

Britain and the Changing World

Michael Kain

*Labour International correspondent for South America, and the Caribbean. Brasilia, Brazil.
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Britain still has a very useful and key role to play in the world. Britain is a medium-sized power, but still punches above its weight on the global economic and political stage. We should not believe that Britain and Europe are destined for economic and political decline, a new set of policies can turn around the British economic situation and we can be on the path of economic recovery and sustainable economic growth and a green economy.

Thankfully, Britain's economy is not tied to the straitjacket of the euro, but Britain cannot be indifferent to the plight of our euro partners as our economic and political future is linked. It looks likely that a more flexible and two-speed Europe may emerge, even that the euro will be born as a hard euro area without weak economies like Greece, or possibly Italy or Spain.

A future Labour Government could play to Britain's strong economic, political, sporting, and cultural strengths and links. Britain can act as a bridge between the USA and the English-speaking Commonwealth and Europe, and the so-called emerging or rising economic and political powers, the BRICS (Brazil, Russia, India, China and South Africa).

The British political system and model of parliamentary democracy, independent judicial system and the rule of law, the jury system, and now the devolved system of regional government has a lot to offer the wider world. This combined with the pragmatic social democratic economic and social model pioneered by the Labour Party.

There is an essential need for a social safety net, a modernized welfare state. Britain under the next Labour Government will need to adopt economic and fiscal policies which boost economic growth and jobs, ensure a greater economic and social equality than exists now, redistribute wealth and income, as there was in the golden age of consensus politics in Britain of the 1950's and 1960's.

Britain cannot have a cut-price foreign policy if it is to safeguard its economic, political and security interests at home and abroad. At present, Brazil has more diplomatic missions in Africa than Britain that was the main colonial power in Africa, and the country which abolished slavery on the continent. Britain cannot rundown too much its defence forces, as it will need strong armed forces to mount flexible mobile military operations.

Britain needs to project its soft power in the world, such as reversing cuts in public funding of the BBC Overseas Service, and the British Council. The Arab Spring movement for democracy, the Arab wave for democratic awakening, which started first in Tunisia led to the overthrow of the dictator Ben Ali there, and then spread and led to a revolution in Egypt, which in only one week overthrew of the dictatorship of President Mubarak. Later the movement led to a NATO bombing campaign and armed National Transitional Council opposition resistance leading to the overthrow and death of Libya's dictator for 42 years, Colonel Gaddafi. The toppling of these dictators then led to the recent resignation of President Ali Saleh in the Yemen after popular protests, and now to the strong opposition protests, despite the brutal crackdown against President Bashar Assad in Syria.

This all points to increase the importance of democratic ideas and ideals, and the significance of soft power in this age of satellite television, the internet, and other social media such as

Facebook, and Twitter. The BBC World Service can have an important role as a free and impartial source of information about the events happening on the ground, which authoritarian governments and dictatorships do not want their own citizens to know about. BBC is watched and listened to by hundreds of millions of people across the globe. It helps to promote democratic economic and political reforms in Russia, China, Latin America, Africa, and across the Middle East. Mean penny pinching cuts in public subsidies can undercut British soft power in our troubled world.

The Labour Party needs to push ahead with a progressive and positive global agenda for Britain and the world, working closely with new and old friends in the world to support a foreign policy based upon social democratic values and principles promoting peace and prosperity at home and abroad. Britain and Europe despite their current economic difficulties are not in terminal economic and political decline, and the dominance of conservative centre right governments throughout the European Union. Britain and Europe cannot abandon economic and social security, which enhance economic, social, and political stability and democracy, and avoid the dominance of politics by the extreme right and left. The social democratic left should not be ashamed of its solid achievements in education, social security, welfare, human rights, and employment.

Britain is still a leading country in the world. There is the plus of the English language, which is a vital tool of worldwide communications. Britain is a member of the 54 member Commonwealth, which has developed, emerging, and developing countries. India the world's second most populous country is a member, as are other key emerging economies like South Africa, Nigeria, Malaysia, and Singapore. Developed but still emerging economies such as Australia, New Zealand, and Canada are members. The English language as an official language. The Commonwealth consists of the old so-called Dominions, and the New Commonwealth created after India and Pakistan gained their independence and became republics. The Commonwealth is an interesting mixture of countries containing the world's largest and most populous states, the smallest countries, rich developed mature economies, fast growing emerging economies, and poor developing countries.

The Commonwealth has a combined population of 2.1 billion people bigger in population size than the European Union, China, or the United States of America. It has three members in Europe (UK, Malta, and Cyprus), nineteen in Africa, ten in the Caribbean, three in the Americas, and eight in Asia. Its total land area is huge 12, 147, 768 square miles (31, 462, 574 square kilometers), and very diverse climate, economies, and levels of economic, social, and political development. Its members are mainly Britain and its former colonies and dominions, but it also includes Mozambique and Rwanda, which were not British colonies. It is still expanding and prospective candidates for membership include the newly independent state of South Sudan, Algeria a former French colony, Madagascar another ex-colony of France, the Yemen, and the Sudan. Britain's political system the Westminster model is still copied worldwide, and our flexible Common Law legal system, and our higher education system is much admired worldwide. The Commonwealth member countries have a combined Gross Domestic Product of US\$ 10 trillion, and 50% of which is accounted for by the three largest economies, the United Kingdom US\$ 2.2 trillion, India US\$ 1.7 trillion, and Canada US\$ 1.5 trillion.

Britain also is a leading partner of the Atlantic Alliance with the USA, although this needs to be rebalanced to take account of issues and interests of Europe. Britain is a top member of the G20 of the world's largest economies, and Britain still has the world's seventh largest economy, after Brazil recently became the sixth largest global economy. London despite competition from Frankfurt, New York, and new Asian emerging economies is still Europe's

biggest financial centre. British culture is widely admired for its dynamic, tolerance, and flexibility. It includes the arts, fashion, music, TV, films, and the social media.

The next Labour-led Government in Britain and within the European context can play on the positives and strengths, while trying to overcome the serious negatives at present such as high level of youth unemployment, and the need to upgrade and provide places in education and youth for Britain's youth.

Britain's position in the world is also linked to how well the political system performs at all levels, the economy, and the society functions at home. The current economic situation of no growth, high unemployment, low consumption, and low private investment due to a lack of confidence must change. The Labour Party alongside our friends in the PES (Party of European Socialists), that is, the European centre left and social democratic parties need to oppose the harsh austerity and public spending cutbacks and policies being followed across Europe.

The Labour Party and its social democratic partners in the PES should strongly support economic growth and oppose rapid deficit reduction, public spending cuts and economic austerity, such as put forward by Brazil's President Dilma Rousseff at the G20 meeting in Cannes, France. The BRICS countries and American President Barack Obama favour a programme of economic recovery and public investment, a new European green New Deal aimed at creating a new green social economy with more jobs in clean high technology, alternative energy, recycling, and green industries and services. Europe needs to cooperate closely with our friends in the USA, and with the new emerging economies and political powers of the BRICS countries.

Even the veteran left wing writer, member of the editorial committee of the New Left review and political activist, Tariq Ali, interviewed on Brazilian Globo News television recently said that there was no alternative likely to the current capitalist system. Even radical left socialist governments such as President Chavez in Venezuela, President Morales, and President Correa in Ecuador have not changed capitalism, but merely used the wealth of the State to help the poor. Mr. Ali seems to suggest that the only economic and political alternative to modern capitalism is social democracy. He said that capitalism has had 30 crises in over 200 years, but still survives.

In this current European economic and debt crisis, Labour can help to contribute to a viable solution alongside our PES allies, this is urgently needed. In December 2011, the PES held its Conference in the midst of Europe's worst economic and social crisis since World War II, and it put forward a progressive social democratic response and alternative to Europe's current economic and political stagnation. European decisions cannot only be taken by the Eurozone leaders from France and Germany, but in a democratic Europe must also involve extensive consultation and cooperation with non-Euro countries like Britain, Poland, Denmark, Sweden and other states. A new institutional framework needs to be built linking the non-Euro and Euro economies within the context of a less rigid European Union, and greater flexibility and commonsense economic and political pluralism is needed within Europe.

There are real fears that the British Premier's veto in December 2011 against proposed Treaty changes, and the political fallout could mean that Britain will remain isolated in Europe. However, the EU's 26 state agreement on a new fiscal and tax pact involving controlling national governments budget spending and taxes seems to institutionalize European-wide austerity, and fails to address the real issues of a lack of European economic growth and job creation; many on the left are critical of this new pact, including the French Socialist Party leader and presidential candidate François Hollande. The old top down solution promoted over

the years by the over-bureaucratic European Commission needs to be reviewed, and the one policy fit is outdated. The stress must be on decentralization, and devolution to all tiers of democratic government. Britain as one of the leading 10 non-Euro countries has a key role in this.

As a leading European country economically, politically, and socially Britain cannot turn its back on Europe and become isolationist. The recent common stand of the European Union and its Foreign Affairs Council, to the barbaric attack on the British Embassy in Tehran, and the withdrawal of French and German ambassadors shows the degree of unity on this issue, and the tightening of economic and financial sanctions due to this and Iran's dangerous nuclear arms programme.

A future Labour Government, or Labour-led centre left government needs to play on Britain's strengths and the positives, and act as a dynamic leading bridge between Europe, the USA, Commonwealth, the rising economic and political powers of the emerging economies, and the developing world. The British model of political democracy, although imperfect, new regional devolution and government, the rule of law, an independent judiciary, a non-partisan civil service, human rights, and tolerance and easygoing attitude has and is contributing a lot to our increasingly globalised world. This must also be combined with a social democratic economic, political, and social model for the United Kingdom, and Europe.

Britain has contributed so much to the world with its universal English language, British political and legal institutions. Britain invented the main sports in today's world such as football, cricket, rugby, tennis, and golf to name a few. British arts and culture music, theatre, dance, literature and fashion industries plays a leading role throughout the world, and is at the edge of contemporary and experimental arts and cultural scene. British science and technology, and higher education is much valued in the modern world. The BBC is widely respected worldwide, as is the British Council, British universities, and professional organizations. Britain has played and still plays a leading role in science and technology, sadly the current Coalition Government is starving science and technology, and British higher education of sufficient funding to carry out this role effectively.

The eurozone countries are attempting to resolve Europe's economic and financial crisis, and we must wish them well. There is a real danger of a dangerous crack, leading to a rupture between the 17-eurozone members and the 10 European Union non-euro states, which includes Britain, Sweden, and Poland as well. Britain has a responsibility and duty in assisting the resolution of this crisis, and putting it into perspective. French President Sarkozy mistakenly was upset with David Cameron at British advice, and suggestions aimed at resolving the European debt crisis, he should not have been. There are different views among senior British politicians. The former Labour Government Foreign Secretary Jack Straw has recently said that the Eurozone will eventually collapse, and that it is better sooner rather than a slow death, and former Conservative Chancellor Norman Lamont believed that the Euro would continue but it would have a controlled default of states like Greece.

About 40% of British trade is with Europe, and the City of London is Europe's largest financial centre by far. Britain is still a big net contributor to the EU, British banks are big lenders to Europe, and the UK has large foreign investment in Europe; European countries are also big foreign investors in Britain, and many European citizens from both euro and non-euro countries live in the EU. Britain is the main base for foreign multi-nationals investing in Europe, and many European jobs are linked to that. The European Union has a huge population of 500 million people, which represents 7.3% of the world's population. The Union is still the world's largest economy, and the largest economic and trade bloc. The European

Union states cover a vast area of 1,707,787 square miles (4,423,147 square kilometers). The EU represents 20% of global gross domestic product at purchasing power parity. The EU generated in 2010 a hefty US\$ 16,242 trillion nominal gross domestic product. Britain must support efforts by eurozone leaders to sort out their economic and financial mess.

Britain as a member of the Open Government Partnership alongside founder members like the USA, Brazil, South Africa, Indonesia, Australia, New Zealand, and Canada needs to support the concept of open government, accountability democracy, and media freedom, access of the ordinary citizens to information about government spending and activities, and transparency at home and abroad. The new social media and information technology can reduce centralized control of government bureaucracy, and lead to more devolved and meaning democratic government at a grassroots level, which is democratic socialism in action. Open government could have avoided the huge euro debt crisis starting, as European citizens if they had prior knowledge of the public debt, overhand could have put pressure on governments preventing it taking off at an earlier stage.

The beginning of December 2011 meeting in Paris of Eurozone leaders has led to a new framework of economic governance, or government emerging for the euro area. The eurozone leaders proposed a President for the eurozone area, and summits at least twice a year. This new eurozone economic governing body can influence the economies, and trade of the non-euro states like Britain, which mean that they will be consulted after the fact about economic policies affecting the EU as a whole, and the 10 non-euro members of the European Union will be cut off from a role in the decision-making process, which is highly unfair and undemocratic.

The Labour Party needs to push Britain for a new economic framework for the non-eurozone countries to hold meeting and summits, and to cooperate with, and discuss key economic, social, and monetary policy issues with euro partner countries. This is to avoid a future rupture, leading to an eventual political and economic divorce. Britain as the largest non-euro economy and country should suggest some new institutional structure for the non-euro EU members, so there can still be close economic, political, and social cooperation and harmonization. If the EU becomes a two-speed Europe it needs to be open, and flexible, and there is still a need across Europe to defend the concept of a "Social Europe", which may differ according to different country's historical, economic, and social characteristics.

The euro and the European Union are not the same thing, although the collapse of the eurozone would throw Europe into a tsunami economic and financial crisis. However, the recent fiscal and tax pact should be renamed a severe austerity and deflationary plan, while the EU needs a growth and jobs plan instead. The euro has become a financial straitjacket for the troubled weaker so-called PIIGS economies (Portugal, Ireland, Italy, Greece and Spain), and they cannot pay back their debt without huge economic and social suffering, soaring unemployment, slow growth, and a shrinking economy. The European financial transactions tax would hit Britain's large financial services sector and jobs, although Britain should contribute towards the European bailout fund. Britain is wise to stay out of the eurozone, as it means that Britain can have greater freedom over its public spending, monetary and fiscal policy.

In the 1950's, 1960's, and 1970's before the Thatcher-Reagan era of conservative economic and social policies the social democratic/democratic socialist post-war was strong and dominant in Britain, and across Europe. In Britain, there was the concept of Butskellism, which combined the policies of moderate conservatives like Harold Macmillan and RA Butler, and those of moderate Labour Party leader Hugh Gaitskell and Richard Crosland. In those times

even centre right parties like Britain's Conservative Party accepted the post-war Welfare State, full employment, state intervention in the economy, state ownership of basic monopoly public utilities like gas, coal, water, railways, electricity, and municipal ownership of buses. They also accepted high taxes on the wealthy. This approach was accepted by both centre right Christian democrat parties in Germany, Italy, the Gaullists in France, and elsewhere in Western Europe.

The working class and trade unions were strong in Europe, and also the small peasant farmers in France and Italy. It was politically popular to support the social democratic ethos and policies, and right wing parties reluctantly opposed these policies fearing losing votes, and the citizens' wrath. However, the current harsh age of austerity across nearly all European Union states will mean a recovery in confidence of social democratic parties, and a reformed version of their model adapted to the changes technological, economic, and social situation of 21st century will emerge. A recent report of the OECD suggested that the economic gulf between poor and rich is growing in leading developed economies.

Another advantage the UK has is that it has close ties of language, culture, politics, economy with still the world's largest economy, the United States, a huge country with 312 million citizens, and which is still the world's largest military power. Unlike China, America for all its foreign policy blunders and defects is a democracy. China, now the world's second biggest economic power, has a scant regard for human rights, and its smaller regional neighbours. Britain can act as an interlocutor between America and Europe, and avoid Europe becoming anti-American. Under President Barack Obama and his Democratic Administration, this anti-Americanism has been less marked, as he has adopted a more multi-lateral approach; America consults their allies more under his leadership, and unlike the previous right wing President George Bush Junior and the Republican Administration he is more popular with both European Union governments, and peoples. President Bush was very much influenced by the September 11 terrorist attack on the World Trade Centre in New York and the attack on the Pentagon, and this increased even more the influence of the neo-cons foreign and defence policy hawks.

If the European Union and the eurozone is to survive, its current shape needs to be reformulated. Germany with the biggest economy in the euro area must make up its mind and realize that the European Central Bank (ECB) must act as lender of last resort, lower interest rates, further pump more money into the European economies to counter depression, and the ECB has to print money. They will have to set up a fiscal union, which will also be a transfer union. If this is not done quickly the euro will collapse, and this will have dire economic and financial consequences. The British economy and jobs, trade, and foreign and domestic investment are linked to us being a large European economy. Britain population growth means that we will in the future have European Union's largest population, and probably its biggest economy.

If the Labour Party was still in power and government in Britain, it could have helped to set the lead in favour a pragmatic and progressive centre left solution to the euro economic and financial troubles. It could also see that there is a link between euro and non-euro economies, and that whatever plans are put forward by European Union leaders they should not discard the idea of a Welfare Europe, strong economic growth and recovery, and the need to create millions of jobs for unemployed Europeans, especially for the younger generation, who could soon become a lost generation. With the private sector floundering, and not creating sufficient jobs the state needs to step into the breach with private enterprise invest heavily in new green technologies, and modernizing decaying infrastructure. This is commonsense and not dogmatic ideology. Currently, the centre right governments are in power in most European countries, and are the largest parties in the European Parliament.

There is too much emphasis in Britain and across Europe upon the age of austerity, and not enough pragmatic interventionism. The recent decision of the US central bank to sell dollars to mainly European central banks to make credit easily available, and avoid a regional and possibly a global credit crunch is to be welcomed. The ECB must be a lender of last resort, and as former British Labour Premier Tony Blair recently said in the USA, it must use its enormous financial firepower to defend the euro; if this is not done, as the President of the ECB said, the euro could collapse in days. British and American banks are now drawing up plans for the end of the euro. Europe and America badly need governments and central banks to think outside the box, and come up with creative workable solutions. The democratic social democratic left needs to fill this vacuum of ideas and policies, and working with other democratic groups across the political spectrum.

Even in opposition, the Labour Party and sister parties in the PES can play a leading part in contributing to the European and global financial and economic solution. The important question is whether the European Union, EU member governments, and the eurozone leaders will listen. There is a need for emerging economies like China and Brazil to save less, increase their domestic demand, and for the Europeans to produce and export more, and to save more, but also they cannot cut consumption either.

There is a need for emerging economies to cut their huge financial imbalances to enable Europe and the USA to return to growth, and to allow the global economy and trade to grow again.

Britain and her European partners need to embark upon ambitious economic recovery plans aimed at cutting the unemployment levels, investing heavily in the infrastructure, in alternative energy and green projects, upgrading transport and communications networks, providing high quality housing and community facilities for all ages. This alongside sorting out the euro's serious economic and financial problems, and supporting a strong Social Welfare States. This model if it is shown to work will expand Europe and Britain's economic and political role and influence in the modern world, and especially its soft power. Unlike China or Russia, democracy and human rights are strong in Britain and can act as a template for the rest of the world. Britain must not act as an American lapdog, but rather as a critical and concerned friend in foreign and defence policy. Britain sits at the junction of a very substantial global economic, trade, professional, cultural, and political network, Europe, United States of America, and the Commonwealth. These overlapping communities have a lot of economic, political, social, and cultural power globally, and Britain has a key role.