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FEATURE

## New Labour and Inequality: Thatcherism Continued?

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"From a political perspective, it is perhaps remarkable that it took Labour 12 years to introduce a new higher top rate of income tax. By creating a 50 per cent rate for income above £150,000, the Government has effectively created a new social 'cleavage' at a point in the income spectrum that generates no political problems for it whatsoever (indeed, quite the opposite), but huge problems for its opponents. And in doing so it has transformed the politics of 'the top rate of tax'. Indeed it is astonishing that the Government struggled through a whole decade with the previous highest rate kicking in right in the middle of a vocal and electorally-sensitive group (upper-middle-class earners). Nothing could better symbolise the anxiety and acquiescence to the rules of previous Conservative governments that characterised New Labour in the late 1990s than turning in on itself about what it would or wouldn't do to the existing top rate of tax, rather than realising that it didn't have to accept this dilemma, and that with a bit of strategic restructuring it could have transformed the political calculus of the problem. It isn't just the missed opportunities either, but the self-inflicted harm. Perhaps the worst way imaginable of structuring financial support for childcare was to create one system (the childcare element of the Working Tax Credit) for helping low-income households, and another (tax relief on childcare vouchers) primarily of importance to middle-income households. It's the kind of thing you might have expected a mischievous right-wing government to have done had it deliberately set out to create a conundrum for the left." (Horton & Gregory, 2009)

### New Labour – Time for the Autopsy

In Britain, every previous Labour and 20th century Liberal administration presided over a period when inequalities in income, wealth and health fell overall during their periods of office. It would take a deep cynicism to believe that was coincidence. Voting progressively used to bring about rapid social progress. In contrast, the overall record of the 1997–2010

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Labour governments has been to preside over a period when all three of these inequalities rose. This is most clearly seen when assessed geographically across the country as a whole. To at least 2008, life expectancies, income and wealth rose most rapidly in those parliamentary constituencies that returned a Conservative MP in 1997. They hardly rose at all in the most loyal of Labour seats.<sup>1</sup> The 1997–2010 Labour governments had more time and more money than any of those previous Labour or Liberal administrations, but – other than in some educational outcomes – New Labour failed to achieve social progress of a kind that deserves to be placed alongside the achievements of previous non-Conservative administrations. New Labour was new. What was new was that it was not progressive. Its term of office failed to coincide with social progress but with a rapid dividing of society.

For most of the period 1997–2010 Prime Minister Blair, born in the same year as Margaret Thatcher's twins, behaved as if he was her heir. No single person is that important, neither Margaret nor Tony. But it can help to summarise periods of political history to use the surnames of people as long as we remember we are talking about the actions of a group of people, not one woman or one man. Over the 1997–2010 New Labour period of office, the majority of other rich countries in the world managed to achieve a far better record on inequality, so the problem was not 'globalisation'. In almost all OECD countries, inequalities were lower than in the UK, and in many, when measured by income, wealth, or health, they were found not to be rising. The question we need to ask is not whether New Labour failed by why it failed.

By 2010, levels of inequality in Britain were the fourth highest amongst the 25 richest large countries in the world – income inequality was higher even than in Israel, higher than Japan and South Korea, higher than in New Zealand, Australia and Canada, higher than across all of Western Europe, other than in Portugal. During New Labour's tenure, quintile post-tax income inequalities were raised to 7.2:1. In 1997, the best-off fifth received 6.9 times more than the worse off fifth. The increase in inequality took the country almost quarter of the way towards the inequalities experienced in the most unequal large country in the world: a quarter of the way<sup>2</sup> to British society becoming as unequal as that of the United States of America.

There is now overwhelming evidence that in affluent countries where income inequalities are higher, overall well-being is harmed. The mental and physical health of the population deteriorates under sustained conditions of high inequality. High rates of drug and alcohol abuse are maintained and more of the most harmful illegal drugs are consumed in more unequal countries. Rates of depression tend to be higher, especially among adolescents who rightly hold great fears for their future when the

<sup>1</sup> These trends are discussed in detail, are sources of data, tabulations and formulae given in Chapter 5 of Dorling (2010a). <sup>2</sup> For data sources see: Dorling (2010b).

possible outcomes for them are so variable under greater inequality. Addictive behaviour is, in general, higher under conditions of greater inequality and uncertainty. This includes eating disorders and so rates of obesity are far higher in more unequal affluent countries.<sup>3</sup>

There is more violence, more crime, more people are imprisoned, and fewer live long into retirement – far more are discontent with their lot all the way up and down a grossly stretched out income distribution. Almost all look up and see those above them moving away from them. People look down in fear when there is great inequality. Abroad, the greatest failure of New Labour was to conduct illegal wars. At home, maintaining the high rates of income inequality brought in under Margaret Thatcher, and even allowing there to be increases in those rates towards the end of their period of office is what the last government should be remembered for above all their achievements (of which the most notable were in education). Why did New Labour do this? I would argue it was because the renewed party was partly a product of inequality, not a bulwark against it.<sup>4</sup>

Given the lack of social achievement it is likely that the New Labour record will largely be characterised in future as 'Thatcherism continued' or, more cruelly, as some kind of political boil on the backside of Thatcherism, a consolidation and the end results of the worse symptoms of the infection of mass selfishness – rather than any cure. The verdict of the Fabians published even during its last year of office, and shown in the long quote that begins this article, is indicative of what is to come from the general autopsy we should expect.<sup>5</sup> New Labour itself was the worse symptom of Thatcherism's success because it demonstrated how the infection of selfishness had spread into the body politic – and across the political spectrum – out from under the rock where once only free-market lunacy sheltered. History is unlikely to be kind to those who clearly helped continue a political mistake under the name of the party that once represented those who laboured hardest.

#### For the Remaining Doubters – the Record on Inequality

New Labour's record in income inequality was not as good as John Major's. Figure 1 shows the trend using the most commonly graphed measure. Income inequalities were measured by other means before the 1960s but it

<sup>3</sup> See Wilkinson & Pickett (2009). A revised edition of this was published in 2010, since then the book has been under concerted attack by the far-right all year, which helps illustrate just how powerful this book is. None of the criticisms made by any of the detractors to 'The Spirit Level' survive under even the most cursory of inspections of their complaints. What that shows us is that it is the idea that greater equality is good that a few people on the far right deeply – and without any rational basis – hate.

<sup>4</sup> On the argument of how living under high levels of social inequality can corrupt our thinking and make us all more stupid – something of which New Labour may be an exemplar – see: Dorling (2010c).

<sup>5</sup> One of the most acerbic early critics was: Wood (2010).

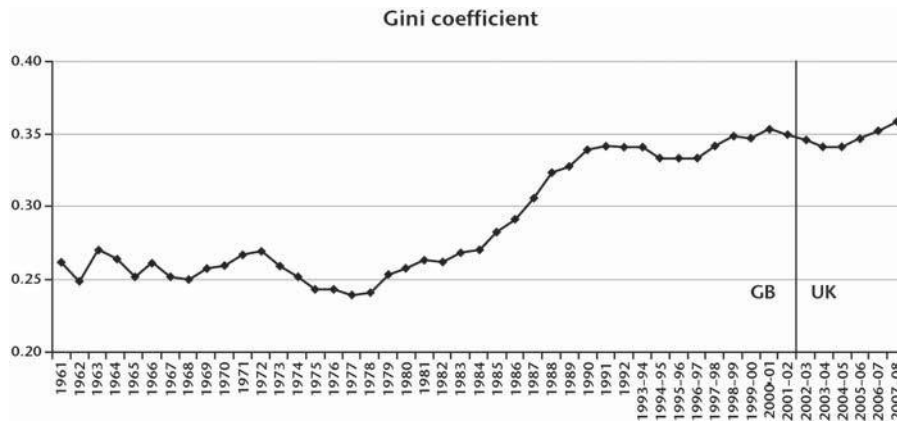


Figure 1. Income inequality in Great Britain and the United Kingdom, 1961–2008 Showing: Gini coefficient of equivalised post-tax income inequality before housing costs, 1961 to 2007–2008. Note that the data are for GB prior to 2002–2003 and for the UK subsequently. Source Institute for Fiscal Studies.

is widely accepted that they attained historic lows around then. There was a surplus of Labour votes and a shortage of labour to be exploited in the 1960s, at least among men. You could tell your boss to shove it if you did not enjoy your work and take another job. That is what keeps wages at the bottom up. Income inequality then fell even further under the 1964–1970 Labour administration, by a whisker, and was then at an historical low. It rose under Heath's 1970–74 government, only falling at the end as the oil shock hit and unemployment rose. Inequality rates fell to their lowest ever recorded values next under the 1974–1979 Labour government, despite rising joblessness again. Income inequalities reached their lowest point ever recorded at the end of the last period of Labour government.

Figure 1 shows very clearly how the abysmal and relentless rise in income inequalities took place from 1979 right through to 1990. It highlights the mid 1980s slowdown and later acceleration. That rise in inequality ended almost exactly when Margaret Thatcher was forced out of office by her own party. Inequalities then remained stable up until the 1992 election, and fell slightly thereafter, until 1997 after which they rose, up to 2001, but then fell for a few years following some budgets that were, at last, truly (if only ever so slightly) redistributive. However, from 2005 onwards, income inequalities were allowed to rise again, as fast as they had in the early 1980s, and so, by 2008, the United Kingdom was as unequal in terms of income as it had last been over 80 years earlier. The last Labour government (1974–1979) left office with the lowest inequalities in income. New Labour approached the year 2010 looking as if it would leave office having secured the highest rate of income inequality recorded in this way.

In case you might think this account churlish, it is worth taking a longer view. Although we cannot calculate a Gini coefficient with much accuracy for income before 1961, we do know what share the best-off 1 per cent of

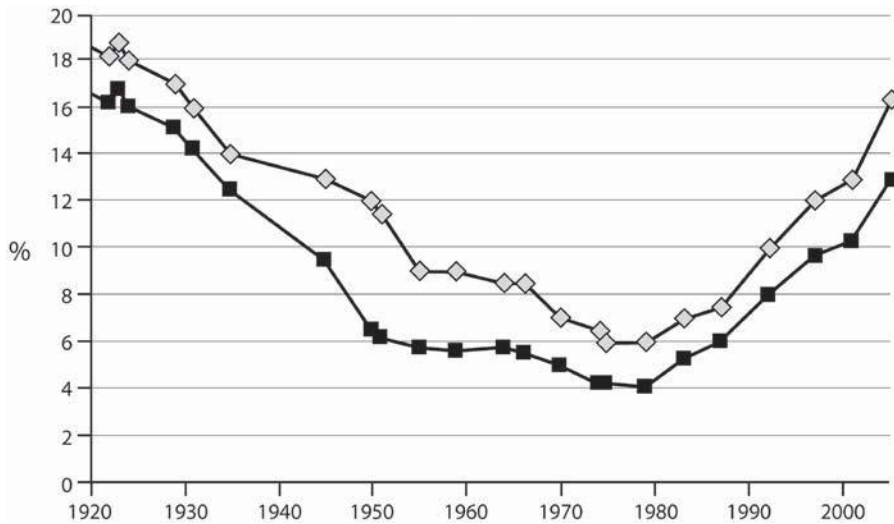


Figure 2. Income share of the richest 1 per cent in Great Britain 1918–2008 Source: Estimates made by Tony Atkinson and the Institute for Fiscal Studies, reconstructed by general election dates in Dorling (2010a). The lower line is post-tax income share, higher line is pre-tax.

the population received in income from at least 1918 onward. Figure 2 shows the time series differentiating between pre-tax and post-tax incomes so that it is possible to see what efforts successive government were making to narrow the gap through their application of progressive taxation.

#### The Longer Term Record and Those at the Top

The income share of the super-rich fell almost continuously from around 1922 until 1979. Governments in the 1920s and 1930s did not do a great deal to encourage the growing equality. Unions, strikes, social solidarity and a weakening of the aristocracy did the job instead, all with the helpful threat of mass Labour votes. Nevertheless the gap between the two lines in Figure 2 narrows during these decades as taxation failed to become more progressive. That was all ended by the incoming 1945 Labour government, which made semi-permanent large war-time tax rises for the rich and which widened the gap between pre-and post-tax inequality (using taxation ever more progressively). This in turn led to an acceleration in income equality, with equality growing from 1945 until 1951. Rates of equality increase then slowed abruptly under the 13 years of 1951–1963 Conservative rule, before the movement towards greater equality increased in speed again from 1964 right through to 1979 – after which inequalities rose relentlessly.

It is not possible to discern the Labour landslide victory of 1997 from Figure 2. It is as if it never happened, which, in a way, is true. The income

shares of the richest 1 per cent rose just as quickly after 1997 as before. The graph ends in 2008, but we know from the House of Commons Economic Bulletin<sup>6</sup> that after that average income fell overall, but rose if bankers' bonuses from 2009 were included. Bankers constitute a very large proportion of the richest 1 per cent of the population of Britain. It is very likely that statistics released in the coming months will reveal that the richest 1 per cent of the population again received 18 per cent of all income by May 2010, a proportion as high as that they last enjoyed in the decadent 1920s.

#### Health Inequalities – the Consequences on Complacency

The growing share of the overall incomes received by the best-off 1 per cent also included a growing rent they received simply for being rich in the first place. By 2010 the Hills enquiry into inequalities undertaken by the National Equality Panel was reporting that the best-off tenth of Londoners each had recourse to nearly £1 million of wealth, much of which was locked up in pensions and equity, but it was real wealth that they would (each on average) get to enjoy. This wealth was some 270 times that of the poorest tenth of Londoners! The Hills enquiry revealed that income and wealth divides were the greatest they had been in Britain for at least 40 years. If they had had the records shown in Figure 2 they could have changed that estimate to be over 80 years. It was last true in 1997 that inequalities were the highest they had been for 40 years. New Labour doubled that statistic and brought inequality rates back up to the dizzy heights of the 1920s from their previous 1950s levels in 1997.

What happens when you preside over growing inequalities in income and in wealth? One answer is that most other aspects of life polarise too. Figure 3 shows the trend in the simple measure of life-expectancy gap in Britain between the extreme local authority districts. The gap is shown for men and women separately from when this particular ONS series begins (1999). The key point is that New Labour inherited a high but not rapidly rising rate of inequality between areas and managed somehow to allow that small increase to later become a rapidly rising gap with the rise actually accelerating in the latest period shown. Inequalities in health between areas as measured by premature death rates were not just simply rising in 2008–2009, they were growing even faster than a year before. They rose so quickly that life expectancy and premature mortality inequalities between areas grew in the last years of New Labour to be as great as any that can be measured in the 1920s and 1930s when we were last as unequal.<sup>7</sup>

<sup>6</sup> House of Commons Library, Economic Indicators, March 2010, RESEARCH PAPER 10/ 20 02 March 2010, <http://www.parliament.uk/commons/lib/research/rp2010/rp10-020.pdf> <sup>7</sup> On Labour's health record see Thomas et al. (2010).

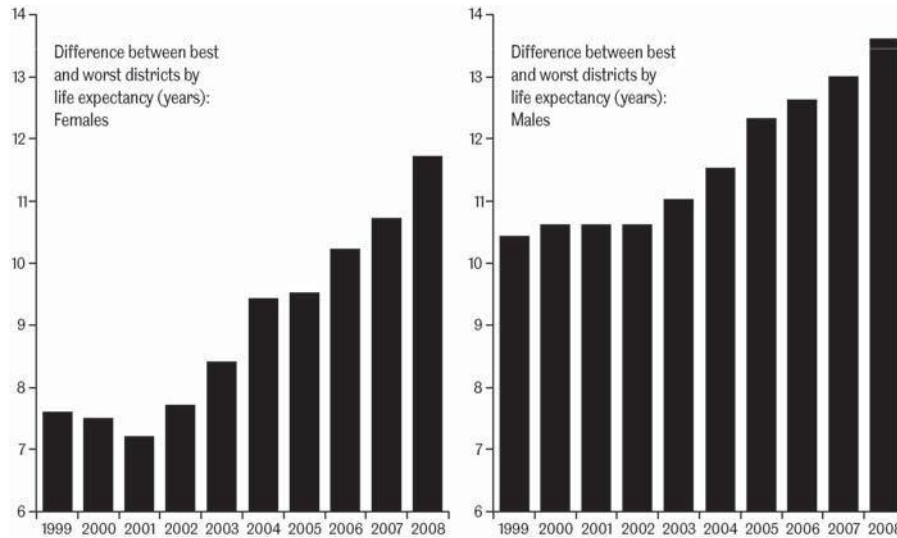


Figure 3. Inequalities in life expectancy between areas in Great Britain 1999–2008  
Source: Difference between the best and worst-off districts, 1999–2008 (ONS).

By 2008, in Britain, men in the best-off district (Kensington and Chelsea) were living, on average, 14 years longer than men in the worse-off (Glasgow). For women, the gap was now approaching 12 years and the increase in that gap had grown more quickly (from just 7 years in 2001). Much more sophisticated measures of inequalities reveal the same pattern as these simple measures. Life expectancy gaps react far more rapidly to political changes than many commentators understand, partly because they are still disproportionately influenced by infant mortality rates, but partly because growing in importance among leading causes of premature death are diseases of despair: violence, alcohol, drugs, overdoses and accidental deaths. The rise since 2001 in health inequalities for women and the rapid acceleration since 2002 for men are not some throwback effect of Thatcherism, but the consequence of a corruption of Labour politics, belief and understanding – Thatcherism's worse and most wide ranging effect of all.

Not everything went wrong for New Labour. In education there were gains, not so much the GCSE gains (which were not so hard to secure once almost all upper middle class children were being awarded their 5 or 7 GCSE grade A to Cs). The real gains that were made were those between 2005 and 2009, then, for the first time ever as far as I and others with an interest in these things can estimate, the majority of extra university places made available went to young people from the poor half of all Britain's neighbourhoods.<sup>8</sup> This was not achieved at the expense of upper

<sup>8</sup> On Labour's education record see Dorling (2010d).

middle class or even lower middle class children and young adults – their proportions continued to rise, only more slowly, the most affluent already having reached saturation point. What appears to have happened is a fortuitous combination of events that even took science and education ministers by surprise. Lord Mandelson announced the largest ever cut to higher education budgets just a few days after the January 2010 release by HEFCE of these education statistics. The combination of fortuitous events was a declining middle class birth cohort, a near doubling of spending per pupil in state secondary schools, (which was due largely to New Labour), the introduction of educational maintenance allowances, and the expansion of the post-92 sector (former polytechnics). However, when this one great achievement was reported it was greeted with ridicule and disbelief by readers of the newspaper that reported it – who no longer believed positive stories about the governments' record. That newspaper being: the Guardian.

Why did the Dream go Pear-shaped?

The key question is not whether New Labour failed in most of its aspirations but why it failed. Were the 'key players' just not that bothered? 'Seriously relaxed' about what mattered most became the persistent accusation thrown at these supposed 'guilty men'. Was the task just too hard? Or were the aims of New Labour different to those publicly espoused by the party? I opt for the last of these explanations, not due to a belief in conspiracy, but from the suggestions of many writers now that a kind of mental infection occurs in affluent countries which undergo great inequality.<sup>9</sup> Public debate is itself corrupted by living in times that are hugely unequal and this corruption allows people to believe they are acting in the common purpose when they are, in fact, acting selfishly. To see how that could have occurred rather than the task of New Labour being viewed as too hard, or the real aims being different under some kind of conspiracy, you need to go back just a few years. Try to take your mind back almost a decade to see the still fresh-faced new prime minister requesting on television a right to a second term in office despite his party's abysmal record during its first term.

It is well worth reading again a key part of Tony Blair's infamous interview with Jeremy Paxman as broadcast on Monday 4 June 2001 (see extract in Figure 4). Even by 2001 it had become evident that Tony Blair was not as 'bothered' as previous Labour leaders had been about the widening of gaps within British society. A former life-long Labour supporter recently told me that at Tony's first Labour party conference as leader he partly mouthed the words to the 'Red Flag' as the conference drew to a close. He was a little more convincing than was John Redwood in singing the Welsh national anthem when Welsh secretary, but not much. At his second

<sup>9</sup> On wider sources see Dufour (2008), Kelsey (1997), James (2008), Irvin (2008) and Lawson (2009).



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| <p>BLAIR: When you say where is the justice in that, the justice for me is concentrated on lifting incomes of those that don't have a decent income. It's not a burning ambition for me to make sure that David Beckham earns less money.</p> <p>PAXMAN: But Prime Minister, the gap between rich and poor has been widened while you have been in office.</p> <p>BLAIR: A lot of those figures are based on a couple of years ago before many of the measures we took came into effect. But the lowest income families in this country are benefiting from the government. Their incomes are rising. The fact is that you have some people at the top end earning more.</p> <p>PAXMAN: ..Benefiting more!</p> <p>BLAIR: If they are earning more, fine, they pay their taxes.</p> <p>PAXMAN: But is it acceptable for gap between rich and poor to widen?</p> | <p>BLAIR: It is acceptable for those people on lower incomes to have their incomes raised. It is unacceptable that they are not given the chances. To me, the key thing is not whether the gap between those who, between the person who earns the most in the country and the person that earns the least, whether that gap is.</p> <p>PAXMAN: So it is acceptable for gap to widen between rich and poor?</p> <p>BLAIR: It is not acceptable for poor people not to be given the chances they need in life.</p> <p>PAXMAN: That is not my question.</p> <p>BLAIR: I know it's not your question but it's the way I choose to answer it. If you end up going after those people who are the most wealthy in society, what you actually end up doing is in fact not even helping those at the bottom end.</p> <p>PAXMAN: So the answer to the straight question is it acceptable for the gap between rich and poor to get wider, the answer you are saying is yes.</p> | <p>BLAIR: No it's not what I am saying. What I am saying is that my task is.</p> <p>PAXMAN: You are not saying no.</p> <p>BLAIR: But I don't think that is the issue.</p> <p>PAXMAN: You may not think it is the issue, but it is the question. Is it OK for the gap to get wider?</p> <p>BLAIR: It may be the question. The way I choose to answer it is to say the job of the government is to make sure those at the bottom get the chances.</p> <p>PAXMAN: With respect, people see you are asked a straightforward question and they see you not answering it.</p> <p>BLAIR: Because I choose to answer it in the way I'm answering it.</p> <p>PAXMAN: But you are not answering it.</p> <p>BLAIR: I am answering it. What I am saying is the most important thing is to level up, not level down.</p> | <p>PAXMAN: Is it acceptable for gap between rich and poor to get bigger?</p> <p>BLAIR: What I am saying is the issue isn't in fact whether the very richest person ends up becoming richer. The issue is whether the poorest person is given the chance that they don't otherwise have.</p> <p>PAXMAN: I understand what you are saying. The question is about the gap.</p> <p>BLAIR: Yes, I know what your question is. I am choosing to answer it my way rather than yours.</p> <p>PAXMAN: But you're not answering it.</p> <p>BLAIR: I am.</p> <p>-----</p> <p>Source:<br/><a href="http://news.bbc.co.uk/1/hi/events/newsnight/1372220.stm">http://news.bbc.co.uk/1/hi/events/newsnight/1372220.stm</a></p> <p>4th of June 2001</p> |
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Figure 4. Tony Blair's infamous Beckham-trickle-down Newsnight Interview

party conference as leader he did not even bother to do that, but stood waving and smiling besides his carefully positioned and apparently adoring wife. Careful observers prior to 1997 had their doubts that Tony contained a scintilla of genuine sincerity when he used the word 'socialism', or whether he understood what sincerity meant, let alone socialism. But he could act. He was very assured. He wore cuff-links and had that grin. He was charismatic.

Jeremy Paxman began the interview: 'Prime Minister, there aren't enough doctors or nurses. There aren't enough teachers. There are more cars on the road than when you came to power. The train service doesn't work. Violent crime is rising. Is that what you meant by the new Britain?'. It turned out that what Tony meant by 'the new Britain' was a Britain in awe of and reliant on the largesse of the super-wealthy.

In March 2010, tributes were published in the magazine *Tribune* (12 March, p. 10) to the recently deceased former Labour leader Michael Foot. Amongst the shortest was the one written by Tony Blair. It was just 13 sentences long, and roughly half of these were about Tony, not Michael Foot. In this it differed from most of the other tributes. Tony Blair was (and is) a very odd man. I do not think he would understand these criticisms of him. If you think of yourself as being a gift, maybe from above, to others, how can you understand when they appear so ungrateful? However, I (and millions of others) am not at all grateful to Tony and his friends. It is helpful to say this to help others who might be thinking of trying to become political leaders now to think a bit more carefully about what they are doing and why. If you are seeking office because you think you are particularly able and gifted you are likely to cause harm. Alternatively if you seek office because you are prepared to work hard and are driven by personal experiences that have taught you about unfairness at first hand – you are much less of a potential liability.

Although the accusation of being seriously relaxed about rising income and wealth inequalities is often attributed to Tony Blair's suggestion that he was not concerned with what David Beckham received in tribute (or earning if you can call it that). It was put more succinctly by Peter Mandelson when he said he was seriously relaxed about these inequalities. Both men had added the caveat 'as long as they pay their taxes', but this is a view of taxation rather like charity. Taxation under this way of thinking about it is something you accept so as to give money to the poor, as if someone like you (David Beckham, Peter Mandelson or Tony Blair) are the magical creator of that wealth in the first place. You magically create it as it appears in your bank account – via subscriptions to satellite TV paying for football rights, or in our income from private business grateful for your acquiescence.

Towards the end of New Labour's reign, Lord Peter Mandelson appeared to particularly enjoy annoying members of his own political party by making statements about favouring inequality. In 2009 he suggested that 'anti-elitism of some parts of the left on education policy has often been a dead end'. This was presumably designed to cause more annoyance as almost everyone is anti-elitist today. On the same day a key government advisor, Sir Jonathon Porritt, working on a completely different area of policy, resigned citing Peter as the problem. What he said was: 'Lord Mandelson had been particularly hostile to the concept of sustainable development'. One week later it was revealed that Peter was trying to find a job for a friend of his (Trevor Philips) who might otherwise become

a Conservative party advisor given how easy it was to switch sides by 2009.<sup>10</sup> Neither Lord Peter, nor Sir Jonathon, nor Mr Trevor held any elected post, but all were in government in one way or another, and this series of spats typified the dying days of New Labour. Around Tony other men were gathered who had also come to believe that a little spoonful of extra inequality did not do too much harm.

New Labour was born between the elections of 1992 and 1997. It was a time of despair on the left. To many it appeared that without a change in the voting system, the electorate, or the party, Labour could not win a working majority again.<sup>11</sup> Rather than galvanise the electorate to demand a viable change, Tony and his fiends changed the Labour party to make it inoffensive to marginal voters whose views had been shifted so far to the right. They did this with enthusiasm because they too believed that the transformation of Britain was moving it in the right direction, that growing inequalities were okay as long as they were coupled with a little more charity for the poor, that what mattered most was economic growth and Britain's place in the world; making the country great again.

#### Inequality and the Struggle to Keep a Clear Mind

Growing inequality reduces our capacity to think clearly. The best current example of this is the debate in the United States over the supposed evils of a 'socialised' health service. It is extremely hard to have a reasoned public debate in the United States given how unequal that country has become, how few people control so much of the media, how poor educational provision is for everyone in a society that is so divided. Those at the top are given high GPA (Grade Point Average) scores and so don't realise that they often sound like dopes when talking abroad. George Bush junior had degrees from both Harvard and Yale! Britain is the closest large affluent country to the United States in terms of income inequality. As touched on in the introduction, but worth repeating again and again, of the 25 richest countries in the world the UK is the fourth most unequal – having the highest 90:10 income ratios as reported by the United Nations Development Programme in its annual World Report of 2009.

If you exclude the smaller states of Portugal and Singapore, then the UK is the second most unequal large affluent country in the world. Only in the USA are higher rates of income inequality found among large countries. We in Britain can easily come over as dopes to most people in most of the rest of the affluent world. We are little different, sadly, from ignorant North Americans. We are lucky to have had a National Health Service introduced

<sup>10</sup> All the sources for these quotes are given in Dorling (2010a, p 371). <sup>11</sup> With colleagues I was guilty of helping to propagate this myth by not making it clearer that other futures were possible, in particular by not looking further back in the past. See Cornford et al. (1995, pp. 123–142).

at a time when we were more equal. There is a reason why Brits are called whinging Poms; they whinge because they are not happy about where they come from and the inequities there. Pom may originally have been a contraction of pomegranate, but ask folk abroad now what it is short for and they more often tell you 'pompous'.

Growing inequality can, however, also focus the mind. Like proverbial frogs in the kettle, people can become used to the temperature of the water being raised up until the point that they boil, we can all fail to jump out, and we become attuned, desensitised – mush. However, if suddenly you turn the temperature up, even the slowest of frogs notice that things are suddenly worse. Inequality rates are currently escalating with the economic crash and that escalation is being coupled with falls in standards of living for the majority of the population as GDP falls. This transition occurred a few years earlier in the United States. Real median wages were falling in the years before Barack Obama was elected.

People were already getting angry. By accelerating the processes we associate with Thatcherism, New Labour has helped bring about a greater crisis of inequality and larger banking fiasco in Britain than is seen anywhere else in Europe. Iceland's banks went bust, but its society had and has a much greater degree of social solidarity than that remaining in Britain. Similarly in Ireland, despite all its troubles, there is no supposedly great financial district of Dublin in need of massive bail-outs. The Irish banks are in a mess – but they were not that county's key profit making sector. Even Greece still has its beaches and islands to attract the Germans and their euros. What does Britain have? What is the legacy of New Labour?

Figure 5 shows the UK situated within a mass of countries trying to emulate the way that those who think of growth and wealth and prestige as all important might think. The axes of Figure 5 are both drawn on log scales. On the x-axis is shown as the rising number of dollar billionaires per person in most countries in this group, for which Forbes magazine released data. It is not just that the richest countries that are home to more billionaires, it is that the more unequal are too. This graph could have been used as an early warning of trouble to come in Iceland and the UAE. The y-axis shows oil consumption changing far more slowly, but note that as oil prices rise in relation to the pound, consumption fell in the UK (unlike in many other countries).

Oil consumption also fell slightly in the USA. Falling oil consumption is partly a sign that times are becoming harder for people on average incomes when they fill up the car less often. China and India might have seen some of the fastest increases in dollar billionaires amongst these countries, but they are still home to at least ten times fewer per head and a tenth of the oil consumption of people in the UK. Mr Blair, when Prime Minister, used to talk of the danger of slipping behind in some global race. The greatest danger to all of us is that we burn too much oil and tolerate the existence of billionaires.

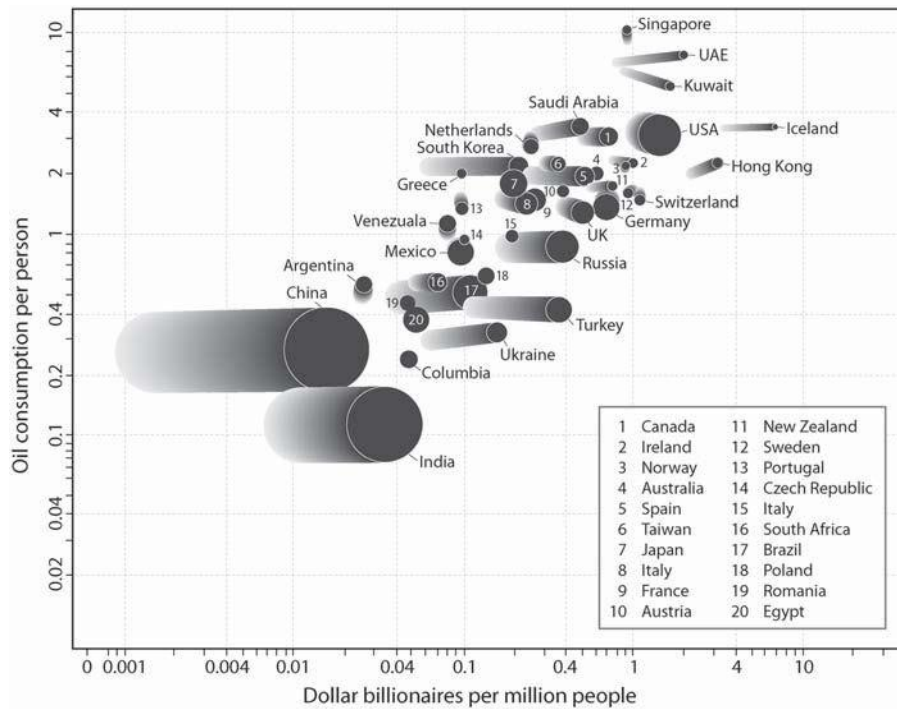


Figure 5. Oil consumption and dollar billionaires 2004–2007 Source: Gapminder (2010) Google sponsored Interactive graphing package: <http://www.gapminder.org/data/>

### A Story from Airstrip One

This article ends with a local story, as it is being written in Local Economy. It is the story of an airport. With the Thatcher government's help and encouragement, and after her three election victories, London City Airport began operations. Located right next to the financial heart of London, its first full year of operations was in 1988. Some 130,000 people flew in and out. Passenger numbers doubled within five years. They doubled again in the next two years of operations to reach half a million a year flying by 1995. Next they tripled to 1.5 million by the year 2000, rose to 2.3 million by 2006, and then transatlantic flights began in autumn 2009.

When London City Airport opened there were only flights to Plymouth, Paris, Amsterdam and Rotterdam. By spring 2010 there were flights to some 30 destinations. Too many to list so they are shown in Figure 6, which is based on a re-drawing of a diagram from the Airport's own promotion material. Plymouth still features in the list, as does the surfing destination of Newquay, but no other area of England is included in destinations from the banker's favourite airport. Why go there? However, in spring 2010, the party islands of Ibiza and Mallorca were added to the

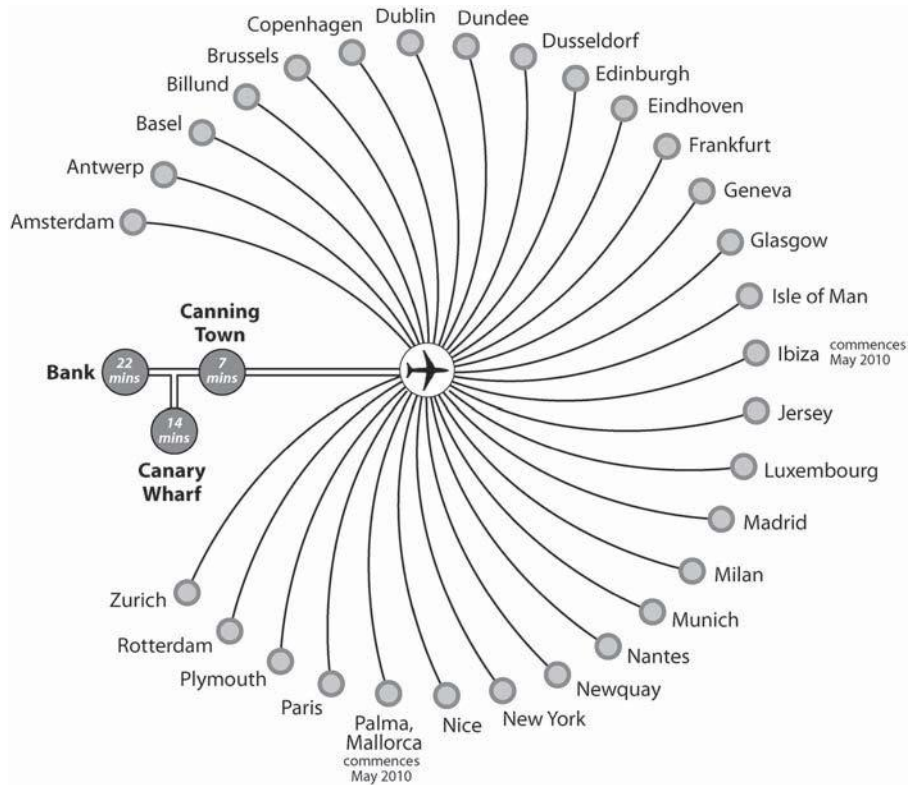


Figure 6. Destinations you can fly from City Airport as of May 2010 Source: redrawn from original source: <http://www.londoncityairport.com/FlightInformation/DestinationsAndAirlines.aspx>

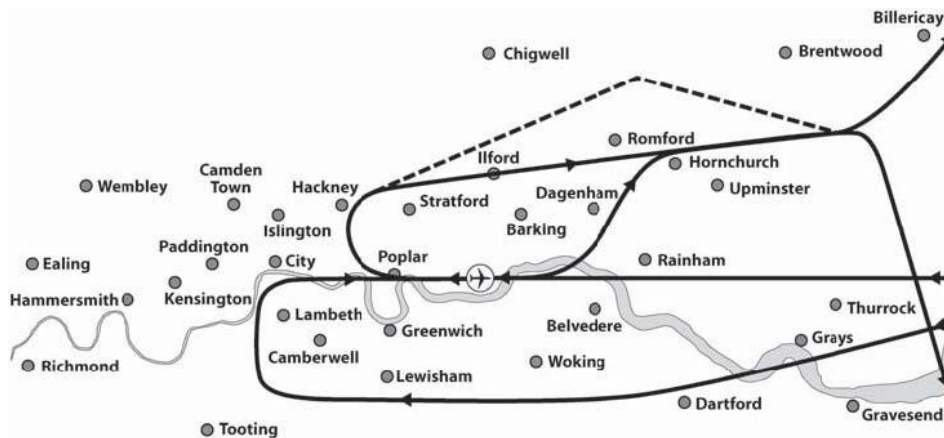



Figure 7. New inwards and outward flight paths from City Airport, proposed 2010 Source: numerous sources including from the campaigns against the extension of the airport. Google 'London city airport noise pollution', or see [www.planestupid.com](http://www.planestupid.com)

## The Office of Tony Blair

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### What We Do

Tony Blair works with a number of different organisations in different capacities. These include:




**Tony Blair Africa Governance Initiative**

**Africa Governance Initiative**

The Africa Governance Initiative (AGI) has created a unique model of development combining Tony Blair's unparalleled experience with expert on-the-ground teams working full-time alongside government counterparts. AGI works with countries - currently Sierra Leone, Rwanda and Liberia - that are at potential turning-points, where a tragic past has left a lack of capacity and deep poverty, but where there is clear potential and a leader with the vision and political will to achieve progress.

Find out more >>



**Office of the Quartet Representative**  
Tony Blair

**Office of the Quartet Representative**

Tony Blair works for the USA, UN, Russia and EU as the Quartet Representative, helping the Palestinians to prepare for statehood as part of the international community's effort to secure peace.

Find out more >>



**Tony Blair Faith Foundation**

**Tony Blair Faith Foundation**

The Tony Blair Faith Foundation aims to promote respect and understanding about the world's major religions and show how faith is a powerful force for good in the modern world. The foundation will work with Christians, Muslims, Jews, Hindus, Sikhs and Buddhists. Tony Blair believes that faith will have great influence in how the challenges that globalisation presents will be met. The Faith Foundation uses the full power of modern communications to support and step up efforts at every level to educate, inform and develop understanding about the different faiths and between them.

Find out more >>



**the tony blair sports foundation**

**Tony Blair Sports Foundation**

In recognition of his debt to the North East of England, Tony Blair launched the Tony Blair Sports Foundation, to increase participation in sport by young people, particularly those who are currently socially excluded - by inspiring more adults to become trained coaches; by providing access to high quality nationally-accredited training for those we recruit; and by helping to match coaches with the schools and sports clubs which need them.

Find out more >>



**Breaking the Climate Deadlock**

**Breaking the Climate Deadlock**

Having been the first major head of government to bring climate change to the top of the international political agenda at the Gleneagles G8 summit in 2005, Tony Blair is now leading the 'Breaking the Climate Deadlock' initiative, a strategic partnership with The Climate Group, through which he is working with world leaders to bring consensus on a new and comprehensive international climate policy framework.

Find out more >>

Figure 8. 'What we do.' From the website of the office of Tony Blair, 15 March 2010 Source: <http://www.tonyblairoffice.org/pages/what-we-do2/> (accessed 16 March 2010). All logos have been redrawn to a different style here to avoid breaking Tony's copyright. See his website for the actual logos. The text is in a different font also, but the words are verbatim quotations.

outbound list. It takes 14 minutes to get to City airport from Canary Wharf, and 22 minutes from the Bank of England's tube stop. A little quantitative easing has kept the banker's aircraft afloat.

In early 2010, City airport was in the news for reasons other than the opening of its new routes to Mallorca and Ibiza. Local residents had been complaining about the noise and increased frequency of flights. There is something about being flown over repeatedly by a group of very rich people that includes so many bankers that does appear to get on people's nerves more than normal airport noise can (see note to Figure 7). Figure 7 shows over which areas of London the new routes from and to City airport are proposed to run.

The vast majority of the expansion of City Airport in London occurred while New Labour was in power from 1997 onwards. Many flights now come in over Dartford and Lewisham, they bank clockwise around Lambeth, descend over Poplar before landing north east of Greenwich. These are the areas that mostly loyally voted for Labour, but from which very few people can afford to fly, let alone out of London City Airport. Flights leaving the airport circle out over Stratford, Ilford and Romford, or out over Barking and Dagenham, engines full throttle to gain height. There was once a time when the East End was poor because it suffered most from the pollution of smog and grime distributed by prevailing winds. Now, a major source of the noise pollution over the poorer parts of London serves is bankers flying to Basel, Edinburgh, Geneva, Jersey, Milan, New York, Paris and Zurich, and another 22 destinations.

Ten times as many people are flying in and out of London City Airport, as New Labour's period of power comes to an end, as compared to when it began in May 1997. Whether this is a measure of success or failure depends on from where you are looking and what else you know. The full story has yet to be written – I haven't mentioned Gordon Brown's part as he was still playing it when this article was first drafted (as I made corrections in July 2010 Gordon appears to be looking for work in Africa). The others I have mentioned I think have largely finished their turns on stage. However, some have been written off several times before so you can never be too careful. I'll just finish with 'some messages' from the website of the office of Mr Tony Blair (Figure 8). I think the website speaks for itself about New Labour, but that says a lot about where I'm coming from too. You might have thought of Tony: 'he's just trying to help' or 'what a nice man or 'he's got my vote'. Or, if you knew who partly funded his office, you might just think: 'banker'.



You might say: "is greater inequality only part of the story?" Surely it also depends on whether those at the bottom are actually relatively better off than the previous generation. There can be growing inequality, but with everyone getting richer. If you believe this is possible then I would suggest you read Frank (2007). Robert H. Frank is the H.J. Louis Professor of Management and Professor of Economics at the Johnson School of Management, Cornell University. He's an economist. He explains that what had been happening in countries like the UK and USA, right through the last three decades, is that as inequalities in incomes rose, so it became ever more important where you lived, for all kinds of outcomes: for school results, for crime levels, even for future house price rises. Even if everyone's take home pay went up. People began to spend more and more on housing rents and mortgages to get away from living near those who were becoming relatively poorer than them. They had to spend more and more just to be able to afford an average home in an increasingly unequal society. Why should you take Robert seriously? Well, among his other books he co-authored the standard text book, 'Principals of Economics', in 2003 with someone called Ben Bernanke. Then followed that up with the 'Principals of Macroeconomics', first published in 2006, also with Ben. It could, of course, be another Ben Bernanke, but I suspect it's the same Ben who is currently the chairman of the United States Federal Reserve, and who had previously been chair of George W. Bush's Council of Economic Advisors, and who now advises Barack Obama. Ben writes with Frank. Frank says growing inequality is bad for all, even when the poorest get a little more.

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