Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

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UK's new prime minister vows to upturn the Thatcherite legacy

Labour Party old-timers still lament that a principal outcome of the 1982 Falklands War was that, while it spurred the restoration of democracy to the defeated Argentines, the winning British got another eight years of Margaret Thatcher.

There were echoes of the 10-week conflict at this year's football World Cup when Argentine players celebrated their semi-final victory over England by brandishing a banner declaring "Las Malvinas son Argentinas".

The UK's new football-loving prime minister, Andy Burnham, might have taken a lesson from England's 2-1 thrashing last week: be bold and don't just rely on defensive tactics as you enter the second half.

In his first speech to the Labour Party faithful as its leader, Burnham harked back to the Thatcher years, promising to reverse the Iron Lady's neoliberal legacy under which he said wealth and power had been concentrated in fewer hands.

It certainly sounded bold when Burnham heralded the "most significant change moment in our politics for 40 years". There was also a flavour of statist 'old' Labour in the new PM's back-to-the-future pitch.

As he elaborated in a short opening address to the nation outside 10 Downing Street, he planned to put essential public services back under stronger public control, build more public housing and use public procurement to reindustrialise the UK.

He reiterated that in the Thatcherite eighties Britain had taken some "wrong turns", leading to the centralisation of political power and the privatisation of economic power. Large parts of UK had yet to recover from the loss of their industries.

An ambitious 10-year plan

One thing that Thatcher had that Burnham might not have was time. Although her popularity fell in the first years after she was elected Conservative prime minister in 1979, victory in the Falklands was a significant factor in her party's landslide win in 1983, repeated four years later on the back of a brief economic boom.

The average survival time for UK prime ministers these days is nearer 11 months than Thatcher's 11 years or Tony Blair's 10. Burnham is the fifth in four years, a mid-match substitute for the Labour team after Keir Starmer limped off.

For Burnham, a former Labour minister and, latterly, mayor of Greater Manchester, it is the fulfilment of a long-standing ambition to reach the top spot after two failed attempts to secure the Labour leadership.

> Burnham has promised an ambitious 10-year plan for Britain

After his unorthodox triumph, following a by-election win that returned him to parliament only last month, the new prime minister has up to three years to reverse the fortunes of his party and the country before the next general election.

He has promised an ambitious 10-year plan for Britain but would meanwhile provide people with help on living costs and explain how the government would pay for it.

As he set about assembling his cabinet team on his first day in office, the most notable appointment was that of Labour veteran John Healey to head the Treasury.

The new Chancellor resigned last month as defence minister in the Starmer government, accusing the Treasury of blocking a proposed increase in defence spending. Despite his demands to speed up funding, he is regarded a fiscal moderate.

Unpicking the Iron Lady's legacy

Burnham's core pledge has been to return centralised power to local communities and regions, including his own north of England that fell behind during the Thatcher revolution and has failed to recover under subsequent governments.

But how far can he go to unpick the Iron Lady's legacy?

Under Thatcher, supply-side economics became the new orthodoxy, a thesis which posits that lower taxes, deregulation and freer trade are the most effective path to growing the economy.

> Deregulation enabled the so-called Big Bang of 1986 that transformed the City of London's financial markets

It inspired a wave of privatisations of state-owned industries, a sell-off of public housing and looser rules for businesses. Her reforms also provoked a backlash from powerful Labour-supporting unions but ultimately led to their decline.

Deregulation enabled the so-called Big Bang of 1986 that transformed the City of London's financial markets and led to financial services becoming a key element in a new London-centric economy.

Although there were losers as well as winners, subsequent governments of both main parties stuck to a greater or lesser extent to the new orthodoxy.

A downside was a pattern of booms and busts that affected the UK economy. Since the world financial crisis of 2008, blamed on excessive deregulation of global financial markets, it has been mainly 'bust'.

Delivering a British renaissance

A stagnant economy has added to the pain of Burnham's left-behind regions and of the low-paid, the welfare-dependent and those young people who have few prospects outside the gig economy.

A decline in public services, some of it dating back to Thatcher's privatisations, has added to the woes of many communities in terms of local shared spaces, rural transport links and even safe water.

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Starmer made some progress towards reinforcing the National Health Service. But Burnham will be the latest leader to address a prolonged crisis in the provision of care to the sick and elderly that eats up much of the income of local authorities he seeks to empower.

Despite his reflections on Thatcherism, he is not planning to turn the clock back to the 1980s. How would he pay for it without tax rises that would enrage not just the supply-siders?

Renationalisation and regulation will likely focus on those private sectors that have failed to live up to expectations.

But will his unfolding agenda provide some swift relief to a grumbling and alienated electorate?

Which leads to the final question. Will he cash in on a boost in popularity to persuade his party to back an early election – this time with him in charge – and potentially secure his own mandate to deliver on his promise of a British renaissance?