

Institute for Public Policy Research



# HOW TO BUILD A DECADE OF NATIONAL RENEWAL

FIVE LESSONS FROM HISTORY

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and Harry Quilter-Pinner**

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# SUMMARY

The new government has promised to usher in a decade of national renewal. Its intention is to speed up growth in living standards and close the wide gaps between regions; to restart the engine of social mobility between and within generations; to make Britain a healthier and safer country, with its health service and police there when they are needed; and to phase out the country's dependence on carbon.

All this is easier said than done. Most parties that take power fall short of the ambitions they set out with. But this time the stakes are higher. Populists who prey on democratic grievances are circling over an anxious and insecure nation. The world is watching. In a year where half of the global population casts a vote, the UK may be the only country where a progressive party won a landslide.

Very few governments succeed in changing the future. This report, the first from the IPPR Decade of National Renewal Programme, asks why some end up transforming the country, and why others fail to do so.

It draws five lessons from the successes and failures of post-war governments:

- 1. Recognise how the world is changing, then use that to change the country.** All too often, governments set sail without checking the conditions. The changing world imposes new constraints and releases new sources of energy. A political project has to respect the first, as the Truss government discovered. But it must also harness the second to propel itself, as New Labour did with globalisation and its modernisation project. The new government will have to learn how to ride on the greatest energy, technology and geopolitical transformations since the second world war to restart economic and social progress in Britain.
- 2. Don't just blame the previous government, blame their out-of-date ideas – then introduce your own.** What distinguished the Attlee and Thatcher governments was their ability to tell a clear story about *why* previous governments led the country to ruin – not just in personal or partisan terms, but also in terms of the ideas that underpinned their politics and policy. This cleared the ground to plant new ways of thinking, which requires an openness to ideas from beyond the bounds of party. If the new government wants to forge a new consensus, it will need to break Britain out of the prison of outdated ideas. That will require evolving its 'Osbornite' strategy from pinning blame on its predecessors to consistently connecting their acts in office with the outdated ideas that led the country to ruin, before bringing in its own new ones.
- 3. A string of modest but strategic policies can add up to transformation.** Transformative governments in post-war history are more incremental and insistent than radical and rapid. In isolation, modest reforms will always appear to trail behind reality. But a succession of strategic reforms, each heading in the same direction on the compass of ideas, can lead the way to national renewal. The curse of most governments is to lose their sense of direction, buffeted by events, the media and their opponents. The Thatcher government is the clearest exception to this rule: her steady, cautiously ambitious approach to trade union reform in the 1980s is a case in point. The new government has focused its agenda on five long-term missions, and a number of first steps towards those goals. Will it know where to step next? Like Thatcher, it will have to work with outriders, inside and outside the party, to succeed.

4. **Maintaining a voter coalition is not the same as building one.** National renewal projects usually take longer than a single election cycle. Thatcher and Blair (the only two prime ministers since the birth of mass democracy to serve for two consecutive full terms) understood that sustaining a coalition in government is a different challenge to building one from opposition. They delivered strategic policies that fed back into voters' political preferences, in the form of right-to-buy and radical NHS improvement, and ensured they took credit for delivering improvements in voters' lives. In seeking to govern like insurgents, the new government already has an eye on the next election. Its ability to build a decade of national renewal will depend on what voters make of its progress at the halfway point. In a world of volatile voters, fragmented media and post-truth populism, it will have to work doubly hard to deliver improvements and be given credit for them.
5. **Transformative governments enact reforms that subsequent ones accept.** Sometimes, governments enact reforms that their successors do not seek to undo. This is especially important for Labour governments because the party has spent two thirds of its 124-year history in opposition. Key to entrenching reforms are institutional innovations that lock in broad-based public support (like the National Health Service) or a strong political-economic base of workers and business (like the national minimum wage). Successful reforms of this kind are clearly presented as being for the benefit of the nation as a whole. The new government has begun to build a new institutional settlement, with the creation of organisations such as Great British Energy and the National Wealth Fund, and its intention to strengthen workers' rights in law. Ultimately, the success of these reforms will be measured by the degree to which they are embraced or rejected by governments of the future.

If the new government absorbs these lessons, the country might well have embarked on its next decade of national renewal. To be sure, that is what it needs to do.

# 1. INTRODUCTION

For first time since the industrial revolution, children born in Britain are not sure to be better off than their parents.

Living standards and life expectancy are virtually where they were 14 years ago. It is far from certain that a doctor or police officer will be there in your hour of need. Basic public goods like clean air and paved roads have become seemingly intractable public policy issues. All the while, climate breakdown and wars around the world mean doubts about our personal and national security loom large.

Underlying all of these is an out-of-date politics. The policies and institutions designed to build economic growth and social justice 50 years ago are not fit for the challenges of 2024.

Britain is ready for renewal. That much is crystal clear. Voters ejected the incumbent party for overseeing more than a decade of decline, reducing the Conservative party to its worst general election performance in its two-century history. A commanding majority was handed to the Labour party, which campaigned on a manifesto simply titled 'Change'.

The government's majority is considerable yet highly contingent. In an age when voters are less deferential or loyal than they once were, a tide like the one that gave the Labour party a historic majority might just as easily sweep it away. The outcome will depend largely on this government doing what most others fail to: make good on the promise it made to voters.

That promise is to usher in a decade of national renewal. The prime minister has described this as the central, defining purpose of his government. The intention is to speed up growth in living standards and close the wide gaps between regions; to restart the engine of social mobility between and within generations; to make Britain a healthier and safer country, with its health service and police there when they are needed; and to phase out the country's dependence on carbon.

All this is easier said than done. Most parties that take power fall short of their ambitions they set out with. But this time the stakes are higher.

Ever since the global financial crisis in 2008, the public has endured the impact of over a decade of crises. They have repeatedly been promised that government would deliver positive change, only to be disappointed. It is hardly surprising that trust and confidence in Britain's system of government are now at a record low (Montagu and Maplethorpe 2024). Low enough that only one in two adults cast a vote at the 2024 election, the lowest share since universal suffrage (Patel 2024); low enough for the most widespread race riots in a century (Patel and Morris 2024).

If this government fails to build a decade of national renewal, Britain's future is likely to get darker. The social and democratic ills that arise from slow or unequal economic growth will sharpen tensions between people and places. The growing number of populist players on the political scene will exploit and deepen them. The public will ask what a progressive government is for if it cannot grip the problems in the public realm. The door will be open for the populist right.

If this government is successful in the difficult endeavour of national renewal, Britain's future will be conceivably different. People will sense they have influence in the collective decision-making endeavour that is democracy. The tide of right-wing populism will go out. Trust in politicians will start to grow.

Either way, this government will decide the future of Britain. That is why IPPR is launching a new, flagship Decade of National Renewal Programme. It has a single goal: to help the government to build one.

### **IPPR DECADE OF NATIONAL RENEWAL PROGRAMME**

Ushering in a decade of national renewal is difficult. Many governments have attempted broad and enduring change; most of them fail. The observed experience of government is that strategic thinking about the future is relegated to something ornamental by the enormous challenges of the present.

The handful of governments that have gone the distance remained alert to developments elsewhere in the world, kept an eye on how people were changing, and were open to new ideas and policies. They were able to do this by working with thinkers and practitioners beyond the bounds of the party.

That is why the IPPR Decade of National Renewal Programme has launched. It will convene discussion on ideas, politics and policy to bring new thinking to old problems, and old wisdom to new ones. Its objective is to help the government speed up growth in living standards and close the wide gaps between regions; to restart the engine of social mobility between and within generations; to make Britain a healthier and safer country; and to phase out the country's dependence on carbon.

The stakes are high – for democracy, not just this government. Confidence in politics is at a record low. Publics around the world question whether mainstream politicians are willing or able to meaningfully improve their lives in a more unstable world. Populists who prey on those suspicions circle in growing numbers. In success or failure, this government will shape Britain's future well beyond its time in office.

Very few governments succeed in setting a country on a fundamentally different path. This report, the first from the IPPR Decade of National Renewal Programme, asks why some end up transforming the country, and why others fail to do so.

To identify what it takes to deliver a decade of national renewal, it seeks lessons from the successes and failures of post-war governments. It identifies the governments of Attlee, Thatcher and Blair as those that largely succeeded in remaking the future, while making relevant comparisons to various governments that failed to do so. In each case this report does not seek to endorse those governments' reforms, but to extract practical lessons from them as past examples of transformative change.



## 2. LESSON ONE:

### RECOGNISE HOW THE WORLD IS CHANGING, THEN USE THAT TO CHANGE THE COUNTRY

Building a decade of national renewal is rather like sailing across an ocean. The endeavour will fail if all energies are focused on the ship and none on the sailing conditions.

All too often, governments do not pay enough attention to this. They jump too readily to policy prescriptions without sufficiently hard-headed analysis of the new realities with which British public policy must contend. More often than not, the ineffective policies that result are why the party in charge of the British state, more often than not, fails to deliver on the promises it made to voters.

In their different ways, the governments of Attlee, Thatcher and Blair are exceptions. Each paid close attention to the economic winds that were reshaping Britain and its people. In doing so, they developed a better understanding of the politics of what is possible, what is not possible, and what may become possible.

That is because the changing world imposes new constraints and releases new sources of energy. A national rebuilding project has to respect the first and harness the second. This is a precondition for the coherent rethinking that a decade of national renewal requires (Pearce and Kelly 2016).

No government is an all-powerful agent able to remake the country in the ways it desires, simply through strength of will (Jackson 2024). As the world changes, whether through a surge in energy costs or the emergence of geopolitical instability, so do the realms of what is possible. Those who ignore this are destined to fail. As the Truss government discovered, you cannot sail east when the winds are blowing west (Sutcliffe-Braithwaite 2024).

Even so, governments do have some agency. The UK has the sixth largest economy in the world. Its ship of state is not simply blown around by global winds; it has the capacity to sail them. The idea that the future is susceptible to concerted human influence is the very essence of democratic politics (White 2024). But this is too often overlooked, leading governments not to implosion but to a more ordinary failure: falling short of commitments made to voters.

The challenge is to harness the winds of change to propel your political project. That matters today more than ever, as government seeks to restart social and economic progress in Britain while navigating the country through the greatest energy, technology and geopolitical transitions in post-war history.

#### **NEW LABOUR, GLOBALISATION AND 'MODERNISATION'**

In the mid-1990s, the Labour party saw how the world was changing and prepared to use this to change the country. A quarter of a century after he wrote New Labour's 1997 manifesto, David Miliband argued that his party's victory had not simply been a matter of electoral strategy. It had built a 'national project' based on a 'hard

diagnosis of the country's situation', as set out in *Social Justice in a Changing World* (IPPR 1993). From the outset, those involved in the New Labour project knew that they had to 'address ourselves "violently" to the present as it is' (Hall 1979; Miliband 2022).

The clearest change was the rise of globalisation. In the aftermath of the Cold War, this seemed unstoppable. Blair's political consultant Philip Gould argued that 'globalisation is not driven by governments, but by people. It's people who are choosing to live and work differently' (Gould 2011). Blair would later tell his party conference in 2005: 'I hear people say we have to stop and debate globalisation. You might as well debate whether autumn should follow summer.' As this suggests, transformative change cannot simply be imposed from Whitehall. Ministers must notice the forces reshaping society and use them to power policy change.

What distinguished Blair's approach was his insistence that globalisation not only forced new constraints on progressive politics but also opened up new possibilities.

In 1982, Blair had declared that the next Labour government would find itself 'in sharp conflict with the power of... multinational capital' (Hindmoor and Pike 2022), but by 1995 he had come to see globalisation as unavoidable – and politically useful. It provided the crucial context for his determination to modernise Britain. He seized on this as a way to leverage change at home. For example, by using the prospect of a fiercely competitive international job market to insist on the necessity of galvanising Britain's education system.

Learning how to sail the Labour project on the winds of globalisation took time and intellect. This could not be confined to political parties, which Blair and Brown understood were not set up to carry out extensive intellectual work on their own.

Since the late 1970s, thinkers associated with *Marxism Today* had been producing ground-breaking analyses of how the world had changed: the rise of multinational corporations, deindustrialisation, social and cultural shifts sometimes grouped under the rubric of the decline of deference, and the ways that the solid old post-war polity dominated by big government and big trade unions was breaking apart, partly under the competitive pressures of emerging globalisation (Harris 2015).

These ideas took a viable political form in the output of new think tanks which reshaped the terrain of political debate towards new questions and new policy prescriptions. A new progressive politics was in the making, strikingly different from what had come before in its emphasis on questions of culture, its scepticism of statist centralism and its attention to new currents of individualism and identity.

As Labour modernised and entered government, it drew on a range of think tanks and intellectuals engaged with comparatively new questions: the rise of the knowledge economy, constitutional reform and citizenship. These shaped not just policy but the modernisation project's analysis and appearance of novelty, and its responsiveness to a changing culture.

## **LIZ TRUSS AND THE DASH FOR GROWTH**

Unlike New Labour, Liz Truss and her allies were so focused on their ideological shibboleths that they prepared to change the country without seeing how the world that had generated those beliefs had dramatically changed.

The Truss administration failed to take account of the realities of political economy in the 2020s: this was not the gung-ho world of Thatcher's mid-1980s heyday. After decades of financialisation and low interest rates, homeowners and pension funds alike were highly exposed to any rise in interest rates. Austerity, the Covid-19 pandemic and the cost-of-living crisis had combined to shift the public's

priorities from tax cuts towards greater public investment and state protection. After years of Brexit-driven crisis, businesses craved stability.

When the new chancellor suddenly announced unfunded tax cuts, the City recoiled. The pound sank to an all-time low. Nervous gilt markets raised the cost of government borrowing, driving over-exposed pensions funds to the point of collapse, which put yet more pressure on borrowing costs, forcing the Bank of England to intervene to buy government bonds. Millions of Britons faced a sudden hike in their mortgage costs. Truss's national project of driving growth was done in the name of Thatcherite principle, but her attempt to do so in defiance of reality was not a mistake Thatcher would have made.

## CONCLUSION

Transformative governments have clear strategic goals; they are not just buffeted by the world around them. But they also understand the limits of their agency; they are alive to the constraints placed on them and seek to turn these into sources of energy. This means:

- investing significant effort in understanding how the world is changing and what this means for the political project
- staying alert to these changes while in government – often by forming links with innovative thinkers outside of government
- seeking to turn constraints into opportunities by working out how these can be sources of galvanising energy for the government's political missions.

The Labour party won the 2024 election by recognising that it needed to change to respond to the world around it. It invested time and energy in understanding where voters were at and what they thought of Labour. The new government must now apply the same rigour to understanding the wider economic and cultural currents that it will have to grapple with – and learn how to sail them to propel its governing project. There are signs that this work has started, seen most clearly in the chancellor's Mais lecture. But navigating the changing world is a job that is never complete.

### 3. LESSON TWO:

## DON'T JUST BLAME THE PREVIOUS GOVERNMENT, BLAME THEIR OUT-OF-DATE IDEAS – THEN INTRODUCE YOUR OWN

Most new governments take office condemning their predecessors for wasting opportunities and for outright failure.

This can be an effective electoral strategy. In 2010, the Coalition took office in the wake of the financial crisis. Helped along by Labour's weak defence of its record during the leadership election campaign and a note left in the Treasury that read 'I'm afraid there is no money', Osborne successfully pinned blame for the global financial crisis and the consequent deficit on his predecessors. This helped cement a public perception of economic ineptitude that Labour has struggled to shake off ever since.

But blaming the previous incumbents is not sufficient as a recipe for renewal. What distinguishes transformative governments is their ability to tell a clear story about *why* the previous government failed – not just in personal or partisan terms, but in terms of the ideas that underpin their politics and policy. Only by garnering support for a new consensus can a government genuinely change the country.

Moreover, attacking your predecessor's performance but not their guiding principles is likely to be self-defeating. A disillusioned public may only become more alienated from organised politics. This matters today more than ever, as most people see all politicians as being alike and their trust is at a record low (Montagu and Maplethorpe 2024).

Consistently connecting the previous administration's acts in office to the outdated ideas that stopped it doing the right thing allows a new government to free itself from those constraints. The governments led by Attlee and Thatcher both understood this. It allowed them to clear the path to their own political projects.

They were then able to build a foundation of new ideas that underpinned a change in politics and policy. Ideas matter to an incoming government because they give energy and definition to a political project, as well as shaping policy (Pearce and Kelly 2023). They give voters a reason for sustained commitment, and politicians a compass for when calculation gives out (White 2024). The most convincing leaders are frequently those with firm values that guide their policy prescription (Pimlott 1994).

### **ATTLEE, GUILTY MEN AND FULL EMPLOYMENT**

Conservative governments of the 1930s insisted that in the face of the mass unemployment, there was little they could do to help. Their overriding priority was warding off the twin threats of inflation and deficit. This approach remained electorally successful throughout the decade; it also drove a cautious approach to defence spending. But by 1940, all that had been overwhelmed by a far greater

threat: Nazi invasion. Government had to spend whatever was necessary to meet the emergency. All that fiscal caution now looked like an irresponsible failure to protect the nation.

This raised a question which would transform British politics for decades to come. If government could spend whatever it took to tackle the plague of Nazism, why could it not have spent whatever it took to tackle the plague of unemployment? This line of attack was prosecuted most famously in a book hammered out in four days, co-written by the 26-year-old journalist Michael Foot, in the immediate aftermath of the near-disaster at Dunkirk. *Guilty Men* condemned Neville Chamberlain and his allies personally. But it also attacked the economic orthodoxy which had stopped them from protecting the country from mass unemployment, and from Nazi attack – to the point where, as Britain faced invasion, a million men were still out of work. Right up to the 1945 election, Conservatives struggled in vain to rebut such allegations.

Labour's 1945 manifesto promised to end the intolerable unfairness that had reigned before the war. It did not just blame its opponents for failure but attacked their underlying ideas, telling a clear story of how those old finance-oriented fears had led to the misery of the 1930s. Labour's victory established a new dominant principle: that having won the war, ordinary British people deserved a more secure, more prosperous life, even if achieving this was costly and complex. At the heart of this was a new taboo on mass unemployment.

This formed the foundation of a lasting new political settlement. Full employment made it affordable to introduce a new, universal welfare state. The fact that mass unemployment was now unthinkable made the trade unions integral to the governance of the country, even under the Conservatives, and locked in the transformations that Labour introduced in the 1940s for decades to come.

The agenda of the 1945 Labour government did not materialise from thin air. In the 1930s, following the failure of the 1929 Labour government under Ramsay MacDonald, the party conducted an energetic effort to develop practical plans for government. This was guided in particular by emergent groups like the XYZ Club and the New Fabian Research Bureau, which brought practical policymakers together with intellectuals, economists and financiers (Pimlott 1977). After an initial period of attempting to plan the economy, Labour's leading lights came to embrace the theories of John Maynard Keynes, which offered a more workable alternative response – in keeping with progressive objectives – to economic downturns.

But the pillars of post-war reform did not rely on Labour alone. In the 1930s, Conservative and Liberal reformers played a crucial role in shaping the climate of ideas, including future Conservative prime minister Harold Macmillan. Most obviously, Liberal thought played a critical role through the figures of Keynes and William Beveridge, whose bestselling 1942 report provided a blueprint for the new welfare state.

The 1945 Labour government therefore drew on a decidedly practical set of policy ideas, developed within the party and across the political spectrum more widely, which ran with the grain of economic and social changes brought on by the turbulent 1930s and 1940s. These intersected with enduring socialist preoccupations to produce a programme of nationalisation which was implemented with remarkable success, despite marked economic constraints, over 1945–8. Attlee's ministers were also able to draw on the ideas of the new towns movement. But by the end of the 1940s, despite sweeping reforms, there was already a sense that the Labour government was intellectually (as well as physically, in many cases) exhausted, and in 1951 it limped into opposition.

## **THATCHER, HIGH INFLATION AND THE WINTER OF DISCONTENT**

Through the 1970s, Margaret Thatcher and her allies did not just blame their opponents for failure; they attacked their underlying ideas. Thatcherite outriders such as Sir Keith Joseph argued that the fear of mass unemployment which underpinned the post-war settlement was now blocking the fight against a more pressing threat. As he put it in a speech in Preston in 1974, politicians needed to stop fearing the return of ‘the gaunt, tight-lipped men in caps and mufflers’ – the haunting images of the 1930s dole queues and hunger marches. It was now high inflation which was ‘threatening to destroy our society’ (Joseph 1974). Joseph and Thatcher went on to attack the 1974–79 Labour government both for allowing inflation to climb and for excessive deference to the trade unions, whose power was underpinned by that outdated fear of mass unemployment, and whose wage demands were blamed for fuelling price rises.

Even in the Conservative Party there was resistance to challenging the taboo on mass unemployment, and of risking conflict with the unions. But when the Winter of Discontent struck in 1978–79, Thatcher seized her chance to cast union militancy as a threat to society, and to brand Labour’s relationship with the unions – until recently seen as a strength – as a dangerous weakness. Thatcher’s victory established the principle that fighting inflation, not unemployment, was now the overriding priority.

The Conservatives proposed a return to the principle that the free market liberates entrepreneurial talent and must be allowed to do its work; that overstuffed, untenable companies must be allowed to go bust rather than being propped up by the taxpayer; and that managers must be allowed to manage without constant fear of strikes. This would produce a growing economy, a less divided politics, a country of independent homeowners and their families, of more small businesses and fewer heavily unionised old industries, where profit was seen not as a badge of greed but a reward for daring. Endemic strike action and high inflation became unthinkable, locking in the changes Thatcher introduced in the 1980s for decades to come.

Margaret Thatcher might have often preferred to present her government as an exercise in the force of willpower, but it rested on sustained intellectual work. Right-wing politicians and thinkers had marshalled arguments against the post-1945 welfare state from its very inception. The Institute of Economic Affairs was founded in 1955, inspired by the Austrian free market thinker Friedrich von Hayek. In the wake of the Heath government’s failure, this was followed in 1974 by the Centre for Policy Studies, founded by Thatcher and Joseph, as well as the Adam Smith Institute, which was launched in 1977 – the ‘marketplace of economic ideas’ which, as Peter A. Hall noted, ‘expanded dramatically in the 1975–79 period’ (Hall 1993).

Of course, this thinking was applied inconsistently and gradually. Some key ideas such as monetarism were swiftly abandoned. Other key planks of what we now think of as Thatcherism, such as privatisation, would largely wait until Thatcher’s second term. Nevertheless, it was not enough for Thatcherism to reject what it saw as outdated ideas to execute radical change; it required an alternative body of political ideas, which these groups and others helped to provide.

## **CAMERON AND THE BIG SOCIETY**

In the 2000s, the Conservatives’ ‘Big Society’ promised a restoration of social bonds and institutions, with less reverence for the market and less reliance on government. The Conservative party was trying to distance itself from Thatcherism. After becoming leader of the party in 2005, Cameron declared: ‘There is such a thing as society; it’s just not the same thing as the state.’ But in the wake of the 2008 financial crisis, rather than abandoning Thatcherite ideas, they returned to



them. George Osborne's insistence on the necessity of reducing the post-crash deficit by cutting public spending conflicted with the party's concerns about the fraying social fabric.

The Big Society failed to develop into a transformative project because its proponents were insufficiently willing or able to do what Attlee and Thatcher had done, and confront the extent to which old ideas had created an intolerable situation: in this case, the way that free market dogma had left many people exposed to poverty and insecurity.

As David Cameron's director of policy and research in opposition, James O'Shaughnessy had held to the orthodox belief in market solutions to social policy problems, through reforming the public sector. He eventually concluded that the Big Society had been lacking because 'a lot of economic reform positively whittles away those facets of a society', and that addressing that demands a 'positive interventionist agenda'. As he observed, 'If you don't have a lot of security in your life, you're not looking for more freedom, you're not looking for more exposure, you're looking for more protection' (Tinline 2022). Through the 2010s, it became increasingly clear that public opinion was shifting in this direction, a change recognized by the Conservatives under Theresa May and Boris Johnson.

#### **NEVER LET A CRISIS GO TO WASTE?**

Crises are opportunities to usher in new ideas. For a short time, the window of acceptable policy widens, and politicians are granted greater agency than usual. When a government is confronted with intolerable choices, doing something unthinkable becomes unavoidable. All governments hit crises, but a clear story about the necessity for change can turn crisis into opportunity.

By 1981, Thatcherites had long argued that the taboo on mass unemployment had to give way to stopping high inflation and endless strikes. They did not anticipate that the jobless total would rise towards three million – a figure last seen in the 1930s. That summer, riots broke out. By December, Thatcher's popularity had slumped. Yet if it seemed impossible to push forward, reversing course threatened to destroy Thatcher's credibility. She had to choose between intolerable options – and she chose to persist. Crisis can advance a government's drive for national renewal, but only if it stays on course.

The Johnson government provides a useful contrast. In 2019, the Conservatives won a large majority, in part by offering investment to generate jobs, improve public services, and tackle inequality. When Covid-19 struck, it forced national attention onto the need for all this, and overrode long-standing fears of deficit that had constrained public spending. Some suggested austerity had left the public unnecessarily exposed. Michael Gove argued that the pandemic had 'drawn even sharper attention to some of the inequalities in society, and therefore placed more of an onus on the government to address them' (Payne 2021). Yet instead of leveraging this to justify investment, Johnson allowed the costs of the pandemic to give orthodox Conservative thinking a route back to dominance.

Crisis tests an ostensibly transformative government's commitment to its story of change. If, as with Johnson, it reveals that commitment is lacking, it may be fatal. If, as with Thatcher, it reveals the commitment is genuine, it can form the basis of a transformative decade.

## CONCLUSION

Transformative governments do not simply blame the politicians who have gone before them for the challenges the country is facing, but the ideas that underpinned them. This means:

- deliberately linking their predecessors, and the challenges facing the nation, to a set of ideas that need to be overturned to get the country back on track
- setting out a new approach to governing – a new set of underlying arguments, ideas and policies – that they want to form a new consensus
- making these ideas the foundation of their policy agenda – following through by using them to deliver change for people and communities.

This is the task facing the new government if wants to deliver a decade of national renewal. It has taken the first steps, the so-called ‘Osborne strategy’, of outlining challenges the country faces and pointing the finger at its predecessors. But to lock in a mandate for change, it must expand its narrative to encompass the ideas that underpin the mistakes of recent years – and what it wants to put in their place. Otherwise, it risks becoming imprisoned in the same outdated ideas that resulted in the challenges we face today.



## 4. **LESSON THREE:**

### A STRING OF MODEST BUT STRATEGIC POLICIES CAN ADD UP TO TRANSFORMATION

The history of the Labour Party is characterised by a vicious conflict between those who promoted reform and those who thought that their objectives could only be achieved by more revolutionary means (Marquand 1991).

This life cycle usually involves a radical shift following a period in government that ends in disappointment. A long period of internal argument and party division ensues until eventually a viable new leadership emerges. This presents a moderate face to the electorate, but draws on the new ideas generated by the preceding years of debate (Jackson 2024).

Considered in isolation, modest reforms do not amount to much. Policy appears to ‘trail tardily in the rear of realities’ (Tawney 1932). But if a string of strategic reforms, each advancing further towards a single destination, are enacted over time, what begins as incremental change can end with transformation.

It is when reforms fail to point in a single direction that governments fail to transform the country. This is the curse of most governments. Their sense of purpose and direction is lost in the day-to-day challenges of governing. Buffeted by events, the press and their opponents, they fail to prosecute their political and policy agenda. The Thatcher government, studied so intensively by progressives for this very reason (Hall 1988), is by some distance the exception to this rule.

A step-by-step approach also makes transformative change harder to oppose, because it gradually stretches and extends the limits of what is politically possible, rather than trying to go too fast and uniting too many opponents against it. At each stage, this approach puts opponents at risk of appearing to overreact to sensible, modest changes.

#### **THATCHER AND TRADE UNION REFORM**

In the 1970s, governments of both main parties had fallen amid conflict with the unions. In 1979, in the aftermath of the Winter of Discontent, Margaret Thatcher won office promising to tackle union power. She set a clear goal – to reduce the number of strikes and shift power from union leaders to individual members.

However, she proceeded cautiously. Her early legislation fell short of the demands of her more hard-line supporters, even as she signalled to them that she wanted to go further.

Each of the Thatcher government’s new trade union laws went as far as was politically possible at the time. Once it had been accepted, the reform process could be pushed ever further into once-forbidden territory. Step by step, this series of bills eventually entrenched a huge and lasting change in the balance of economic power.

Thatcher was determined not to repeat her predecessor Edward Heath's doomed attempt to transform industrial relations with a single vast, provocative, unworkable new law (see Lesson Five). But her cautious approach was initially mandated by the limitations of her authority over her party. She had little choice but to appoint the moderate James Prior as employment secretary. When he introduced an Employment Bill in 1980, he came under intense pressure from her right-wing supporters to make its restrictions tougher, particularly on secondary picketing. Thatcher backed her minister, while telling the Commons that the bill was 'a first step', not 'a last step' (Hansard 1980).

As the historian John Campbell puts it, this modest initial Employment Act achieved the 'best of both worlds': it was a 'significant first measure of reform enacted without provoking serious union opposition' (Campbell 1993), laying the ground for further steps while maintaining cabinet unity.

By 1982, Thatcher had replaced Prior with her ally, Norman Tebbit. Against expectations, he too adopted a relatively cautious approach, while doing what Prior had resisted and moving to effectively ban secondary picketing. As a former trade unionist, Tebbit anticipated the likely forms resistance would take and shifted the site of conflict away from criminal sanctions onto more favourable ground. He recalled telling his civil servants, 'Under no circumstances will I allow any trades union activist - no matter how hard he tries - to get himself *into* prison under my legislation' (Tebbit 1988). If unions engaged in secondary picketing, they would be liable for damages.

Later employment secretaries continued to add restrictions, eventually attacking the whole principle of collective bargaining. It was not until 1990 that the closed shop was banned outright – even though Thatcher had denounced it as far back as 1976 (Thatcher 1976). Nonetheless, the direction of travel was sufficiently clear that ambitious ministers knew that to win the prime minister's approval, they should hunt for anti-union measures. The process continued even after she had resigned, with a further law passed in 1993.

### LEGISLATION AS PART OF A BROADER STRATEGY

As we saw with Lesson One, transformative governments recognise and make use of new circumstances over which they have no control. The Thatcher government was aware it was introducing these reforms in a favourable climate. New technologies were already reducing the unions' power. Public attitudes were becoming more individualist and there was widespread support for reform, not least from many union members, weary of being called out on strike.

However, this reform process also intersected with changes the government itself was driving, such as deindustrialisation, the encouragement of smaller businesses which were harder to unionise than huge plants, and especially its decision to tolerate very high levels of unemployment. These developments were also already undermining union power.

Only a few years earlier, Thatcher's reforms were unthinkable: their success demonstrates the depth of transformation that can be achieved with a theory of change that combines economic policy and legislation, working in pursuit of a single overall purpose.

## THE ROLE OF OUTRIDERS

The Thatcher government's steady progress highlights the usefulness of ideological outriders in driving reform from modest first steps towards transformation. Transformative governments don't just do a mixture of good things. They set a direction of travel that is clearly different to what has gone before, and slowly build momentum over time to pursue this new course. Outriders help achieve this by holding them to a particular course and showing how they can go further.

These figures can be within the party, such as Keith Joseph or Norman Tebbit, or sit outside, as demonstrated by pro-Thatcher groups like the Institute of Directors in the early 1980s. This is useful for maintaining momentum towards the eventual goal, and for countering more pro-status quo voices. The privatisation strand of the Thatcher project was well-served by intellectual heretics working to break taboos and imagine what might then become politically thinkable. In 1980, a merchant banker, John Redwood, set out the case for reversing the post-war nationalisations (Redwood 1980); Redwood went on to run Thatcher's policy unit. The following year, the academic economist Stephen Littlechild sketched out a 10-step process by which 'denationalisation' might be achieved – years before the government attempted any major privatisation (Littlewood 1981).

Like the Thatcher project, early-stage New Labour benefited from the work of new think tanks, as well as figures such as the sociologist Anthony Giddens, and its public service reforms were also driven by internal outriders. As health secretary, with the backing of the prime minister, Alan Milburn argued that empowering patients to choose between hospitals would compel the NHS to be more responsive. Alongside the transformative increase in health spending announced by Gordon Brown in the April 2002 budget, Milburn launched a reform plan involving targets on waiting times, increased patient choice and financial incentives for hospitals, and went on to propose that top-performing hospitals be allowed to become more autonomous 'foundation hospitals'.

## CONCLUSION

Transformative government is rarely radical and rapid. More often, it is incremental but insistent – with the cumulative effect of creating a new reality. This means:

- setting off in the right direction with initial incremental reforms that start to tackle the underlying challenges facing the country
- maintaining a focus on these core priorities despite the avalanche of events that threaten to derail the government
- ramping up these reforms over time, steadily pushing back the boundaries of what is possible
- encouraging outriders, inside and outside the party, to develop the next steps and create space for the government to move into.

The new government must be clear on its priorities. In the age of the 'polycrisis' and the incessant media cycle, it will be harder than ever to stay on track.

## 5. LESSON FOUR:

### MAINTAINING A VOTER COALITION IS NOT THE SAME AS BUILDING ONE

Political projects attempting to rebuild a nation almost always take time. Unless they are able to travel at unusual speed, something only the post-war Attlee government managed, going the required distance takes more than a single election cycle.

Sustaining and refreshing a coalition in government is a rather different challenge to building one from opposition. Voters have more evidence from which to draw conclusions, while the composition of the electorate itself will have changed.

Governments today face a more demanding and less deferential electorate. Party allegiances have frayed, meaning voters are more ready than ever to shop around, while the viable options they can choose from has grown (Fieldhouse et al 2019). All this makes electoral politics more volatile today than at any other point in post-war history.

Despite these new dynamics, there is much to learn from history. Since the birth of mass democracy in Britain, only two prime ministers have won power and served for two successive full terms: Margaret Thatcher and Tony Blair. Their respective routes to victory in 1983 and 2001 suggest a number of ways in which maintaining a coalition is different to building one. These include:

- delivering policies that could feed back into voters' political preferences, thus changing what is politically possible
- governing like insurgents: winning battles on behalf of key voters against the old status quo and vested interests
- bringing these together in your story of national renewal – why it's necessary, why it's difficult, how it's progressing and why it's worth it.

It helps if the prime minister embodies the voters' place in this story. Thatcher won power casting herself as the grocer's daughter, Blair as the champion of modernisation. Once in government, however, each leader's persona was reshaped by the difficult decisions they faced. Both had to overcome significant barriers to change, and both emerged as conviction politicians who had done the apparently impossible for their voters – thus pulling them closer. Reinforced by a growing economy and an opposition still vainly trying to stoke outdated fears, this laid the ground for each leader to win a full second term.

#### THATCHER AND HER VOTERS

Thatcher was acutely conscious that she had won power in 1979 with the support of skilled working-class C2 voters who had traditionally voted Labour. In October 1974, 49 per cent of C2s voted Labour, 26 per cent Conservative; in 1979, 41 per cent voted for each party (Ipsos 2010). Thatcher developed her relationship with these voters in two ways. First, by demonstrating her willingness to do the unthinkable

and face down mass unemployment, thus tackling inflation. Second, by delivering the promise to enshrine council tenants' right to buy their home in law. This meant overcoming vested interests – resistant Labour councils – which underlined Thatcher's role as an insurgent conviction politician, delivering an optimistic, liberating change for her key voters. She fitted both these changes into her overall narrative of national renewal – defeating excessive state and union power, and setting free entrepreneurship and the individual.

'Right-to-Buy' sharply divided those council tenants who could buy their homes from those who could not. Those in a position to become homeowners were offered discounts of 33–50 per cent. Many were reasonably-off, skilled working-class middle-aged couples in the suburbs and small towns of the English south and midlands (Sandbrook 2019). Those who couldn't exercise their right to buy, meanwhile, received higher rents and cuts to housing benefit.

Thatcher unashamedly associated herself with tenants' rite of passage into homeownership, personally handing over the deeds to one such family as the 1980 Housing Act became law (McVeigh 2009). In a single policy – and a single photo-op – her narrative of liberating individuals from the dead weight of the state was crystallised. As her biographer Charles Moore notes, the policy 'produced huge political loyalty to Mrs Thatcher, often from people who had never voted Conservative before... By 1983, it would become commonplace for people, mainly from the upper working class, to declare "Maggie got me my house"' (Moore 2013).

This process of entrenchment was strengthened because Right-to-Buy interacted with other government policies to forge a lasting change in what was politically possible, both in individuals' approach to debt and home ownership and in the wider economy. As Laurie Macfarlane has noted, 'The most significant of these was financial-sector deregulation' (Mcfarlane 2019), which made cheap credit widely available. As prices rose, the family home was reimagined as an appreciating asset.

However, this transformation in popular thinking was not the result of a sinister masterplan. As Dominic Sandbrook underlines, Thatcher 'recognised a latent demand and set out to satisfy it, no matter what the cost' (Sandbrook 2019). One reason Thatcher's policies interacted to change the bounds of the possible so effectively was because they were broadly in pursuit of the same purpose, guided by the same framework of ideas.

All this meant that in the 1983 general election, Thatcher could pitch herself as a conviction politician who had overcome vested interests on behalf of her key voters. The Conservatives cemented their lead with skilled working-class voters (Ipsos 2010): while more than two-thirds of remaining council tenants voted Labour, 'homeowners voted Conservative by three to one' (Sandbrook 2019).

## **BLAIR AND HIS VOTERS**

A comparison between Tony Blair's route to a second election victory and Thatcher's in 1983 reveals striking parallels. In 1997, New Labour had succeeded in winning 50 per cent of the C2 vote to the Conservatives' 27 per cent: a level that Blair's party had not managed since 1974 (Ipsos 2010). Blair had established himself as a leader who symbolised modernisation. Among other things, his government introduced a national minimum wage (see Lesson Five), called referenda on devolution, and inaugurated a new focus on literacy standards.

By 1998, however, his pollster Philip Gould reported that this appeal was being undermined by a feeling that ministers 'talk but do not deliver' (Gould 2011). One focus for this was the NHS; another was immigration. Gould feared both were impossible to resolve, and he saw the stirrings of populist resentment. By June 1999, he was warning the government that 'The mood is complaint, blame, dissatisfaction.

People feel neglected and ignored.’ The Number 10 strategist Peter Hyman argued that New Labour’s older generation had to shake off the fears they’d developed in the 1980s and be more radical; the prime minister should be ‘a conviction politician’. In his 1999 conference speech, Blair promised to liberate the frustrated talent of ordinary people from vested interests – ‘the forces of conservatism’.

This declaration was put to the test in the winter of 1999–2000. A severe flu outbreak generated stories of patients being treated in hospital corridors; a pensioner whose cancer surgery had been cancelled four times died. In Gould’s focus groups, ‘The government was perceived to be succeeding with the economy and education, but the NHS was “too big to turn around”’ (Gould 1999). He detected ‘a corrosive, insidious cynicism: a belief that Labour couldn’t deliver, Britain couldn’t be changed.’ He proposed that the ‘hard-working families’ New Labour often invoked be made ‘the cornerstone of our project’ and that ‘rebuilding the NHS’ was vital to this – despite his own fears that fixing the health service was unachievable.

This crisis triggered a major change in government policy. On 16 January 2000, Blair declared in a TV interview that health spending would match the EU average within five years. In March 2000, Brown announced a £2 billion rise in NHS spending for the forthcoming financial year, with annual 6.1 per cent real terms rises for the four that followed. Meanwhile Blair announced that he would personally develop a decade-long plan to reform the NHS. As the historians Andrew Hindmoor and Karl Pike put it:

***"Suddenly, New Labour had redefined itself as the party of targeted public spending largesse... From 2000 onwards, New Labour sought to make a political virtue of spending more on public services and, in doing so, portrayed the Conservatives as the party of cuts. After the fiscal incrementalism of the late 1990s, this was quite a shift."***

In Labour’s cautious 2001 election campaign, Blair’s turn to conviction politics was not particularly visible: the focus was more on the need for time to finish the process of renewal. Nonetheless, those significant spending increases had started to communicate the government’s intention to improve the lives of its key voters, and the election demonstrated that the focus of debate had shifted from ‘public services versus tax cuts’ to ‘the quality of public services themselves’ (Harrop 2001). Surveys suggested that two thirds of voters supported ‘extended public spending on key services, even if it means some taxation increases’ (Ipsos 2001).

With a second term secured, Blair’s conviction-driven radicalism on public service reform came to the fore. As with Thatcher in the mid-1980s, this was couched in a narrative of insurgent government fighting entrenched interests on behalf of voters. However, Gould’s warnings of rising disaffection remained salient: while Labour largely maintained its huge 1997 majority, it lost three million voters as turnout fell from 71 per cent to 59 per cent (Norris 2001).

## **ATTLEE AND HIS VOTERS**

A transformative government must also continually engage with how voters’ needs and preferences are changing. This involves changing how the government delivers on its overriding purpose and principle, both in terms of policy and how it is communicated. This is one reason why the 1945 Labour government – one of the few which transformed the country – failed to win a full second term.

By 1950, many middle-class voters in suburban swing seats had abandoned Attlee’s Labour (Bew 2016). As the memory of interwar hardship was eased first by full employment and the welfare state, and later by sustained growth, Labour’s ‘two great appeals of the past’ – class solidarity and public ownership – began to lose salience (Abrams and Rose 1960).

This suggests that maintaining a coalition in support of transformative change may be more difficult for parties of the left, at least when parties of the right are associated with personal prosperity. Attlee's chances of winning a full second term were hampered by the fact that, unlike Labour in 1983 and 2001, he faced an opposition that rapidly accepted his new settlement. However, his government might have acknowledged that younger voters had little memory of the 1930s and aspired to a more middle-class, suburban lifestyle. Had Labour updated its offer with the imaginative fusion of social equality and technological progress which Harold Wilson eventually championed in 1964, it might have won a full second term.

## **CONCLUSION**

National renewal projects usually take longer than a single election cycle. Sustaining a coalition in government is not the same as building one from opposition. This means:

- having a clear sense of the voter coalition you want to sustain, and delivering strategic policies that can influence its political preferences
- deploying strategic communications and campaigns to take credit for delivering improvements in voters' lives
- seeing how voters' needs and preferences are changing during your time in government, and moving with them.

In seeking to govern like insurgents, the new government already has its eye on the next election. Ultimately, its ability to build a decade of national renewal will hinge on what voters make of its progress at the halfway point. In a world of volatile voting, fragmented media and post-truth populism, this government will have to work doubly hard to deliver improvements and to be given credit for them.



## 6. LESSON FIVE:

### TRANSFORMATIVE GOVERNMENTS ENACT REFORMS THAT SUBSEQUENT ONES ACCEPT

Every government makes some kind of change to the country with its policy choices. It is the right of subsequent governments to reverse them. This is a basic principle of democracy.

Sometimes, governments enact reforms that their successors do not seek to undo. This is especially important for Labour governments, because the party has spent two thirds of its 124-year history in opposition.

Key to entrenching reforms are institutional innovations, especially those with a broad base (Ansell 2023; Jackson 2024). What matters is their design and the extent to which they are underpinned by new voter or political-economic coalitions. Once established, these new institutions create a new normality, as systems and relationships develop around them as fixed points in the political and economic landscape. When they win wide acceptance, they can serve to make it very difficult to overturn the ideas they embody, even if those ideas were once radical. As the related pre-war example of universal suffrage shows, once a government embeds them in the fabric of the country, ideas that were once the cause of marginalised campaigners can quickly become normalised – especially if they have wide public support.

The few governments that have transformed the country all have this in common: their reforms eventually won cross-party support. In 2002, more than a decade after she left office, Margaret Thatcher was asked what she thought her greatest achievement was. Her reply: ‘Tony Blair and New Labour. We forced our opponents to change their minds.’

#### **ANEURIN BEVAN AND THE NATIONAL HEALTH SERVICE**

In creating the NHS, Bevan’s goal was to embed the principle that it was indefensible for a country as rich as Britain not to provide universal healthcare, free at the point of need.

In a reversal of the priorities of the 1930s, this imperative overrode objections about difficulty, cost and freedom. As David Edgerton has written, ‘The NHS radically generalised the existing but limited principle of free service at the time of need, now for all’ (Edgerton 2019). That radicalism lay partly in the unconditional liberation from the fear of unaffordable medical bills.

Creating an institution that dispelled those fears required Bevan to face down opposing ones: that socialist healthcare would trample on doctors’ freedom. This was expressed most noisily by the British Medical Association (BMA). Bevan’s strategy for overcoming its objections was to refuse to compromise on the free-at-the-point-of-need principle, while being flexible on everything else.



The only way to integrate the patchwork of hospitals provided by charities, municipal authorities, insurance companies and government, he decided, was ‘full nationalisation’ (Renwick 2018). Up to a point, asserting ministerial authority was sufficient to impose this (Clarke 2004). However, well over a year after the National Health Act had passed into law, just months before the NHS was due to be launched, around 90 per cent of BMA members opposed its creation. Consultants objected to being barred from seeing private patients. GPs feared being forced to become state employees. Focusing on his central principle over all else, Bevan allowed consultants to have private patients, and GPs to be paid according to the number of patients registered with their practice.

Writing in the wake of the Covid-19 pandemic, Peter Hennessy argued that the NHS is ‘the closest we have ever come as a country and a people to institutionalising altruism’ (Hennessy 2023). It is true, as Edgerton points out, that it also ‘entrenched the medical elite’ and that it was a complex rearrangement of existing provision (Edgerton 2019). But this points up the political effectiveness of Bevan’s approach. For all the NHS’s limitations, the principle it institutionalised remains politically sacred after three quarters of a century.

### **HAROLD WILSON AND THE OPEN UNIVERSITY**

This process of institutionalising a principle in an enduring institution by seeing off vested interests is also visible in the creation of the Open University (OU) – the achievement for which Bevan’s protégé Harold Wilson most wanted to be remembered.

This project sprang from the view that bolstering a sluggish economy and tackling inequality were not competing goals – by stopping the socially unfair ‘waste of talent’, the government could also boost growth. This meant challenging a restrictive university sector dominated by social elites, which thwarted the potential of many from ordinary backgrounds.

In the early 1960s, the shortage of student places had already spurred the creation of new universities, starting under Harold Macmillan. However, Wilson had also picked up a more imaginative idea for opening university education to those who could not spend years studying full-time at a distant campus. What if courses were taught via television and radio? Wilson connected this concept to one of his overall priorities for government, proposing that this new university could become ‘one of the power-houses of the technological revolution’ (Pimlott 1992).

To entrench this idea and the principle it embodied, Wilson and education minister Jennie Lee had to overcome the resistance not just of university traditionalists but of the education secretary Anthony Crosland and his officials. Wilson also had to pressure his chancellor, James Callaghan, to protect the project from Treasury cuts. With prime ministerial sponsorship, the project survived. The OU began admitting undergraduates in 1971, opening higher education for decades to come to many who would never otherwise have had the chance.

### **EDWARD HEATH AND THE INDUSTRIAL RELATIONS COURT**

Institutionalising national renewal needs to begin with the establishment of clear principles, which institutions then entrench. New institutions in themselves are not a substitute. This is visible in one of the key failures of Wilson’s rival in modernising post-war Britain, Edward Heath.

Heath’s aim was to boost efficiency and growth by reducing strikes and restraining wage inflation, which often outstripped improvements in productivity. He aimed to achieve this via a sweeping Industrial Relations Act. This created a National Industrial Relations Court to settle disputes, and powers to constrain the freedom of the unions to strike by force of law, including the sanction of sending trade unionists to prison.

Fatally, however, Heath did not challenge the principle that underpinned union power: that mass unemployment was intolerable. Indeed, by the time the act took effect, the jobless total had passed one million, and Heath had reversed his economic policy in response. This meant the new Industrial Relations Court faced still-powerful unions who refused to accept its legitimacy. When the Court sent five London dockers to prison, it triggered a wave of strikes. The dockers were released and the Court was left toothless, embodying not a new principle, but wishful thinking.

## **NEW LABOUR**

The national minimum wage, devolution and anti-discrimination laws are all New Labour reforms that subsequent Conservative governments did not seek to undo (and have indeed advanced, at least with regard to the first two).

New Labour's successful institutionalisation of the national minimum wage is an object lesson in how quickly and easily prophecies of doom can fall away, exposed as relics of outdated analysis or the strategic hysteria of vested interests. When Labour proposed a minimum wage in the 1990s, Conservatives warned it would not only damage business, but trigger mass unemployment. Labour had offered the policy to the public in 1992 – and lost. Five years later, Blair was determined that the minimum wage should not be seen as anti-business – indeed, it could help decent businesses by preventing their unscrupulous competitors from undercutting them. To signal this, he moved the policy from the Department of Education and Employment to the Department of Trade and Industry; Labour proposed that the minimum wage would be set by an independent body of trade unionists, employers and academics.

When Labour introduced the policy, the Conservatives' predictions failed to materialise. By winning the battle of ideas and sticking to its fundamental principle, the Blair government had moved the bounds of the possible. In his 1999 party conference speech, Blair felt able to mock the various nightmare scenarios that had been thrown up by the 'forces of conservatism' in a bid to block the policy:

***"What did they say about the minimum wage? The same as they said right through this century.***

***They tried the employment argument – it would cost jobs.***

***They tried the business argument – it would make them bankrupt.***

***They then used the economic argument – it would cause inflation.***

***They then resorted to the selfish argument – businesses wouldn't want to pay it.***

***Well, businesses are paying it. Inflation is low. Unemployment is falling. There are one million job vacancies in the country.***

***And two million people have had a pay rise because we believe they are worth more than poverty pay."***

By the time the Conservatives returned to government in 2010, they had accepted the minimum wage. In his July 2015 budget, George Osborne significantly extended the policy with the introduction of the national living wage.

Where New Labour's institutional innovations failed to lock in broad or powerful new interests, as with the Sure Start programme, they were much more vulnerable.

Sure Start was launched in 1998 as a Treasury initiative, with the aim of reducing child poverty, and was initially overseen by central government. By 2005, control passed to local government, with centres run by a range of organisations. In 2010, there were 3620. But by 2023, 1416 had reportedly closed, largely as a consequence of steep cuts to Whitehall funding of local authorities. This happened despite the

fact that the centres were having a considerable beneficial impact on the health, education and life chances of children from disadvantaged backgrounds (Carneiro, Cattán and Ridpath 2024). Had Sure Start been entrenched in a broader voter coalition or stronger economic interests, it might have been more politically secure.

## CONCLUSION

Transformative governments enact major reforms that subsequent governments accept as enduring, and even advance. They do this using institutional innovations underpinned by new voter or political-economic coalitions. This means:

- seeking to make key reforms endure by enshrining them in institutions and not just enacting short-term policy shifts
- designing institutions with universalist principles, on the basis that they are for the benefit of the nation as a whole, to lock in broad-based support from voters
- designing institutions that are supported by a strong political-economic basis of support.

The new government has begun to build a new institutional settlement with the creation of organisations such as GB Energy and the National Wealth Fund, and its intention to strengthen workers' rights in law. The strength of the voter and political-economic coalitions that underpin these is yet to be tested. In the end, the success of these reforms will be measured by the degree to which they are embraced or rejected by governments of the future.

**History shows that democratic politicians have done what they were told was impossible and transformed Britain for the better. There is no reason why they cannot do so again.**

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