

# The Lens of Globalisation and New Labour's Vision for the Developing World

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**'Strategic Narratives: Globalisation and Crisis'**

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Globalisation was the dominant *leitmotif* of New Labour's political economy both at home and abroad. Shaping what Watson and Hay term the 'logic of no alternative', globalisation as a strategic narrative featured heavily in the discourses of senior Party officials throughout New Labour's time in government. Within the domestic British context, New Labour figures sought to construct a number of 'economic imperatives' derived from their assessment of the global economy, and the conventional wisdom concerning globalisation; wisdom which as Hay and Rosamond suggest, had become "the lens through which policymakers view the context in which they find themselves". This paper develops this claim to argue that whilst it was in office, New Labour in fact deployed multiple lenses through which it viewed its strategic context, both at home and abroad. Consequently, New Labour's vision of the world was far from linear, particularly in the light of its international development policies. This paper builds upon the scholarship of Watson, Hay and Rosamond to argue that New Labour officials viewed globalisation through multiple lenses to treat globalisation as a constraint at home, but an opportunity to meet a different set of strategic policy decisions abroad. The mantra of 'making globalisation work for the poor' was at the heart of New Labour's efforts to meet the challenge of international development. Here senior Party officials constructed an alternative narrative of globalisation, out of which a series of opportunities emerged to combat poverty within the developing world. However, these conflicting narratives and the strategies they invoke suggest a paradox between the constraints of globalisation identified at home, and the increased scope for strategic intervention overseas. This paper traces the contradictions rendered by these multiple views of globalisation.

**Keywords:** globalisation, New Labour, international development

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Globalisation was the dominant *leitmotif* of New Labour's political economy. As Coates and Hay remark, under Tony Blair, and latterly Gordon Brown, the Labour Party, "to an unprecedented extent, emphasised the degree to which international (indeed, global) processes, pressures and tendencies [have served] as external constraints circumscribing the parameters of political possibility".<sup>1</sup> Of course, as Fielding rightly points out, it would be wrong to think of New Labour as being unique in imagining Britain's place within the world economy. Due to the UK's historic and ongoing structural dependence upon international trade, every post-war government, irrespective of its stripe, has had its policies shaped by external forces.<sup>2</sup> For Smith however, Blair's government was the first which operated in "a post-Cold War, post-Keynesian era where international borders and relations are more open than and complex than in any preceding period".<sup>3</sup>

The central theme that runs through this paper, and indeed, as I shall demonstrate, that was present throughout New Labour's political economy, was the manner in which the ideas of globalisation that were held by Party officials served to configure its policies both at home and abroad. I argue that whilst in office, New Labour ministers accepted and internalised these changes in the global economy, but viewed globalisation through a number of different lenses, both at home and abroad. This meant that the discourse of globalisation was not deployed consistently within New Labour's political economy. At home, globalisation was presented as a means of disciplining and constraining policy decisions. Abroad however, within the field of international development, globalisation was viewed by government ministers as an opportunity; a largely economic 'force', which derived from

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<sup>1</sup> Coates and Hay (2001:448)

<sup>2</sup> Fielding (2003:150)

<sup>3</sup> Smith (2007:420)

an increased interdependency, could spread wealth and lift millions of people across the developing world out of poverty.<sup>4</sup>

This paper then is concerned with the role that New Labour's globalisation discourse played in the construction of its policies within the field of international development. Neither space nor scope allows me to either accept or dispute the material realities or otherwise of the globalisation thesis. There is already an abundance of literature using all manner of empirical data to trade claim and counter-claim, to prove the empirical veracity or otherwise of globalisation. Crucially however, in this paper I argue that 'globalisation' was treated by New Labour figures as the set of conditions within which Party officials *chose* to animate and position the New Labour project. In examining this strategic narrative, I take as my point of departure, the claim made by Hay and Rosamond that globalisation has become "the lens through which policymakers' view the context in which they find themselves".<sup>5</sup> To underpin this claim, I utilise the work of John Kenneth Galbraith, whose concept of 'conventional wisdom' is also helpful in unpacking New Labour's assessment of its strategic environment. As I shall demonstrate empirically in this paper, globalisation provided New Labour officials with what Galbraith called "[their] understanding of contemporary economic and social life".<sup>6</sup> Having internalised this conventional wisdom however, New Labour officials deployed several policy lenses through which they assessed the strategic terrain upon which policies would be formed. However, these lenses only served to give New Labour ministers blurred vision when it came to discussing and implementing policy. What became apparent was that there was a certain degree of political and strategic convenience in how the concept of globalisation was deployed in the construction and justification of policy, particularly when it came to addressing matters relating to international development.

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<sup>4</sup> This thought was perhaps no more clearly crystallised than in the second White Paper, *Eliminating World Poverty: Making Globalisation Work for the Poor* (DFID, 2000).

<sup>5</sup> Hay and Rosamond (2002:148)

<sup>6</sup> Galbraith (1958/1999:6)

This paper then proceeds as follows. I begin by drawing upon an array of speeches and policy statements made by senior New Labour officials throughout their time in office to demonstrate the extent to which how globalisation was taken not only to be an irrefutable material reality by New Labour, but also how it proved to be the determinant of the policy decisions made by government ministers. It is at this point, my paper divides into two sections. In the first, I explore the construction of these discourses in a strictly domestic setting, illustrating how in the eyes of New Labour officials, globalisation served to change the role of government, and act in varying degrees as a constraint upon its policies. For the second section, I explore the deployment of the globalisation discourse within the arena of international development. As New Labour sought to push the issues of poverty further up the domestic and political agenda, it was within this particular sphere of policy that government ministers felt they had far greater manoeuvrability to exercise policy discretion. Here globalisation could act as a 'force for good' in the developing world with increased economic interdependency enabling millions to be lifted out of poverty. In my concluding remarks I argue that despite globalisation acting as the lens through which New Labour officials visualised policy, both at home and abroad, its application of its vision in policy terms was frequently contradictory and therefore problematic.

### ***Globalisation and New Labour's Political Economy***

The central theme or *leitmotif* running through New Labour's both at home and abroad was globalisation. Amidst a vast swathe of academic literature trading claim and counter-claim concerning the material realities or otherwise of globalisation, New Labour officials were adamant that such transformations *were* taking place and were an intrinsic part of the current age. For government ministers', globalisation was a fixed characteristic of contemporary economic and social relations. It was integral in drawing together and blurring the previously distinct boundaries that had demarcated domestic and foreign policymaking. As Baroness Amos, during her time as Secretary of State for International Development remarked "globalisation is reinforcing the need for an

integrated approach to policymaking. Policies no longer fit into neat sectoral boxes and the distinction between domestic and international policy is increasingly blurred. Most domestic policies, such as taxation, have international implications and most international policies, such as trade, have domestic implications”.<sup>7</sup> Similarly for the Foreign Secretary Jack Straw, “domestic and international policy [was] becoming ever more intertwined as a result of globalisation, travel and technological advance”.<sup>8</sup> For these and other New Labour ministers, in order to meet its domestic goals, it would need to consider the international context. This would mean tailoring its policies to meet the perceived realities and pressures of this new global economy.

For Tony Blair, the new politics of ‘the Third Way’ that marked the start of his premiership sought to address the “radical” changes that were taking place in the new global economy.<sup>9</sup> As Blair took this message of the Third Way across the world, it provided the Prime Minister with several opportunities to discuss these perceived realities with a number of different audiences. Blair’s underlying message was consistent throughout: the “globalisation of the world economy is a reality”.<sup>10</sup> He believed that “we are all internationalists now, whether we like it or not”,<sup>11</sup> because “we have one economy, all of which is affected profoundly by developments in both technology and global markets”.<sup>12</sup> For countries to be successful, then as the Prime Minister remarked, globalisation should be ‘accepted’<sup>13</sup> for it is “transforming the world economy”.<sup>14</sup> For Blair, globalisation quite simply was “a fact of life”, a discourse that would be repeated frequently by his cabinet ministers.<sup>15</sup>

In arguably even more effusive terms, Gordon Brown – both while he was Blair’s Chancellor and Prime Minister himself – spoke repeatedly of the challenges and opportunities presented by

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<sup>7</sup> Amos (2003)

<sup>8</sup> Straw (2003)

<sup>9</sup> Blair (1998a:8)

<sup>10</sup> Blair (1998b)

<sup>11</sup> Blair (1999)

<sup>12</sup> Blair (2001a)

<sup>13</sup> Blair (2003a)

<sup>14</sup> Blair (2004a)

<sup>15</sup> Blair (2006)

globalisation and the 'global economy'. Like Blair, Brown argued that "globalisation has happened", and the challenges that have arisen from it have done so "from our ever greater interdependence in an integrated global economy",<sup>16</sup> "with its ever more rapid waves of innovation and its fast-moving and often destabilising capital markets".<sup>17</sup> At a social level, the Chancellor noted how "changes in the global economy [had created] a worldwide culture: global communications and travel, global brand names, global music, films, and entertainments and global media outlets".<sup>18</sup> These changes meant that governments were "*of course* subject not just to national pressures, but to global pressures too".<sup>19</sup> That government were *inevitably* subject to these global pressures is striking as it illustrates the extent to which New Labour felt compelled to treat globalisation as an inevitable outcome, or in Watson and Hay's memorable terms, to pursue a distinct 'logic of no alternative'.

If these pressures existed at a domestic level within Britain, then they existed within Europe too, and globalisation was also central to New Labour's proposals for European reform. Britain's European policy was "being made in a wholly new global context",<sup>20</sup> and Brown warned business leaders that "the impact of globalisation – global companies, global brands, global flows of capital and global sourcing of products – [was] putting all of Europe under intense and sustained competitive pressure, forcing Europe to change – and change quickly". As in Britain, globalisation was compelling Europe "to be open and outward looking",<sup>21</sup> "fundamentally changing [its] nature". According to Brown, "today we are in a completely different world of global movements of capital, global companies and global brands".<sup>22</sup> Despite these challenges both in Britain and in Europe, Brown, like Blair was

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<sup>16</sup> Brown (1998a)

<sup>17</sup> Brown (1998b)

<sup>18</sup> Brown (1999a)

<sup>19</sup> Brown (2000a, emphasis added)

<sup>20</sup> Brown (2003a)

<sup>21</sup> Brown (2004a)

<sup>22</sup> Brown (2004b)

adamant that “globalisation is a fact and here to stay”<sup>23</sup> and “Britain cannot insulate itself from these unprecedented shocks because we are part of the global world”.<sup>24</sup>

The discourse of globalisation also featured heavily in the policy pronouncements of other senior cabinet officials. Given the focus of my paper it is perhaps appropriate that I begin with Clare Short, New Labour’s first Secretary of State for International Development. For Short, the fixed realities of globalisation meant that “it is not a question of whether people are for or against it”, globalisation was for “real”, as “part of history, just as industrialisation was [and] as big a historical change as the industrial revolution”.<sup>25</sup> Not only was globalisation an undisputed reality, it was, according to the late Robin Cook, as inevitable as the sunrise. During his time as Foreign Secretary, Cook remarked, “it is a good thing that the sun rises every day, but I also know there is nothing I can do to stop it even if I wanted to”.<sup>26</sup>

During his first stint at the Treasury as Chief Secretary, Alistair Darling offered a similarly fatalistic assessment of the strategic environment that faced New Labour and Britain. “We live in a global economy” Darling noted, and “we are moving towards a single global economy”.<sup>27</sup> Indeed many New Labour figures shared this sense of inevitability towards globalisation. As one Labour peer remarked, “I just take the view that it is a fact which we can do nothing about; we will not turn it back”.<sup>28</sup> The Defence Secretary, Geoff Hoon agreed. He, like both Blair and Brown, viewed globalisation as “a fact of life”.<sup>29</sup> Similarly, for the Leader of the House of Commons, Peter Hain, it was “a fact of life” that “we [in Britain] are part of a global economy”.<sup>30</sup> This ‘fact’ could not, according to the Home Secretary Charles Clarke, “be uninvented”, it was simply the “the realities with which we have to

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<sup>23</sup> Brown (2006a)

<sup>24</sup> Brown (2008a)

<sup>25</sup> Short (1997)

<sup>26</sup> Cook (2000)

<sup>27</sup> Darling (1998)

<sup>28</sup> McIntosh (2000)

<sup>29</sup> Hoon (2001)

<sup>30</sup> Hain (2003)

live”.<sup>31</sup> As a result, globalisation was, in the terms of the Science and Innovation Minister, Malcolm Wicks, “here to stay”.<sup>32</sup> New Labour’s last International Development Secretary, Douglas Alexander noted that “in our age, shaped as it is by the twin forces of globalisation and interconnectedness, to talk of one world is no longer to utter an abstract thought but to describe a concrete reality”.<sup>33</sup>

These statements are just a handful of the hundreds that were made throughout New Labour’s time in office to demonstrate the extent to which the ‘conventional wisdom’ of globalisation was appealed to by government ministers across Whitehall as a very fixed reality of the modern age. However, while these assessments are revealing both in this sense and in providing the rationale for the policy decisions that were subsequently reached, simply taken on their own, they give little indication either of how these discourses themselves were internalised by New Labour officials or *how* they went on to shape government policy. As Watson and Hay note, “that the Labour Party has chosen to deploy the rhetoric of globalisation is undeniable. It is crucial then that we establish on what terms it has done so”.<sup>34</sup>

It is in this lacuna between New Labour’s acceptance of the globalisation thesis and the policies which later emerged, that I argue a paradox in New Labour thinking appears. As I suggest in the following section, despite the apparent fixity of globalisation, government officials believed that they could, either through prudent policy management or strategic manipulation of the realities of globalisation, negotiate its otherwise inexorable pressures. This I suggest provides evidence of ‘strategic selectivity’ whereby the discourse of globalisation was used by government officials as a device to justify certain policy decisions and discipline the expectations of the polity concerning what was (or indeed, what was not) politically or economically feasible. I demonstrate this claim empirically throughout this paper, comparing and contrasting New Labour’s approach to domestic

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<sup>31</sup> Clarke (2005)

<sup>32</sup> Wicks (2007a)

<sup>33</sup> Alexander (2007)

<sup>34</sup> Watson and Hay (2003:295)

policymaking with the construction of its international development policies for consumption overseas.

***‘Globalisation as Discourse; Globalisation as Rhetoric’: Making Policy Relevant, Applicable and Coherent to New Labour’s Strategic Narrative of ‘Globalisation’***

To unpack New Labour’s understanding of globalisation and demonstrate how it shaped government policy, it is important to start, like Hay and Rosamond, by differentiating “between the appeal to globalisation as *discourse* and globalisation as *rhetoric*”.<sup>35</sup> The remarks that Schmidt makes are helpful in this respect. Schmidt identifies three arguments that a discourse should be able to demonstrate. “First, the policy programme’s relevance, by accurately identifying the problems the polity needs or expects to be solved; second, the policy programme’s applicability, by showing how it will solve the problem it identifies; and third, the policy programme’s coherence, by making the concepts, norms and methods appear reasonably consistent and able to apply without major contradiction to a wide range of problems”.<sup>36</sup> In this section I intend to illustrate how New Labour officials sought to make its policies relevant, applicable and coherent to the strategic narrative of globalisation which underpinned New Labour’s political economy.

It is clear just from the speeches and policy statements that I have cited that globalisation was *the* principle lens through which New Labour ministers and other officials viewed their respective policy fields. As Hay and Rosamond suggest, these discourses of globalisation “point to the existence of structured sets of ideas, often in the form of implicit and sedimented assumptions, upon which actors might draw in formulating strategy and, indeed, in legitimating strategy pursued for quite distinct ends. In this sense, these discourses of globalisation exist independently of the actors who draw upon them”.<sup>37</sup> The ‘conventional wisdom’ of globalisation provides what Hay and Rosamond

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<sup>35</sup> Hay and Rosamond (2002: 151, emphasis in original)

<sup>36</sup> Schmidt (2002:219)

<sup>37</sup> Hay and Rosamond (2002:151)

term, the “ideational context” – a set of narratives that New Labour’s core economic constituencies, both at home and within the international arena, will find both familiar and acceptable, or in the terms of Treasury officials, ‘credible’.

The point that Hay and Rosamond make can be illustrated by deploying Galbraith’s concept of ‘conventional wisdom’ and New Labour’s focus upon credibility in its domestic macroeconomic policymaking. For Galbraith “the hallmark of [any] conventional wisdom is acceptability”.<sup>38</sup> However, “because familiarity is such an important test of acceptability”,<sup>39</sup> it quickly becomes clear why New Labour’s Treasury officials operating within what they perceived to be a global context, placed such importance on “credibility” or the ‘acceptability’ of policy ideas amongst key economic constituencies. As Paul Krugman explains, “one’s agreement with that conventional wisdom becomes almost the litmus test of one’s suitability to be taken seriously”.<sup>40</sup> If the policies which New Labour pursued were familiar to the international capital markets – for example, the increased mobility of global finance, labour and other resources – then it far would be more likely that they would be accepted as being authoritative and credible.

To therefore furnish this acceptability or credibility of ideas, Treasury officials deemed it necessary to firstly, embrace the discourse of globalisation (despite as I shall show, the political constraints, strategic or otherwise that it would invoke), before secondly positioning Britain as an outward-looking, open economy in order to attract the increased flows of investment that would come from trading within the global economy.<sup>41</sup> Whilst serving as Chief Secretary to the Treasury, Alistair Darling argued that, “economic policy must be open and transparent” for he, like his Chancellor believed that “openness builds confidence and credibility [which] is essential in today’s global

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<sup>38</sup> Galbraith (1958/1999:9)

<sup>39</sup> Galbraith (1958/1999:7)

<sup>40</sup> Krugman (1995:36)

<sup>41</sup> Ed Balls’ paper *Open Macroeconomics in an Open Economy* (1997) outlines the New Labour’s commitment to credibility in three of the four principles of an open macroeconomic policy, pp. 12–22

economy”.<sup>42</sup> In this global era, Brown warned that “governments which lack credibility – which are pursuing policies which are not seen to be sustainable – are punished not only more swiftly than in the past but more severely and at a greater cost to their future credibility”.<sup>43</sup> New Labour’s assessment of the global economy meant that in building its macroeconomic policy, it was vital to keep in tandem the accepted conventional wisdom of globalisation, with its pursuit of credibility.

It may be tempting at this point draw a line under my analysis here, and point to the extent that ‘globalisation’ as a discourse shaped New Labour’s policymaking priorities. To do so however would, as Hay and Rosamond rightly suggest, limit my argument to one that would be not only “overly structural” but gives “insufficient attention to the active and frequently creative role of agents in the formulation of ideas”.<sup>44</sup> Put simply, providing the strategic or ideational context in which government ministers find themselves is not enough. It is after all, the actors who in turn read off their own understanding of the context in which they find themselves; in this instance, internalising and expounding the conventional wisdom of globalisation before offering policy solutions in light of these assessments. So I come to the appeal made by New Labour officials to globalisation not simply as ‘discourse’, but to ‘globalisation as rhetoric’.

In returning to the earlier remarks of Schmidt, for New Labour officials, policy needed to be ‘relevant, applicable and coherent’ to the structural challenges of globalisation, and this meant aligning policy solutions with the discourse of globalisation. As I demonstrate in the next section of this paper, New Labour ministers applied its policies to the strategic narrative of globalisation by selectively by appealing to the rhetoric of ‘globalisation’ as a means of justifying, legitimating and disciplining its policy initiatives within both the domestic and international spheres of governance. What is striking about this rhetoric is how it was used strategically and selectively by New Labour

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<sup>42</sup> Darling (1998)

<sup>43</sup> Brown (1999b)

<sup>44</sup> Hay and Rosamond (2002:151)

officials. Within the domestic sphere, the rhetoric of globalisation invoked the language of constraint and discipline. Within the realm of international development however, globalisation provided New Labour with far more manoeuvrability, enabling government officials to construct a set of policies specifically for consumption within the developing world. Strikingly, these policies were themselves designed 'to make globalisation work for all'.

### ***Envisioning Globalisation in New Labour's Domestic Political Economy: Discipline and Constraint***

I begin by mapping a number of policies that New Labour introduced within the domestic sphere in light of these perceived realities of globalisation. In examining the discourse and the rhetoric of globalisation within this realm of governance however, a rather complex narrative begins to emerge whereby New Labour invoked globalisation as a constraining challenge but also as an opportunity. This Janus-faced view of globalisation was epitomised by the appeal made by the Chancellor of the Exchequer himself, Alistair Darling; the Minister for the Armed Forces, Bob Ainsworth; the Economic Secretary to the Treasury, Ed Balls and his predecessor, Ivan Lewis to "embrace" and "respond" to both "the challenges *and* opportunities presented by globalisation".<sup>45</sup> As I will continue to demonstrate through a series of policy statements and speeches, within the domestic polity, the discourse of globalisation came to be viewed by New Labour officials as being to a greater or lesser degree, a constraint upon government policy.

To illustrate how these various degrees of constraint were reflected in New Labour's rhetoric, I assess three areas in which the discourse of globalisation was viewed, and as a result, strategically deployed by officials. The first lens led government ministers to view globalisation as a fairly straightforward **non-negotiable constraint**. This resulted in a discourse that was used to rationalise and justify a series of structural changes over which government ministers felt they had little or no

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<sup>45</sup> Lewis (2005); Balls (2006); Ainsworth (2007); Darling (2008a)

control. The second lens allows for some room for manoeuvre but broadly speaking imposes a framework of **contingent constraint** in which the political latitude that was otherwise afforded to policymakers was deliberately restrained in order to meet the challenges of the global economy. The third and arguably most complex lens presented globalisation as a **negotiable constraint through disciplined opportunity**. Invoking the ‘threat’ of the first discourse by appealing to the challenges faced externally from elsewhere in the global economy, globalisation was nevertheless viewed as an opportunity that may be negotiated, *only if however*, certain constraints were imposed upon the electorate. This particular discourse is striking as it reflects the appeals made elsewhere by New Labour officials for individuals to rely less upon the state and instead take far greater personal responsibility. The difference between this particular discourse and the previous two is that while the constraint inherent within first two discourses was largely self-imposed, the government itself shifted this constraint from its own shoulders and imposed it onto those of the individual. I now examine each in turn, demonstrating how each fitted in with the key areas of New Labour’s political economy.

### *Lens 1: Globalisation as a Non-Negotiable Constraint*

This particular lens is derived from arguably the dominant understanding of globalisation, certainly within the more mainstream literature. This ‘business school’ literature, labelled by Watson and Hay for its influence in expounding the conventional wisdom of globalisation amongst the business and media elites, was ‘the public face’ of globalisation in Britain during the mid to late 1990s.<sup>46</sup> According to these accounts, globalisation was characterised by ever increasing flows of capital, production and other resources across borders and continents, all mobilised by advances in technology and communication. However while globalisation was perceived to be comprised of a constellation of different dynamics all mediating and interacting with one another, in terms of a particular discourse each of its processes were considered to be inexorable and non-negotiable, not least by New Labour

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<sup>46</sup> Watson and Hay (2003:292)

itself which conceded in its 2005 General Election manifesto that “in a fast changing global economy, government cannot postpone or prevent change”.<sup>47</sup>

New Labour officials were far from slow in detecting these trends, and in many respects it was these changes that formed the basis of the ‘new times’ into which the New Labour project was birthed. Indeed, as one of the chief architects of New Labour, Peter Mandelson remarked during his time as the Secretary of State for Trade and Industry “the growth of electronic mail and the internet, changing customer demands and greater liberalisation of markets are the key drivers of change worldwide”.<sup>48</sup> For his Prime Minister Tony Blair, these changes meant that we now lived “in a completely new world”.<sup>49</sup> The increased liberalisation of financial markets for instance made it possible for trillions of dollars to move across the foreign exchanges in a single day. However, the ‘completely new world’ that Blair envisaged was rapidly transferring power from the state to the market. In his now famous Doctrine of the International Community speech, Blair warned his audience in Chicago that “any government that thinks it can go it alone is wrong. If the markets don’t like your policies, they will punish you”.<sup>50</sup>

This appeared to be a rather brutish discourse, something that the Prime Minister himself alluded to in a speech to British business leaders. “What is happening today is not complex but simple [...] there is huge restructuring, here and elsewhere in the industrialised world”.<sup>51</sup> This restructuring, Gordon Brown added, was taking place “across continents” and driving forward “mobility of capital and openness to competition”.<sup>52</sup> The key economic problem then that now confronted policymakers was not merely economic downturn but these “very large and profound global structural changes”. The Chancellor argued that these structural changes were responsible for “shifting many industries and

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<sup>47</sup> *Labour Party, The* (2005:18, emphasis added)

<sup>48</sup> Mandelson (1998)

<sup>49</sup> Blair, T. (1999)

<sup>50</sup> *ibid.*

<sup>51</sup> Blair, T. (2001b)

<sup>52</sup> Brown (2003b)

services to the industrialising world and challenging us in the industrialised world to respond and adjust more quickly and more flexibly”.<sup>53</sup>

Set in these ideational terms, globalisation was an inevitable and non-negotiable part of the contemporary age. The pace at which globalisation was taking place was leading to “people [being] displaced, industries [being] made obsolete, communities re-shaped, even torn apart”.<sup>54</sup> As Blair went onto argue “the premium [was] on a country’s ability to adapt. Adapt quickly and you prosper. Fail to do so and you decline”.<sup>55</sup> The Chief Secretary to the Treasury, Des Browne borrowed from the latest exponent of the ‘business school’ globalisation thesis, Thomas Friedman to make a similar point to Blair. Browne noted how Friedman had talked about how the world is flatter; how globalisation has made outsourcing, teleworking and other modern ways of working even more relevant. Browne, like Friedman and Blair argued that “we must face up to this challenge or be left behind”.<sup>56</sup>

Despite its apparent simplicity however, this specific discourse of globalisation still posed a number of dilemmas to policymakers, most notably the type of role governments now had in the midst of these inevitable global pressures. By assuming the near perfect mobility of capital and factors of production, government officials were left, by implication, to pursue a set of policies centred upon national competitiveness, cost reductions, welfare retrenchment and greater labour market flexibility; in effect, deregulatory policies that ceded power to the markets. Of course, the paradox of this was that in this new global economy it was understood that the balance of power had already shifted from the state to the market. However, when policy was designed and implemented in the light of this particular discourse, all this state intervention served to do was reinforce this transfer of power by offering a set of policies that accommodated and conformed to market priorities.

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<sup>53</sup> Brown (2003c)

<sup>54</sup> Blair (2004b)

<sup>55</sup> *ibid.*

<sup>56</sup> Browne (2005)

The explanation that the Chancellor Alistair Darling provides concerning the Treasury's approach to corporation tax provides a useful illustration of this point:

A few years ago, one of our airlines used to say 'we never forget you have a choice'. Today, governments should remember that. Business does have a choice. Business is increasingly mobile. Tax rates have to be globally competitive. I am determined that British business will not be the fiscal fall guy. Business is the lynchpin of the British economy. Business creates jobs, wealth and generates growth. And government must ensure the right framework within which business can prosper. And tax is an essential part of that framework. [...] We need to ensure that the tax system is competitive and predictable, as well as ensuring that the business environment is attractive to increasingly mobile businesses.<sup>57</sup>

Having internalised the discourse of globalisation as a constraint, Darling draws upon two assertions based upon his reading of the strategic context. Firstly, businesses are footloose and can relocate with ease, and secondly, the British tax system must be globally competitive. Both assertions are critical if New Labour's objective – to make Britain's business environment attractive to these mobile firms – is to be met. The underlying message of Darling's rhetoric is that while businesses have a choice, governments do not. Irrespective of whether the Chancellor was correct in his assessment (and of course his is a very moot point indeed) this rhetoric, rather strikingly, demonstrates how this particular discourse of globalisation resulted in two very real material outcomes. Firstly, the discourse embedded the Treasury's tax framework within the perceived demands made by market actors for a more competitive and less burdensome tax regime. By doing this however – and this is the second outcome – Darling himself actually constrained the government's own corporate fiscal policy. The net effect of this particular discourse was that it reinforced the shift in power from the state to the market.

Although, as I shall demonstrate in the next part of this paper, this was not only discourse of globalisation that was deployed by New Labour, it was nevertheless convenient for government officials to deploy it in order to describe the changes that they believed they were faced with in

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<sup>57</sup> Darling (2008b)

setting policy. In the midst of these profound structural changes in the wider global economy, Party officials frequently treated globalisation a non-negotiable constraint upon policy. If this then was the material reality with which New Labour was faced, what role did it now envisage for itself in government? It is to the second discourse I now turn, and assess how a slightly more contingent view of globalisation enabled it to exercise more in the way of 'contingent constraint' in setting policy within the domestic sphere.

### *Lens 2: Globalisation as a Contingent Constraint*

The second lens of globalisation provided New Labour with more latitude in setting policy. Although, like the first it takes as its point of departure the inexorability of globalisation, officials believed that it had in Hay and Rosamond's terms, a "fragile and contingent quality".<sup>58</sup> If managed correctly through the prescription of the correct policy-mix, New Labour could ensure that globalisation was not a threat but rather an opportunity that would stand to benefit the British economy. Here then globalisation acted as a 'contingent constraint' for it would dictate the nature of the role that the government had to play within the context of this new global economy.

The rhetoric and the policy underpinning this particular discourse suggests that it was globalisation, or more specifically, the financial actors operating within global markets, who would determine the policies which were acceptable. It is here I return to my earlier point concerning 'credibility', for it would be this credibility that the New Labour government would seek to achieve in its policy, to meet the expectations of these market actors and build a competitive business environment within the UK. Although it enabled policy officials to view globalisation with considerably more contingency, it overlapped with the previous lens in the sense that it was still predicated upon constrained political intervention. New Labour officials however would argue that managed in this

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<sup>58</sup> Hay and Rosamond (2002:154)

way, would enable the UK to confer the ‘opportunities’ of globalisation. It is these ‘opportunities’ which formed the third discourse to which I shall turn in the next section of this paper.

Given my preliminary comments, I begin with what may appear to be a rather striking admission by Gordon Brown. During the 1999 Mais lecture, the Chancellor noted that “*in theory*...governments are free to run the economy as they see fit. They have, *in theory*, unfettered discretion”. While Brown’s statement may appear to be quite remarkable, particularly in the light of the first discourse of globalisation which severely restricted the latitude of governments, Brown understood that *the reality* of this ‘unfettered discretion’ was “market distrust”. In order to secure the trust of the markets, it would be critical that governments “limit their discretion through rules”. For the Chancellor, this would entail sending the UK down a “post-monetarist path to stability” by putting into place “the discipline of a long-term institutional framework”.<sup>59</sup>

Stability was at the heart of the Treasury’s policies to equip Britain to meet the challenges of globalisation. The Party had already identified stability as the route to growth in a global economy in its 1997 General Election manifesto.<sup>60</sup> As Brown later argued, “over the long-term, investors will choose to invest for the future in a stable environment rather than an unstable one”. Invoking the discourse of competitiveness, Brown pointed to the fact that many of Britain’s rivals had enjoyed far higher levels of investment “for the very reason that they [had] delivered more economic stability”.<sup>61</sup> Given this claim it was perhaps not surprising that the Chancellor’s close ally, Ed Balls laid out stability as the first of four principles needed to underpin modern macroeconomic policymaking. Balls argued that fixed monetary rules in the light of “financial deregulation, changing technology and widening consumer choice” had proved unworkable.<sup>62</sup> Stability meant designing a counter-inflationary macroeconomic policy which could “respond flexibly to different economic shocks

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<sup>59</sup> Brown (1999b)

<sup>60</sup> *Labour Party, The* (1997)

<sup>61</sup> Brown (1997)

<sup>62</sup> Balls (1997:9)

[which were assumed to be far more frequent in a globalised economy] – constrained of course by the need to meet the low inflation objective [...] over time”.<sup>63</sup>

As it sought to navigate Britain through the global economy, New Labour’s core message was simple. It sought to convey to market constituencies that it had internalised the conventional wisdom of orthodox macroeconomic policymaking, and it could be trusted to make the right decisions – at least in the eyes of markets – to encourage economic growth and investment. As the Chief Secretary to the Treasury Alistair Darling noted, “stability will of course depend, to a large extent, on markets having confidence in the commitment of government to prudent and sound management of the economy”.<sup>64</sup> It was therefore important that economic policy was “open and transparent [for] openness builds confidence and credibility [which] is essential in today’s global economy”.<sup>65</sup> This “monetary and fiscal stability” Brown added, was “a necessary pre-condition for national economic success. In a global economy, funds will flow to those countries whose policies inspire confidence”.<sup>66</sup> Although this particular understanding of the global economy provided the New Labour government with much more of a clearly defined role within the global economy, it was tempered by a discourse of constraint. If governments got their policies wrong, then “investors [would] punish mistakes more quickly and more severely than in the past”.<sup>67</sup> Rendering the contingent policy option as necessary, New Labour’s macroeconomic framework was constrained by the perceived power of the global markets to discipline national economies through a rapid disinvestment of capital.

One notable policy measure that New Labour took in the light of these global pressures also enabled the government to lock-in its pursuit of economic stability and credibility: the decision to grant operational independence to the Bank of England. This move would provide the Monetary Policy

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<sup>63</sup> Balls (1997:10)

<sup>64</sup> Darling (1998)

<sup>65</sup> *ibid.*

<sup>66</sup> Brown (1998c)

<sup>67</sup> *ibid.*

Committee with the responsibility of setting an interest rate baseline that it judged would enable the government's inflation target to be met. For Ed Balls, the Treasury's Chief Economic Adviser at the time, the principal reason behind the move was to reposition the Treasury more in line with the "fast-moving open global capital market" that had emerged. However, Balls added that it also demonstrated that this was a government that "was not looking for short-termist quick fixes or to duck difficult decisions". Crucially then, this rather simple measure also staked out the Treasury's claim of credibility amongst its key economic constituencies.

Prior to New Labour coming into office, interest rates were set by Treasury, which led to suspicions within the financial markets that political rather than purely economic factors lay behind British monetary policy. It was on this basis that the decision to depoliticise the setting of interest rates had, according to Balls "a decisive impact on both the international reputation of the government and on the wider credibility of Treasury ministers", not least because it "created the time, space and long-term credibility for the Chancellor, and senior Treasury management, to concentrate on all the other levers of economic policy and [to meet] the government's [other] long-term economic objectives".<sup>68</sup> In one significant movement, Treasury officials had (1) recognised the constraints posed by globalisation, (2) acted to reform the institutional architecture of monetary policy-setting, and in doing so, (3) secured the market credibility it craved.

Interestingly, nowhere in the numerous policy announcements, speeches and statements made by Treasury spokespeople did officials ever talk about *minimising* the uncertainty and unpredictability of these ever-increasing flows of global finance. Rather, in accordance with the previous discourse of globalisation, the policies which emerged and the narrative that was used to rationalise them, appeared to take these trends as inevitable consequences of transformations within the global economy. This prompted government officials, including Tony Blair himself, to talk at great length

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<sup>68</sup> Balls (2001)

about working contingently “with the grain of globalisation” in order to secure its opportunities and reap its benefits.<sup>69</sup> Aside from the Treasury’s decision to cede power to the Bank of England, perhaps the most striking examples of this particular rhetoric are to be found in the Treasury’s monetary and fiscal framework. As Ed Balls explained during his time at the Treasury, this framework would serve as the “essential prerequisite for stability, economic growth and prosperity in a globalised world”,<sup>70</sup> and underpin the credibility that the Treasury had sought in order to encourage the continued flow of international investment into Britain.

On becoming Chancellor of the Exchequer in 1997, Gordon Brown set about creating an economic framework which would maintain stability and eradicate the persistent problem of ‘boom-and-bust’ that had afflicted previous Labour and Conservative governments. To do this, the Chancellor moved British economic policy away from previous dualism of monetarist ‘fixed targets’ or Keynesian ‘fine-tuning’ towards one based upon ‘constrained discretion’, whereby policy would be calibrated towards meeting a long-term, symmetrical counter-inflationary target. It would be a framework governed by a clearly established set of fiscal rules tailored to the economic cycle. By stabilising prices through a pre-announced inflation target, sticking to a ‘golden rule’ of public spending and taking a prudent approach to public debt, this was an economic framework and a set of rules designed explicitly to “make Britain the best competitive environment for businesses in the world”.<sup>71</sup> Furthermore, this platform of stability would “make Britain better equipped to face the new challenges of globalisation, with more competition, more business creation, more investment and a more skilled work force”.<sup>72</sup> These measures, as Watson and Hay suggest, appeared to reflect a rapprochement with the market which Treasury officials deemed to be necessary in the light of globalisation. To make Britain the best place in which to do business, there was a market-led

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<sup>69</sup> Blair (1998c)

<sup>70</sup> Balls (2003)

<sup>71</sup> Brown (2000b)

<sup>72</sup> Brown (2002)

compulsion upon policymakers to adopt credible, “counter-inflationary policies consistent with the conclusions of orthodox macroeconomic theory”.<sup>73</sup>

As Nicholas Macpherson, the Permanent Secretary to the Treasury noted, “the introduction of strict fiscal rules [gave] the Treasury a sound strategic foundation on which to base fiscal policy”; helped “underpin the UK’s increased stability compared to other decades and other large economies”; and enabled it to “perform the role of ‘strategic friend’ to the UK economy”.<sup>74</sup> The role of ‘strategic friend’ was arguably more indicative of a closer working relationship between the government and business that occurred under New Labour.<sup>75</sup> In strictly policy terms however, these measures, introduced alongside “the Code of Fiscal Stability, the publication of MPC minutes, the Long-Term Public Finances Report” all noted by Alistair Darling during his chancellorship, were not only important in the pursuit of macroeconomic stability, but were “all examples of increased transparency,” and policies which underpinned the Treasury’s claims of credibility amongst its core economic constituencies.<sup>76</sup>

The Treasury’s policy-mix, derived from its pursuit of credibility amongst financial constituencies and emphasis upon stability within global markets, demonstrates the extent to which New Labour not only accepted the inexorability of globalisation, but also how it felt it must respond to it through constrained policy decisions. This particular assessment of globalisation enabled New Labour to re-envisage globalisation not simply as a threat, but as a ‘contingent constraint’ upon policy; essentially a self-imposed means of ‘changing the rules’ by which the game of (economic) governance must now be played. However, only by playing by these new rules would Britain confer the opportunities afforded by globalisation. It is to these opportunities I now turn my attention.

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<sup>73</sup> Watson and Hay (2003:298)

<sup>74</sup> Macpherson (2005)

<sup>75</sup> This claim is supported by the statement made by the Parliamentary Under-Secretary of State for Trade and Industry, Margaret Hodge (2007) who remarked that “the government’s role [was] to create the conditions to ensure that the UK remains a competitive place to do business”.

<sup>76</sup> Darling (2008a)

### *Lens 3: Globalisation as a Negotiable Constraint through Disciplined Opportunity*

Given my analysis thus far, it may be tempting to simply view New Labour's invocation of globalisation as having, to a greater or lesser degree, a constraining effect upon policy formation and the activity of state actors. While there is little, if any, evidence of antipathy amongst New Labour officials towards globalisation (indeed, as I noted earlier, given the extent to which officials viewed globalisation to be inexorable, any such antagonism would have been understood to be futile anyway); the discourses I have assessed so far present globalisation to be non-negotiable, and any room that government ministers may have had to manoeuvre were severely constrained by these global pressures. As widespread and as pervasive as these two discourses are however, even they do not fully reflect New Labour's invocation of globalisation. A wider reading of policy pronouncements and speeches made by New Labour officials, positioned within the domestic realm actually reveals globalisation to represent a series of opportunities for Britain.

At first, this may appear to fatally undermine one of the central claims of my thesis. At the outset of this paper I argued that while it was within the international realm that provided New Labour with the scope and the opportunities to maximise the benefits of globalisation, the challenges faced by New Labour at home were attributed to globalisation and its constraining effects. However, amidst these constraints there was a wider narrative which appeared to indicate that government officials were in fact hugely enthusiastic about the opportunities that these increased levels of global integration offered to the UK. Indeed while New Labour's first Trade Secretary, Stephen Byers wanted globalisation to "be seen as a bringer of opportunity, not of threat",<sup>77</sup> another Trade Minister, Mike O'Brien would later argue that globalisation offered "great opportunities and benefits".<sup>78</sup> As for the Chancellor, Alistair Darling, he believed that the possibilities that had arisen from "opening new markets, sharing new ideas [were] endless".<sup>79</sup> For Darling, it was vital that

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<sup>77</sup> Byers (1999)

<sup>78</sup> O'Brien (2004)

<sup>79</sup> Darling (2008a)

Britain, if it was to capture the opportunities of globalisation, seized these opportunities with both hands. In the light of this rhetoric, an important question immediately arises: what happened to the discourse of constraint that was evident elsewhere? In this section I argue that it was still present, albeit in a far more subtle way, and, as I shall demonstrate, it was deployed via a third discourse of globalisation which shifted the burden of constraint away from the state and onto the individual.

Amidst this rhetoric of ‘opportunity’, the underlying discourse of constraint was remarkably similar to the language of ‘welfare-to-work’ that New Labour had deployed elsewhere, most notably in its education, skills and employment policies. The opportunities that New Labour officials argued were available from globalisation acted as a constraint in the sense that they could *only* be secured by the individual (re)positioning themselves in the context of the global economy – as New Labour itself had been compelled to do – and take responsibility for their own participation. Gordon Brown was quite clear on this. “This old and misguided view of the state, irrelevant for a global economy, was accompanied by a failure to place sufficient emphasis on personal responsibility”. Brown believed that if the benefits of globalisation were to be realised, they should be done so, “not by insisting on rights without responsibilities, but by asserting the responsibility of the individual”.<sup>80</sup> Like the message of ‘no rights without responsibilities’ which had underpinned New Labour’s work and welfare programmes, these opportunities from globalisation would not come automatically, instead they had to be earned. To this end, while the government would support those unable to work, it would not protect those unwilling to work or retrain.

Under New Labour, successive social security ministers had sought to reform the British welfare system with a view to widening the workforce, improving Britain’s skills base and make it far more difficult for individuals to remain out of employment. In similar terms, New Labour officials maintained that in order to make the most of the opportunities presented by globalisation,

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<sup>80</sup> Brown (2000c)

individuals needed to be in skilled, well-paid employment. Early on in New Labour's time in office, the Chancellor Gordon Brown had made it clear that "the Britain that will succeed in the global economy will be the Britain that opens up the opportunity for employment and enterprise to all".<sup>81</sup> Crucially, Brown later added, within the context of the global economy with "emerging market countries ready to attract low value added, low investment and low skilled work, we [Britain] have to compete on ever higher levels of skill and technology rather than ever lower levels of poverty pay".<sup>82</sup>

To supplement this emphasis upon skills, the Chancellor also deemed it necessary to introduce reforms that would encourage increased flexibility, not least within labour markets. For Brown, "in order to compete more effectively an open and far more rapidly changing global trading economy, flexibility – the ability to respond quickly – is not an option. It is a necessary precondition of success".<sup>83</sup> To back up this rhetoric with policy, the Chancellor boasted of New Labour's record of "tightening up sanctions for the unemployed" and "compelling young people into training and work".<sup>84</sup> Brown would later promise further reforms "to give people, whether they are in work or out of work, the opportunity to get the skills necessary for them to succeed and for us [in the UK] to succeed in the new global economy."<sup>85</sup> The justification for these reforms was rooted in the Chancellor's belief that "the way to respond to globalisation is to give people the skills and opportunities for the future".<sup>86</sup> The state however, could only go so far. It would be up to the individual to take up these skills and make the most of the opportunities presented by globalisation.

Under Brown's premiership, his Secretary of State for Innovation, Universities and Skills, John Denham, proposed a raft of further changes to the benefits, skills and employment system to meet this very objective, again with the view of expanding Britain's skills base in light of the challenges and

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<sup>81</sup> Brown (2000d)

<sup>82</sup> Brown (2003b)

<sup>83</sup> Brown (2003c)

<sup>84</sup> *ibid.*

<sup>85</sup> Brown (2003d)

<sup>86</sup> Brown (2006b)

opportunities presented by the global economy. Denham told the Commons, “In an increasingly globalised and competitive world, we must use to the full the skills, talents and aspirations of all our people”. For Denham, “the global changes threaten those who are least well equipped to respond. Those with low skills will find it harder to find work” and as a result, “they and their families struggle to share in the increasing prosperity of Britain”.<sup>87</sup> Two imperatives were present here. If the UK as a nation was to retain or indeed increase its competitiveness within the global economy, *and* if individuals and their families were to confer the benefits of globalisation, then a broadened skills base would be integral to Britain and its citizens making the most of the opportunities presented by globalisation.

Within this context, claimants would be compelled into accepting responsibility for their own participation in the global economy. Denham announced that “when people sign on for benefits, they should sign up for skills”, promising to “make it easier for those on benefits to gain new skills” and provide both “the tailored support that people need in order to get into work” and the “new opportunities for people to train”. However, “with those rights come responsibilities” Denham warned, “responsibilities to upskill and to work”.<sup>88</sup> For the Minister for Science and Innovation, Malcolm Wicks, the opportunities of globalisation would only come to “those willing to reach out to embrace them”.<sup>89</sup> Brown believed that although “the prize for Britain is great”;<sup>90</sup> there was still nevertheless “a duty on the inactive to take up those opportunities”.<sup>91</sup> Again, placing this policy within the strategic context of globalisation, the Prime Minister differentiated between the ‘old’ economy, and the ‘new, global economy’. “In the old days” Brown argued, “the obligation was on the unemployed to find a job”. “In the new world” however, “the obligation on the unemployed should be not just to seek work but to train for work”.<sup>92</sup> With this discourse, Brown increased the

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<sup>87</sup> Denham (2007)

<sup>88</sup> *ibid.*

<sup>89</sup> Wicks (2007b)

<sup>90</sup> Brown (2008b)

<sup>91</sup> Brown (2007)

<sup>92</sup> *ibid*

pressure upon the individual to participate within the global economy and seize its opportunities. For Brown, in the light of this new global economy, opportunities, like rights, were no longer universal but dependent upon whether “we choose to seize them”, or whether we are willing to fulfil our responsibilities.<sup>93</sup>

What is remarkable about each set of these statements – irrespective of the lens through which they were made – is the extent to which globalisation as a discourse served to constrain and discipline, albeit to different degrees, the policy decisions that were reached by New Labour ministers and other senior government officials. Despite these constraints, nowhere in these speeches and policy pronouncements was globalisation viewed as ‘a bad thing’. It was, after all, ‘a fact of life’ which governments and policymakers needed to accept. As I have demonstrated, it was from this sense of inevitability that New Labour officials constructed policy, which in turn reflected the constraints that globalisation imposed. The next part of my analysis examines, in altogether more positive terms, the opportunities presented by globalisation as I explore the principles behind New Labour’s international development policies. Within this particular sphere, the constraint that officials were compelled to exercise at home was replaced with a sense that globalisation could provide the opportunity to eliminate global poverty and make a difference to the lives of millions across the developing world.

#### ***Lens 4: Globalisation in New Labour’s International Development Policies***

If globalisation was proved to be constraint at home for New Labour, it proved to provide both the Blair and Brown governments with significant grounds to intervene within the international realm. Whether addressing audiences across the globe or pursuing a series of distinct, if often controversial foreign policy missions, the opportunities that global politics now afforded were taken up with relish by both men. This was perhaps no more clearly demonstrated than in the realm of international

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<sup>93</sup> Brown (2008a)

development. Here Blair and Brown worked more closely together than they did in any other aspect of New Labour's political economy to address the issues of poverty within the developing world. Rather tellingly perhaps, it was in this particular policy area that the New Labour government received the most approbation. Of course, one should not forget the role played by New Labour's Secretaries of State who implemented Britain's development policy, nor indeed should one assume, particularly in the light of my earlier claims that that these particular policies were free from the constraining effects of globalisation. As I shall demonstrate in this particular section however, in stark contrast to its invocation at home, globalisation was viewed by as being far less of a constraint upon policy, and much more as a means to generate the wealth needed to eliminate poverty within the developing world.

*Making Globalisation Work for the Poor: Pursuing 'the Logic of Alternative', Rendering the Contingent as...Contingent?*

The strategic ambition of eliminating poverty was evident in the succession of White Papers that were published by DFID between 1997 and 2009. In what was a comparatively prolific policy output under New Labour (only two White Papers, one in 1964 and another in 1975 had been published prior to Blair's government entry into office) each of DFID's four papers were set out under the banner of 'Eliminating Poverty'. The first of these noted "the increasing globalisation of the world economy in terms of trade and finance" and the aspirational challenge of creating "a global society in which people everywhere are entitled to live in peace and security with their families and neighbours, and enjoy in full their civil and political rights".<sup>94</sup> This was certainly an ambitious aim, heavy on rhetoric and light on substantive policy, it reflected nevertheless the increased latitude that policymakers in Britain felt they had within the international sphere. Here globalisation was presented as a hugely positive force, acting as the glue that could hold together a global community.

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<sup>94</sup> DFID (1997:9–10)

This global society could not emerge without either a considerable flow of resources from the developed to the developing world or wholesale reform of the institutions of global governance. Proposals for both would unfold later through the Chancellor's 'global New Deal', but in the meantime an increase in Britain's overseas bilateral aid and support for the high-growth model of development provided the basis of New Labour's commitment to the developing world. The discourse and New Labour's understanding of globalisation would be an integral part of this. Reflecting upon the "massive new wealth" that was being generated by globalisation, the International Development Secretary Clare Short argued that "the challenge before our generation is to ensure that wealth is used to lift up that fifth of humanity by establishing basic, decent standards for all. The wealth gives us an opportunity".<sup>95</sup> For Short, the fastest rates of poverty reduction was to be found in East Asia where for the past thirty years there had been rapid economic growth. This growth had happened "because inward investment was attracted from multinational capital, which brings with it knowledge and technology". Therefore, for Short the answer lay in "[harnessing] those things: by attracting investment to create opportunities to export and trade that will grow economies rapidly".<sup>96</sup>

DFID's first White Paper was supplemented three years later with the publication of its second, *Eliminating Poverty: Making Globalisation Work for the Poor*. As well as reaffirming New Labour's commitment to the elimination of poverty and the achievement of the recently launched Millennium Development Goals, it laid out clearly New Labour's understanding that:

Managed wisely, the new wealth created by globalisation creates the opportunity to lift millions of the world's poorest people out of their poverty. Managed badly and it could lead to their further marginalisation and impoverishment. Neither outcome is pre-determined; it depends on the policy choices adopted by governments, international institutions, the private sector and civil society.<sup>97</sup>

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<sup>95</sup> Short (1999)

<sup>96</sup> *ibid.*

<sup>97</sup> DFID (2000:15)

Crucially, government policy would not be pre-determined by globalisation. Globalisation should instead be managed, and as Clare Short later argued, the purpose of this second White Paper was to “set out an agenda for managing globalisation, increased trade, investment and the new technologies in a way that could ensure that the abundance of wealth currently being generated brings benefits to the one in five of humanity who live in extreme poverty”. Rejecting the fatalism that was a feature of New Labour’s domestic political economy, Short added “the future is not pre-determined; it is a matter of will and choice”.<sup>98</sup> Therefore although globalisation was viewed to be inevitable, its outcomes were not and New Labour’s international development policy would be principally concerned with “managing globalisation to ensure that poor people are able to share in its benefits”.<sup>99</sup>

DFID’s policy remit was derived from the understanding that by spreading the benefits of globalisation further, then the wealth it would generate would lift up those living in poverty. It was a message that was repeated across Whitehall and beyond. The Trade Secretary, Patricia Hewitt stressed the importance of “maximising the benefits of globalisation to deliver greater opportunity and prosperity for all.”<sup>100</sup> Peter Hain, the Minister of State in the Foreign Office noted how in her address to a Special Session of the United Nations, the Minister for Employment, Welfare to Work and Equal Opportunities, Tessa Jowell emphasised “the government’s determination to ensure that the wealth and opportunities created by globalisation are used to reduce global poverty”.<sup>101</sup>

However, this rhetoric was perhaps most clearly articulated by the Chancellor who placed the mantra of ‘making globalisation work for all’ right at the heart of his proposals for a ‘global New Deal’ or ‘Modern Marshall Plan for Africa’. Of course, it would be mistaken to label Brown’s proposals as being completely free from economic constraint. Indeed, as this speech to Oxfam

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<sup>98</sup> Short (2001)

<sup>99</sup> Short (2002a)

<sup>100</sup> Hewitt (1999)

<sup>101</sup> Hain (2000)

reveals, the elements of the Chancellor's 'global New Deal' was transposed from the same counter-inflationary macroeconomic policy framework that he had carefully staked out at home, which as I commented earlier in this paper was very much constrained by the discourse of globalisation. Referring to his 'global New Deal', Brown remarked that "this new paradigm" would be based upon the understanding that "macroeconomic stability is an essential condition to growth and all countries need to follow clear policy codes and principles to ensure this".<sup>102</sup> Despite the constraints he had imposed upon this framework, Brown nevertheless still recognised that "this generation has it in our power – *if it so chooses* – to abolish all forms of human poverty".<sup>103</sup> Again although globalisation was treated as being inexorable, it was up to governments *how* they managed it. Repeating almost word-for-word the claim made in DFID's second White Paper published a year earlier, Brown argued that "managed badly, globalisation would leave whole economies and millions of people in the developing world marginalised. Managed wisely, globalisation can and will lift millions out of poverty, and become the high road to a just and inclusive global economy".<sup>104</sup> Strikingly, this narrative of choice – the logic of *alternative*: rendering the contingent as exactly that, *contingent* – ran throughout New Labour's international development policies, underpinning the policy content of both DFID and the Treasury.<sup>105</sup>

To this end, Brown recognised that "globalisation can be for the people or against the people. Poorly managed, globalisation can create a vicious circle of poverty, widening inequality and increasing resentment. Managed wisely it can lift millions out of deprivation and become the high road to a

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<sup>102</sup> As I noted earlier, this framework was designed to counter inflation and therefore appeal to the financial markets. However, Brown admitted that private investors had actually told him that one of the main reasons they were not investing in Africa was insufficient skilled labour. The Chancellor said "they are telling us that education and the creation of human capital are *as important* as controlling inflation". This suggested that Brown had been wrong in trying to second-guess the market. (Brown, 2000e emphasis added)

<sup>103</sup> Brown (2001a)

<sup>104</sup> *ibid.*

<sup>105</sup> This particular narrative also featured under Alistair Darling's chancellorship. He too believed that "globalisation can work for people or against people", maintaining that "poorly managed, globalisation can create a vicious circle of poverty, widening inequality and increasing resentment. Managed wisely it can lift millions who participate in the world economy out of deprivation and become the high road to a more just and inclusive global economy" – Darling (2007)

more just and inclusive global economy”.<sup>106</sup> Short argued that “properly managed, globalisation opens up possibilities we have never had before [...] creating conditions that make it possible for us to overcome deep-seated historical inequalities [...] in a way that can begin to heal the divisions inherited from colonialism and uneven development”.<sup>107</sup> For the Chancellor, ‘proper management’ of globalisation would entail “greater global cooperation not less, and [...] stronger, not weaker, international institutions”. Indeed, New Labour’s answer to its critics was that there would be no “retreat from globalisation”.<sup>108</sup>

It is perhaps not surprising that one of globalisation’s keenest evangelists, Tony Blair was prepared to extol the virtues of this message. What is perhaps surprising however was Blair’s apparent view that the process of globalisation within development was not inevitable. The inexorability of globalisation at home was lacking in parts of the world and this was contributing to under-development and continued poverty. In a series of speeches in the Far East – an area notable for its experience as an emerging economy, and one which DFID had argued provided the template for the rest of the developing world to follow in terms of economic growth – Blair did not view there to be “losers” or “victims of globalisation”, merely people who are “are not participating in globalisation”. Interestingly, Blair noted that “sometimes it is through their own choice. Sometimes, to our collective shame, it is through our own imposition”.<sup>109</sup> Blair repeated this claim a few days later: “those who are usually suggested to be losers in this are not actually the victims of globalisation. Their problem, on proper analysis, is that they are not participating in globalisation”.<sup>110</sup>

What is striking about this particular set of statements is that they completely reject ‘the logic of no alternative’ that New Labour, tacitly or otherwise, internalised and reflected in its policy-mix at

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<sup>106</sup> Brown (2001b)

<sup>107</sup> Short (2002b)

<sup>108</sup> Brown (2001b)

<sup>109</sup> Blair (2003b)

<sup>110</sup> Blair (2003a)

home. Within the domestic setting, globalisation effectively offered little or no choice; policymakers had to face up to its realities. Even policy discretion was constrained by the rapidity of change in the global economy. Within the arena of international development however, policymakers could exercise far greater latitude in setting policy. Whilst it was true that these had to be naturally, the 'correct' policies, the constraint that restricted domestic policymakers was almost conspicuous by its absence within sphere of international development.

*'Greater Globalisation, Improved Institutional Reform': Shaping, rather than Meeting the Expectations of Policy Constituencies*

New Labour's commitment to making globalisation work for the poor through was reaffirmed and continued throughout the remainder of New Labour's time in office, not least during its own 'year of development' when it held the presidencies of the G8 and European Union simultaneously. Placing the discourse of globalisation and the building of a global coalition at the heart of its commitment to 'Make Poverty History', the Chancellor promised that there would be no return to "an outdated protectionism that would deprive developing countries of what they need most – development itself".<sup>111</sup> While this certainly fitted in with the conventional wisdom, both of globalisation and orthodox macroeconomic theory (thereby meeting, inadvertently or otherwise, the expectations of financial markets and other economic constituencies) Brown wanted to make clear the possibilities that globalisation had to offer the developing world. The Chancellor argued that globalisation should be "a pathway to social justice on a global scale".<sup>112</sup> Maintaining his emphasis upon global institutional reform, Brown called again for "greater global cooperation not less; stronger, not weaker, international institutions",<sup>113</sup> in order that "globalisation comes to be seen not as a cause of injustice and poverty but a force for social justice on a global scale".<sup>114</sup>

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<sup>111</sup> Brown (2005)

<sup>112</sup> *ibid.*

<sup>113</sup> *ibid.*

<sup>114</sup> Brown (2006c)

Institutional reform was a central theme of DFID's third White Paper published in 2006. Although much-maligned by parts of civil society, not least for their perceived role as 'institutional agents' of globalisation, DFID nonetheless maintained that "the World Bank and the IMF play a critical role in providing development assistance to poor countries, monitoring economic conditions and promoting better macroeconomic management". Crucially however, DFID argued that if these institutions were "to remain relevant in a changing world, we believe they must reform".<sup>115</sup> Given its close working relationship with the World Bank and International Monetary Fund, DFID may have felt constrained to continue to embed its approach to development within these existing institutions of global governance in order to satisfy the specific expectations of these institutions. Instead however, DFID chose to pursue its own policy path, calling for better standards of governance than those presently offered by these two institutions.

Although events at home and in the wider economy meant that Gordon Brown spent less time discussing international development in the later years of the New Labour administration, one speech he did make during his brief tenure as Prime Minister is interesting in the light of my analysis. In it Brown explicitly appealed for "businesses to bring the poorest countries into the global economy and to create a globalisation that is inclusive for all". There was not simply a moral imperative (which New Labour had invoked right the way through its time in office) but for firms there was "a strategic and an economic one as well".<sup>116</sup> This appeal is striking because in terms of its sequencing, it was the *reverse* of the manner in which policy was formed at home.

As I noted earlier in this paper, within the domestic context, policy was designed to be credible in the eyes of market actors and other business constituencies. New Labour's domestic policymakers had already second-guessed the expectations of market actors by internalising the conventional wisdom of globalisation and orthodox macroeconomic theory *before* setting policy. There was

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<sup>115</sup> DFID (2006:74)

<sup>116</sup> Brown (2008c)

therefore no need to explicitly appeal to firms as such; the credible policies were already in place. Within the sphere of international development however, New Labour had already established a set of policies which it deemed were necessary to meet the objective of eliminating poverty. It was only *after* these policies were established that New Labour sought to build a coalition with business actors; a coalition which the Prime Minister believed could “make globalisation a force for justice on a truly global scale” and “ensure that the benefits of globalisation flow not just to the few and fortunate but to every part of our global society”.<sup>117</sup>

### ***New Labour, International Development and the Discourse of Globalisation***

The previous section has, using a range of speeches and policy pronouncements highlighted the extent to which New Labour officials believed they could mobilise globalisation work in the interests of the world’s poor. This stance was very different to one taken within the domestic sphere where the New Labour project needed to be (re)positioned in the light of these perceived global realities. In the final part of this paper I want to unpack some interesting remarks made by New Labour officials in relation to New Labour’s discourse of globalisation and international development. I begin with the latter and the conclusions that Sally Keeble, a Parliamentary Under-Secretary of State for International Development, made in a speech in Cardiff.

People in the developed world are becoming increasingly disengaged from politics, and often this is put down to globalisation [...] because it’s said [that] globalisation reduces international politics to the lowest common denominator [...] because national governments are powerless in the face of transnational corporations or because national governments are supine to the demands of big business. But in fact, as I’ve been arguing tonight, globalisation brings not just the integration of national economies, but also a sharing of international obligations: to halve world poverty by 2015; to provide universal primary education for all children; to cut infant mortality, maternal mortality; combat HIV and AIDS. What better way to counter the cynicism and disengagement with the political process than by harnessing the energies and commitment of the international community to the achievement of these goals.<sup>118</sup>

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<sup>117</sup> Brown (2008c)

<sup>118</sup> Keeble (2002)

The point that the Under-Secretary of State makes is striking because it would appear to suggest that since governments have internalised and reflected the constraints of globalisation in their domestic policies, electorates have become increasingly disillusioned with the political process. Within the international sphere however, where governments are faced with obligations concerning poverty, they are far more inclined to engage with the political process. Rather than resigning themselves to its inexorability, polities within the international sphere appear to be more willing, and dare I say more able, to manage the processes of globalisation.

The second set of remarks concern globalisation and how it is treated by policymakers. They were articulated by the Prime Minister himself, Tony Blair and are particularly pertinent in light of the rhetoric of constraint that was invoked in the previous part of this paper. Blair stated that:

Occasionally we debate globalisation as if it were something imposed by governments or business on unwilling people. Wrong. It is the individual decisions of millions of people that is creating and driving globalisation. Globalisation isn't something done to us. It is something we are, consciously or unconsciously doing to and for ourselves.<sup>119</sup>

Blair in a sense is right *and* wrong, but what this statement does do is reflect quite well his Party's contradictory and problematic view of globalisation. Globalisation is the direct result of social activity. It is therefore, 'something we are and do', and (if and) when millions of individuals do this on a global scale then this will lead to something we might term 'globalisation'. It is therefore in this sense, nothing new but technological advances have made us perhaps more aware of these processes. What Blair does not acknowledge is the role that the discourse of globalisation has played in shaping policy, how it both has constrained and enabled the decisions made by government officials. In this sense, Blair is wrong to argue that globalisation is not something that is imposed by governments on unwilling people. By internalising its constraining logic, governments form policies that are therefore *by their very nature* shaped by globalisation for consumption by their electorates. Therefore while "it is the individual decisions of millions of people that is creating and driving

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<sup>119</sup> Blair (2005)

globalisation”; it is also the individual decisions of policymakers pursuing a similar path, perpetuating the effects – real or otherwise – of globalisation.

### ***Conclusions***

Throughout this paper I have sought to demonstrate not simply New Labour’s appeal to the discourse of globalisation, but more importantly the terms upon which it has invoked it as a strategic narrative both at home and abroad within the international realm. What has emerged is paradox in that while globalisation, to varying degrees was viewed to be a constraint to officials designing and implementing policy for domestic consumption, it was seen as the basis for considerable opportunity within the policy sphere of international development. Indeed it was within the latter that New Labour officials were able to actively *manage* globalisation in order to secure its benefits. This was in stark contrast to the domestic realm where officials were left with ‘constrained discretion’ as they sought to manage and offer policy prescriptions that were credible and met the expectations of core economic constituencies.

Through its findings, most notably the stark contrast between the narrative of constraint at home, and opportunity abroad, this paper throws into doubt not necessarily the inexorability of globalisation (since officials concerned with international development remained convinced of its processes, and indeed its benefits in addressing poverty), but certainly the extent officials should accept ‘conventional wisdoms’ when formulating policy. By raising the questions over the internalisation and subsequent deployment of globalisation, what my paper argues is that subscribing to a specific strategic narrative – and imposing the constraints that its logic implies upon policy – can undermine the radicalism and the potential for genuine success.

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