

# WebMemo



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## The End of the Blair Era

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Tony Blair's decision to step down as British Prime Minister on June 27 marks the end of an era in U.S.–British relations. Blair's extraordinarily close alliance with President George W. Bush defied all expectations and has been a major force on the world stage since the terrorist attacks of September 11, 2001. Blair's successor will almost certainly be the Chancellor of the Exchequer, Gordon Brown, an uncharismatic, somber figure who is unlikely to set the world alight. The Special Relationship will continue under Brown, but it will be a low-key affair with a greater emphasis on behind-the-scenes negotiations than high profile public displays of unity. While Blair was loved by an adoring American public, Brown will struggle even for name recognition across the Atlantic.

Blair leaves behind a strong British stamp on the world stage, with his country playing a major role in Afghanistan and Iraq and enjoying the fruits of economic growth domestically. But he also leaves a Britain that is far weaker militarily, seriously overstretched by its overseas commitments, and highly vulnerable at home to Islamic terrorism. Blair's Britain is a nation whose sovereignty has been further eroded within the European Union and whose ability to shape its own destiny is threatened by the rise of an EU Common Foreign and Security Policy and a European Security and Defence Policy.

**Blair and the Anglo–American Alliance.** Tony Blair's main strength as Prime Minister has been his eloquent and passionate leadership in confronting global terrorism. He deserves credit for his central role in the global war on terrorism and for having

the courage to act on his convictions in going to war in Iraq in the face of tremendous opposition within his own party and from other European governments. His steadfast support for the United States in the four years since 2001 and his key role in building the international coalition of the willing demonstrated principled leadership as well as vision. While Blair's approval rating in Britain barely scrapes 30 percent, 70 percent of Americans regard him favorably.<sup>1</sup>

Under Blair's leadership, over 45,000 British military personnel participated in the liberation of Iraq, by any measure a huge contribution for a nation of Britain's size. More than 7,000 British troops are still based in southern Iraq, and 148 British soldiers have sacrificed their lives in the country. More than 5,000 British troops are engaged in military operations against the Taliban in southern Afghanistan as part of the NATO-led International Security Assistance Force (ISAF), and a further 1,500 are due to be deployed this summer.

Unfortunately, Blair could do little to stem the tide of anti-Americanism among the British public, which became increasingly disillusioned with his support for U.S. foreign policy. This trend threatens the future of the Special Relationship.

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In a September 2006 *Financial Times*/Harris poll, a staggering 33 percent of Britons surveyed described the United States as “the greatest threat to global security.” Just 21 percent of British respondents named Iran, and 10 percent, North Korea.<sup>2</sup> Nearly 70 percent of Britons questioned in a November 2006 *Guardian*/ICM poll agreed that U.S. policy had made the world “less safe” since 2001.<sup>3</sup> And just 9 percent of British respondents in a March 2007 YouGov poll agreed with the proposition that “Britain should continue to base its foreign policy on its close relationship with the United States.”<sup>4</sup>

Under Blair, the British government failed to demonstrate to the British public that the Anglo–American alliance brings Britain tangible benefits and operates as a two-way street. The rise of anti-Americanism is not a temporary phenomenon but a dangerous long-term trend that will have far-reaching implications for both the Special Relationship and America’s ability to project power on the world stage.

**Blair’s Economic Legacy.** The Blair government successfully built upon the foundations laid by the Thatcher reforms of the 1980s, and economic growth in Britain has consistently outpaced that of the Eurozone countries for the past 10 years. The British economy has grown by 28 percent since Blair took power in 1997 (a compound rate of 2.8 percent).<sup>5</sup> The U.K. is ranked as the sixth freest economy in the world by the Heritage Foundation/

*Wall Street Journal’s Index of Economic Freedom*, just behind the United States.<sup>6</sup>

According to Organization for Economic Cooperation and Development (OECD) figures, Britain now enjoys higher per-capita GDP than Germany, France, or Italy. Britain’s per-capita GDP had been 46 percent lower than West Germany’s and 41 percent lower than France’s in 1977. Oxford Economic Forecasting predicts that by the year 2030, Britain will overtake Germany as Europe’s largest economy.<sup>7</sup> Within the G-8, Britain is now second to the United States in terms of national income per head.<sup>8</sup> Employment in the U.K. has risen by 15 percent (3.5 million people) since 1993, and unemployment has fallen from 10.5 percent to 5 percent.<sup>9</sup> Britain’s working population expanded by 450,000 (1.6 percent) between 2005 and 2006, partly fueled by immigration from Eastern Europe.<sup>10</sup>

According to the OECD, the U.K. is the world’s top destination for foreign direct investment (FDI), a designation it took from the United States in 2006. FDI flows into Britain rose from \$56.3 billion in 2004 to \$164.5 billion in 2006.<sup>11</sup> Investment is pouring into the U.K. from the Far East—London alone has attracted 15 percent of Chinese investment into Europe since 2002.<sup>12</sup>

Nonetheless, there are storm clouds gathering on the horizon for the British economy, largely due to an

1. Jennifer Harper, “Elizabeth II Leaves a Longing in Her Wake,” *The Washington Times*, May 9, 2007, at [www.washtimes.com/national/20070509-121343-4252r.htm](http://www.washtimes.com/national/20070509-121343-4252r.htm).
2. *Financial Times*/Harris Poll of Adults in Five European Countries, September 25, 2006, at [www.harrisinteractive.com/news/allnewsbydate.asp?NewsID=1097](http://www.harrisinteractive.com/news/allnewsbydate.asp?NewsID=1097).
3. Julian Glover, “British Believe Bush is More Dangerous Than Kim Jong-il,” *The Guardian*, November 3, 2006, at [www.guardian.co.uk/usa/story/0,,1938434,00.html](http://www.guardian.co.uk/usa/story/0,,1938434,00.html).
4. YouGov Poll on Defence and Britain’s Place in the World, March 26–28, 2007, at [www.yougov.com/archives/pdf/TEL070101008\\_3.pdf](http://www.yougov.com/archives/pdf/TEL070101008_3.pdf).
5. Martin Wolf, “The Stable Isle: How Labour Has Steered an Economy Going Global,” *Financial Times*, September 18, 2006.
6. Heritage Foundation/ *Wall Street Journal Index of Economic Freedom*, 2007, at [www.heritage.org/research/features/index/country.cfm?ID=UnitedKingdom](http://www.heritage.org/research/features/index/country.cfm?ID=UnitedKingdom).
7. “Make My Day,” *The Economist*, May 2004.
8. Martin Wolf, “The Stable Isle.”
9. “Lustre Lost,” *The Economist*, May 23, 2006.
10. Christopher Smallwood, “Reserve Army Can Defuse Demographic Timebomb,” *Sunday Times*, August 27, 2006.
11. Gary Duncan, “UK Becomes Top Choice for Foreign Direct Investment,” *The Times*, June 29, 2006.
12. Scheherazade Daneshkhu, “London is Leading Location for Chinese Investment in Europe,” *Financial Times*, September 15, 2005.

increase in government regulation and spending and stealth taxation. While Chancellor of the Exchequer Gordon Brown has been careful not to undo the major reforms of earlier Conservative governments, he has been steadily increasing the level of government intervention in the economy, which will have damaging long-term implications for the U.K. and may well come to haunt him when he becomes Prime Minister. British government spending as a proportion of GDP has risen by 8 percentage points since 2000, from 37.5 percent to 45.6 percent, just below that of Germany's 46.1 percent and the Eurozone average of 47.3 percent.<sup>13</sup> In addition, Britain continues to suffer from low productivity. Output per hour is 15 percent higher in the United States and 19 percent higher in France.<sup>14</sup>

**Gordon Brown and the Future of U.S.–U.K. Relations.** Gordon Brown is unlikely to fundamentally transform the nature of the Anglo–American alliance when he enters Downing Street. He will, however, adjust its tempo and alter the dynamics that drive it. Brown, with a large base of support on the left of the Labour Party and whose ties to Washington are mainly to Democrats, is unlikely to emulate the close friendship that Blair has developed with President Bush. Nor is he likely to win the kind of adoration from the American public that the Prime Minister gained after 9/11. There will certainly be no repeat of the extraordinarily successful Bush/Blair partnership that has defined the U.S.–U.K. relationship since 9/11.

Brown's approach will be less sentimental than Blair's, based on a sharper-edged analysis of what he defines as the British national interest. This will lead to greater confrontation with Washington over issues such as international development assistance, poverty reduction, trade, and global warming. Brown has called for "a modern Marshall Plan for

the developing world—a new deal between the richest countries and the poorest countries."<sup>15</sup> The centerpiece of his proposal is a doubling of development aid from Western nations, combined with a complete write-off of multilateral and bilateral debt owed by the world's poorest countries. Brown has proposed the creation of an International Finance Facility, to be funded by borrowing on the capital markets, and has called for developed countries to contribute at least 0.7 percent of their GDP to foreign aid.

Brown is less likely than Blair to spearhead international efforts in the war on terrorism and will be under pressure to bring home British troops fighting in Iraq. His views on some of the biggest issues of the day, such as the Iranian nuclear program, are unknown, and it is uncertain whether Brown will back Washington's hawkish line toward rogue states such as Iran and Syria. If the United States were to use military force against Iran's nuclear facilities, there would be no guarantee that a Brown-led British government would provide military, strategic, or political support.

**Blair's Place in History.** Tony Blair will be remembered as a staunch ally of the United States who stood shoulder-to-shoulder with the American people in the dark days following the 2001 attacks. He understood the value of the Anglo–American Special Relationship and enhanced Britain's standing on the world stage as a result.

Blair did not, however, ensure that Britain's defense spending kept pace with its growing military commitments and oversaw the gutting of some of Britain's most famous regiments.<sup>16</sup> British defense spending has fallen from 4.4 percent of GDP in 1987/88 to 2.2 percent in 2005/06, the lowest level since 1930.<sup>17</sup> The Union Jack may be flying from Basra to Kabul, but British military capacity has

13. Martin Wolf, "The Stable Isle."

14. "Why British Productivity Still Lags," *The Economist*, January 21, 2006.

15. Chancellor of the Exchequer Gordon Brown, speech to the National Gallery of Scotland, January 6, 2005, at [www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/2005/press\\_03\\_05.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2005/press_03_05.cfm).

16. "Hoon Cuts Four Battalions in Army Review," *The Daily Telegraph*, December 17, 2004.

17. Christopher Hope and George Jones, "Defence Spending is Lowest Since the 1930s," *The Daily Telegraph*, January 24, 2007; British Ministry of Defence Spending figures, at [www.mod.uk/DefenceInternet/AboutDefence/Organisation/KeyFactsAboutDefence/DefenceSpending.htm](http://www.mod.uk/DefenceInternet/AboutDefence/Organisation/KeyFactsAboutDefence/DefenceSpending.htm).

been sharply curtailed under the Blair government, and it would be impossible today for Britain to fight a war on the scale of the 1982 Falklands conflict on its own.

Further, Blair turned a blind eye to the rise of Islamic extremism inside Britain itself, and the mirage of domestic tranquility was shattered by the July 7, 2005, London bombings that claimed 52 lives. Today Britain is a hornet's nest of Islamic militants, with 400 to 600 al-Qaeda terrorist suspects in the U.K., some of whom have been trained in camps in Afghanistan and Pakistan.<sup>18</sup>

Tony Blair will rightly be regarded by historians as one of the most important and controversial British leaders of the post-war generation. However, he should not be viewed as on a par with either Winston Churchill or Margaret Thatcher, both of whom fundamentally altered the course of history and played major roles in defeating two of the most dangerous ideologies of modern times: fascism and communism. Through her leadership, Lady Thatcher sparked a worldwide political and economic revolution that has influenced policy

from Santiago to Beijing. It is highly unlikely that "Blairism" will ever enter general parlance.

Unlike Blair, Churchill and Thatcher both had a crystal clear understanding of the British national interest and the need to defend the sovereignty of the British nation. Blair, with his support for the European Constitution, the European Security and Defence Policy, and the European Convention on Human Rights, compromised both. His key foreign policy failing as a British leader was his misguided belief that Britain can be both America's closest ally and part of a politically and economically integrated Europe. Roughly half of British laws now originate in Brussels, a shocking state of affairs that must be reversed. It will be up to future British governments to ensure that Britain regains its position as a fully sovereign nation, and the long-term future of the Special Relationship will depend upon it.

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18. David Leppard, "At Least 400 Al-Qaeda Terrorist Suspects Are at Large in Britain," *Sunday Times* (London), April 9, 2006.