



Business as Usual?: The U.S. Presidential Election & the Transatlantic Business Agenda

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The not-so-special relationship' –*Guardian* newspaper, London, 2006.

'Special relationship on the rocks' –*Harper's Magazine*, 2007

'Bush, Brown, White House meeting: a chill in the special relationship' from the Heritage Foundation and finally, in the British paper *The Telegraph* – 'Special relationship dies under Gordon Brown'.

These last two appeared at the time of the Prime Minister's visit to the United States in April of last year and I could go on, but these headlines are made more serious because, if we look a little further, UK Ambassador to Washington, Sir Nigel Sheinwald was being quoted as banning the use of the term: the 'special relationship'.

Given such highly placed sources and to only slightly paraphrase Mark Twain: could such reports of its death be over-exaggerated?

Allow me to read you a quote from the Prime Minister on April 17 – the day before some of these headlines – from a joint press conference in the Rose Garden with President Bush:

'I am very proud to be here today to celebrate our special relationship. In 1941 Winston Churchill met Franklin Roosevelt and inaugurated what is the modern phase of that special relationship and Churchill said at the time, same language...same ideals, same values – something big is happening. And what was big that happened was that never before has a relationship yielded so much – in the 1940s in the fight against fascism, in the Cold War that then followed where we worked together – in the fight against terrorism, where, as Tony Blair said, we stand shoulder to shoulder with the American people and with President Bush, and I continue to stand shoulder to shoulder with him in rooting out terrorism wherever we find it in any part of the world which puts freedom, democracy and justice at risk. And what I think is fascinating is that over the next few months we will be developing that special relationship in new ways, a

special relationship of peoples as well as of government, more cooperation between our universities, more exchanges between young people in Britain and young people in America, more scientific cooperation, more cooperation in the fight against cancer...the human genome project...environmental action...the English language...So this is a special relationship, not just of governments but of peoples and I look forward to its enhancement at all levels and I will work...to make that relationship as strong and as enduring for the future.'

Well sure – I can see how the media got the impression that the special relationship was dead – he sounds pretty ambiguous to me. Did the Prime Minister not GET the memo from the Ambassador? Or maybe the journalists went for a long lunch instead of going to the Rose Garden... I counted – the Prime Minister used 'special relationship' 7 times – admittedly most of them in the quote I just read to you – but there were also 6 'working together', 2 'shoulder to shoulders', and 3 'common stands'. And lest you think it is all an assertion by the British – President Bush used 'special relationship' or 'unique relationship' 8 times and the phrase 'working together' 6 times. I stopped counting when I got to the 'making progress together' and the 'shared efforts' but this transcript is only 7 and one half pages long.

But you can't fault the Ambassador – Ambassador Sir Christopher Meyer – only a few years ago – also banned the phrase – for all the good that did during his tenure under Clinton and Blair.

In fact, it would seem that almost any diplomat worth his salt on either side of the Atlantic – in both Embassies – under all persuasions of Government and hues of Administration has tried to ban the phrase. But like a weed – it just keeps coming back.

For example, and during that same visit, the Prime Minister also met the then three remaining Presidential candidates – maybe that's what he was doing instead of reading his briefings from the Embassy team – but in any event, the headline for that story read: 'Obama and Brown Discuss' – yes – the 'special relationship.'

What are we to make of this resilient – Teflon – facet of international relations? Now that we have a new Administration – will it be ‘Business as Usual?’ Or what is the transatlantic agenda facing President Obama and the Prime Minister, Gordon Brown.

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Did you know that right now – the United States buys about one fifth of all the goods and services traded worldwide – we imported \$2.63 trillion worth of the world’s products – last year alone. And where does that come from? Well – Asia now produces more than 80% of the world’s computers, China produces 50% of all electronics and textiles. India accounts for half of all call centre jobs and Malaysia has half the world market for plastic exports.

And while it may be true to say that the merged gross domestic product of the United States and the European Union reached an estimated \$30 trillion in 2007 – which is more than half of global GDP in that year – and that US and EU investment supported almost 6.8 million jobs on both sides of the Atlantic in 2005 – it is also true that up to 1 million manufacturing jobs and a quarter of a million service jobs move from Europe and America to Asia – each year.

We are witnessing – struggling to understand – and trying to survive – the complete restructuring of the global economy.

And who could have foreseen when we booked this date that President Obama would be in the thick of trying to survive in the form of his stimulus package which he is negotiating through Congress literally as we speak.

‘Business as usual’ was the title we came up with – but these days what’s usual? And for that matter – with auto bail-outs and bank buy-outs – where’s the business?

I will come back to the stimulus package, but I think it is important to first take a look at where these two leaders are coming from. What is their likely future approach to the problems we face – given where they have been?

It is obviously still very early days for President Obama, and given my 21 years living in the UK – I will begin with the Prime Minister, Gordon Brown, who has more ‘hinterland’ as the elder statesman in the relationship.

With almost exactly a decade of age on the new President – and more than that in terms of national and global experience at the head table – he provides an interesting case study of an instinctive socialist, yet one with a ‘small c’ conservative twitch.

I well remember, working in UK politics at the time,

that his job even before the election of New Labour to government in 1997 – especially before the 1997 election – was to convince not only the electorate, but the City of London, financiers, and the huge number of large corporations that make their home in London, that the economy would be safe in Labour hands.

And by promising to stick to Conservative spending commitments he did just that. The markets were won over and then bowled over by his very first action in office which was to make the bank of England independent – thus giving away something that is considered to be one of the most powerful tools in the Chancellor of the Exchequer and the Government’s re-election toolbox. He was a hit and the British economy underwent one of the most prosperous periods of continued and steady growth and expansion.

For our purposes though – it is important to understand the narrative that formed the foundation of the Blair/Brown project in New Labour – what they called the Third Way – because it is directly relevant to the concerns of the transatlantic agenda today.

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The most basic building block – the keystone if you will – of New Labour was a very specific interpretation of globalisation.

Globalisation was, and remains, in their view, an external, inevitable process. It diminished the distinctions between domestic and foreign policy which necessitated certain economic priorities, as well as a new approach to social welfare and education in preparation for the impact of intense global competition at home.

They argued that globalisation required new international institutions and forms of global governance – including famously – humanitarian intervention as we saw in the Balkans under Blair and Clinton.

New Labour – and the New Democrats which is important to bear in mind as President Obama brings more Clinton-ites into his circle of power – declared a new politics complete with a change in role for the state – and the individual – with a radical redefinition of the rights and duties of both.

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More than a decade has passed since that ‘big idea’ brought the Prime Minister’s party to power and while the language of the Third way has all but disappeared on both sides of the Atlantic, the language of progressive politics has remained.

However, and it is a serious however, the circumstances and environment in which that language was developed have been utterly changed. What were seen in those early days as the sunny uplands of globalisation – with the United Kingdom and the United States best placed to take advantage of this interconnected world – all ended on September 11, 2001 – an event which echoed and was repeated around the world. Suddenly the dark side of interconnectedness was all too clear.

Yet Gordon Brown persists in a positive interpretation of globalisation.

Two weeks before his visit to the United States he spoke of the 'opportunity revolution' offered by globalisation. Two weeks after that visit he warned the Institute of Directors in London that while there would be, what he called, 'an inevitable rise in protectionist sentiments' that the UK should be, and I quote, 'aggressive advocates of free trade, openness, flexibility and an inclusive globalisation'. To a Chamber of Commerce in India he defined globalisation as 'open markets free trade, flexibility and investment in the people of the world'. He went so far as to call globalisation 'a force for justice'. And just a few weeks ago at the World Economic Forum he repeated his warnings against protectionism and the need for free and open trade.

But none of this is to say that he does not see the problems of this interconnected world. He understands both the foreign and domestic tension that comes from the fear of threatened economic well-being and especially the massive flow of people in response to these international tides in what the General Secretary of the UN calls the 'age of mobility' with 190 million people leaving their shores in search of a better life every year. And if he didn't understand that tension before, it was certainly brought coldly home to him when it was discovered that the attacks in London were perpetrated by British citizens.

That is why the Prime Minister has spent a great deal of time trying to weave a positive line connecting globalisation to British values, British identity and British citizenship.

He has looked to both the public and the private sector for ways in which he could create a seamless and credible story for an electorate suspicious and ready to withdraw. But all that effort – all that explanation – has not stopped the recent strikes against foreign labour and the cry for the protection of British jobs for British people. Hundreds of workers are still out on the streets demanding that the Prime Minister protect them from the recession – and to their minds that means isolating them from the outside world.

In terms of transatlantic relations, for those who hoped that Brown would desist from the idea that the UK can act as a 'bridge' or what Tony Blair called a 'pivot point' between the United States and the United Kingdom and from there to Europe – they have been as disappointed as Ambassador Sheinwald.

In a speech touted as Brown's update of Blair's famous Chicago speech, the Prime Minister called for a new dawn of collaborative action between the United States and Europe and suggested, more or less, that he could personally be the person who helped to bring them closer together.

Further, and drawing directly from the view of the UK as a unique actor between important circles of world activity, he suggested that the United States and the United Kingdom can provide a core and that, in concert, they could join effort with the European Union and thereby create a progressive coalition to face the international challenges presented by globalisation.

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My point is that the Labour Party and particularly the Prime Minister created a political narrative that both responded to immediate issues, but also cohered to a long-standing sense of British history and identity.

A student of history, he sees that the protectionist and isolationist policies at the end of the last era of globalisation produced global conflict and economic ruin – and so he continues to strive towards an interpretation of globalisation that the British people can benefit from – if guided by a progressive hand – and to warn of the siren calls for an 'us first' approach to our current woes.

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So how does that compare to the new President's approach and how is it relevant to the transatlantic agenda?

It is impossible to tell from the perspective of less than a month – especially with the drama of the stimulus package still unfolding – but I guess what has been beginning to prey at the edge of my mind is what appears to be the lack of a strong overarching framework or understanding of the forces affecting the international system – and within that, the impact those forces have on the national interests of states.

On this side of the Atlantic there seems to be much less a sense of a governing narrative that is able to understand the course of history such that it can be used to guide our actions in the face of complicated and fast-moving events.

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The American system deals harshly with those not sensitive to the diverse demands of state-by-state politics and the realities of the interests that can uphold or withhold their support in a candidate's pursuit of power. These demands have been etched into the President's psyche – particularly by the long and arduous nomination process.

My point is not that free trade is the one and only important policy of an Administration, but that it provides a crucial vantage point on the government's attitude to other states – and to the international system as a whole. Unfortunately, and as I am sure you will recall, there were conflicting reports on all these issues throughout the campaign.

President Obama may have quoted Tony Blair on the importance of education in the face of external competition – but he certainly did not endorse his view of the ability of the state to prepare and to lead the forces of globalisation.

During the campaign, he also rather made it a badge of honour to stay away from business and went so far as to suggest that US trade policy had been dictated by what he called 'special interests' while consistently garnering support from the trade unions. Apparently their interests are not so special.

There were few unequivocal statements as to the Administration's view of globalisation. For every statement suggesting that NAFTA would be reopened and renegotiated for the good of the American people, there were those who, *sotto voce*, softened that message lest our largest trading partners take umbrage – or more seriously take their business.

If we cannot make predictions based on the candidate's statements or policy documents – can we make any predictions based on those around him? I fear it is worth noting that free trade critics picked up more than two dozen House seats and at least six Senate seats and the number of campaign ads alleging the harm of free trade grew significantly during the course of the election.

We can all support the President's cry for 'Main Street not Wall Street', and for stronger labour and safety and environmental standards – but the devil is always in the detail and the sceptics seem to be gathering pace and volume.

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So where is the common ground? What are the basics of the UK/US transatlantic agenda which we might also expect will become the core of an US/EU agenda – if not an agenda for the globalisation of justice?

Both the Prime Minister and the new President have

identified three shared concerns: the economy, security and the continuing threat of terrorism, and climate change and while we can all see that, of these three issues, we have to start with the economy, my fear is that what we don't see is that what globalisation really means is that economic policy is no longer a purely domestic policy – especially for a country with the size and power of the United States.

My desire to see a strong and consistent governing narrative is based on the fact that what we decide to do about these issues will affect the rest of the world profoundly – and thus speak louder than any campaign promise as to our real attitudes towards multi-lateralism, global governance and a sense of shared responsibility with our world neighbours.

Starting in the transatlantic world, UK and US companies are some of the most enmeshed international or transnational entities in the world. I would suggest that this explains why UK companies are among the first to feel the affects of US knee-jerk reactions to domestic scandal, a la Sarbanes-Oxley, but on the positive side, it should also follow that the governments of these two countries are ideally placed to lead in finding ways to make businesses responsible while still allowing them to flourish but that this will require a heavy dose of that 'shoulder to shoulder' 'shared effort' that the Prime Minister talked about as part of the 'special relationship'.

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I take seriously Gordon Brown's gypsy warning of a rise in protectionist sentiment. I do believe that in a time of crisis it is positively dangerous for countries to turn ever inwards or punish companies for looking outside their borders for growth. That is why the 'Buy America' row that is now affecting the progress of the stimulus package is one that we must pay attention to.

You cannot claim to be about understanding our international partners, committed to multi-lateral cooperation and willing to talk to anyone, anytime, anywhere while ignoring the chorus of voices that are now warning such actions will result in trade wars, retaliation and potentially civil unrest around the world. You may look at Russia's or China's digs at the United States in Davos as part of their overall posturing, but you cannot dismiss John Bruton, a former Irish Taoiseach and now EU Ambassador in Washington, or all the domestic think tanks that warn such measures may in fact result in a loss of jobs when it is all said and done.

If there is any silver lining to our current situation it could be that there is now both motive and opportunity to make much needed fundamental changes to our politics and to our economy and to society – but we need a strategy – a governing narrative – the sheer

determination to insist that we no longer mark our policy boxes as 'foreign' and 'domestic', 'economic' and 'social', 'us' and 'them'.

Fortunately, a great deal of practical work has already been done – a transatlantic basis – and its starting point is an environment of open investment.

Investment – like prosperity – does not arrive with a bow on top. If anything needs protection – it is the fundamentals of a system that will enable growth – and the good news is that many of them do not require costly programmes as much as they require cooperation and determination between our international trading partners.

We need more coordinated regulation – an area in which there is actually a lot of agreement but governments have not been as willing as they should to take on the interests or inertia to sort them out. We need regimes that rigorously protect intellectual property – or else we will never see the research, innovation or development we need to advance our security and environmental technologies, and finally we need solutions to the issues of the free movement of people and goods. Closed borders are reflections of closed minds both of which we can ill afford.

And so I return to the need for an overarching framework, an understanding of the forces of globalisation – and the role of the government and the people in that narrative.

The Obama narrative on the issue of globalisation seems, so far, to be one of resistance or at least determination to hold fast against the outside world. The American people are painted as vulnerable and potential victims of the ravages of globalisation if not protected by a strong government. Failures on the part of the previous Administration to protect them, it is claimed, have resulted in a massive loss of confidence and trust.

As well as being a difficult story to tell given the United State's need for, and value of, foreign investment into the United States, this narrative is also hard to explain in parts of the world where poverty and disease are the products of a lack of regard from the developed world for the real costs of their lifestyle.

Our allies and admirers around the world will try to be patient with the domestic demands on the new President but we cannot expect them to stand by and wait for our 'domestic' economic policies to wreck havoc on their livelihoods.

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You have to feel sorry for poor Ambassador Sheinwald. President Bush is gone but no sooner does the Foreign Secretary, David Miliband, make the sojourn to the United States to be the first Foreign Minister to see Hillary Clinton in her new post than the old language of the special relationship was once again on the lips of both.

Those who try to suggest that perhaps President Obama isn't keen to be pals with the Prime Minister should bear in mind the fact that heads of state tête-à-têtes are more in the public eye but it is the Foreign Secretary's job to look after relations with other countries and Hillary's relationship with Gordon Brown and with David Miliband, and most of the Cabinet, goes back nearly two decades and to their shared analysis of the Third Way. Experience may not have won Hillary the White House but her years living there will certainly stand her in very good stead in the capitals of the world – with the UK at the centre of that web of contacts.

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The 'not-so-special relationship' – 'special relationship on the rocks' – a 'chill in the special relationship'.

There is no magic club. There is no secret handshake. But there is a long history of two countries taking a common view of their separate interests. Making common cause from different points of view. Taking common action on divisive problems.

The phrase itself may make diplomats reach for their pouches but politicians can't help themselves. It is a business most *unusual* and made all the more so because these are *most* unusual times.