

The Significance of New Labour's Thoughts : With Special Reference to Its Economic Views in the 1990s

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<https://doi.org/10.15017/15518>

出版情報 : 経済學研究. 76 (1), pp.27-43, 2009-08-20. 九州大学経済学会
バージョン :
権利関係 :

The Significance of New Labour's Thoughts: With Special Reference to Its Economic Views in the 1990s

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I . Introduction

In 1997, the British Labour Party came back to power for the first time in eighteen years. After its defeat in general election of 1987, the Labour Party attempted to change itself in order to attract support from the greater part of the British people. This attempt was reflected in the following events: 'The Policy Review' from 1988 under the leadership of Neil Kinnock; the establishment of 'The Commission on Social Justice' under the leadership of John Smith in 1992, whose final report was published in 1994; the introduction of 'One Member One Vote' system under the leadership of Smith in 1993; the revision in Clause IV under the leadership of Tony Blair in 1995.

The progress of the Policy Review finally resulted in the document submitted to the annual Labour Party conference of 1991, *Opportunity Britain. Labour's better way for the 1990s* (Labour Party 1991), and some ideas from this document were included in the manifesto of the general election in 1992. Some scholars have delivered severe criticism of the Policy Review in light of the

renewal of the Labour Party (for example, see Taylor 1997). However, we should note that the Labour Party had gradually tried to revise its own policies in order to make them suitable to the changes in the British social and economic society (Shaw 1996, 181-188).

The Commission on Social Justice was not a formal body of the Labour Party but an independent one set up by John Smith with support of the Institute for Public Policy Research. The activities of the Commission led to the publication of its final report of 1994, *Social Justice: Strategies for National Renewal* (Commission for Social Justice 1994), after Smith's sudden death. The two main figures of New Labour, Blair and Gordon Brown, advocated their own views based on the new policies of economy and welfare state included in this report (Thorpe 2000, 217).

The introduction of 'One Member One Vote' system had been a long-pending question since the middle of the 1980s, mainly because it meant a change in the method for electing the leader and the Party candidates for seats in the House of Commons, and such a change would have gone against the views

advocated by trade unions and local activists. The Party could not introduce 'One Member One Vote' system during the years of the leadership of Kinnock. In 1993, John Smith resolutely decided to introduce this new electoral system at the risk of losing his position as leader. Thus Smith's resolution resulted in John Prescott, who was then considered to be typical of the group opposed to 'One Member One Vote' system, delivering his speech in favour of it. This fact supposedly is one of reasons why the 'One Member One Vote' system was realised (Thorpe 2000, 218; Shaw 2000, 135-137). This event should be noted in that it marked a step toward the movement from Old Labour to New Labour in terms of the reform of the Party's organisation.

The old Clause IV defined the fundamental purposes of the Labour Party's activities. According to its Paragraph 4, the ultimate purpose was to 'secure for workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of common ownership of the means of production, distribution, and exchange, and the best obtainable system of popular administration and control of each industry or service' (quoted in Harmer 1999, 247). In short, the old Clause IV was designed to build a socialist economic and social system by way of both 'common ownership of the means of production, distribution, and exchange' and 'control of each industry'. On the other hand, the new Clause

IV revises this part and directs the Party to abandon the building of a socialist economy by such antiquated means, although the then leader, Hugh Gaitskell, attempted to abolish the target of 'common ownership of production, distribution, and exchange' in 1959, but failed. Despite Gaitskell's failure, the importance of this target was declining during the 1960s and the 1970s. However, nay, therefore, 'common ownership' should have been considered meaningful as the ideological support for the Labour Party, the left wing of it in particular (Taylor 1997, chap. 7). As a result of such sequence of events, the Labour Party under the leadership of Blair came to call itself 'New Labour' and tried to create a new image of itself as a change-oriented party¹⁾.

This paper deals with New Labour's economic views focussing mainly on Gordon Brown's and Tony Blair's opinions in the 1990s. In addition, it attempts to clarify their characteristics and historical significance. However, before discussing them, something must be mentioned in particular: that New Labour is considered revisionist in the present-day world, as Raymond Plant has suggested (Plant 1999). While revisionists continue holding their own basic values, they usually grapple seriously with the new

1) There are many studies whose theme is the historical process of transformation from 'Old Labour' to 'New Labour'. Among them, especially see Smith and Spear (eds.) 1992; Shaw 1994, 2000; Taylor 1997; Smith 2000; Hill 2001; Croni 2004; Thompson 2006, chaps. 17-19; Toye 2007.

changes in their economic, social and political environments and make an attempt to bring about their own basic values through adjusting themselves to these changes. Therefore, we should examine how New Labour understands the new changes in the economic, political and social environments of present-day Britain. This is done in Section II. Section III is concerned with what economic policies New Labour has proposed and has been implementing. Section IV clarifies some characteristics of the fundamental ideas on which such economic policies are based. Finally, in Section V we point out the significance of New Labour's economic views and problems inherent in them.

II . New Labour's Insight into the New Changes in Environments

I shall be concerned with four particular things as the New Labour's insight into the new changes in the British economic and social environments in the 1990s: firstly economic inequality and unemployment, secondly economic globalisation, thirdly skill revolution, fourthly individual consciousness and lastly governmental roles.

1 . Increase in economic inequality and the problem of unemployment

When the Labour Party was engaged in reforming itself after its defeat in the general election of 1992, Brown, the shadow Chancellor of the Exchequer, argued that an eco-

nomical inequality and unfairness in Britain had been increased by the Conservative governments of more than one decade (Brown 1994a, 1). As authors on this issue have put it (Goodman et al. 1997, 92-93), the diversity of income between the rich and the poor became larger during periods of the Conservative government.

The main reason for such increase in economic inequality lay, according to Brown, in the New Right's belief that 'more inequality [is] essential to economic growth' (Brown 1992a, 1). New Labour expresses a view that the increase of economic inequality was closely connected with the Conservative government's fundamental idea on economic growth and goes on to insist that the limitation of this Conservative idea openly manifested itself in the 'Lawson-Major boom' and its reversal between the late 1980s and the early 1990s. During the late 1980s, a consumption boom began and was followed by the rise in importation. Nevertheless, the Conservative government left such an economic situation as it was because it was dominated by '[t]he 1984 mantra [of] "public sector bad, private sector good"' (Blair 1996, 83). The rise of importation which was caused by the increase of consumption was not accompanied by the rise of exportation due to the lack of international competitiveness in the British industries. Eventually, the Bank rate was raised in order to prevent the pound from collapsing, and the economic boom slumped. Thus, the rate of unemployment, which had declined mainly

due to increasing employment in the service sector for a while, started to rise again (Brown [1993?], 6; Blair 1996, 83-84). However, Brown maintains that the environment for employment already changed. He argues that the rate of unemployment was kept extremely low during the period from the 1950s to the early 1960s but it rose to 3 per cent in the early 1970s and '[t]oday, nearly one in five of working[-]age[d] families have nobody in employment' (Brown 1999, 38). Although Brown insists that such a very high rate of unemployment was responsible for the Conservative government's wrong attitudes toward the economic conditions, it is clear that the progress of technology has greatly been accelerated and a service sector has increased to a large extent. Employment has been forced to become unstable in accordance with these facts. Therefore, Brown asserts that 'the assumption of full employment...has gone' (Brown 1999, 38).

2 . Economic globalisation

In New Labour's view, it is an economic globalisation that fundamentally made the British economy unstable, although this instability was really brought about by the Conservative government's mismanagement of the economy. As Blair puts it:

We must recognise that the UK is situated in the middle of an active global market for capital—a market which is less subject to regulation today than it

has been for several decades. Since it is inconceivable that the UK would want to withdraw unilaterally from this global market-place, we must instead adjust our policies to its existence.

Global capital markets have advantages as well as perils for a British government. They provide access to overseas and domestic savings; but capital flows, which nowadays are far more important than trade flows in determining the value of the currency, can swiftly move against policies which fail to win investors' confidence (Blair 1996, 86).

One of the characteristics of the present-day capital market under economic globalisation is that capitals more quickly move from one to another country with a view to seek gains and to avoid risks. The British economy became the victim of such moves of capitals in the early 1990s. As a result, the reversal of the 'Lawson-Major boom' was accelerated. Bearing this fact in mind, Blair argues that Britain must build an economic system which allows itself to cope with economic globalisation and complement policies indispensable for doing so as well. In so doing, Blair is not on the defence but on the offence. He seems to suggest that Britain should make positive use of economic globalisation in order to strengthen its economy. It is supposed that he is keenly interested in what policies would make such a use possible.

3 . The progress of skills revolution

The revolution of information technology as well as economic globalisation represents a change in the environment characteristic of the present-day world. New Labour also places emphasis upon this fact. We can see something of it from the context of the rise of unemployment which has been mentioned above. Brown explains that 'physical capital' is no longer as important for the economy of the information age as 'intellectual and human capital' and 'the skills of all the workforce' (Brown 1999, 38; Brown 1995, 116). It is certain that computers have quickly come into widespread use but they will be meaningful only if people improve their own skills and knowledge needed for using them. Blair also points out that '[t]he key to survival in the modern world is access to knowledge and information. Without it neither individuals or businesses or the nation as a whole will prosper. There is a technological revolution under way' (Blair 1996, 98).

In addition, since information technology is always making rapid progress, people are required to continue their efforts to raise their own skills and knowledge. At the same time every British person needs to enhance his own skills and knowledge without a break, as Brown suggests by using the words 'the skills of the all workforce'. Therefore, New Labour states that educational policy and reform are very important in order to tackle the task of improving skills and knowledge (Brown 1999, 41; Blair 1996, 159ff.).

4 . Change in individual consciousness

Brown characterises the globalisation of the economy as follows: 'a global economy, where in industry, labour and skill are increasingly more important than capital, where in society, individual aspirations are rightly greater than ever, and where...just about everyone has become a decision maker in his own right...' (Brown 1994b, 113-114). First, Brown points out the fact that 'intellectual capital' and skills have become more important than ever in industry due to the globalisation of the economy as well as due to the revolution of information technology. The reason seems to be that information technology becomes more meaningful when it is combined with the globalisation of the economy and that a workforce with a high level of knowledge is very attractive for capitals which are endlessly seeking a favourable opportunity for larger gain in the global economy.

Second, Brown pays attention to the change in the consciousness of people. He argues that in the age of economic globalisation 'individual aspirations' are also very important in society. In such an age, governments attempt to abolish or relax regulations concerning industry, trade and business as much as possible, and this age is called that of 'great competition'. In this sense, people live in a world where economic success depends much more upon 'individual aspirations' than ever. In addition, although Britain had been outstripped by most other developed coun-

tries in economic growth since the end of the Second World War, in ‘the golden age of capitalism’ it also enjoyed extremely high economic growth, which had never been seen in its own history, and was also led to become a popular consumption society. In accordance with this, British people obviously came to have different consciousness and values. Therefore, Brown asserts that ‘every individual [is] surrounded by a far wider range of option, complexity of choice, diversity of influence, with tradition, custom and life-style no longer having the same holds ...’(Brown 1994b, 119-120). Furthermore, turning his attention to these new conditions, he argues that now individuals are decision-makers with regard to everything that is related to themselves.

5 . Change in governmental roles

It is natural that change in individual consciousness should influence the roles and functions of the government or the state because individuals, who were once buried under the old society or community and the old tradition, custom and lifestyle, have already been eager to become relatively autonomous and to become decision-makers for themselves. Indeed, New Labour fully understands that the government’s roles in its relationship to the people are really changing and supports such a change. Brown explains the request of British people, whose consciousness has changed, to the government: ‘In the 1940s people accepted service handed down from

the state—for example, housing. They now want to make their own choice over their own lives and rightly see themselves as decision-makers in their own right and they want a government that will enable them power over their lives’ (Brown 1999, 43-44).

It is doubtless that such a request to the government might be latent in many people. However, another aim of New Labour will become clear, if you combine this explanation of Brown with another statement of his:

[T]he true role of government is to foster personal responsibility and not to substitute for it. The welfare state should not just be a safety net but a springboard. Our guiding theme, to paraphrase an old quotation, is not what the state can do for you but what the state can enable you to do for yourself (Brown 1994b, 114).

Although the British welfare state had greatly evolved since the end of the war, its policies became stagnant in the 1970s and were forced to be converted under the Conservative governments in the 1980s and the 1990s. The British public finance became tight due to the aggravation of inflation, low economic growth, the increase of unemployment allowance, of education costs and of medical care costs. The old welfare state was confronted with the crisis (for example, see Hirst 1998, 84-86). Brown does not explicitly touch upon these historical facts.

However, truly, he is also likely to recognise the facts, and based on his recognition he must provide his definition of 'the true role of the welfare state' as such. The reason is that his word 'springboard' means that the unemployed person does not directly receive an unemployment payment but is assisted by the government to improve his own skills in order to increase his own opportunity to get a new job.

III . New Labour's Economic Policy

We shall examine how New Labour proposed and implemented their own economic policies on the basis of their understanding of the new changes in British economic and social environments in the 1990s.

1 . The underlying tone of economic policies

We shall first consider the underlying tone of New Labour's economic policies before examining them in detail. Ed Balls, the Economic Adviser to the Chancellor of the Exchequer, in 1997 stated that New Labour government's economic policy was 'not simply to ensure low and stable inflation and sound public finances but to deliver high and stable levels of growth and employment opportunities for all' (Balls 1998, 115). The former Labour government, James Callaghan government, experienced high inflation mainly because of its failure in income policy and eventually brought about 'the Winter of Dis-

content' in 1978-79. Consequently, Callaghan had to hand over power to Thatcher in 1979. The Thatcher government subsequently set itself to 'the British experiment' and implemented a strict monetarism policy. As a result, the inflation rate by and by became lower but even Thatcher herself recognised that such strict money policy had resulted in the recession of 1980-81 (Seldon and Colling 2000, 66). Thereafter, the target for money supply was converted from M3 to M0 and then Lawson, the Chancellor, used the exchange rate to mark as a guide for the money policy, and eventually Major drew from Thatcher an approval to join ERM (Seldon and Collig 2000, 66-67; Coakley and Harris 1992; Middleton 2000, 93-96). To curb inflation was a great task of that time. Blair also recognises that '[t]he idea that inflation can be stabilised at around 5-10 per cent, with permanent benefits to growth, is pure and dangerous fantasy [because] [i]t would soon accelerate, and output would have to be cut to bring it under control' (Blair 1976, 82).

It is absolutely necessary to find measures to curb inflation, among other things. While accepting the importance of curbing inflation on the one hand, Brown points out that '[m]erely expanding demand today, without addressing these structural deficiencies, will lead to a rapid growth in imports and even inflation' (Brown [1993?], 2). By the words 'these structural deficiencies' Brown means 'under-investment in machinery, under-investment in ideas and research, and...under-

investment in people' (Brown [1993?], 2). While pointing this out, Brown obviously has the picture of the 'Lawson-Major boom' in his mind. One lesson from this boom and its reversal, according to Brown, is that control of inflation will be useless if the British 'structural deficiencies' on the supply side are left as they are. Thus, summarising New Labour's economic policy, Balls states that '[t]here are three pillars to the new Labour Government's approach to economic policy; delivering macroeconomic stability, tackling supply-side barriers to growth and delivering employment and economic opportunities' (Balls 1998, 113).

2. Securing stability and transparency of the macro-economy

As we have seen, stability of the macro-economy through measures to control inflation was requested not only by the times in general but also by New Labour. Indeed, the lack of investment, from which the British economy was suffering, was responsible for its weakened manufactures, its high level of unemployment and its widening gap between the rich and the poor, and therefore, Blair argues that 'getting the overall framework for fiscal and monetary policy right is the signal that will encourage business to invest' (Blair 1996, 86). New Labour sets a reliable guide to a fiscal and monetary policy in this manner.

With regard to the past monetary policy, Blair indicates that '[u]nfortunately, how-

ever, there has been no increase in the accountability of the Bank to the democratic process, and insufficient increase in transparency of its operations' (Blair 1996, 87). What underlies Blair's statement seems to be his concern that if the Bank would be left as it is, then the monetary policy might be influenced by political motives and short-term thinking, and its proper role might be distorted. Perhaps, bearing this concern in his mind, Brown, the Chancellor of the Exchequer, immediately after having come back to power, declared 'the independence of the Bank of England', which means that the decision on monetary policy, setting the interest rate, is entrusted to the new Monetary Policy Committee of the Bank of England alone. This Committee consists of five representatives from the Bank of England including the governor and deputy governor, plus four independent economists. At the same time, the Chancellor imposes a responsible task upon the Committee: The Committee should maintain the inflation rate within 1 per cent, plus or minus, of 2.5 per cent. If this task is not completed, the governor has the duty to write a letter to the Chancellor and to explain what is happening. We should note that the Treasury sets the inflation target on the one hand and the Bank, on the other hand, achieves it (Stephen 2001, 190). Therefore, in addition, the Committee must publish the minutes of its monthly meetings and its members must regularly attend the House of Commons select committee on Treasury affairs. These aim

at the openness and transparency of the proceedings (Stephen 2001, 189-190; Driver and Martell 2002, 27-28).

Next, we shall examine New Labour's fiscal policy. In 1995, Brown, the then shadow Chancellor described the principles of his future fiscal policy as follows: 'Labour in government will be the Party of wise spenders, not big spenders. My strategy is not based on an irresponsible programme of tax, spend and borrow, but of prudent investment for growth'. Furthermore, he went on to state this basic guideline in more details: 'First, Labour will be committed to meeting the golden rule of borrowing—over the economic cycle, government will only borrow to finance public investment and not to fund public consumption. Second, alongside this golden rule commitment, we will keep the ratio of government debt to GDP stable on average over the economic cycle and at a prudent and sensible level' (Brown, Gordon, 'Labour's Macroeconomic Framework' Speech to the Labour Finance and Industry Group, 17 May, 1995, quoted in Keegan 2003, 145).

Brown made clear how Labour in government would maintain the quality and quantity of public finance: on what the government would mainly spend its public money and how its public expenditure would be limited. Such principles of the fiscal policy were embodied in 'the Code for Fiscal Stability' in 1998²⁾. Thus, the New Labour government has been trying to ensure the stability and

transparency of the macro-economy framework through cooperation between the treasury's fiscal policy and the Bank's monetary policy (Stephen 2001; Driver and Martell 2002).

3 . Strengthening the supply side

New Labour's emphasis on public investment is related to other micro-economic policies. The New Labour government made efforts to remove the barriers against more competitive markets and to strengthen the supply side in Britain.

First, we shall have a look at the former. The 'Competition Act of 1998' conferred stronger power upon the Office of Fair Trading and made heavier the penalties which could be laid on offenders who prevented fair competition. Moreover, another measure was implemented in order to improve the competitive environment. The decision concerning the mergers problem was transferred from the ministers to the new Competition Commission which replaced the old Monop-

2) Chancellor of the Exchequer, Alistair Darling, in face of an international financial crisis of 2007-08, chose to deviate from these principles of fiscal policy, although his choice is not inconsistent with the Code of Fiscal Stability because its Paragraph 11 states that '[t]he Government may depart from its fiscal objectives and operating rules temporarily...' In his Pre-Budget Report statement of November 2008, Darling stated that 'today Britain ... faces an extraordinary global crisis, which means significant lower tax revenue, both now and in the medium term. In the current circumstances, to apply the rules in rigid manner would be perverse and damaging. Consistent with the Code for Fiscal Stability, the Government is setting a temporary rule' (Darling 2008).

olies and Mergers Commission. It allowed the Commission to eliminate political considerations of this problem and to judge it from the viewpoint of competition solely. At the same time the vague 'public interest test' was abolished (Owen 2001, 215; Driver and Martell 2002, 34).

Among the policies taken to strengthen the supply side, we should note here particularly the improvement of 'intellectual and human capital' and 'the skills of the entire workforce'. The reason is, according to New Labour, not only that this issue has increasingly grown more important with the progress of economic globalisation and the skills revolution but also that it has become impossible to assume full employment and to continue to implement the past social policy. New Labour already specified 'Labour's welfare-to-work Budget' in its general election manifesto of 1997 (Dale (ed.) 2000, 356; 366). Since April 1998, after assuming power, the Labour government has continued to implement several sorts of 'New Deal'. We can see plainly two aims in this programme. One of them is to use social welfare not merely as a 'safety net' but also as a 'springboard' in order to reduce the increasing rate of unemployment and to transform the past measures of the welfare state into the new ones of 'the positive welfare state'. In order to promote employment, the national minimum wage was introduced in 1999, and the government has set its levels each year based on the recommendation of the indepen-

dent Low Pay Commission (Department of Social Security 2001, 84). In addition, the Working Families' Tax Credit was introduced in 1999 with the view of encouraging employment (Department of Social Security 1999, 92).

In order to enhance the security of employment it is necessary to improve individual skills which are particularly apt to fall behind the time. For this reason, New Labour has stressed the importance of education and training in its New Deal Programmes. The Labour government made other proposals to provide all people with educational or training opportunities during their lifetime. In his speech on the budget of 1997, Brown announced 'University for Industry' (Musshamp et al. 1999, 116), which led to the establishment of Ufi Ltd in 2000. This organisation is now engaged in delivering 'learndirect' services to individuals and companies in any region in the UK except Scotland³). Another proposal was the creation of 'Individual Learning Accounts', in September 2000, for the purpose of giving financial assistance to individuals who were faced with financial barriers. However, such accounts were closed due to the allegations of fraud, irregular payments and abuse in December 2001.

3) Visite <http://www.ufi.com/home/default.asp/>
The Scottish Government provides another sort of 'laerndirect' services through Scotland (<http://www.learndirectscotland.com/>).

IV . New Labour's Fundamental Ideas

We shall clarify New Labour's fundamental ideas which are inherent in its insights into the new changes in the economic and social environments and on which its proposed and complemented economic policy is based.

1 . Realisation of individual potentials

As we have referred to it in the section I, the revision of the old Clause IV was worthy of special mention. The new Clause IV states:

The Labour Party is a democratic socialist party. It believes that by strength of our common endeavour, we achieve more than we can achieve alone as to create for each of us the means to realise our potential and for all of us a community in which power, wealth and opportunity are in hands of the many not a few, where the rights we enjoy reflect the duties we owe, and where we live together, freely, in a spirit of solidarity, tolerance and respect (Hamer 1999, 247).

Although the new Clause IV still characterises the Labour Party as 'a democratic socialist party', the specific mention of 'common ownership of the means of production, distribution and exchange' has been removed and in its stead the significance of 'the strength of our common endeavour' has been emphasised. At the same time, it should be noted that there are two new objectives to achieve this

'strength of our common endeavour'. One of them is described as 'to create for each of us the means to realise our potential'. The other is to create 'for all a community'⁴⁾. We shall discuss 'the community' later. For New Labour, the realisation of individual potential is not the only thing essential for economic success. New Labour, as a democratic socialist party, should also pursue values. Brown points out that Labour Party has a long experience of addressing the realisation of human potentials, although the means and conditions to achieve the objective have changed, inasmuch as the historical reality has changed (Brown 1994b). The necessary conditions for the realisation of human potentials were 'to [make] action against poverty, slum and unemployment' one hundred years ago and to '[set] a floor of rights to social security, employment, health care and educational opportunities' fifty years ago (Brown 1994b, 113). Today, instead, every individual has become increasingly independent in society and subsequently has 'become a decision maker in his or her right' (Brown 1994b, 114). Brown emphasises such individual aspirations in the context of the realisation of human potentials. In addition, Brown argues that the realisation of individual potentials is closely connected with the need to improve 'human and intellec-

4) The new Clause IV regards as Labour Party's new objective 'a dynamic economy', 'a just society', 'an open democracy' and a healthy environment' alongside of these two (Hamer 1999, 247).

tual capital' and to make sure the entire workforce is equipped with excellent skills which are essential for economic success in the present-day world with economic globalisation and rapid progress of skills revolution.

Without any doubt Brown regards the realisation of individual potentials as one of 'enduring socialist values', when he says that 'I want to suggest...not only how enduring socialist values can be applied in the new circumstances of the 1990s, but also that they must be if we are to address problems of economic decline and unemployment, poverty and social disintegration' (Brown 1774b, 113). It is clear that one of New Labour's fundamental ideas is to realise individual potentials through assistance from the increase of 'individual aspirations'.

2 . Community

Judging from the new Clause IV, another of the Labour Party's objectives seems to be 'community' with rights balanced by duties, equality, freedom, solidarity and regards. New Labour insists that individuals cannot realise their human potentials without assistance of the communities. While the New Right believes that individuals can do their best as a solitary and unaided competitor in the free market, Brown believes in 'the importance of community in helping individuals realize that potential' (Brown 1994b, 118). According to New Labour, the reason is that individuals are living and working in the

present society which is characterised by the quick change in technology and knowledge and the increasing diversification and complication in consciousness and values.

The 'community' Brown argues for has a special meaning. He insists that the concept of 'community' should be defined not only as 'a geographical entity' but also as 'something fundamental: a recognition of our interdependence, that we emerge from society and are part of it' (Brown 1994b, 118). This notion of 'interdependence' is inconsistent with one of the main features in contemporary society, that is, the independence of individuals in society. Therefore, it is required to redefine the notion of interdependence as something suitable to the new changes in the present-day society. Brown develops his argument about the new form of interdependence, suggesting the following two issues for our consideration: 'First, in recognition of our interdependence, people must accept their responsibilities as individuals and as citizens, and community action should never be a substitute for the assumption of personal responsibilities' (Brown 1774b, 119). This remark is very natural for Brown, who understands social welfare not only as a safety net but also as a springboard. We should also remember that the new Clause IV calls for a balance between 'the rights we enjoy' and 'the duties we owe'. Second, Brown, who is cautious about the possibility of the state becoming a vested interest, extensively and closely elucidates the concept of community: 'Sometimes the

community will work through central government, sometimes through local government, sometimes through voluntary organizations, sometimes through collective organizations like trade unions' (Brown 1994b, 119). In Brown's view, there should be various and pluralistic sorts of organisations through which the community works in our contemporary society, and each of these organisations should be suitably used to help individuals fulfil their potentials. These ideas as to 'community' clearly underlay New Labour's argument for the enhancement of the individuals' skills and knowledge.

3 . Government and market

For New Labour, the government is one of channels through which community works. However, as we have already suggested, Brown recognises that the state can, like private capital, be a vested interest' (Brown 1994b, 115). Furthermore, New Labour holds the view that the roles of the state should change, being fully aware that individuals have increasingly become more autonomous in society and have been more eager to become decision-makers concerning themselves.

New Labour in government has rendered the Bank of England independent, at the same time having imposed upon the Bank the tasks of achieving the inflation target set by the Treasury and of enhancing the transparency of the Bank's monetary policy responsible to the people and the House of Commons. The

Treasury has placed restrictions on its fiscal policy through setting 'the Code for Fiscal Stability'. New Labour intends that these measures will make it possible for the British economy to win the confidence of market and investors and thus to attract investment from both UK and foreign countries in the context of economic globalisation, skills revolution, and prominence of individuals' aspirations. The past Labour government could not muster the will to do so. New Labour's thought on economic policies is not based on fine-tuning of short-term business fluctuations but on the accomplishment of long-term economic stabilisation.

However, it is certain that New Labour does not believe in competition in the free market without any condition, like the New Right. Rather, the Competition Act of 1998 suggests that the government should undertake the task of conducting business in order to satisfy requirements for effective competition in the market. In reality, Brown states that '[t]he key is not whether we abolish markets but how we set standards, or regulate, in a way that ensures that markets work in public interest' (Brown 1994b, 116). We should remember Brown's remarks to the effect that social welfare should mean not merely a safety net but also a springboard for new opportunity for new employment and that communities, including the state, should not perform, instead of individuals, their own responsibilities as well, since these remarks indicate how New Labour grasps the relation-

ships between the government and the market. Indeed, Brown puts emphasis on the need to establish ‘new relationships…between market and state, between public and private sector, mobilizing the energies of both to invest in industry and infrastructure’ (Brown 1994b, 121). He rejects the past dichotomy ‘between market and state, between public and private sector’ and recommends the new use of ‘the energies of both’ to tackle problems⁵⁾. Thus, we can see that New Labour attempted to adopt a pragmatic thinking addressing economic problems⁶⁾.

V. Concluding Remarks: Evaluating New Labour’s Economic Views

New Labour emerged as a modern version of revisionism and examined the economic and social changes in the present-day world. New Labour finally arrived at the conclusion

that the roles of the government should be reduced in considerable degree in contrast to Old Labour. Instead, New Labour recommended that individuals should develop their ability to cope with the unprecedented and numerous changes in the contemporary world. The state should not function as the past welfare state, but rather as ‘the enabling state’ which merely would help people to help themselves. The historical reality was truly that various difficulties were caused by the social policy of the past welfare state and the past fine-tuning of business fluctuations became ineffective. In addition, Britain experienced a rapid skills revolution and lasting economic globalisation as well. In such a context, adapting itself to the newly changing world, New Labour was trying to maintain the ‘enduring socialist values’ of the realisation of individuals’ potentials and the creation of a new community. In this sense, we should agree to Plant’s view, which characterises New Labour as modern revisionists.

However, Brown seems to have estimated too highly the role of enhancing ‘individual aspiration’, although it is true that some people have great ‘individual aspiration’. Rather, the reality should be that based on this increasing ‘individual aspiration’, Brown attempted to clear up the difficulties the past welfare state had created. If that is the case, we should rightly characterise New Labour’s views as those which urge individuals to transform themselves into suitable agents for the restlessly changing contemporary world

5) Smith points out that ‘as part of the electoral strategy New Labour has been concerned with challenging many of the traditional boundaries that have defined previous ideologies such as individual/ community, market/ state, nationalism/ internationalism and wealth creation/ social justice. In all these areas, Blair believes that it is possible to turn these apparently antagonistic relationships into dependent relationships and in this way build a coalition of support that is based on the sides of the class/ideology debate’ (Smith, 2000 158).

6) Falconer and McLaughlin characterise the Conservative and the Labour viewpoint on PFI as follows; ‘…[W]hile the Conservative allegiance to partnership was strongly ideological, driven by a belief in the primacy of the private sector and the need for the public sector to be subjected increasingly to private sector influence, the Labour approach is pragmatic, grounded as it is in perceived realities deriving from economic constraints on public finance’ (Falconer and McLaughlin 2000, 132).

with assistance from communities. Moreover, if we consider that New Labour highlighted the importance of the government's and the Bank's tasks of stabilising the macro-economic framework and of increasing the transparency and the accountability in monetary and fiscal policy, we should characterise its views as those which also prompt the public bodies to transform themselves into adequate agents for the ceaselessly changing modern world. Therefore, it is possible for us to appreciate the significance of New Labour's economic views in that they aim at making almost every agent suitable for the restlessly changing world.

However, it is difficult to assert that there are no problems in this aim of New Labour because New Labour, in fact, demanded that almost every individual should transform himself into a marketable workforce. Some individuals will be unable to succeed in this transformation. In brief, we must point out like Plant that New Labour's employment policy is not sufficient (Plan, 1999, 34; Plant 2001). In this sense, it is equally necessary to keep reviewing the concrete contents of 'a community in which power, wealth and opportunity are in the hands of the many not a few' mentioned in the new Clause IV (Seki 2006, 219), even if the New Labour government really distributed the greater part of its financial surplus, which was mainly caused by the lasting prosperity of the British economy, among 'the working poor with children' and 'poor pensioners' (Driver and Martell

2002, 31; 38-41).

Our review of New Labour's economic view indicates that its economic strategy depended on the increase of British competitiveness in international markets in the context of the progress of economic globalisation. New Labour was willing not only to accept economic globalisation but also to use it actively to enhance British competitiveness. Therefore, Brown was concerned about the international economic framework (Brown 2000). Brown insisted that the framework should be mainly established by international economic cooperation. However, it must have been difficult, since Brown himself postponed joining the single currency of the Euro due to the higher priority he assigned to the domestic circumstances of the British economy (Brown, 1997).

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