ransom by the unions specifically. Hay states:

The achievement of the Conservatives and the new right more broadly in 1979 was to define, frame and narrate the crisis, reading and reinterpreting each and every episode, event and policy failings [*sic*] of the winter of 1978-1979 as a symptom of a more general crisis that required a decisive and systemic response (Hay, 2009, p. 559).

Hay continues to assert that this was made possible by the existence of an alternative paradigm in the form of Thatcherism. Further, he reflects upon the difficult winter of 2008-2009 as being fundamentally different from the winter of 1978-1979, despite media assertions, as today there is no alternate economic paradigm capable of constituting that crisis “as a crisis”, as Hay puts it.

As is evident, Blair and his regime have been examined and studied from several different perspectives, while Callaghan has remained more in the margins. Rhetorical studies have been conducted, but also many studies focused on politics that have relied on the analysis of statistics, government documents and the work of other researchers. As mentioned before, *A Journey* has barely been used as a source of research, despite the applicability of biography studies in the discerning of political ideology. Also, *Time and Chance* has apparently not been the subject of any academic research. The usefulness of earlier research for this study is considerable: piecing together the history of the Blair administration and descriptions of the executed policies becomes more manageable. Studying earlier research also provides inspiration for finding the relevant matters, which to pay attention to when perusing the memoirs.

2.5. Historical background

The first aspect of British political history that is necessary for understanding the subject of this thesis is naturally the history of the Labour party. The birth of a labour party is the logical result of an industrial revolution: a new kind of workforce, a working class, is born and at its outset it naturally has no independent political representation. The need for a labour party arises out of a need to control employment circumstances. The extension of the franchise at the end of the 19th century was very important for this to happen: a working-class electorate was born. Despite certain inequalities in the suffrage, three out of five wage-earning men had the right to vote. Phillips refers to a study of elections from 1886-1910 conducted by Pelling, which revealed that

over 100 seats in Britain had a considerable majority of industrial and agricultural workers in the electorate. (Phillips, 1992, p. 1-3.)

Against what kind of background did the Labour party take form? British political history had historically been a push and pull between two major political forces: the Whigs and the Tories. The Liberal party evolved out of the Whigs in the 1860s and alternated in power with the Tories, also known as the Conservatives to this day. (Lee, 1996, p. 13.) The role of trade unions was very important in the forming of a politically formidable and independent labour party. The first politicians that in any way represented labour were in the Liberal party. However, the Liberal party was by its nature decidedly not working-class. As the electoral conditions of the 19th century did not allow for a working class presence in parliament, trade unions accepted political dependence on the Liberal party. Even Karl Marx complained that almost every leader of English working men was bought by the Liberal party. 'Labour' men who could enter the House of Commons were determined by Liberals, and the number of them was very small. These MPs were called "Lib-Labs" and were expected to give loyal support to Liberal causes. As such they did not have a strong voice in Parliament, or any real voice at all; however, they were emblematic of a tendency of labour's desire to be represented by their own. (Phillips, 1992, p. 5.)

The shift from accepting political dependence to aiming for political independence within the labour movement happened in the 1890s. The 1890s saw great increases in size of trade unions and a gradual rise in political relevance. Despite this, the number of Lib-Lab MPs did not notably increase during that period. Thoughts of a 'labour alliance' were expressed by Keir Hardie, a leader of the Independent Labour Party (ILP), a socialist party that was formed in 1893. There had been socialist parties in Britain before the ILP too, but much smaller and more ideologically rigid. The ILP sought a 'labour alliance' with the trade unions that would see a separation from traditional political co-operation with the Liberals, a shift towards political independence. The outcome of this alliance would be a distinct working-class party, which would be independent of the Liberal and Conservative parties. The advantages of political representation were clear to trade unions and working class leaders and a fatigue had developed towards the electoral system that only accepted Liberal or Conservative sanctioned candidates. Political dependence no longer seemed a viable or sufficient option: in 1894 Ramsay MacDonald, a future Labour party leader, saw that there was a 'national policy' which compelled what was once 'the advanced wing of Liberalism' to sever itself from an old alliance and form itself into an independent Labour party. Hardie's labour

alliance looked like a sensible escape from this problematic circumstance. Around this time the Liberal party was suffering from a political depression cycle, which provided room for the ILP to assert itself as a rival to the Conservative party. (Phillips, 1992, p. 8.)

Political consolidation happened in the form of the Labour Representation Committee (LRC). The organization formed in 1900 and had a slow start. In a few years, however, the party took off for a number of reasons: one was the Taff Vale judgment, which made union strikes very difficult and costly and spread fear of worsening conditions among the working class. Another factor was a fruitful co-operative relationship with the Liberal party, which regarded Labour as a reasonable ally. Giving political independence to Labour freed Liberal funds that were used to supporting Labour candidates. All of this gave room for the political movement to grow. It helped that LRC was not an ideologically socialist party, even though many of its MPs would call themselves socialists of a kind. Socialist causes were considered meaningful and they were supported, but they were not considered matters of urgency. The central focus of political activity remained on advancing the immediate and tangible needs of the working class: restoration of legal protection for strikes, improvement of working conditions, improving labour bargaining power, etc. This was called labourism. Labourism was only one part of the party, however, as it was not ideologically so coherent. Socialists with more radical agendas, trade unionists and the more refined ILP folk all stood out as their own reference groups. (Phillips, 1992, p. 11-15.)

The advance of the Labour party in the first decades of the 20th century happened in stages. From the beginning of the century to the start of the First World War, Labour grew slowly, but surely. One prerequisite was the concession of the Liberals, allowing room for Labour to grow as its own independent party. At the time, it was a beneficial decision for both. Until 1914 Labour was weak and in the shadow of the Liberal party. Their electorate was not particularly active politically and it was hard to persuade them to agree that they needed political representation. Labour did not grow much during this period, but it was a time of self-establishment. Labour was more than a pressure group, but less than a mature political party. Despite being the Labour party, Labour had no automatic claim to the working class: the working class was socially and economically divided, which inhibited achievement of political unity. A traditional cultural climate with traditional moral values left little room for radical political attitudes, and political discussion and debate were not part of the working people's world. (Phillips, 1992, p. 20-22.)

Labour's rise would have to wait until the end of the First World War. WWI changed the public perception of politics somewhat: wartime politics led to an omnipresent and formidable state apparatus. Powerful non-governmental organizations like trade unions found themselves in a weak position. An idea formed that state-level representation is the most effective form of improving one's standing. This was not a great breakthrough, but a shift in attitudes that would subtly lead politics to a new direction later. From the end of the war until the end of the 1920s, Labour rose in popularity dramatically and became a formidable third party. The 1920s were also an end to the Liberals as a considerable political force. The post-war national government of Lloyd George was the last time the Liberal party held the mantle of power. Politics from that period forward were two-party politics between Labour and the Conservatives. (Phillips, 1992, p. 26-28.)

The first Labour government lasted less than a year, from January 1924 to November 1924. The reason Labour could rise to power so early was partly due to internal struggles within the Conservatives, the decline of the Liberals and both parties' supposition that by allowing Labour to rise to power, it would proceed to destroy itself (Lee, 1996, p. 65). Ramsay MacDonald headed that government and the main achievement was simply proving to the electorate that Labour could handle real power and was a tangible option along with the Liberals and Conservatives (Phillips, 1992, p. 38). As for their concrete political achievements during this short term, there is much debate among historians (Lee, 1996, p. 68). The next turn as the governing party for Labour took place during the period 1929-1931. The run ended in a devastating defeat in 1931. However, this period had a lasting legacy. From then on Labour formed the visible opposition and the party system was simplified to a more direct confrontation between Labour and the Conservatives. The Liberal party formed a permanent alliance with the Conservatives. Another result was the restoration of the political alliance between Labour and the trade unions, which became strained during the 1920s and the Labour run in government. This also gave Labour important experience as a political party that allowed the advent of a more clear-sighted and more realistically orientated Labour government in 1945. (Phillips, 1992, p. 64.)

The Labour government of 1929-1931 saw unemployment as the representation of the evils of capitalism, and its only permanent remedy was a socialist reconstruction of the economy (Phillips, 1992, p. 48). However, this was not considered possible in the dire economic circumstances of the time. The general view was that socialist policies should be implemented from a position of prosperity, not of economic adversity. (Phillips, 1992, p. 50.) Historians have many views on the

reasons behind Labour's fall, but some factors are very clear: the global financial crisis of the 1930s helped spike unemployment in Britain as well, which the Labour party was incapable of addressing in the short-term. At the same time, the budget deficit was growing large and there was great political pressure to cut unemployment benefits, which Labour refused to do. The Labour government resigned and plummeted greatly in the following elections. They lost their strong position in government, but still retained a large part of their electoral support. (Phillips, 1992, p. 55-61.) This problem that Labour faced would repeat again during the course of history: by justifying cuts in welfare spending for the sake of monetary and financial stability, the Labour government fails to please the party and the electorate, which they represent. (Phillips, 1992, p. 67.)

The preceding events that lead to Labour's first crisis are heavily personified in the character of Ramsay MacDonald. His actions are considered by many, especially the party itself, to be the major reason behind the crisis. MacDonald's appointment of the May Committee to provide economic counsel to a government largely inexperienced in matters of finance has been viewed as a mistake. The May Committee in practice consisted of Labour's political opponents and the report provided by them was sensational in character: the budget deficit calculated by the Committee was dramatic as were the measures of austerity they recommended for fixing the situation. MacDonald crumbled under the pressure created by the published report, which ultimately led to him forming a national government with the Conservatives and the Liberals. Austerity was imposed, which led to great displeasure within the Labour party supporters. Labour was effectively replaced by the Conservatives and the Liberals in the election of October 1931. MacDonald was dismissed from the Labour party and his reputation within it was tarnished forever. (Lee, 1996, p. 110.)

As Phillips (1992, 62-64) points out, Labour's decline in the 1930s after the crisis was superficial rather than fundamental and terminal. Labour did lose more than three quarters of its seats in government, but retained most of its voting numbers. The base remained surprisingly intact and allowed Labour to gather its forces and strength during the remainder of the 1930s under what Lee characterised as stable, unspectacular and safe leadership (Lee, 1996, p. 116).

World War II brought the nation together under the coalition government of Winston Churchill, who assumed immediate and total control over the population (Lee, 1996, p. 180). Churchill was an effective wartime leader, but struggled to keep up with the changes in the public perspective of

politics during the war to effectively position himself as a post-war politician (Lee, 1996, p. 192). Churchill handled foreign affairs during the war, while a Labour triumvirate of Clement Attlee, Ernest Bevin and Herbert Morrison handled domestic issues. Attlee was preparing for the world that would rise from the aftermath of WWII, positioning Labour favourably with public opinion during the war. Labour won the election of 1945 with a landslide. (Lee, 1996, p. 182.)

In 1945 the Labour party finally came of age. Labour was elected with a mandate for reconstruction and reform. (Lee, 1996, p. 192.) During this period, Labour created a welfare state in Britain through an extensive programme of nationalisation of key industries and infrastructure and the creation of the most ambitious National Health Service seen in the west, which included the entire population in its free medical care. The Labour government achieved a great scope of measures in social policy. (Lee, 1996, p. 195-198.) The Conservatives gathered their strength during Labour's period in government and managed to win the elections in 1951 despite gaining a slightly smaller percentage of total votes. Mostly, the Conservatives had been on the same agenda as Labour. Differences of opinion lay in matters of timing. Once they entered a 13-year-long period of continuous majority government, Labour had already made the reforms that the Conservatives would've made over a longer period, so policy reversals did not take place under Conservative government. (Lee, 1996, p. 206.) The 1950s was a period of economic prosperity, which kept the Conservatives firmly in rule. An economic downturn took place in the early 1960s, which placed the Conservative government in a difficult position. Several key events and scandals took place, which gnawed away at popular support for the Conservatives. At the same time, Harold Wilson was unifying a Labour party divided in the 1950s and positioned himself as a strong and charismatic leader to stand against a weakened Conservative party. Wilson brought Labour to an electoral victory in 1964, although with a surprisingly thin margin of victory. (Lee, 1996, p. 209-214.)

British politics returned to a two-party system under the period of 1964-1979 with alternating Labour and Conservative governments. This period was characterised by reforms and crises. Firstly, Britain was continuously under a knife's edge: budget deficits, inflation, industrial disruptions and political instability loomed around every corner. Secondly, the consensus politics from the 1940s and 1950s between Labour and the Conservatives was wearing thin and both parties started to develop to different directions in their politics. Thirdly, a stream of legislation was put forward during the period affecting all sectors of civic life. (Lee, 1996, p. 220.) That was, in

a way, the demand of the times: the sociologist Göran Therborn characterized the 1950s and 1960s as a time of great increase in existential equality, meaning the eradication of institutionalised racism and sexism (Therborn, 2013).

The 1970s were a difficult time for the Labour party. Harold Wilson rose to the position of Prime Minister once more in 1974 and Labour had a government run until 1979. Wilson's promisingly started run as Prime Minister in the 1960s ended up tainted by various crises and media blunders. By his second run he was a tired man and resigned in 1976, to be replaced by Labour party and trade union veteran James Callaghan. (Morgan, 2006, p. 42-45.) Callaghan was a leader who inspired trust and confidence in his followers and as Prime Minister established an authority unknown in his previous career. Callaghan's run as Prime Minister began with ease and he showed great leadership, especially in foreign policy. Despite having good international and national standing, his control over the labour movement and his party led to his own downfall and that of the Labour Party. The Winter of Discontent (1978-1979) was a time of unrelenting strikes and turmoil. The phenomenon was so powerful it would likely have defeated any Prime Minister, but Callaghan's especially insufficient handling of the Winter of Discontent led to a defeat by the Conservatives and left the Labour party in poor shape. (Morgan, 2006, p. 45-47.) The Winter of Discontent was followed by a general election, which saw the Labour party crushed by the Conservatives and Margaret Thatcher. Lee characterises this election as the most significant one of the whole century (Lee, 1996, p. 234).

2.6. Key terminology

As this study has a multidisciplinary perspective, it is important to clarify some of the key terminology. Mainly, this concerns the terminology of ideology and economics. Neoliberalism, for example, is a term that is used widely and variedly in contemporary global and political discourses. However, it has a rather specific meaning in the history of ideology and requires clarification as it has a central role in this study. A comprehensive history of liberalism helps to understand the specific nature of this political ideology. Some of the economic terminology also require explanation and those are discussed in the section concerning Thatcherism.

2.6.1. Liberalism and neoliberalism

At the core of this study is the phenomenon known as neoliberalism. Neoliberalism can be understood as a political ideology and a political theory. A broad description of ideology is offered by Charteris-Black: ideology is a belief system through which a social group creates the meanings that justify its existence to itself; therefore, ideology is an exercise in self-legitimation (Charteris-Black, 2005, p. 21). In the context of this study, the social groups defined here are Old Labour and New Labour, which can be seen to be formed on the foundation of neoliberal political ideology. Andrew Heywood defines political ideology as an interrelated set of ideas that in some way guides or inspires political action (Heywood, 2007, p. 43). Behind a political ideology there is also a political theory: ideology and theory are inseparably linked. Ideology structures political understanding, sets goals and inspires activism in the political individual. (Heywood, 2012, p. 3.) Neoliberalism can be seen as the political ideology behind New Labour filling these tasks.

The original ideological construction behind neoliberalism is liberalism, an ideology that formed in the 17th and 18th centuries. Classical liberalism formulates a value-base for western civilizations. Individualism, freedom, reason, equality, toleration, consent and constitutionalism are at the heart of this ideology. The core value is individual freedom: the belief in the individual and the desire to ensure that each person can act as they please or choose and are able to pursue 'the good' as they define it, to the best of their abilities. The value of reason denotes a belief in the positive historical progress of civilization. Equality punctuates the importance of meritocracy as a foundation of societal life. Toleration promotes pluralist values that confirm the importance of individualism. The idea of consent of the governed is the base of a democratic tradition. The constitutionalist streak of liberalist ideology reveals an awareness of the dangers of power: a government with too much power can become a tyranny against the individual. Therefore, the idea of limited government is essential to liberalism. (Heywood, 2007, p. 44.) These powerful and seductive ideals are behind the success of liberalism: dignity and individual freedom appeal to anyone who values the ability to make decisions for themselves (Harvey, 2005, p. 5).

The liberalist idea of humanity entails the image of an egotistical, self-seeking and largely self-reliant man. People are owners of their own persons and capacities and owe nothing to society or other individuals. Despite this, people still live in societies as a state apparatus provides order and security and ensures the upholding of contracts, enabling economic activity. Thus, the state is considered a necessary evil: necessary in that it provides the aforementioned societal conditions;

evil in that it imposes a collective will upon society and thus limits the freedom and responsibilities of the individual. This minimal state, or 'nightwatchman' state is at the base of economic liberalism, in which the idea is underpinned by a deep faith in the mechanisms of the free market and the belief that the economy works best when allowed to operate freely without any role for the state. (Heywood, 2007, p. 45.)

Classical liberalism was too rigorous for the complexities of forming a modern industrial society, however, which led to what is called modern liberalism. Modern liberalism was born out of a realization that the strict attitudes of classical liberalism were creating new forms of social injustice. A more positive attitude toward government was adopted. (Heywood, 2007, p. 45-46.) The main change was expanding the idea of negative freedom to positive freedom. Negative freedom, essentially, means a principle of non-interference and the absence of social constraints: external constraints on the individual are removed, which provides freedom of choice. The socialist influenced idea of positive freedom asserts that individuals also possess social responsibilities as they are linked to each other by ties of caring and empathy. Social disadvantage and inequality are actually perceived as threats to liberty, whereas negative freedom sees only legal and physical constraints on liberty. This results in a revised vision of the state: the state can expand freedom also, not merely diminish it. (Heywood, 2012, p. 52-53.)

With this shift in political thinking in the background, Europe after the Second World War began to drift towards state interventionism and the spread of liberal and progressive social values occurred. A form of liberalism called embedded liberalism emerged: states actively intervened in industrial policy and moved to set standards for the social wage by constructing a variety of welfare systems. (Harvey, 2005, p. 11.) The 1970s were a time of numerous worldwide crises: the oil crisis, the fiscal crisis, the debt crisis and a prolonged period of inflationary stagnation, also called stagflation (Bockman, 2013). The emergence of a New Right in the political scene can be traced to those times (Heywood, 2007, p. 49). The New Right formed out of neoliberal and neoconservative directions. These two perspectives are quite similar in many respects, and for the purposes of this study there is no need to elaborate on them further. Both shared the goal of rolling back the frontiers of the state. (Heywood, 2007, p. 50.) The idea was to free the economy by formulating a minimal state, the only role of which would be to create and preserve an institutional framework of strong private property rights, free markets and free trade. Essentially, it is the view of classical economic liberalism: the state is to maintain order and security and

enforce the upholding of contracts. (Harvey, 2005, p. 2.) And, as with classical liberalism, at the core of neoliberal ideology is the unchallenged value of freedom. For Friedrich A. Hayek and other neoliberal thinkers from the early 20th century, socialism and state intervention were crushing elements for freedom: according to their ideas, freedom was about competition and the individual, while socialism was about forced equality and society, the establishment of which would actually crush freedom. (Ashworth, 2014, p. 184.)

Behind this emerging neoliberal ideology is a theory of political economic practices. The proposition is that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills by establishing the aforementioned minimal state. (Harvey, 2005, p. 2.) The assumption is that governments cannot create economic growth or provide social welfare, which means that state intervention in economic activity is undesirable and even harmful (Bockman, 2013). Social good will be maximised by maximising the reach and frequency of market transactions and the bringing of all human action into the domain of the market (Harvey, 2005, p. 3).

Neoliberalism also entails a central guiding principle of economic thought and management, which provides certain active policies that help achieve the aforementioned goals (Harvey, 2005, p. 2). Typical neoliberal policies include deregulation of industry, privatisation of state companies, corporatisation of universities, shifting from welfare policy towards philanthropy and entrepreneurship and the expansion of low-wage service work (Bockman, 2013). Achieving these goals requires “creative destruction”: destruction of prior institutional frameworks and powers, such as the power of trade unions; divisions of labour; social relations; welfare provision, etc. Behind all these policies exists a neoliberal market ethic, which is seen to be capable of acting as a guide to all human action, and substituting for all previously held ethical beliefs. The market ethic emphasises efficiency, which is provided by contractual relations in the marketplace. (Harvey, 2005, p. 3.)

Information technology is a central tool of implementing policies based on the neoliberal economic theory. Technologies of information creation make it possible to bring a maximum amount of human action into the market domain. Markets operate on information: more information creates better market efficiency, which again creates social good. The rising density of market transactions in both space and time is a central achievement of neoliberal policies. (Harvey, 2005, p. 4.)

2.6.2. Thatcherism and monetarism

Margaret Thatcher won the election in 1979 and continued as Prime Minister until 1990. Her rule was defined by her commitment to a policy of economic and social transformation. She expressed such a strong commitment to “conviction politics” that her name was lent to an ideology: Thatcherism. (Lee, 1996, p. 229.) It has been said that Thatcherism seems to have acquired as many meanings as there are people who mention it (Jessop, Bonnett, Bromley & Ling, 1988, p. 5). Thatcher pursued neoliberal policies based on neoliberal theories, such as monetarism. She also pursued the institutionalisation of neoliberal values, such as individualism replacing social solidarity, strong rights of private property, importance of personal responsibility and traditional family values. (Harvey, 2005, p. 22-23.)

When examined against the background of neoliberal ideology, Thatcherism can be seen as virtually the same thing. It would seem that Thatcherism is simply a name given for a local and very visible manifestation of neoliberalism with some real political special characteristics brought by the personal attributes of Thatcher. Jessop et al. (1988) outline several approaches to viewing Thatcherism, one of which is identifying Thatcherism through Thatcher’s personal attributes, such as her beliefs, political philosophy, suburban attitudes, Victorian morality, etc. (p. 6).

Thatcher’s policies were fundamentally neoliberal in detail: confronting trade union power, attacking all forms of social solidarity that hindered competitive flexibility, dismantling and rolling back the commitments of the welfare state, the privatisation of public enterprises, reducing taxes, encouraging entrepreneurial initiative and creating a favourable business climate to induce a strong flow of foreign investments (Harvey 2005, 23). Largely, these policies seem to entirely fit within the framework of neoliberalism, which would make it agreeable to refer to Thatcherist policies as neoliberal, and thus link the two terms together. The aim of these policies was to further goals that we can link to the above outlined formation of a neoliberal state: reducing the role of the state in the life of the individual, promoting popular capitalism through privatisation, destroying inflation, ending industrial conflict by cutting the power of the unions and also enhancing Britain’s international position. The central idea was to roll back the welfare state and reverse some of the more compassionate achievements of the post-1945 consensus. (Lee, 1996, p. 231.)

The economic theory behind Thatcher's politics called monetarism is based on the neoliberal theories of Milton Friedman (Sandmo, 2011, p. 416). Monetarism is a macroeconomic theory. In short, economic science is divided into two parts: microeconomics and macroeconomics. Microeconomics covers the theories of consumer and firm behaviour and of the functioning of markets. Macroeconomics is concerned with issues like unemployment, inflation, the business cycle and economic growth. (Sandmo, 2011, p. 339.) Naturally, political decision-making is based primarily on macroeconomics rather than microeconomics.

The basic idea of monetarism is the belief that the increase in inflation was primarily due to the growth of the money supply. Reductions in interest rates, intended to promote industrial production, would tend to increase the money supply and therefore fuel inflation. Monetarists see inflation as a structural economic problem that must be solved, as according to the monetarist view, unemployment is a long-term result of inflation, whereas the traditional Keynesian view is that inflation is the price of keeping down unemployment levels. (Lee, 1996, p. 233.) The basic idea regarding employment in Keynesian macroeconomic theory is that the aggregate income of the people determines employment and unemployment (Sandmo, 2011, p. 348). That leads to Keynesian politics, which promote increasing public expenditure to create jobs in times of economic difficulties. Keynesian politics is therefore something of an antithesis to neoliberal politics as it strongly promotes state interventionism.

The neoliberal response to Keynesianism, on the other hand, is the aforementioned monetarism, which was developed in the 1970s by Friedman, who opposed Keynes's ideas about economic stabilisation policies (Sandmo, 2011, p. 416). Thatcher's monetarism consisted of a few certain themes: drastic reductions in tax rates, a massive program of privatisation and a desire to personalise welfare. Per Thatcher's view, the welfare state was a safety net for those who could not provide for themselves, not the normal means through which basic provision was to be made for all. Accordingly, Thatcher made heavy cuts to social welfare. (Lee, 1996, p. 234-235.)

Some call Thatcher's reforms a 'Thatcherite Revolution'. Lee questions the idea of a Thatcherite Revolution: he admits that it is undoubtable that Thatcher was conscious of bringing about a transformation in Britain based upon an ideological change, but he also notes that there were strong opportunist elements, which may well have developed in response to specific circumstances rather than as part of an overall plan. (Lee, 1996, 233.) It does seem justifiable to speak about a Thatcherite Revolution, despite such considerations. The 'revolution' in question is

the formation of a neoliberal state, which seems to belie all of Thatcher's political decisions: rolling back the frontiers of the state through privatisation, replacing social solidarity with individualism and creating an environment for unregulated market liberalism. The central pillars of neoliberalism are the market and the individual, and the same could easily be said about Thatcher as well. Harvey (2005, p. 62) also accepts the idea of a Thatcherite Revolution and stresses how Thatcher (and Reagan in the United States) took what had been a minority political, ideological and intellectual position and made it mainstream, creating a legacy of neoliberalism that a subsequent generation of political leaders found hard to dislodge.

The end of Thatcher's run as party leader came in 1990, when she was edged out of power by sections of the Conservative party, which feared that she had become so stuck in her ways that she would lead them to electoral disaster. She was replaced by John Major, a compromise successor, who saw the Conservatives to a fourth consecutive electoral victory in 1992. Soon after that the Conservative party fell into a crisis at the same time as Labour began to gain favourable political ground. (Lee, 1996, p. 238.) Major's run as Prime Minister came to an end in 1997, when Tony Blair and the Labour party won the elections (Morgan, 2006, p. 47).

2.6.3. Tony Blair and the third way

Following the collapse of the Conservative party under John Major, Tony Blair led the Labour party to three consecutive victories in elections, resulting in over a decade of Labour government with himself as acting Prime Minister from 1997 to 2007. He resigned in the summer of 2007, passing the leadership on to Gordon Brown, the Chancellor of the Exchequer, who would continue as Prime Minister until the elections of 2010.

Tony Blair adopted, at least in rhetoric, a political ideological position called third way politics. Third way politics formed as an alternative to capitalism (neoliberalism) and socialism (social democracy), attempting to create a middle-ground of consensus between the two mostly incompatible directions. Third way is closer to neoliberalism than socialism, but acknowledges some social democratic values in its philosophy. Third way considers socialism dead in the form of top-down state interventionism and instead emphasises a dynamic market economy, capitalism as a knowledge economy and the acceptance of globalisation. In contrast to pure neoliberalism, and approaching socialism, third way no longer considers government as a necessary evil, but accepts

it having a vital economic and social role. This does not mean that Third way politics accepts state interventionism, but it gives the state a focused role. The role of the state is to promote international competitiveness by building up education and skills and the strengthening of communities and civil society to contain the pressure generated by market capitalism. The state has a social duty and moral responsibility to counterbalance individual rights and entrepreneurialism. The role of welfare is considered important in this light: international competitiveness requires a society of general well-being and widespread commercial activity. The state competes in a global field and must market itself to the global economy. (Heywood, 2007, p. 58-59.)

Despite the nods towards social democracy, in its values third way politics merely represents a weak, less rigorous form of neoliberalism. Opportunity, responsibility and community are emphasised. The understanding of a socialist state is that of a free-for-all that corrupts the moral foundation of society. Equality of opportunity and meritocracy are seen as core values: the phrase “a hand up, not a hand out” describes pithily the ideological position of third way politics. The workfare state helps people to help themselves, leading to conditional support in benefits and education, conditional on the individuals seeking to achieve self-reliance. The values of third way are strictly authoritarian and very close, if not almost identical, to those of neoliberalism. (Heywood, 2007, p. 58-59.)

Blair rose out of this ideological background as Prime Minister of the Labour party. He was elected as Labour party leader in 1994, winning with his proposition of New Labour. New Labour in its embryonic state entailed a commitment to “evidence based” policies, departing from ideological Labour dogmas. The proposition was not an abandonment of Labour ideology, but simply a necessary, and radical, constitutional reform that many believed was desirable, necessary and long overdue. (Bullock, 2009, p. 188.) It can be said that until 1994 Labour believed its ideology to be based on the ethic of socialism (Morgan, 2004, p. 38). Blair’s reform was an ideological one with Blair choosing third way politics over traditional socialism.

Morgan (2004) describes Blair as the most powerful and effective leader Labour had ever had. His youthfulness and weak roots in the Labour party helped him gain a reputation for novelty, freshness and innovation. Blair invented the term “New Labour” to represent a new beginning and to separate himself from “Old Labour”. He differed from Old Labour in three major ways: imposition of central control in the party instead of a sprawling coalition, embracing and

harnessing new techniques and modern technology in governing instead of the Labour tradition of taking pride in simplicity, and redefining policy by removing anything resembling Old Labour. Blair cut himself free from dependence on the trade unions and marginalised them to the point of impotence; he made Downing Street a child of the information revolution; and turned away from policies of public ownership, state planning, redistributive taxation, universal welfare, full employment and non-selective education. He redefined Labour as the party of business and low taxation. (Morgan, 2004, p. 47-48.) It can be concluded that Blair steered the Labour party into a decidedly neoliberal direction.

The base of Blair's power began to crumble in 2003. He had thoroughly alienated the traditional principles of his party, marginalised parliament and tarnished his own reputation in the Iraq war. Middle-class sympathisers reacted negatively to the invasion of Iraq, poor transport services and health services, while working class supporters demanded investment in the public services and reversing a six-year trend towards increasing social and economic inequality. Blair was also coming under pressure from the long-marginalised parliament that had begun to revolt. Due to various reasons, he also lost many of his loyal supporters in government around that time. By being absent from parliament and centralising government around himself, Blair had created an aura of splendid isolation during his years in power, but around this time it started to become loneliness. Blair's freshness and innovativeness as a state leader could not overcome the fact that instead of reforming his party he had bypassed it. (Morgan, 2004, p. 49.) It could be observed that pursuing neoliberal policies under the guise of a traditionally socialist party is not feasible in the long run.

3. Time and Chance: an analysis

James Callaghan's *Time and Chance* was published in 1987, which is eight years after the end of his tenure as Labour Prime Minister. Callaghan was in office for slightly over three years from April 1976 to May 1979. The following analysis focuses on the final part of Callaghan's memoir, which describes his time as Prime Minister. The book covers the span of Callaghan's career; hence the preceding parts were not considered integral to the purposes of this study and thus are not included. The chosen section of the memoir also contained passages, which were not included in the study. These parts mainly detailed Callaghan's involvement in foreign policy and certain segments of interior policy, such as devolution politics. The focus was on matters related to social and economic policy.

The realm of social and economic policy is uniquely situated in the realm of political ideology. Foreign policy is often largely dictated by larger phenomena than any single state. The politics of globalisation, global trade and international relations often take on a life of their own. Politicians have limited opportunities of influence in this sphere of politics, whereas the interior politics of any state is at least theoretically comprehensively under the control of the government in office. This naturally comes with a plethora of limiting agreements between countries and intergovernmental organisations such as the United Nations or partially supranational units like the European Union. However, the way social and economic policies are organised within each country is for the most part in accordance with the independent decision-making by the political sector. Thus, the political ideology of those in power is likely to have major consequences for the formation of social and economic policies.

The time Callaghan spent in office was especially crucial for these sectors of policy making. The economic turmoil of the 1970s presented unprecedented challenges to the traditional post-war Keynesian economics pursued by most Western nations. As the practised Keynesian policies did not resolve the issues of rapid inflation and unemployment caused by the turbulence in the oil market, governments were placed in difficult positions in matters of social and economic policies. By focusing on the themes of social and economic policy, it becomes possible to conduct a relevant analysis of ideology by examining Callaghan's writings about his time as Prime Minister. The decisions he had to make as Prime Minister and the justifications for those decisions give meaningful insight into the ideological motivations underlying his political rule. This analysis ought to give an accounting of the ideological state of Old Labour at the end; the Labour Party of the

1980s was deeply fragmented and facing a future of seemingly irreversible change in the hands of Tony Blair.

The analysis will proceed in a thematic fashion. First, Callaghan's rhetoric will be analysed against the idea of labourism, the questions that form the ideological basis of his approach to politics. Second, these values and ideas will be examined against his justifications for his thoughts and actions in the realm of social and economic policy. An integral part of this section of the analysis is to establish a relationship between the social and economic policies of Callaghan, as the conciliation of these separate but connected realms can be a site of great contradiction.

3.1. Labourism and Callaghan

In many ways, James Callaghan was a mostly traditional Labour party leader. However, the times presented him with unique challenges that his predecessors had not had to face in the same degree during their tenures. The battle against inflation had reached near epic proportions with inflation hitting a high of 24.2% in 1975. Callaghan stepped into an unprecedented situation where he did not have the luxury of relying on past policies of previous Labour Governments. He was leading the country in a time of the greatest economic turbulence seen in the post-war years. Despite having to adopt new strategies for developing sustainable social and economic policies, Callaghan claims he held on to a set of values and ideas crucial to the Labour movement.

Callaghan states the role of the government in society succinctly:

Central to the purpose of a Labour Government is responsibility for eliminating social wrongs and promoting social well-being. The class system had grown less rigid during my lifetime but it was still a millstone that hampered progress, as was gross inequality. (JC, 395.)

There are a number of notable points in this passage: first, Callaghan talks specifically of the purpose of a Labour Government, not just any government. Just previously, Callaghan says that the Administration is "the head of our national business", but that it needs to have "some objectives over and beyond that". In other words, he deems it the requirement of any government to be the head of the nation's business, but a Labour Government specifically must be more than that. A Labour Government must have a set of values that pertain to the linked themes of social wrongs, well-being and inequality to truly be a Labour Government.

Callaghan's ideological position is firmly linked with the historic ideals of the Labour movement. The ideology of labourism is however quite narrowly focused on the needs of the working class. Callaghan's ideals have a broader basis in socialist thinking, where thoughts of equality, fellowship and solidarity among all citizens are central. It is the responsibility of government to ascertain these circumstances and basic rights for the citizens of a nation. Humanism is a crucial part of politics, political values and ideology for Callaghan. Humanist thinking fuelled by socialist ideals form a basis for future-oriented politics. Callaghan, being a practical man, understands the limits imposed by real political situations, which demand a pragmatic orientation from the head of government. This pragmatism serves to hold the power of ideals at bay to prevent becoming blinded by it.

The roots of the idea of social justice for Callaghan come from notions of equality in society, which form the basis of his labourist thinking. Callaghan admits that people are not born equal in the sense of being "equally endowed", but he highlights equality of opportunity as a basic principle of social justice as "talent and creativity are brimming over in the working class, but too often in the past they remained undiscovered." The goal of a Labour Government is to enable people "to lead the fullest possible lives, not solely for their own satisfaction, but in order that they may contribute to the development of others". (JC, 396-397.) The central idea is to create social mobility by allowing all people from all backgrounds to realise their potential without structural glass ceilings blocking the way, such as economic background. Equality of opportunity is essential to labourist thinking. As the working class has historically been the powerless party in society, creating a situation of equality of opportunity where your background does not have an impact on your opportunities in the future is paramount to ensuring the dissolution of the "gross inequality" brought on by the class system.

Callaghan himself notes on the broadness of the concept of socialism as opposed to labourism:

Socialism should concern itself with the weak and underprivileged whoever they are. ... We were always painfully conscious that the idealism of the Labour Movement could come into conflict with its materialistic aspect – but we claimed it was the aim of socialism to reconcile the two. (JC, 396.)

Naturally, Callaghan talks more about the Labour Movement in his memoir than the ideology of socialism, but it does form the backbone of his own labourist thinking. Callaghan notes that a significant weakness of Labour is the idealism of the movement. For Callaghan labour idealism

combined with the rigour of socialist theory would provide a basis for a politics where ideals could be made to match material reality. These notions are also indicative of Callaghan's level-minded, pragmatic nature: ideals are at the core of his motivations, but they must always be regarded situationally. Callaghan considers socialism a practical affair when describing his success of battling inflation without cutting benefits:

This was practical socialism – ensuring that the nation met the needs of those who were unable to help themselves even if others suffered a temporary reduction in their own standards (JC, 511).

It is Callaghan's strong socialist orientation, which ultimately put him at fateful odds with the trade union movement. The trade unions were more concerned with the narrower labourist goal of promoting the well-being of the unionised working class. Callaghan's broader socialist goals included also caring for those "unable to help themselves", for example unemployed people without union support. In this sense, Callaghan was not "labour enough" for some, because of his more universal approach to social well-being in society. It has an irony to it as labourism is essentially a by-product of socialism.

As Callaghan's socialism fed his labourism, his socialism was fed by humanism. Callaghan's humanism is grounded in his belief that as "society is in a permanent state of flux ... it is not enough to enforce changes in the economic structure to ensure the fulfilment of ideals. These require changes also in human attitudes and relationships which will only be both permanent and of benefit if they are attained through education, persuasion and understanding, not through coercion." (JC, 397.) He further comments on the politics of persuasion vs. coercion:

We should use rational means to reconcile differences between groups, to persuade them that they are all part of the common weal which determines the quality of our society as a whole. ... People should believe that their Government would take them into its confidence. Cynicism in politics is a corrosive acid which will dissolve faith in democratic leadership and I was determined to try and avoid it. [I] called for honesty and fair dealing in our relations with one another, and I appealed that we should face our problems not in a divided manner but as a community. (JC, 397.)

For Callaghan, politics was about agreeing on solutions to common problems. The humanism of the Labour Movement and Callaghan's government is often reflected in the decisions made on economic policy, which are discussed in more detail below. Callaghan believed that education would create an informed public, which would help uphold the ideals of society and social

solidarity through mutual understanding. The importance of education is also strongly connected to Callaghan's labourist ideals: "I have always been a convinced believer in the importance of education, as throughout my life I had seen how many doors it could unlock for working-class children who had begun with few other advantages" (JC, 409). He also acknowledges that education has historically been important to the Labour Movement (JC, 410). Callaghan's thoughts on education clearly illuminate the humanism in his political thought. The effects of education on a people have historically been liberating. Education brings equality of opportunity closer to reality, prevents social wrongs and improves social well-being. However, it is perhaps Callaghan's assertion that human attitudes and relationships enable a good society able to hold to its ideals that best demonstrates the humanism in his politics.

These ideas of labourism, socialism and humanism formed the basis for Callaghan's idea of the role of the state in society. An important goal of the state is to uphold certain moral ideals of society that have to do with the simple notions of equality and well-being. The government's job is to ensure that everyone is ensured a decent life, equality of opportunity and basic social security. Callaghan asserts that he disagrees with the dictum "if it's morality you want, go to the Archbishop" (JC, 395). State interventionism in economic affairs was also socially motivated: "The twin evils of unemployment and inflation have hit hardest those least able to stand them ... the poor, the old and the sick" (JC, 426). Callaghan's vision for Labour policies was to promote "national recovery together with fairness – the giving of a share to everyone" (JC, 463). The role of the state in efficient economic management and progressing recovery was to ensure that social needs are fulfilled at the same time.

The pragmatism of Callaghan is best seen when examining his enacting of policies. He realised early on that a large part of his term as Prime Minister would be about dealing with the economic turbulence of the 1970s. He was often willing to be flexible with ideals to a reasonable degree. Callaghan strove to examine potential policies on their merits instead of their ideological pedigree, as he noted on considering the possibility of adopting import restrictions to bolster the standing of Britain's currency, a tactic previously used by a Conservative government in the 1930s (JC, 430). For Callaghan, pragmatism meant more than making calculated decisions; it was also about a certain ideal of honesty in politics. Callaghan thought that a party of government "must not shrink from telling the truth as we saw it, and then act accordingly" (JC, 423). This passage referred to a decision to cut back on social expenditures, particularly difficult for a Labour Government.

To summarise, Callaghan's ideological position can be outlined by examining the following themes: labourism, socialism, humanism, role of the state and pragmatism. By advancing through the analysis in this order, a narrative can be created, which highlights the essential ideas that form the basis of Callaghan's political thinking and values. Some form of labourist thinking needs to be at the root of any political unit claiming to be Labour and labourist ideology is largely derived from the broader ideals of socialism. The idea of humanism in politics is not to provide politics the specific societal goals offered by ideology, but an ethical basis. After all, politics is about the governance of the lives of other humans: there must be roots in ethics for good government to be possible. The meaning of the role of the state is determined by the positions taken on the previous three notions. Pragmatic thinking seeks to resolve the conflict between ideals and reality: every leader must have values, but they must also be pragmatic about imbuing practised policies with them. Sometimes ethical ideas must be compromised to be able to enforce necessary and functional policies.

3.2. Callaghan's social and economic policy

Through the examination of the practiced policies of Callaghan's administration, it is the aim of this section to further illuminate the ideology of Old Labour during its final reign in government. The previous analysis of Callaghan's profile as a labourist thinker will be used as an analytic tool in matching and comparing the realities of practiced policies with ideology. Before delving into the specifics of the social and economic policies of the Callaghan administration, it is prudent to consider its general approach to politics from a practical perspective. It is also necessary to establish a specific historical context by providing a brief overview of the broader goals Callaghan set for himself and his government. Following the overview, Callaghan's social and economic policy will be examined by placing both in the framework of three major problems facing his administration during its run: inflation, public spending and the devaluation of the pound. While these are issues firmly rooted in economic matters, they directly influence the realm of possibilities available for social policy. How Callaghan approached each of these three problems was motivated by, but also shaped, his position on social policy.

In the broadest sense, the goals Callaghan set for his government were to build a cohesive society and win elections. The latter, obviously, is necessary to hold onto that cohesion, especially in the

majoritarian political system of Britain, where the “winner takes it all”: governments are usually formed by one party that has full rein on the implementation of policies on all levels of government. The practical goals to achieve a cohesive society were clearly established: to bring inflation below 5% by 1980, unemployment below 3%, achieving devolution, gaining leadership in international affairs and resuming the attainment of social aims such as housing, education, health and welfare. Callaghan acknowledges that his government mostly failed at reaching its goals, partly blaming it on his being a minority government. He further illuminates his approach to politics in general: “it was better for us to have some long-range objectives than to live from day to day” (JC, 398). For Callaghan, a cohesive government should always have long-range objectives in mind.

For the most part, Callaghan was a goal-oriented Prime Minister, but he was not immune to the pressures of electoral and party politics: “as every politician knows, however unassailable a Government’s logic and however virtuous its policies, it will not be spared the wrath of the electors if their standard of life has been tampered with” (JC, 447). In office, Callaghan was averse to short term policies and aimed for long-term sustainability, sometimes to the detriment of traditional Labour supporters such as the trade unions. He expected understanding and support from stakeholders, so that the government could survive through difficult times (JC, 459). Often, it was in short supply and ultimately, the events of the Winter of Discontent would critically damage his support base, leading to a Conservative victory in the following elections.

3.2.1. Inflation

Callaghan identified three major issues that his government would have to face during its period in office. The first and most visible was the disastrously high rate of inflation that punished the UK economy throughout the 1970s. Inflation can create many problems in an economy and its increasing effects on national economies in the 1970s led to a global rise in popularity of monetarist doctrines in economic policy. On the basic level, inflation manifests itself in the everyday lives of citizens as a rise in prices. It can also be described as a decline in the real value of money, a loss of purchasing power in the medium of exchange, which would in this case be the pound sterling. Uncertainty about future inflation in an economy may also discourage investment and savings. Thus, inflation can have several adverse effects on an economy. (Schwartz, 2009, p.

vii.) In the UK of the 1970s, the economy was facing hyperinflation, which meant that the rises in prices were rapid. As can be seen from table 1 below, inflation rose above 10% in 1973 and did not return below that figure until 1977. A high of above 25% was reached in 1975. Inflation as a major and burning political issue in Britain feels historical as it has not been above 5% since the early 1990s. Hyperinflation ended in the beginning of the Thatcher era in the early 1980s after hitting high figures above 20% in 1979 and remaining above 10% until 1981. Since then inflation has not reached 10%.

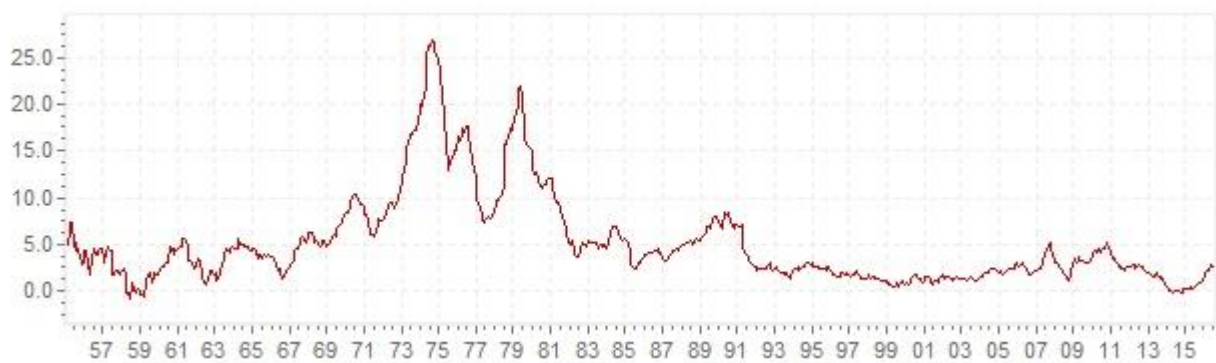


Table 1. Historical inflation in the UK. Retrieved 6 Sep. 2017 from Inflation.eu. URL: <http://www.inflation.eu/inflation-rates/great-britain/historic-inflation/cpi-inflation-great-britain.aspx>

In one of his first statements on his goals as Prime Minister in the memoir, Callaghan asserts that he was “deeply convinced of the need to win the battle against inflation and of the need for a second year of pay restraint” (JC, 387). In the broadest sense, Callaghan’s goal was to “squeeze out inflation” through policy-making and “manage the home economy in order to generate export-led growth” (JC, 453). Inflation would ultimately prove to be the most fateful of the major problems facing Callaghan’s government as with it came the intractable problems of unemployment and achieving pay restraint. As such, the TUC (Trade Union Congress) was intimately involved in this segment of policy-making and would later become a major opponent of Callaghan’s pay restraint policies leading to the disastrous strikes during the Winter of Discontent. However, Callaghan firmly advocated economic realism in his assessment of the inflation situation, demonstrated in a speech cited in his memoir that he gave at the Labour Party Conference of 28 September 1976 at Blackpool:

The cosy world we were told would go on forever, where full employment would be guaranteed by a stroke of the Chancellor's pen [...] is gone. [...] We used to think that you could spend your way out of a recession and increase employment by cutting taxes and boosting Government spending. I tell you in all candour that that option no longer exists, and that insofar it ever did exist, it only worked on each occasion since the war by injecting a bigger dose of inflation into the economy, followed by a higher level of unemployment as the next step. (JC, 426.)

Callaghan traces the British hyperinflation to the post-war Keynesian economic policies that no longer seemed to function in the increasingly globalised world of the 1970s. It was clear that something different had to be done to curb the inflation gnawing the economy and boosting unemployment. The inflation situation forced him to face a difficult area of policy, that is, wage policy, which had consisted mostly of allowing significant pay raises demanded by the unions. In the new and increasingly difficult situation of hyperinflation the previous wage policies were unusable, which was a position that the unions naturally objected. In the speech quoted above Callaghan in no uncertain terms identified the problem behind the persistent high unemployment to be caused by "paying ourselves more than the value of what we produce" (JC, 426). The solution would be cooperative in the spirit of corporatism: pay restraint through negotiations.

As an approach to economic policy, for Callaghan, pay restraint also represented a form of social policy. From his perspective, he saw pay restraint as the socialist solution to the problems of inflation and unemployment, where the other option was allowing unemployment to soar, which would naturally put an end to the demands for wage increases. Callaghan was aware that battling inflation would create a "problem of operating a fair incomes policy in the longer term", but he was resolute that it was the best option on the table. He concedes that he can be faulted for not being able to find a viable alternative that would have been acceptable to all parties, but he continues to hold his position of finding it "intolerable that Ministers should be sunk into the cynical complacency of relying on high levels of unemployment to take the edge off aggressive wage claims". (JC, 417-418.)

This reflects well Callaghan's desire to have a government that aims to eliminate social wrongs and promote social well-being in society. Callaghan's politics is one firmly on the side of a politics of persuasion, not coercion. It can be argued here that at least in the case of his policies dealing with inflation, Callaghan lives up to the ideological standards he sets for himself. The merit of that can be disputed by noting that as a Labour Prime Minister Callaghan would hardly have been in the

position to apply the kind of tactics that would later be used by Thatcher in the battle against inflation. However, it is consistent with Callaghan's worldview and general approach to politics to pursue the road of persuasion and negotiation and avoid "cynical complacency" in effecting societal change through politics. Callaghan saw pay restraint as the only way out of the inflation trap and he managed to reduce inflation from the hyperinflation levels at the beginning of his government to 8% by 1978, largely through this method. Callaghan heralds himself for having been able to achieve this while protecting the "weakest" and "in some areas" even increasing benefits, thus being able to hold onto his ideals and values while conducting economically responsible policy (JC, 511).

Callaghan identifies his "fateful figure of 5 per cent inflation" as what ultimately brought an end to his tenure in office. In his government's forecast for 1978, holding to pay objectives would reduce inflation to 9%. Callaghan considered this too high a figure in comparison to other European economies, which led to him choosing the ambitious goal of 5% inflation. This would require the unions to exercise further pay restraint and patience, which was wearing increasingly thin. (JC, 474.) The unions did agree that too high pay increases would increase inflation, which would neuter the effect of the pay increases and be harmful to everyone. However, conflicted union politics led to fateful excesses that sparked the Winter of Discontent, which was characterised by unpopular strikes that would halt normal life for large portions of the population. The whole chain of events bears a certain irony to it, which Callaghan notes in his memoir:

I defended the Government's policy as the best way to hold down inflation and to prevent a rise in unemployment, and once again I repeated my forecast that if the policies of the Conservative Party were adopted they would lead to a multitude of bankruptcies and would put tens of thousands of men and women out of work. Experience was to show that this estimate was a modest one. (JC, 536.)

The Conservative Government of Thatcher indeed did employ mass unemployment as a wage policy, which was in stark contrast to Callaghan's humanist approach to politics, where persuasion and cooperation were the preferred paths of policy-making. Thatcher eventually did win her battle against inflation, but at considerable cost to society and especially the unions. Callaghan comments on the fate of the unions under Thatcher's rule:

Everything that has happened since that time has reinforced my conviction that the trade unions would have been better off, their members would have endured less unemployment, and the country might have escaped the more outrageous attacks

on the Social Services if my 5 per cent objective had been accepted and worked for, even if we had not immediately achieved it. (JC, 474.)

It would be a foray into the field of contrafactual political science to ascertain the degree of truth to Callaghan's assessment. It should be fairly easy to argue, however, that a Britain during the 1980s ruled by a Prime Minister and a party of Callaghan's ideals and convictions would have been markedly different from the one that was to emerge. It is a question of political opinion, or perhaps moral philosophy, to evaluate the "good" of the outcome of this political situation, but it can be said that the two political options that were available at the close of the 1970s in Britain were truly on opposite sides of the spectrum.

3.2.2. Public spending and the devaluation of the pound

The other two major issues were public spending and the value of the pound falling faster than intended. It is useful to examine these two issues together as they are markedly intertwined. Public spending is a vital part of the economic policy of a welfare state. The growth of public spending as part of a nation's economy has been a notable phenomenon of the 20th century. In the UK, for example, measured as a percentage of the GDP, government expenditure was 12.7% in 1913, just before World War I. By 1937 it had already risen to 30% and by 1980 it would be 43%. (Tanzi & Schucknecht, 2000, p. 6-7.) The rate of public spending is dependent on the rate of public income. Public income comprises mostly of revenues from direct and indirect taxation. Public spending is formed mainly by public goods and services, interest on public debt, subsidies and social security. (Myles, 1995, p. 13.) What makes public spending an issue is that often states must borrow money from financial institutions or other countries, which creates the problem of a cumulating public debt. If a government must borrow money for public spending, it means that public income is insufficient for taking care of the public sector's needs. This creates a sustainability problem that needs to be resolved as otherwise the costs of an increasing public debt might wreak havoc on the economy in the long term.

The 1970s saw a change in the direction of public sector borrowing, which is also referred to as the national budget deficit. In the 1960s the budget deficit was steadily under £1 billion, but in the 1970s the annual budget deficit rose from £1.9 billion in 1972/73 to a high of £8.7 billion in 1978/79. (Keep, 2017, p. 5.) The rise is less drastic when measured as a percentage of the GDP,

but still significant. As can be seen from table 2 below, the budget deficit rose to around 7% of the GDP in 1975/76 from a budget surplus in the beginning of the decade. While public sector borrowing is a normal phenomenon in a modern national economy, it presented a problem for Callaghan's government in the form of a stand-off with the IMF.

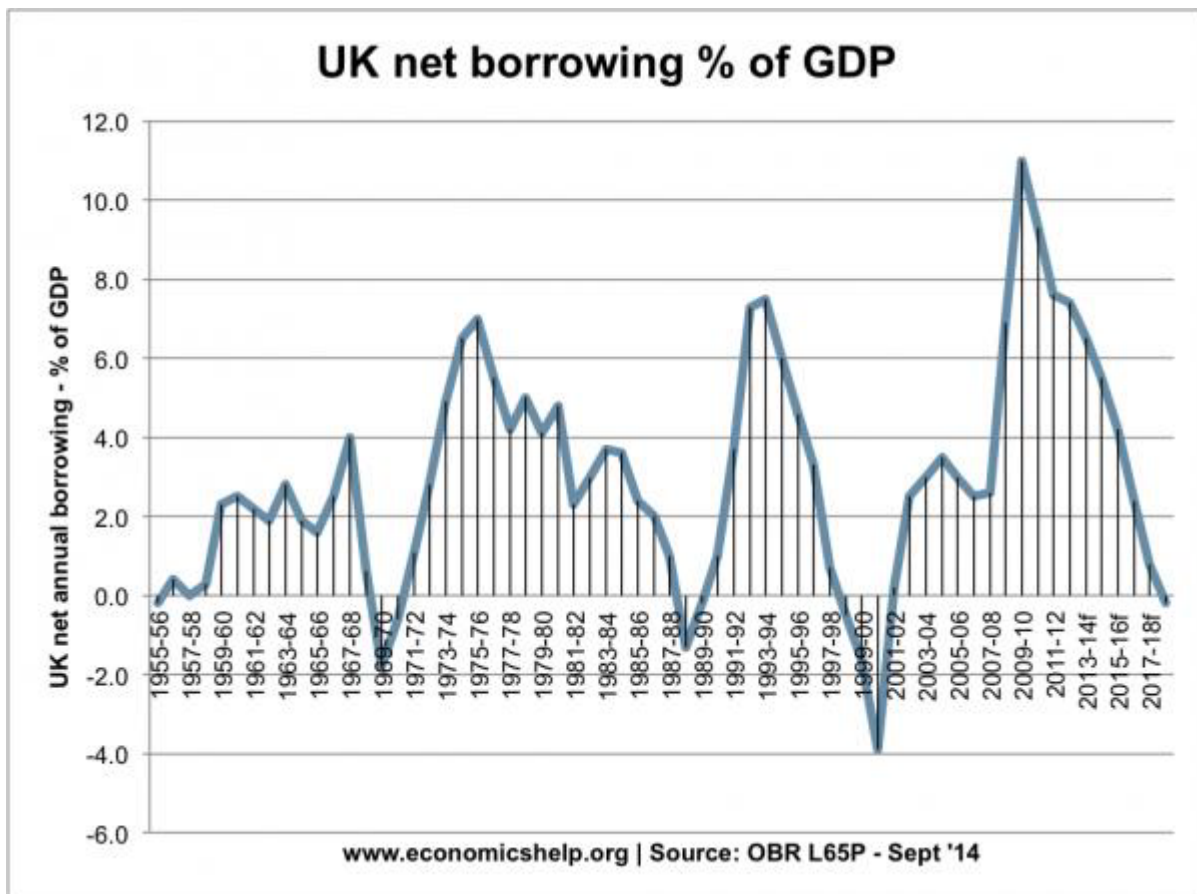


Table 2. Public sector borrowing in the UK from 1955 to present day measured as percentage of GDP. Retrieved 6 Sep. 2017 from Economicshelp.org. URL: <http://www.economicshelp.org/blog/5922/economics/uk-budget-deficit-2/>

The third problem was the value of the national currency falling faster than intended. The interplay of these two issues (and inflation, too) is perhaps best seen in the situation with the sterling. Callaghan notes that the Finance Ministers and central banks of other countries agreed that the downward movement of the sterling was a victim of the 'unreasonable exaggeration' of the foreign exchange markets (JC, 418-419). The period of hyperinflation combined with looming industrial disputes and a growing budget deficit contributed to the growing issue of the sterling's devaluation. This is Britain in the throes of a globalizing economy with Callaghan bearing the

responsibility of navigating the ship. Further complicating matters was an approaching loan negotiation with the IMF to secure a safety net for the sterling, creating stability in the currency market, which would cut the fall of the sterling's value. However, the IMF was opposed to Britain's policies of public spending and afraid that giving a safety net for the sterling would enable a lax attitude towards public sector borrowing. The devaluation of the sterling weakened Britain's standing in the international market and decisive action was required to mend the situation. As Callaghan assumed office in April 1976, the value of the sterling measured in US dollars was at \$1.84. It fell to a low of \$1.58 by October. This figure is over one dollar lower compared to high values of above \$2.60 in 1971. Table 3 below demonstrates the exchange rate of the sterling from 1971 to 1979.



Table 3. GBP/USD exchange rate 1971-1979. Retrieved 6 Sep. 2017 from the historical chart database at Macrotrends.net. URL: <http://www.macrotrends.net/2549/pound-dollar-exchange-rate-historical-chart>

As stated above, the link between public sector borrowing and the devaluation of the pound is stronger than the one the two share with inflation. Inflation, of course, affects the economy as a whole, but it was mainly fuelled by the problems with the employment and wage policies. Inflation would naturally also have an effect on the value of the pound as high levels of inflation incite a market reaction that contributes to devaluation. Market speculation puts turbulent economies at a disadvantage. Through its deteriorating effects on the overall economy, inflation affects public spending too as an ailing economy has less breathing room.

The IMF situation, which marks an important moment in Callaghan's career and administration, illustrates well the intertwining of the issues of public spending and devaluation. The already falling value of the pound was being maintained by the Bank of England, the credibility of which prevented the fall of the currency accelerating. However, the Bank was due to pay back a \$5 billion loan to the IMF, after which it would not have the resources to sustain the pound at the value held at the time (\$1.77). At the same time, there was a forecast for a level of public sector borrowing for the year settling at £10.5 billion. It was high above the goal of £9 billion agreed upon as it was decided that a reduction of £1.5 billion would have to be achieved. The reduction would help deal with the IMF, the support of which was needed to hold up the value of the pound. The dilemma was created by the IMF's adversarial position on public sector borrowing. Thus, IMF feared that by giving its support it would allow a lax approach to public spending by the British government. (JC, 422-423.)

This created an especially difficult problem for a Labour government, which Callaghan noted: "[We were not] under any illusion about the adverse impact of further public expenditure reductions on the Cabinet and the Party" (JC, 423). As always, times of economic turmoil are notably difficult for socialist regimes, the support of which tend to rely on their championing of a strong public sector with comprehensive and well-funded public services. The effecting of sizable cuts to the public sector is politically risky for leftist governments. Callaghan saw the risk clearly in the prevailing situation:

The Party argued that the country's social needs required a high level of public expenditure, and I could not disagree. But it was necessary to cut back, even if we were embarking on an exercise fraught with pain, indeed one which the Government might not survive. (JC, 423.)

Callaghan sought to resolve the problem with increasing public sector borrowing through a politics of careful reorganisation, so that the fundamental Labour goal of harmonising "the creation of wealth with the fair distribution of wealth" could be achieved with growth. Callaghan envisioned an "enlightened industrial management which would take the workforce into its confidence and give them a real sense of joint responsibility" and also "closing the gap between education and industry". This could be brought about by a focusing of public borrowing on "smart investment" instead of creating "short-lived consumer booms" as he considered to have been done in the past. (JC, 425.)

At the time, Callaghan's position was not one from which he could launch a large programme of diligent investment, but one where he had to do what needed to be done with the IMF and the devaluation of the pound, while holding onto the principles fostered by his administration. While the IMF demanded austerity measures and the curbing of public sector borrowing, the Labour Party wanted to push to the other direction. However, in an exercise of some political maneuvering, Callaghan's administration deduced that the IMF could not risk denying Britain a loan as that could push it into a protectionist siege economy, which would be heavily against the IMF's own priority goals. The IMF is a champion of globalisation, globalising financial markets and intensifying international relations; protectionism is the enemy of all of this and Britain was an important player in the field of international politics.

Callaghan's position with the IMF was interesting as his own views represented a middle-road between the extreme globalism of the IMF and the traditional attitudes of socialism and labourism. Callaghan was a proponent of globalisation in that he was an opponent of protectionist politics. In the political discussion surrounding the devaluation situation, there were strong voices proposing a protectionist approach, which Callaghan strongly disagreed with. For Callaghan, the way forward was negotiating a deal with the IMF as the mere announcement of doing so already steadied the sterling, albeit at a fragile level. (JC, 431.) Callaghan was also in resolute agreement with the IMF that a situation where public expenditure was being financed by overseas borrowing was a state of affairs that could not be allowed to continue (JC, 442).

The disagreement between Callaghan and the IMF was about the public sector. While both acknowledged that public sector borrowing was a major problem, for the IMF a viable solution was to effect massive cuts on the level of public spending. (JC, 435.) In other words, the IMF expected that Britain would value the value of its currency above the ideals of a welfare state. The value base of Callaghan and his Labour Party, however, were quite far from the IMF's position. The Government needed a loan agreement with the IMF basically just to create market confidence and to steady the sterling. The cost of cutting public spending massively was not acceptable, so another solution was found. Callaghan knew that his target of reducing public sector borrowing by £9 billion (which alone would reduce borrowing by a considerable £1.5 billion) would still not be sufficient for the IMF, but the goal was to be able to stick to that. This was managed through hard negotiation tactics, where the Chancellor of the Exchequer boldly refused the IMF's demands of multiple billions in cuts. A cut of £1 billion to public sector borrowing was agreed upon, which was

strengthened by a £500 million sale of British Petroleum shares, the proceeds of which were used to fund public spending, which would have otherwise been funded by borrowing.

These measures effectively resolved the issue of devaluation as can be viewed from table 3 above. The resolution of the devaluation situation was a victory for Callaghan politically, but also in that he could hold onto his ideals and values in a difficult situation, where the IMF was heavily pressuring Britain to change its course on public sector politics to a strongly neoliberal direction. Despite being in line with the IMF in being accepting of financial globalisation as a condition of modern politics (unlike the protectionist wing of his party), he was unwilling to concede to their views of public sector politics by implementing the demanded austerity policies. Instead, he managed to make a bargain in which he was ready to risk reductions in social benefits and increases in unemployment to hold the package together (JC, 438-439). This accentuates the conception of Callaghan as an ultimately pragmatic politician, who would not stubbornly cling to ideals, but was willing to conform when necessary. However, as with inflation later, he was not willing to let a globalising and turbulent economy pressure his Government into abandoning its core social ideals and values. Necessary cuts were enforced to the rate of public sector borrowing; allowing it to keep growing would have certainly led to economic doom in the future. However, the cuts were allocated in a manner that aimed to minimise decreases in social well-being, instead of being done without regard for the costs.

3.3. The politics of Callaghan

As stated in the second chapter, the perennial headache the Labour Party has had to face time and time again during its history is when it is forced to justify cuts in welfare spending for the sake of monetary and financial stability. This has always led to a failing in pleasing the party and the electorate that Labour represents. (Phillips, 1992, p. 67.) Perhaps Callaghan fared better in this regard than his predecessors: he managed to negotiate successfully with the IMF in the issue of public sector borrowing. Naturally, it was the electorate that ultimately terminated his government, but it was the trade unions that actually caused the fall of Old Labour. Callaghan did remain true to his lofty ideals to a considerable degree, because they were always laced with a sense of realism and pragmatism. He was not inflexible and unbendable, but instead willing to

approach politics situationally while holding to a certain core of inviolable ideals. This is best visible in his decision to not accept a politics of coercion in the battle against inflation.

In the first part of this analysis, an outline of Old Labour's ideological position was drawn: labourism, socialism, humanism, role of the state and pragmatism. This position is drawn from the content analysis of Callaghan's memoir, which is considered adequately representative. Callaghan was a venerable career politician in the Labour party, who was chosen as Prime Minister despite being older than the resigning Prime Minister. Despite leaning towards globalisation and an integrating global economy in line with the IMF, Callaghan held onto the core ideals of labourism and socialism, traditionally considered opponents of capitalism. Callaghan was a modern politician, who was not willing to go with the conservative tide, but instead understood a need for adapting to a changing world. Ultimately, the conservative TUC and the protectionist wing of the Labour Party brought an end to his career. Accepting the tides of globalisation, however, did not mean for him abdicating the ideal of a welfare state intent on eliminating social wrongs and increasing societal well-being. As a labourist politician, he was ever intent on improving the life chances of the working class with the resolute goal of improving the education possibilities of working class youth and bringing industry and education closer together in order to achieve sustainable growth without abandoning the goals of welfare.

As for the perception of Old Labour as a political movement of humanistic values, Callaghan's politics of persuasion attest to this. A humanist ought to believe in cooperation and negotiation as the primary way of bringing about positive change. A humanist would also believe in positive change being the way forward for a society. The humanism of Old Labour is perhaps best displayed by Callaghan's refusal to use the rough "supply side" politics to resolve the problem of inflation, instead taking the risky and cumbersome path of negotiation with the increasingly impatient and antagonistic trade unions. In a way, the humanism of Old Labour precipitated its demise and paved way for a far colder and technocratic Conservative government, which focused itself on the bottom line instead of humanist values such as well-being and security for all citizens in all phases of their lives. Callaghan believed in corporatism and the strong role of the state in economic policy. Callaghan believed that an effective corporatist system was great value for both unions and the country (JC, 417). Callaghan's pragmatic nature as a politician accompanied the idealism of Old Labour giving it credibility. To credit, Callaghan managed to beat the hyperinflation

plaguing Britain, bringing it from over 25% to below 8%. He negotiated a successful deal with the IMF and managed to steady the sterling permanently.

In conclusion, it can be stated that the ideological position Callaghan proclaims to have held is reflected in his political decisions and their justifications. The intent is not to take any specific evaluative moral or political stance on the activities of Callaghan's government, but rather to ascertain a reliable assessment of the ideological state of Old Labour. The consistencies between stated ideology and performed politics are closely linked to a sufficient degree. It can be stated that traditional labourist ideas were alive and well within the party, but overshadowed by a broader and more inclusive socialist agenda. In addition, a humanist approach to dealing with sensitive political issues is combined with a faith in the necessity of a prominent role of the state in handling the economy. These are paired with a pragmatic understanding about the need for flexibility and adaptiveness in an ever-changing and globalizing modern political environment.

The use of a memoir as research material provides a unique perspective to the analysis of party ideology. It could be tempting to merely depict the real political activities of party and examining them against a set of ideological indicators to gain an understanding of the ideological position of a political entity. However, by examining the outspoken thoughts of a party leader, who has taken the greatest possible responsibility of said political entity can give a unique and personal appreciation of an existing ideological state. If considered from an ontological perspective, ideology is infinitely complex. On a group level (where a political party operates), it would not be unreasonable to regard it as the functional action-oriented predispositions of the people responsible for decision-making in the unit. The Prime Minister is, indeed, the prime actor in that decision-making unit with considerable executive influence over everyone else. Biography studies gives a unique perspective to the study of ideology and can perhaps in its intimate and personal subject material give insights to the field of the study of ideology that other perspectives cannot.

4. A Journey: an analysis

This chapter presents an analysis of Tony Blair's *A Journey* in the same spirit as the one conducted on James Callaghan's *Time and Chance* with the goal of observing the ideological position of the Labour Party under Tony Blair, which is often called "New Labour". The idea is to approach the material in a similar fashion as with Callaghan's text by examining Blair's ideological thought and descriptions of events regarding social and economic policy. A fully identical approach to the analysis is not possible, however, as Blair's memoir differs in style from Callaghan's in a number of ways. Firstly, Blair writes in a very personal style and often about his own emotions and feelings toward the realities of having a career in politics. While interesting, these passages do not present a position on matters that would say one thing or another of the political ideology of New Labour. Also, when speaking of matters concerning social and economic policy, Blair concentrates more on the personal politics, party politics and media politics around the issues rather than the issues themselves. He rarely goes into the details of policy issues. This is a marked difference to Callaghan's memoir, where Callaghan often describes in detail the technicalities of given political conundrums.

Thus, the Blair material cannot follow the exact same structure of analysis adopted with Callaghan. The first part will be quite similar, however, as the analysis will begin with a careful examination of Blair's ideology contrasted with the espoused traditional ideological positions of the Labour Party. The idea is to highlight differences with the section detailing Callaghan's labourism. The analysis will follow a similar logic, assessing Blair's views on ideology, the state and the practice of politics. The following part will focus on social policy, but cannot follow a similar grouping of issues as used with the analysis of *Time and Chance*. Instead, attention will be paid more to Blair's discussion of different social policies and his comparisons of Old Labour politics and New Labour politics. It should also be noted that issues concerning economic policy are hardly discussed in Blair's memoir, thus will not have a notable role in the analysis either. This is another significant difference between the two memoirs: Callaghan's memoir had a great deal of material discussing economic policies. This is understandable as Callaghan's period of leadership was characterised by pressing economic issues, whereas Blair's entire 10 years of rule took place during a period of economic growth and stability.

This analysis also has a third part, which deals with two prevalent discourses continuously activated by Blair throughout his memoir: a discourse of modernity and a discourse of aspiration.

Modernity and modernisation is a central theme to Blair's narrative of himself as a politician and New Labour as his political project. The function of the modernity discourse is to enforce and legitimate the New Labour project as an essential and unavoidable process in the modern world. The aspiration discourse places the individual in that modern world: a responsible person willing to take responsibility of his own future and welfare without the state. The aspiring individual does not even want the aid of the state, but will receive it in unavoidable periods of need such as being in-between jobs or studying for a degree. The story of the aspiring individual describes the ideal citizen around whose needs society ought to be organised. This discourse also serves to accentuate the essential necessity of New Labour politics and the essential failures of Old Labour politics.

The results of this series of analyses is intended to provide an interpretive understanding of the ideological position of Blair's Labour Party. With comprehensive analyses of Callaghan and Blair's Labour Parties, it is possible to formulate an analytic framework where the ideological shift of the Labour Party becomes tangible. While it is known that Blair's Labour Party was often in internal strife, it is still sound to regard the elected Blair's position as being the prevalent ideology of the party. The ideology of a group cannot ever be a monolithic shared sentiment between all members: instead it is always in some kind of flux and transformation. Pinpointing the position of the group leader is likely the best way to create a view to the state of ideology at a given time. Thus, despite the party's internal issues, it is prudent to equate Blair's position with the party's.

4.1. Labourism, neoliberalism and Blair

The analysis of Callaghan as a labourist thinker assessed Callaghan's ideological position by focusing on the following themes: labourism, socialism, humanism, the role of the state and pragmatism. Using the same pattern of analysis provides a fruitful frame for comparison between the thinking of Old Labour and New Labour. Also, these are essential themes to address for any labour-oriented political party. It is evident from history that Blair's position on these matters differs in many ways from what came before (e.g. Callaghan), but a detailed examination needs to be conducted to gain an understanding of the degree of difference, which is essential for achieving the goal of pinpointing the ideological position of New Labour.

While the economic turbulence of the 1970s provided the background for Callaghan's short term as Prime Minister, Blair's ten years of rule were shadowed by 18 years of Conservative governments, a record length of rule in post-war Britain. Blair notes that the elongated opposition experience helped form his ideological stance in politics and his commitment to reinventing the Labour Party. Blair often speaks of Labour's mentality as a protest party that thrives in opposition. He backs the notion up by the fact that Labour had never governed for two consecutive terms. He illustrates the point by describing three "kinds" of Labour:

I assessed that there were three types of Labour: old-fashioned Labour, which could never win; modernised Labour, which could win and keep winning, which was my ambition from the outset; and plain Labour, which could win once, but essentially as a reaction to an unpopular Conservative government. The last couldn't win on its own terms with sufficient clarity, breadth and depth of support to be capable of sustaining victory through the inevitable troubled times of government. (TB, 84-85.)

Indeed, Blair has a point in his assessment: as mentioned above in reference to Phillips (1992, p. 67), Labour governments have often fallen out of repute when forced to make difficult cuts in public spending due to dire financial situations. Blair wanted to make pragmatic changes to the party line irrespective of ideology, which would improve the party's electability. Blair's position on the traditional labourist ideology is opposing: he identifies traditional labourism as the cause of the party's inability to remain in government. To Blair labourist thinking was hopelessly old-fashioned and "out of touch with the modern world". (TB, 42.) He attributed this to the nature of progressive movements: as they become successful and bring about progress, they should in turn reinvent themselves to keep up, "otherwise they become hollow echoes from a once loud, strong voice, reverberating still, but to little effect" (TB, 43).

In other words, Blair fiercely rejects the labourist ideology. In fact, what is essential to Blair's perception of New Labour is that it espoused no ideology at all. Blair identifies himself as non-political while basing his politics on instinct and analysis: evidence based politics as Bullock (2009, p. 188) notes in his article. Bullock also writes that Blair's proposition was not an abandonment of Labour ideology, but simply a necessary, radical reform. However, it should be noted that in his memoir, Blair claims to have no ideology, but only reason: "There was a naivety about my belief that merely by adopting an approach based on reason and the abstinence from ideological dogma, hard problem could be solved [...]" (TB, 29). For Blair, ideological thinking is a step away from reason, a concession to dogmatism. In a way, it was Blair's intention from the start to divorce

himself from taking a stated ideological position, instead legitimising his politics by the notion of reason. It is a powerful strategy as the thought of an evidence-based, reason-led politics is desirable. Despite likely good intentions, an ideological orientation is always behind chosen policy directions to some degree. Each politician must base their actions on a set of beliefs about the world, which can be identified as an ideology.

For Blair, that set of beliefs is not what has been established as labourism in this thesis. While he does claim espousal for what he identifies as “core” values of Labour, he himself makes the distinction between “values” and “politics”. He describes progressive politics in the following fashion:

What makes you a progressive? I would say: belief in social justice, i.e. using the power of society as a whole to bring opportunity, prosperity and hope to those without it; [...] to judge our societies by the condition of the weak as much as the strong; to stand up at all times for the principle that all human beings are of equal worth [...]; and never to forget and always to strive for those at the bottom, the poorest, the most disadvantaged, the ones others forget. (TB, 674.)

While describing progressive politics this way, he continues to note: “Notice these are all values, not politics” (TB, 674). Blair agrees with the above perspectives with traditional labourist thinking, but the political response to these value demands differs from labourism. Instead of taking a labourist position in responding to questions of social justice and caring for the weak in society, he adopts a decidedly neoliberal position. Blair’s longstanding position on welfare is “a hand up, not a hand out”. For Blair, welfare is a “first step to encourage people to get back to work where possible”. (TB, 29.) Blair’s primary reform to the welfare system was to make it a “workfare” system, where “along with the job opportunities for the unemployed, we insisted on a responsibility on the part of the unemployed person to take them—i.e. modern, not old-fashioned welfare” (TB, 95). In this passage, both of the aforementioned key discourses (modernity and aspiration) can be seen, but they will be considered thoroughly in the third section of this chapter. Nonetheless, it is the emphasis on individual responsibility in achieving a state of balance in societal justice, which reveals the neoliberal overtones of Blair’s political thought.

Neoliberalism largely trumps both labourism and socialism for Blair. Blair has little to say about socialism. He identifies the “historical problem of old socialism” to be “the tendency to subsume the individual, rights, duties and all, within ideas of the ‘public good’, that at its worst came simply to mean the state”. He gripes about the “present right” that they have failed in thinking “that the

absence of community means the presence of freedom". "The task is to retrieve the notion of community from a narrow view of the state and put it to work again for the benefit of us all." (TB, 59.) For Blair, socialism is also an outdated statist ideology, which ignores the virtue of the individual, attributing all good in society to the actions of the state. He claims that there is a self-perpetuating cycle of regression in the combination of progressive parties and socialism: a socialist progressive party wants to use power for the benefit of the people, so they strive for more power to create more benefit. According to Blair, this leads to a strengthening of the state and the public sector, which eventually become big vested interests themselves, clumsy and in contradiction with public interest. (TB, 78-79.) Blair does not believe in the liberating potential of socialist ideology, because he sees it as a diagram of rise-and-fall. Blair regards as naïve the notion of state interest equating with public interest as the state is a vested interest in itself. (TB, 81.)

This thought is what firmly separates Blair from socialist thought. In socialism, individuals give power to the state to effectively and justly organise the distribution of resources in society to serve all interests. Blair disagrees with this on a fundamental level: as in his view the growing state becomes a vested interest, the socialist strategy becomes in effect unusable. Thus, Blair regards the strong public sector, which was created in the post-war period, to have become an impediment to progress, ultimately inhibiting economic growth: it impedes the markets and prevents people from having more and better, "which they have a right to". In Blair's narrative, "the public sector got stuck", while the private sector "driven by the market" shifted fast under the new social pressures that formed as a result of growing wealth in society. Blair does attribute the initial spurt of growth to socialist post-war politics, but it quickly becomes an impediment to the markets. The right solution would have been to shift to market-based economics, led by a strong private sector with the state and the public sector withdrawing and leaving more room for aspiring individuals and companies in the private sector. (TB, 92.)

To summarise, labourism and socialism were products of a bygone time for Blair. These ideas had their merit at a certain time, but were old-fashioned and impeding in what he calls the modern world. He has largely replaced these ideas by a moderate neoliberalism. That can be seen well in his thoughts about equality, a staple of socialist ideological thought. Blair criticises traditional socialist thinking of being "almost too altruistic for [its] own political good". When injustice and inequality were reduced in part through the efforts of socialists, they "failed to see what would happen". The problem Blair sees is that socialist intellectuals don't understand "aspiration": as a

poor person rises from poverty, their objective shifts from escaping poverty to becoming well-off. These “aspiring” and “ambitious” people want more and should be allowed to have it. Blair claims that the traditional socialists believe in equality of income instead of equality of opportunity, the most important form of equality for Blair. (TB, 44.)

Blair’s divergent thoughts on equality are also easily visible in his thoughts about education. Labour politics have traditionally resisted British “grammar schools”, which pick out their students based on academic performance. These are basically elite schools and were criticised on that basis by Labour politicians. However, Blair sees the critique as mindless: “equality could not and should never be at the expense of excellence”. (TB, 571.) The other option aside from these elite schools in Britain were traditional comprehensive schools, which were meant for children of all backgrounds. These schools were performing very poorly at the time of Blair’s ascendance to office and the education system needed a reform. The traditional Labour position would be to abolish the “elitist” grammar schools and invest in the development and betterment of the comprehensive schools, which were open for everyone. In Blair’s eyes this would be espousing equality at the expense of excellence, essentially irrational and dogmatic politics. At the level of individual citizen (or “consumer”) decision-making, Blair is fully accepting of people vying for elite schools or desiring private schools. He comments on the heavily criticised decision of a Labour politician to put her child to a grammar school:

Some woman politician decides to send her kid to a grammar school. She thinks it gives him the best chance of a good education. Her party forces her to resign. What do you think? You think that’s a bit extreme; and not very nice; and a bit worrying; and is that what still makes me a bit anxious about those Labour people? (TB, 90.)

While his position is defensible, it is deceptive and ultimately reveals his ideological stance. It is clearly an ideological choice to support an effectively elitist and unequal system of education, because it is effective or produces “excellence”. Politics is a long game after all: it would not be impossible to divert the funds from the elite schools to a concentrated effort to improve the comprehensive school system, so that it would better serve everyone. However, this is a direction of policy Blair simply regards as silly as one ought “never give up on excellence, whatever it might be” (TB, 571). Mostly this just serves to exemplify that achieving equality is a lesser priority for Blair than achieving “excellence” or success. He fits this position in his strategy of divorcing himself from taking ideological positions, but simply opting for evidence-based policies. However, calling

evidence-based policies non-ideological is misleading as the evidence is chosen based on some set of assumptions about what is considered viable as “evidence”. In neoliberal economy-oriented policies this is naturally calculations of economic efficiency, concentrating on the ends instead of the means. As can be noted from the analysis of *Time and Chance*, Callaghan refused to take the most economically efficient way out of a problematic political situation if it was in discord with his own set of beliefs (i.e. ideology) about how politics ought to be practiced. The chapter about inflation demonstrates this. Blair has divorced himself, and consequently the Labour Party, from that kind of politics.

While it was established that a humanist orientation fed Callaghan’s ideological thought, it is difficult to see Blair sharing this with his predecessor. Blair writes a lot about the role of the individual in society. It is rooted in his third way thinking: between the right-wing position of blaming the individual for problems in society, and the left-wing position of blaming social conditions, Blair concludes that it is “a combination of the two” (TB, 57). For Blair, the ideal relationship between the state and the individual is a “partnership” instead of a “handout”. Blair introduces the partnership idea when he discusses his “workfare” solution to welfare reform. In connection to that, Blair also explicitly points out that a desirable outcome of the solution is that it is “pro-business”. (TB, 95.) By effectively siding with business interests in welfare policy reform, Blair is perhaps at his most neoliberal. That kind of approach to welfare politics is in contrast with positions traditionally attributed to labourism and socialism.

Discussing Blair and humanism intertwines with Blair’s view on the role of the state. As said, Blair does not take an especially humanist position in his politics. The humanism of Callaghan and traditional Labour is visible in the commitment to universal welfare: it holds the assumption that the government trusts the overwhelming majority of society to use welfare systems responsibly. Blair’s workfare solution instead communicates distrust: society cannot be trusted to be responsible with universal welfare, so it must not be practiced. A workfare solution applies pressure and demands on the individual instead of placing faith on them. This cannot be considered a particularly humanist position. The role of the state in the modern world, “a world in which the individual sought far greater control and power over their own lives”, is to be “an enabler, a source of empowerment, rather than paternalistic, handing out, controlling the interests of the citizens who were supposedly incapable of taking their own decisions” (TB, 265-266). Blair repeats that position of the state “enabling the fulfilment of potential, not controlling

lives or business” (TB, 104) several times, but does not explicate it very much beyond the theory of a strengthening state becoming a powerful vested interest, as described above. His neoliberalism arises in response to that problem: by enacting market reforms, the vested interest of the strong public sector can be quashed and accountability and responsibility achieved. Blair often uses the problems of the NHS as an example in conjunction with this line of thought: the public sector-led, monolithic NHS has no incentive to innovate, is rigid, rewards bad and good practice equally, etc. (TB, 487).

To sum up the discussion of humanism and the role of the state in Blair’s thinking, his position is perhaps best encapsulated in the following passage of his assessment of Thatcher’s thinking:

[...] as people became more prosperous, they wanted the freedom to spend their money as they chose; and they didn’t want a big state getting in the way of that liberation by suffocating people in uniformity, in the drabness and dullness of the state monopoly. It was plain that competition drove up standards, and that high taxes were a distinctive. Anything else ignored human nature. (TB, 317-318)

While Blair’s claims here certainly oversimplify complex processes of societal development and change, they also effectively reveal his idea of man. He cannot agree to traditional ideas of labourism, socialism or a left-wing sense of humanism as he does not agree with that idea of man. It accords very well with the outline given for the liberalist idea of humanity presented in Chapter 2: egotistical, self-seeking and largely self-reliant. This describes aptly Blair’s aspiring citizen individual.

In describing Callaghan as a mostly pragmatic politician in Chapter 3, that was mostly credited to his willingness to deviate from his ideological position in certain situations. Assessing Blair’s pragmatism is a bit different as he is evidently not the kind of socialist thinker Callaghan was. Socialists are often considered idealists, so describing Callaghan as a pragmatist does require explanation. Market-oriented liberals are typically considered pragmatist by default, such as Blair. However, the assessment criteria utilised in the Callaghan analysis was based on whether he was willing to deviate from his ideological position. In that sense, Blair is not particularly pragmatic as he is quite convinced that his market solutions will fix the problems he has identified with the state and the public services, and is not particularly willing to consider alternatives.

4.2. Social and economic policy

As mentioned above, Blair's memoir concentrates mostly on questions of social policy with few references to economic policy. Throughout his memoir, he identifies several prominent social policy issues he intends to address: reforming the National Health Service, education and university funding, parts of the justice system that deal with anti-social behaviour and the welfare system. His reform policies are largely neoliberal in that they search for solutions through marketisation of the public sector. (TB, 498.) The following passage describes aptly his ambition:

I saw our role as taking Britain on a further stage of modernisation, creating public services and a welfare state that combined investment with reform to make them personal, responsive, entrepreneurial and, so far as the welfare side was concerned, based on responsibilities as well as rights and entitlements were earned [...] Personal ambition combined with social compassion. (TB, 318.)

The above serves as a pithy summation of Blair's stance on social policy questions. It clarifies his neoliberal position in a few key phrases: "entrepreneurial", "based on responsibilities" and the idea of earned entitlements. A citizen in Blair's Britain ought to possess personal ambition, a responsible mind and an entrepreneurial orientation. This socially compassionate and aspiring individual is the model citizen that Blair's social reforms are aimed towards. The reformations of health services, education and university tuition fees are meant to serve these people, or in Blair's rhetoric, to enable aspiration. The other segment of the population he deems "anti-social" and criminal is the target of the justice system reform, which he considers to be outdated in its protective attitude towards this "underclass". (TB, 203-204.)

Before discussing these citizen types, it is necessary to provide an overview of the overarching position Blair espouses on social and economic policy in his memoir. The major policy lines are NHS reform, education reform, introduction of tuition fees to universities, anti-social behaviour laws and welfare reform. This list demonstrates well that the focus of New Labour was on social policy. For Blair, Thatcher had made the necessary economic reforms and he was content to inherit them. Commenting on the James Bulger murder case, Blair expresses this: "Very effectively I made it into a symbol of Tory Britain in which, for all the efficiency that Thatcherism had achieved, the bonds of social and community well-being had been loosed, dangerously so" (TB, 59). He also expresses clearly his intent to hold on to the Tory policy inheritance:

In what caused much jarring and tutting within the party, I even decided to own up to supporting changes Margaret Thatcher had made. I knew the credibility of the whole New Labour project rested on accepting that much of what she wanted to do in the 1980s was inevitable, a consequence of not ideology but of social and economic change. The way she did it was often very ideological, sometimes unnecessarily so, but that didn't alter the basic fact: Britain needed the industrial and economic reforms of the Thatcher period. (TB, 101.)

Considered in this light, perhaps the biggest strides in economic policy made by Blair as a Labour leader was holding onto Thatcher's legacy of economic policy: "no return to the old union laws; no renationalisation of the privatised utilities; no raising of the top rate of tax; no unilateralism; no abolition of grammar schools" (TB, 96). It was important for Blair to be able to "govern for a lengthy term, as Tory governments seemed habitually capable of doing" (TB, 95). While he deemed the Tory economic reforms to be necessary and allowed them to form a backbone for his future reforms, he did slightly condemn the "loosening of social bonds" as referred to above. In his rhetoric, Blair differentiates himself from Tory politics by asserting compassion:

You made it; you were a Tory: two sides of the same coin. It became my political ambition to break that connection, and replace it with a different set of options. In Britain you can vote Labour if you are compassionate; your care about those less fortunate than yourself; you believe in society as well as the individual. You can be successful and care; ambitious and compassionate; a meritocrat and a progressive. Moreover, these are not alien sentiments in uneasy coexistence. They are entirely compatible ways of making sure progress happens; and they answer the realistic, not utopian, claims of human nature. (TB, 10.)

In the above passage, Blair's third way thinking is clearly expressed in language as he makes the case of combining success with Labour. He asserts that one can be ambitious while being compassionate; ambition does not have to be in contradiction with being true to ideals of labourism and social justice. However, his sentiments are not reflected well in his major reform policies. Blair's reforms are mostly about reforming societal structures to adhere more clearly to market rules and pressures instead of taking a more direct approach to eliminating inequality in society. For Blair, eliminating inequality can be only done efficiently through market reforms that would allow the market to remove inequalities in society:

Getting value for money in services like health care, opening up competition in areas like education, radically altering welfare so that it becomes a genuine safety net for those who need it and a leg up for those who can and should stand on their own feet, and at every point questioning, reassessing, changing, not so as to abandon

social solidarity but to make it effective in a changed world; that is what we ought to be advocating as progressives and embracing as nations. (TB, 660.)

The point is clear in the above passage: Blair does not want to abandon social solidarity, but make it “effective”. The competitive market creates efficiency, efficiency creates wealth and success and that wealth can be distributed to those who remain in need. He simplifies his sentiment pithily: “Spend less on bureaucracy and you spend more on front-line care” (TB, 674). It ought to be argued that the idea of spending on bureaucracy is that the bureaucracy’s function is to uphold structures that would, in creating equality and well-being, minimise the need for front-line care in the first place. However, Blair justifies his view with the thesis that a strengthening state with its bureaucracy becomes a vested interest more interested in preserving its own position in society than to provide public good as it is meant to. It is through this line of reasoning that Blair can assert himself as a Labour politician, despite having a basically neoliberal and market-oriented view of society.

This ideology drives the formation of the details in his reform policies. The main problem with the NHS was the “chronic endemic problems of rising waiting lists, long waiting times and outdated working practices” (TB, 211). Blair attributes these problems to the NHS’s centralised organizational structure. He acknowledges that the NHS is underfunded, but “money was not the only problem; and more money was therefore not the complete solution” (TB, 202-203). His planned reform would decentralise the system of governance and empower front-line managers and give user choice. Local self-governance would spread decentralised management across the state health system, but “without the inequity inherent in the underfunded Tory reforms we inherited”. What Blair wants to do is to break down public service monopolies, which he considers to breed inefficiency as they are “controlled in a rigid way by national and local bureaucracies often deeply resistant to innovation and genuine local autonomy”. He speaks of a public service reform in optimistic notes: he has talks with “capable voluntary and private sector providers” who are “only too willing” to engage in public service delivery, but they are prevented from doing so. Restrictions that are placed in the way of “good independent providers establishing themselves” need to be removed. (TB, 211-212.) In contrast with Thatcher, he intends to increase funding of public services, but the increases are contingent on an overhaul leading to a market-based system. The ideological part of his solution is his thinking that it is pointless to try to change the existing

system from within. The only solution for him to consider is a market reform, creating a system of autonomous service providers in competition with each other.

Blair's plans for education reform follow similar lines: the plan is to create a system of "self-governing academy schools" that would replace traditional state-run comprehensive schools. The school system had great trouble with achieving numeracy and literacy in students with only 40% of eleven-year-olds leaving primary school able to read or write properly (TB, 202-203). The academy schools would become "self-governing trusts" "with far greater flexibility in staffing and pay, with partners from whatever sector they wished". These schools would not be bound by the rigid state bureaucracy, but would be allowed to concentrate on "what will make the school excellent". (TB, 568-670.) The Labour Party leftist members were unhappy with the reform as it was forming a two-tier system in similar vein to the grammar schools that already existed. The difference to grammar schools was that the students were not chosen based on academic performance. The academy schools that were established were test schools, which replaced poorly performing comprehensive schools in difficult areas. Some Labour people still felt the academies were elitist in that they had superior advantage compared to traditional comprehensive schools. (TB, 570-571.) From the point of ideology, Blair's plans were quite moderate. A truly neoliberal solution would be total marketisation, where the schools would not only be in competition with other schools, but the families of students would be in competition with each other over who gets to go to the best schools. The trouble for a socialist agenda is that to promote equality would be to create a system where all schools had equal status in funding. Blair argues that it is "classic levelling down", where equity would be reached at the expense of excellence (TB, 571). From a socialist point of view, he is going to the right direction by increasing funding for state-run schools, even though only for a small number of them. From a neoliberal point of view, he goes to the right direction by introducing competition to the field of education.

His stance on university funding seems different to his stance on early education. It seems incongruous as Blair does heavily espouse education as a solution to problems in society. Education was a high priority for Blair, a sector where the state can best fill its purpose, which is "enabling the fulfilment of potential, not controlling lives or business" (TB, 104). Universities provide higher education for citizens, which in turn is an important vehicle of social mobility. The "equality of opportunity" thinking that is vital to Blair's philosophy should certainly motivate him to support free higher education. Instead Blair was concerned with British universities lagging

behind the United States in rankings. He had support for his plans to introduce tuition fees from the universities themselves as they had trouble retaining proper funding. Tuition fees are naturally a technically easy solution to the funding problem. Blair strays far from leftist thinking in his position:

[US universities] were more entrepreneurial; they went for their alumni and built up big endowments; their bursary system allowed them to help poorer students; and their financial flexibility meant that they could attract the best academics. Those who paid top dollar got the best. Simple as that. (TB, 478.)

It is with the university funding reform where Blair perhaps deviates most strikingly from traditional Labour thinking. It seems that the thought of the equalizing potential of free higher education, which is clearly considerable, does not even cross his mind as he seeks to solve the problems of falling rankings and insufficient funding. Admiring the US system for its efficiency is an almost explicit notion of approval for an inequitable stance on social justice: “those who paid top dollar got the best”. The plan was to allow universities to set tuition fees of up to \$3000 per year with variation at the discretion of the university. Tuition fees certainly have a strong neoliberal element to them as they impede social mobility in favour of a market system for education. Blair does imbue the reform with a seemingly socialist-inspired agenda as well, though: the fees would be repaid after graduation on a means-tested basis, i.e. depending on the income of the graduate. It would give the universities a large boost in funding, while also incentivising the students to make good on their educations. (TB, 482.) Blair does acknowledge another route to achieving the goal: higher taxation. He bypasses it quite simply by stating that it would of course “be unpopular too” after accepting that his reform plan was unpopular. Essentially, he could have chosen between two unpopular choices: one that is socialist and one that is neoliberal. Blair expectedly chose the neoliberal and more market-based choice without regard for the socialist choice.

Blair also devotes several passages of his memoir to his thoughts on anti-social behaviour. By it he means petty crime that plagues ordinary citizens throughout the country: muggings, theft, aggression in the streets and similar things that all contribute to a feeling of increasing insecurity. Blair was intolerant of the phenomenon. He acknowledges that social conditions should be stressed and “radically dealt with”. His mantra on the subject was “tough on crime, tough on the causes of crime”. (TB, 57-58.) Blair felt that the judicial system was failing with crime: it “didn’t fit the reality of modern living” (TB, 272). Notably, while Blair talks occasionally of the “loosening of

social bonds” during the Thatcher era, he does not ever talk about it in conjunction of the problem of ever more prevalent crime. Despite acknowledging the effect of social conditions on social problems, he is annoyed by the softness and slowness of the judicial system in dealing with petty crime. His antisocial behaviour laws would give more power to the authorities to swiftly deal with certain kinds of petty crime. The opposition considered it encroachment on civil liberties.

While being intolerant of petty crime is understandable as it is a societal blight, Blair’s proposed solutions are definitively neoliberal:

What were we actually changing on the council estate [...] to eradicate the constant barrage of low-level crime which made a misery of so many lives [...]? More police officers, and police modernisation—which we took forward with, for example, the introduction of auxiliary community support officers able to do much of the community policing job in a more focused way—were only partial responses; the police also needed better, more immediate tools for the job in terms of sanctions, which meant a shake-up of the criminal justice system. (TB, 212.)

Naturally social problems such as petty crime need short-term solutions, which can perhaps take the form of technical reforms to justice processes, but long-term solutions are also needed that would improve social conditions. Blair acknowledges that social conditions can create social problems such as crime (TB, 58). However, he is always vigilant to note that social conditions are only a part of the reasons. Blair admits that social conditions determine success in life, but stresses that they do so only in part; success in life is also born of “hard work, character, determination, grit, get-up-and-go” (TB, 44). Blair claims to agree that social conditions need to be changed, but that they were not an excuse for criminal behaviour (TB, 50). In practice, in dealing with the problem of crime, Blair did not seek solutions through changing social conditions, but by increasing police presence, giving wider authority in sanctioning and shaking up the criminal justice system. Blair speaks of “character” as a reason for success and links the explanation of social conditions to making excuses. It can be inferred that Blair does not find the more left-wing intellectual orientation of stressing structure and social conditions neither credible as an answer nor as the basis for a solution. Instead his law and order policies are based on a traditional neoliberal stance of basing policy on the assumption of full individual responsibility.

The organisation of the welfare system is defining for any modern western nation. Blair is sceptical of the notion of a welfare state and the effects of a system of universal welfare support. For Blair, the welfare state is a product of the past, created after “the tumultuous events” of World War II.

The welfare state was the response to the unbridled capitalism of the Industrial Revolution, which “unregulated, unrestrained, untamed” “rolled over the mass of people, squeezing work and profit out of them”. The conditions collectivised the workers and induced the formation of trade unions. With the support of the trade unions, the welfare state is formed to ensure worker’s rights, democracy and the fair redistribution of wealth. (TB, 213.) Blair’s theory of the role of the state, however, assumes that this is a stage of development that has been passed, no longer compatible with the modern world. Blair’s essential stance on welfare is “a hand up not a hand out”. In the “workfare” state, the unemployed would be given job opportunities, which they would be forced to accept or else they would face sanctions (TB, 95). Blair was also concerned with citizens abusing the welfare system and his main goal was to increase conditionality. From early on he planned radical cuts to the welfare system in favour of investment in health and education. Blair did not see welfare support as efficient, instead he considered it perhaps even harmful: “It was clearly unhealthy for people to be subsidised on a life of benefit; and when they could work, then in their own interests, they should.” (TB, 124.)

It can be reasonably surmised that Blair’s social policy orientation is strongly neoliberal. He does not go into detail in justifying his positions based on facts. His justifications are mostly philosophical, basing themselves on the idea of the aspiring individual, which is examined more closely in the following section. The short-term and long-term effects of social conditions on individuals’ lives in society is an enormously complex subject that is widely studied. Blair is hardly interested in such questions; he considers it more sensible to expect a certain orientation from people that is suitable to the modern world. People should be efficient and adaptable in order to do well in modern society. Each person ought to find a bit of aspiration in themselves and the world would accept them. For Blair, those engaging in anti-social behaviour or abusing welfare are social delinquents who refuse to take personal responsibility over their lives. He considered that the problem of Old Labour was thinking that the problems of these people were caused by external forces; New Labour understood that “hard work, character, grit” and “get-up-and-go” were qualities everyone should have.

4.3. Modernity and the aspiring individual

This section will outline the two primary discourse strategies Blair uses in his memoir to consistently and continually assert the superiority of his political programme. The purpose of these discourses is to convince the reader of a certain understanding of the world. He uses these discourses throughout the text and appeals to them as fundamental facts of the world when he needs their power to assure the reader of the rightness and sensibleness of a given position. They are important in justifying his political philosophy as he does not endeavour to do so through reference to facts or studies; instead he uses these discursive strategies to convince the reader that the rightness of his philosophy is self-evident. The discourses have been alluded in the discussion above, but it is the task of this section to present what they are and how Blair uses them.

The first overarching discourse is the modernity discourse. Blair constantly makes comparisons between old and new, that which is old-fashioned, the product of a by-gone time no longer usable in a modern context. Those subjects he associates with the old need to be abandoned; those he associates with modernity are to be cherished and developed. It is his primary tool for broadly explaining the necessity of the New Labour project. The second discourse is the aspiration discourse, where he creates the image of a citizen fit for the modern world. This individual is characterised by a word Blair uses consistently throughout his memoir: aspiration. The failure of Old Labour was, in Blair's words, that "they didn't 'get' aspiration":

They were almost too altruistic for their own political good. When injustice and inequality were reduced—in part through their efforts—they failed to see what would happen. A person who is poor first needs someone to care about it, and then to act; but when no longer poor, their objective may then become to be well off. In other words, for such a person it is about aspiration, ambition, getting on and going up, making some money, keeping their family in good style, having their children do better than them. (TB, 45.)

The above passage sums Blair's worldview succinctly. It fits in well with his theory of the growing state: while initially giving crucial help in the post-war world to boost the economy, the public sector has become "stuck" and an impediment to progress. Similarly, as the individual is allowed a "hand up", to use Blair's rhetoric, they are given the necessary tools to provide for themselves. At that point, the state should retreat and allow the individual to aspire to greatness and wealth, as priorities change. The time of poverty represents the old world with its old rules, where state

intervention is necessary, crucial and unavoidable. But once the state has fulfilled its purpose, it should have the good sense to withdraw and allow the individual to aspire and flourish. The old rules no longer apply and new rules are needed.

The problem with these intellectual types was that they didn't quite understand this process; or if they did, rather resented it. In a sense they wanted to celebrate the working class, not make them middle class—but middle class was precisely what your average worker wanted himself or his kids to be. (TB, 45.)

This passage describes Blair's issue with the ideology of Old Labour. For him Old Labour did not understand that important process of change, where old becomes new and requires a new way of thinking. The outdated Old Labour politics were bound to fail in the modern world and it became Blair's mission to reform the party to adapt to the change. Furthermore:

The impulse of many of those helped by well-meaning intellectuals was essentially meritocratic, not egalitarian—they wanted to be helped onto the ladder, but once on it, they thought ascending it was up to them. (TB, 45.)

To aspire was to be modern; to receive state handouts was to be old-fashioned. It is the idea of aspiration that connects Blair quite strongly with Thatcher. Above, there was a reference to Blair accepting the economic policies formed in the Thatcher era as necessary and efficient, where he also refers to it causing "jarring and tutting" within the party. He remarks further upon it:

Saying this immediately opened the ears of many who had supported the Tories in that period—not because they were instinctively or emotionally Conservative, but because Labour had seemed so old-fashioned and out of touch with individual aspiration. Our economic policy had appeared hopelessly collectivist; our social policy born out of political correctness. (TB, 101.)

This passage is crucial as it links the two discourses tightly together: Labour had become old-fashioned and also lost touch with individual aspiration. These two failures of adaptation brought the party down at the end of the 1970s, which Blair would now correct. Old Labour was inefficient in its view that "a person worried about their tax rates was essentially selfish, and therefore by implication morally a little lost". Old Labour could understand "that it might not be smart to penalise them; but not that it might be wrong to do so". (TB, 480.) New Labour naturally disagrees with this. New Labour faces a world of independent individuals who not only make their own decisions, but want to do so. Blair's intellectual case for New Labour:

All governments round the world, certainly those getting re-elected, were refashioning their state and public services to make them more accountable to consumers and users, who in the other dimensions of their lives were habitually making their own choices and decisions. (TB, 481.)

That is essentially the modern world Blair believes in and it is in sync with the aspiring individual. The aspiring electorate knows what it wants and as governments face the circumstances of a modernising world, their desires are fulfilled through democracy. Blair describes the aspiring people as “the ones who agree with Labour on social compassion, but who need us to be sensitive to their desire to spend their own money” (TB, 671). The idea of aspiration is central to Blair’s understanding of the ideal citizen:

Basically, I understood aspiration. I like people who want to succeed, and admire people who do. [...] I got on well with the risk-taker, those who didn’t mope around, who had “get-up-and-go”. I hate class; but I love aspiration. It’s why I like America. I adore that notion of coming from nothing and making something of yourself. (TB, 117.)

Blair had utmost respect for the aspiring people and something closer to contempt towards those who did not exhibit such qualities, those who “moped around”. The reforms that he directed towards those people were the anti-social behaviour laws and welfare reform. The aspiring people would be allowed to aspire as the “socially excluded”, “the underclass”, those with “dysfunctional lives, full stop” (TB, 203) would not stand in their way. Market reforms in health and education would give the aspiring people opportunity to aspire, take care of themselves and succeed in the modern world.

Modernity is a central theme of *A Journey* and is a key element of Blair’s political thinking. In the very beginning of the book, he outlines Labour’s problem: “We had lost because we were out of touch with the modern voter in the modern world” (TB, 4). The modern is fundamental, something that Labour needs to reach to become a noteworthy and competent party again. The purpose of New Labour was to achieve this, to find and reach modernity. It would only happen through a reform in the party’s thinking and practices. One of his first symbolic overhauls to the party’s thinking was to abdicate Clause IV of the Labour Party constitution. The clause contains a commitment to “common ownership of the means of production, distribution and exchange”. Blair intended to immediately dump such commitments to nationalisation and state ownership

policies. This was the first step towards adaptation to new realities. (TB, 77.) Blair states explicitly in the following passage the contents of his modernising goal for the future of Labour:

The thing that mattered most was getting the New Labour programme through, proving that the Labour Party was indeed the party that could, because it had changed, change the public services and welfare state it had helped create; change them radically, make them secure because we had made them modern, right for the twenty-first century, right for a world that was an era away from 1945 in its thinking. I saw this as the supreme fulfilment of my mission: to show how progressive politics, itself modernised, could modernise the nation; to escape from Labour's hide-bound and time-bound fixation with its past, and in doing so help the country escape from theirs. (TB, 491.)

It is the contrasting between old and new, which forms the argumentative foundation of the modernity discourse. Sometimes the contrast is meant to ridicule the old; other times simply to point out that it is no longer applicable. Through this strategy, he communicates the justification of his vision of demolishing Old Labour and establishing of New Labour. In a few passages, Blair does indeed ridicule Old Labour practices somewhat. In one, he lets out some of his frustration with Old Labour thinkers, when he describes his team:

They had the same instincts and each had the political skill to mount the Labour case for modernisation and change. All of them had honed those skills in umpteen interactions with recalcitrant union leaders, bolshie MPs, lefty activists and assorted intellectuals whose main contribution was to explain why nothing should change in the name of being real radicals. (TB, 483.)

Here Blair essentially paints the picture of old-fashioned, outdated and irresponsible fools, who are out of touch with reality and basically harmful to the political process. Those are the impulses of the trade unions and the Labour politicians who disagree with his modernising agenda. Those are the people who he considers to be Old Labour and those that made him believe that "the Labour Party was its own worst enemy". This was because they had "the psychology of the protester", which led to Labour's periods in government being short and intermittent as their "psychology was not that of the decision-maker". (TB, 200.) Blair's idea of that protest mentality was essential to his understanding of Old Labour having failed the mission of a progressive party to progress as a party as progress had happened in society.

An Old Labour stuck in the past led to the party's espousal of state politics that were also of the past. Blair considered the public sector he inherited to be largely unreformed, "as it had been

since 1945". The benefactor state had become its own benefactor. (TB, 213-214.) That kind of state was "paternalistic, handing out, controlling in the interests of the citizens who were supposedly incapable of taking their own decisions" while the modern state would be only an "enabler, a source of empowerment". (TB, 265-266.) In order to form that modern state, New Labour seeks to reform the state and the public service by "breaking down its monoliths" (TB, 569). New Labour "weaned the party off its hostility to the private sector" and was moving towards "something more consistent with a twenty-first-century mindset" (TB, 283). Old-fashioned thoughts of centralised state control on governing the country were to be abandoned. This forms the basis for Blair's market reform agenda. These changes meant that "Labour started to throw off the chains of its past and behaved in a modern way in respect of the economy, and with common sense on issues like defence and crime". With the changes "the reasons to stick with the Tories fell away" and the way to continued success was paved for Labour. The associations between New Labour, modernity and common sense are contrasted here with associations between Old Labour and "chains of the past".

Indeed, Blair basically equates the phrase "New Labour" with ideas of modernity and freshness. At times, he uses it as a point of comparison in describing individuals or events: "[Prince Charles] was a curious mixture of the traditional and the radical (at one level he was quite New Labour; at another, definitely not)" (TB, 146). In that passage, Blair directly equates "radical" with "New Labour" and "traditional" as something that is essentially its antithesis. He also uses the Troubles in Northern Ireland as a point of comparison between old and new. Blair approached the conflict with daring optimism, believing in his ability to solve it even though no one had managed to achieve any kind of solution before, despite many tries.

I thought it was no longer in anyone's interest to tolerate conflict, not in Northern Ireland, but more important, not outside it. I thought the whole thing had become ridiculously old-fashioned and out of touch with the times in which the island of Ireland lived. (TB, 158.)

Blair's dismissal of the conflict in Northern Ireland is identical to his dismissals of Old Labour and the politics of a strong public sector: old-fashioned and out of touch with the times. The political philosophy he drives New Labour with is the same that he brought him resounding success in Northern Ireland: the modern approach, adapting to the demands of the times. Like Old Labour

and socialism, the conflict in Northern Ireland was outdated and facing imminent demise. The modern world was already here and remnants of the old were ripe for purging.

It is in using the modernity discourse in his justification for the reform to the welfare system where Blair's neoliberalism is perhaps at its most evident. The universal welfare of old was "old-fashioned" and workfare was "modern". It was old-fashioned to not insist responsibility on the unemployed to take whatever job the state chose to offer to them. He does not bother considering potential problems that might follow a workfare solution to welfare, instead he merely speaks of it being "a partnership between the state and individual, not a handout". (TB, 95.) Similarly, state-led public services were from that same bygone era of 1940s policy planning espoused by Old Labour. Regarding the NHS reform, Blair saw that the public servants in charge of the NHS "believed sincerely that there was an incompatibility between private sector concepts like choice, and the basic equity of the NHS as an institution". That portrayed perfectly for Blair the outdatedness of the NHS institution:

It was the age-old problem of the policy becoming the principle, so the policy of the NHS for 1948—perfectly appropriate for its time—became the hallowed principle for all time. (TB, 262-263.)

However, what that principle entailed was a monolithic NHS with no incentive to innovate, a rigid institution where bad and good were equally rewarded and powerful professional interests held everything back (TB, 487). The purpose of the modernity discourse is to, in all matters of reform, stress the basic uselessness of sticking to old methods of government. The past politics of the old Labour Party were equitable with the Troubles in Northern Ireland; just as pointless, destructive and unhelpful. Similarly, the powerful public sector becomes a self-perpetuating machine that has long since forgotten its true purpose. Blair asserts that the purpose of even post-war Labour had been about the individual. Creating a more powerful state, strengthening the trade unions, promoting social action and espousing collective bargaining had all been means to an end: to help the individual gain opportunity, to let them overcome limitations unfairly imposed by poverty, poor education, poor health, housing and welfare. (TB, 92.) The modernity discourse underlines this contrast between old and new and demonstrates to the reader that the only way is to go forward as Blair defines it.

5. Comparing leaders: from Callaghan to Blair

It is undeniable that the Labour Party went through a significant transformation from Callaghan's time to Blair. Callaghan's Labour Party held onto core ideals of labourism, socialism and humanism and espoused a strong public sector that sought to ensure the elimination of social wrongs and the promotion of social well-being. Evidently, these ideals were largely not shared by Blair. Blair believed in entrepreneurship, the markets, individual responsibility and a state that would intervene in the affairs of the individual only in an emergency. While Callaghan and Old Labour intended the state to take an active role in ensuring the social needs of the people are fulfilled, Blair was happy to leave that to the markets and believed that the state would certainly do more harm than good in its attempts to intervene.

In this section, the two analyses will be compared against each other in an attempt to identify the differences and the similarities between Old Labour and New Labour. The comparative work will be conducted against the preceding analyses of ideology and policy orientation. Highlighting the differences and similarities will give a balanced perspective to the concrete changes that occurred. The ideological shift is undeniable: it is a mostly clear transition from rather traditional socialist thinking to an almost traditional neoliberal set of beliefs. This shift is most clearly perceptible when examining the comparison between certain key policy positions: the welfare state, the relationship between the state and the individual, the idea of equality in society and the root causes of social problems. While these societal themes are heavily intertwined, they do form their own conceptual frameworks. The existence of a welfare state often determines heavily the relationship between the state and the individual in a polity; values regarding equality are often of a similar variety in welfare states; and welfare states often give a similar diagnosis and set of policy prescriptions in matters of social problems. These are only generalisations, of course; welfare states can take many forms.

Callaghan believed in the welfare state and would not abdicate it even when his government was facing dire financial straits. For Callaghan, the politics of a welfare state formed the backbone of compassionate politics and a stable society with the government's goal being the promotion of social well-being. Callaghan's labourism and socialism were entrenched in traditional leftist thinking. He represented the traditional Labour agenda with an emphasis on competent leadership; after all, he was quite successful in handling the various economic crises of the time. Blair's view on the welfare state was the opposite: he considered the socialist welfare state to be a

free-for-all that corrupts the moral foundation of society. This basic position toward the welfare state differentiates Blair irrevocably from the traditional Labour Party and aligns him strongly with neoliberal ideology.

Blair also wanted to keep the state and the individual separate and in a “partnership”. The state would not directly help individuals to survive with “handouts”, but would make social investments, “a hand up”, to enable the individual to take personal responsibility and aspire to reach their full potential. Callaghan, on the other hand, was an advocate of state interventionism, believing that the state did have a notable amount of responsibility in ensuring the social well-being of individuals. For Callaghan, the kind of coercive politics adopted by Thatcher and Blair in their welfare reforms would amount to a cynicism in politics, which he calls “corrosive”. From Callaghan’s perspective, British politics have adopted that kind of cynicism as a principle since then: the workfare reforms to welfare and Blair’s anti-social behaviour laws embrace a coercive orientation to social policy, where there is a distinct lack of trust between government and the governed. In this respect, New Labour differs heavily from Old Labour.

In their notions of equality, Old Labour and New Labour have points of convergence. Both Callaghan and Blair speak about the principle of equality of opportunity. For Callaghan, equality of opportunity is a basic principle of social justice best achieved through investment in education. The government’s job is to help everyone have a decent life by ensuring equality of opportunity and basic social security.

The central difference in policy to Blair is Blair’s goal to bring conditionality to basic social security. The workfare solution in the welfare reform creates a diluted version of Callaghan’s sense of equality of opportunity. Blair acknowledges the notion of equality, but considers it a lesser priority to excellence. His position on education reforms is not to find solutions that would best serve the goal of social justice and equality. It is not a problem for him to advocate two-tier systems in education, which effectively means that equality of opportunity does not take place. It is an ideal for Blair, but only one among many and not of the highest importance. Traditional Labour ideas of equality he dismisses as insistence on equality of income, not equality of opportunity. While such thinking undoubtedly exists in the party, it is not reflected in Callaghan’s ideas.

Similarly, Blair does not believe in state solutions for social problems. He is not interested in the structural explanations traditionally espoused by left-leaning intellectuals. For Blair, social

conditions as a root cause comes second to personal responsibility and thus amounts mostly to being “an excuse”. He does not look for the causes between rises in crime from as rising from any particular source, but instead merely reacts to them by forming new laws dealing with anti-social behaviour and planning judicial reform. While these are measures to consider in dealing with the immediate problem, the root cause of social conditions remains largely ignored.

One of the underlying questions of this thesis is to understand how Blair and Callaghan can be representatives of the same political party. Mostly the party seems to be the same only in name. However, the more traditional ideas of Labour did exist in Blair’s party, only Blair sought to suppress them to the best of his ability. For Blair, the primary, overarching idea that is the foundation of the Labour Party is that it is a progressive party, not a socialist party. The labourism and socialism that are emblematic to the history of the Labour Party are simply a reflection of its fundamental progressive orientation: they were tools with which to achieve the true ends of any progressive party, which was to liberate the individual. As the world changes, so must a progressive party as Blair notes in his memoir. For Blair, New Labour is that necessary adaptation: despite major differences and contradictions in policy lines, it remains fundamentally the same party in his view. A progressive party must change with the times to remain progressive; to not adapt would be to become a conservative party. For Blair, Old Labour in the modern world appeared as a form of conservatism, which a progressive party must avoid.

As the goal of a progressive party is to liberate the individual through any means, Blair formed policies that he believed to do exactly that in the modern world. The powerful state and public sector of the past with its Keynesian economic policies had allowed a whole generation to achieve prosperity and success. When that strong state could no longer contribute to the liberation of the individual, a new force of progress emerged: the global market. The role of the state is only to ensure social well-being and equality of opportunity for its citizens. These must be funded in the most socially equitable way. The strong state and public sector had become inefficient instruments for this in the modern world and needed reform. Blair believed that market reforms would be the best way to create and ensure the efficient use of public resources and give the citizens the best possible services at the best possible prices, maximising efficiency and ultimately equality as well. The decentralised public sector, in intense partnership with the private sector, would be able to give the public the best service possible. In that sense, Blair is a Labour politician: the personal

intent behind his policies were to maximise public good. It just happens they coincide heavily with neoliberal goals.

These are Blair's own justifications of his policies. Naturally, he must give an account as to why he is a representative of the Labour Party instead of the Conservative Party, which would more accurately reflect his ideology. It is this idea of the progressive party in which he roots his own status as a Labour politician. However, despite his justifications, there is no reason not to identify him as a neoliberal Labour politician. His ideology and justifications are ultimately incongruent with the history of the Labour Party, while being strongly aligned with neoliberal thought. The Labour party remains in a state of change and today New Labour appears to be only a distinct period in the party's history.

6. Conclusion

The basic goal of this thesis was to illustrate the changes in the Labour Party from Callaghan to Blair by examining the differences between their ideological thought and economic and social policy choices. More specifically, the goal was to provide a new perspective to the ideological change of the British Labour Party. Examining the memoirs of Callaghan and Blair against a theoretical background of ideological theory formed a framework through which to approach the sometimes challenging material. Biography studies provided an inspirational methodological framework for the study of ideology as the rhetoric of the prime ministers proved to be fruitful material. While the overarching shift from traditional Labour socialism to individualist neoliberalism during Blair's rule is evident from looking at history, the specific points of divergence are not as immediately clear. The study of memoirs allowed a closer look at those defining policy choices and their assessments by the prime ministers themselves, which adds colouring to the overall picture that can be discerned from earlier research.

Callaghan and Blair's positions on the welfare state, the relationship between the state and the individual, the idea of equality in society and the root causes of social problems stood out as the major points of divergence in their political thought. The assessment of Blair as a neoliberal politician was successfully established with Blair's writing comparing favourably to the presented theoretical description of neoliberalism. Also, further understanding was gained of another intriguing phenomenon: how did the Labour Party go through such a huge change? The historical background combined with the analyses of the research material help answer this question in full detail: the Labour Party had always had a strong desire to govern and the long period of weakness in opposition to Thatcher created room for new solutions in a party that had perhaps become too set in its ways. And despite differing so much from traditional Labour, Blair's neoliberal policies were veiled with espousal of the core progressive values of Old Labour: providing social well-being and creating equality of opportunity. This did not amount to enough, however: the four major points of divergence referred to above ensured that the prescribed policies of Blair would be significantly different from traditional Labour thinking.

Further research on the subject should focus on the more recent past, approaching the ideological development of the Labour Party after Blair. Blair's legacy will certainly become visible in the history of the Labour Party as time progresses, but proper historical research to perceive it will not be possible for many decades. Gordon Brown's memoir is reportedly going to be published in

Autumn 2017, which would be a natural starting point for continuing the research done in this thesis. Other material can be approached also using the perspective of rhetoric studies, too. Political speeches are a natural choice: while they form a more splintered body of data, they have other advantages. A memoir is a large, coherent body of text, but it is written with the benefit of hindsight and is edited to cohere. Political speeches, on the other hand, are made over time and when collected to form a unified body of data can reveal information that is not evident in memoirs.

The ideological position of the Labour Party will likely remain a point of interest far in to the future. Since the 13 years of government under Blair and Brown, Labour has faced 7 years in opposition. The latest general election of 2017 saw the Conservative Party in decline and the Labour Party in ascent. The politics around Brexit will certainly constitute a divisive element in the nation's political future and will only help to keep British politics a lively subject of study. Britain seems to be in another tumultuous period in its political history and party ideologies will certainly remain in flux. While this study centres on the memoirs of Labour Prime Ministers, future studies can also focus on memoirs of Labour opposition leaders. The study of ideology through rhetoric can also be continued with the help of other forms of researchable material such as political speeches. Understanding the ideology and motivations of the Labour Party is important for considering possible futures as it historically constitutes the main alternative to the Conservative Party. The dynamic between these two major parties is likely going to remain a formative element of British politics for the foreseeable future, which validates the chosen approach of this thesis. The study of ideology can provide a unique perspective to the study of British politics.

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