

# Burnham's "Manchesterism" and "Productive State" agenda: Austerity, privatisation and war by another name

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Labour MP Andy Burnham delivered his first major policy speech at Manchester's People's History Museum Monday, three weeks ahead of his expected coronation as successor to Sir Keir Starmer as Labour leader and prime minister.

The speech was an attempt to package the right-wing agenda of austerity, privatisation and war of his soon to be deposed predecessor as one that can also address the desperate plight of Labour's traditional working class supporters.

Workers have deserted Labour in droves—even since Starmer was elected on the smallest share of the popular vote for a majority government ever that quickly earned the sobriquet “the loveless landslide”.

Labour's MPs and apparatchiks want desperately to restore a measure of popular support, including beating off the challenge from Nigel Farage's far-right Reform UK. And they are staking their all on Burnham being able to secure a larger vote share by declaring a break with Starmer and promising some form of leftward shift—the pledge that secured the former mayor of Greater Manchester a commanding victory in last month's Makerfield by-election that brought him back to parliament.

Burnham, cast as the “King of the North”, was conveniently distanced for almost a decade from the Westminster bubble. He now proposes to repeat his supposed successes in Manchester on the national arena and tackle the cost of living crisis after four decades of failed Thatcherite orthodoxy.

After “twenty years of falling living standards since the 2008 financial crash,” he declared, Westminster “hasn't been working for people”; in fact, “it is broken.” His agenda, he insisted, embodied “a rejection of the old trickle-down model” and “a new determination to raise living standards of every single person in this land.”

There is almost nothing of substance in any of this, and nor can there be. Starmer is massively unpopular. But his downfall was engineered by the ruling class because, in an effort to placate backbench MPs fearful of losing their seats, Starmer refused to impose the level of social spending cuts needed to meet demands for vastly higher military spending.

Burnham knows this very well and casts his flimsy promises entirely within a policy framework based on strictly enforced austerity, stepped up militarism and an ever closer political and economic relationship with the major corporations and banks.

None of which troubled the pro-Labour media, or the party's nominal “left”, both equally anxious to aid Burnham in his efforts to rescue the government and bring about the political stability desperately required by British imperialism at a time of acute crisis.

The *Guardian*, which has swung from fulsome backing of Starmer the Blairite to Burnham the Blairite, hailed it as the boldest assault on the post-1979 order in a generation. Should Burnham reach Downing Street, it

wrote, the speech represented “the most serious challenge to the Thatcherite settlement attempted by any prime minister since 1979”—but only if he converted “the language of devolution and public control into institutional power.”

As for the Corbynite left in the Socialist Campaign Group, they have largely embraced Burnham while urging him to adopt a long list of 23 reformist policy demands such as equalising capital gains tax, a two percent levy on assets worth more than £10 million, windfall taxes on sectors making unearned “super-profits”, a freeze on energy bills, universal free school meals, rent controls, council house building and an “ethical foreign policy”. All of which will be ignored by Burnham.

The trade union leaders and apparatus will likewise fall in line, especially as Burnham proposes to rely on the union bureaucracy far more actively than Starmer ever did—pledging to govern in “strong partnership” with “our trade unions”—along with suggestions of making peace with some remnants of the Corbynite left that Starmer tried to expel.

The pseudo-left groups, having campaigned in 2024 for a Starmer government as the “lesser evil” to the Tories and Reform UK, backed Burnham during the by-election on the same basis.

This will continue. The Socialist Workers Party, after making a polite criticism of Burnham's “Manchesterism” speech, conclude by insisting that there will nevertheless be “a bounce” in support for Labour because “his promises of reform will raise the expectations of many working class people for change.” Therefore, “The labour movement should ramp up pressure on Burnham to break with Starmer's rotten legacy.”

The Socialist Party writes in almost identical terms of how “no doubt, there will be an improvement in Labour's current dire poll ratings.” And though Burnham will rule in the interests of big business, “he will strive to find a few measures to show he is different to Starmer” such as “a mass programme of council housebuilding.” Therefore “Trade unions and socialists should demand that councils, especially those Green councils elected in May on an anti-austerity programme, begin work to immediately implement such a programme in their areas and present ‘Andy's government’ with the bill”, accompanied by “A new trade union-led fight for the right to a real safety net for all those who need it...”

Whatever heavily caveated illusions are fostered in Burnham, he cannot simultaneously intensify the offensive against the working class on behalf of the oligarchy and revive popular support for Labour. Indeed, he has repeatedly made clear that his policies and his government are rooted politically in Tony Blair's “Third Way”, which codified Labour's repudiation of its old national reformist policies and its embracing government-corporate partnership as the basis for all aspects of economic and social policy.

During the Makerfield by-election, the *Times* headlined his pledge: “Andy Burnham: I'll cut welfare bill to fund defence.” “I am not

squeamish about saying that the plan would be to reduce the welfare bill,” he said. “Not at all.”

As that campaign closed, he abandoned a recent pledge to compensate the millions of 1950s-born WASPI women cheated of thousands of pounds each by an unannounced rise in the state pension age, the moment the *Financial Times* pronounced the £10.5 billion bill too costly.

Even the *Guardian*’s Frances Ryan felt obliged to raise this week that Burnham has “form” on such retreats. In 2015, during a Labour leadership campaign that he contested and lost, Burnham obeyed acting leader Harriet Harman’s instruction to abstain on the Conservatives’ welfare reform bill rather than oppose it—aiding the stripping of 3.2 million people of an average of £1,350 a year.

In his maiden speech as leader-in-waiting, Burnham explained that he had “heard on doorsteps... how people need a bit extra now to help with rising costs.” In response, he stressed that he would deliver a “breathing space,” but only “as soon as I can” and “whilst not taking risks with the public finances.” In plain English: more austerity.

Burnham’s actual economic policy was laid down in his speech, including his promise to back Chancellor Rachel Reeves’s spending limits and to govern based on “the discipline of our current fiscal rules.”

The document on which his speech was based is “The Productive State: A Framework for Manchesterism”, written by Mathew Lawrence and Alex Williams. Its special gift to the world is the creation of a series of devolved mechanisms, the Productive State, as a “third pillar” of political economy alongside the market and the welfare state.

The constituent parts making up the “Productive State” will stimulate the local economy (Burnham boasted of “good growth in every postcode”). It will also provide capital for social and economic infrastructure by creating public corporations, which can supposedly borrow money at lower costs, with local authorities then managing the private corporate providers that tender for contracts, rather than actual state-owned provision.

The collective devolved mechanisms include not only cooperatives and similar minor enterprises but also draw the trade union bureaucracy closer into the administration of austerity. Burnham stressed in his speech that “the Greater Manchester way is based on strong partnership between all sectors: public, private, community, voluntary, academic, faith, and our trade unions.”

The Productive State supposedly occupies an intermediary role in a three-tier economy—between a decommodified foundation of essentials, and a private “innovation frontier” as a “stabilised market middle.”

Its framework must be “strict adherence to the current fiscal rules for the remainder of this parliament. Rules can be reformed later, but this can only be done from a position of strength in the economy and public finances.”

Central government and Whitehall has control of all social spending, including the allocation of resources to local government—which automatically means a continuation and deepening of the austerity demanded by the financial oligarchy.

As the document insists, “Any strategy must have a credible plan for engaging with bond markets, which price volume, duration, and policy credibility.”

The Productive State is “pro-enterprise: by securing the basics and reducing systemic risk, it lowers costs, crowds in investment, and gives firms the stable platform they need to compete, innovate, and grow...”

It “is not a proposal to crowd out entrepreneurship or plan consumer goods from the centre. Markets do real and irreplaceable work—aggregating information, rewarding innovation, enabling genuine competition.” It is, rather, “Public ownership with commercial mandate... ‘Nationalisation’ is not the right word for what this essay proposes.”

Placing this in the context of similar initiatives already associated with Labour, the document stresses that “The Productive State extends and

deepens that logic, deploying public ownership where industrial strategy reaches its limits, and building the productive capacity that market incentives alone have not supplied. The programme is bold, but it is not a leap into the unknown.”

Indeed, it is not. Under Tony Blair and Gordon Brown, Private Finance Initiatives and Public Private Partnerships saddled the National Health Service and education sector with massive debts to the banks and corporations for infrastructure projects that they have yet to pay off.

Big business and the banks understood Burnham’s central message very well. The *Financial Times* congratulated him as he “sensibly reiterated his commitment to sound public finances and Labour’s fiscal rules,” insisting that “Businesses want to hear more from Burnham about how the Greater Manchester authority has supported the city region’s revival by empowering the private sector, through policy stability, looser planning rules and the pursuit of foreign direct investment.”

The Blairite wing of the Labour Party was just as clear and is lining up behind their new leader.

Last week Burnham named James Purnell as his chief of staff. A former special adviser to Blair himself in 1997 when he first entered Downing Street, Purnell became a welfare minister responsible for savage cuts under Gordon Brown. He was described by Peter Mandelson, New Labour co-architect and intimate friend of the billionaire child trafficker Jeffrey Epstein, as “one of my boys”.

He will be joined by Starmer’s former Health Minister Wes Streeting, another Mandelson protégé, while Starmer’s Blairite national security adviser, Jonathan Powell is set to be retained by Burnham.

What guarantees that Burnham will deepen the offensive against the working class is the deepening crisis of British and world imperialism that led to Starmer’s downfall.

An air of unreality hung over his parochial “Manchesterism” speech, as though the world beyond the museum gallery—that will ultimately determine the policies he pursues—did not exist.

The world situation is characterised above all by an escalating global war unfolding over multiple fronts, driven by the efforts of the imperialist powers to carve up the planet, its markets and essential resources such as oil, gas and rare earths between them.

Existing NATO-led wars such as Ukraine and preparations for future direct military conflict with Russia and China are sucking up vast social resources, which demand an escalation of austerity by governments of whatever formal political designation. The eruption of militarism and its devastating impact, as evidenced by the war against Iran, demands an escalation of austerity, not a reversal.

Starmer was forced out of office because, faced with inner-party rebellions by his more nervous MPs, he retreated from making some of the savage cuts to welfare needed to increase the military budget to the astronomical levels being demanded to “end the peace dividend” and prepare a “whole of society” war effort.

The denunciation of the government’s Defence Investment Plan (DIP) for having an £18 billion “black hole” and resignation by Defence Secretary John Healey was the final nail on Starmer’s coffin as the ruling class lined up squarely behind Burnham.

Just 24 hours after Burnham’s speech, Starmer published a revised DIP handing an additional £15 billion to the Ministry of Defence—taking cumulative military spending to £298 billion by 2030.

As a result of this increase alone, Burnham will have to find an additional £4.7 billion for defence in his very first budget. And this is just the start. The *Guardian* reported that “Those close to the likely next prime minister acknowledged he would have to find nearly £5bn more than expected to fund the plans over the next four years, which one Burnham ally likened to an ‘unexploded bomb’”.

Workers and young people must not only treat with contempt all attempts to utilise Burnham’s coronation to tie them once again to the

rotting corpse of the Labour Party. They must prepare immediately for major industrial and political struggles against a Burnham government. The essential task at hand is the building of a new party of, by and for the working class, based on a revolutionary socialist programme—The Socialist Equality Party.



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