

tain his fury. When he took a call from an old friend that night, he exploded, "Where did [Brown] get this mendacity from?"

Blair and Brown managed to agree on something: the prime minister would outline a timetable for his departure; the chancellor would make a show of loyalty. Up in Scotland, the chancellor spoke: "I want to make it absolutely clear that when I met the prime minister yesterday, I said to him—as I've said on many occasions and I repeat today—it is for him to make the decision." Yet the most lasting image from Thursday was a photo on several front pages: Brown wears a big, satisfied smile as his chauffeured car leaves Downing Street after his talks with Blair. It left little to the imagination. "Riding high," said the caption in the *Financial Times*.

There are signs that voters have grown tired of Labour's long-running soap opera—and that Brown, in office for as long as Blair, may now be tainted goods as well. In a *Daily Telegraph* poll, only 20 percent of those surveyed thought he would make "a better prime minister" than Blair. Many senior Labour figures see him as Blair's malevolent, smiling executioner. Given his behavior last week, said Clarke, the chancellor must now "prove his fitness" to be prime minister. Others were worried that with Blair debilitated, Brown would have a virtual veto power over Blair's legislative "legacy agenda" designed to broaden and cement his health and education reforms, thereby frustrating the prime minister's final days and months in office. "Everyone's lost," the friend who spoke to Blair by phone told *NEWSWEEK*. "This is the week New Labour started to die."

That seems an overstatement. As wounded as Blair and Brown may be, a new generation of thirty- and fortysomething Labour M.P.s is coming of age. Blairite or Brownite, they are all modernizers; for them, there's no turning back. New Labour's founders may have lost their appeal, but New Labour hasn't. There may be battles within Labour over the extent to which private enterprise should be involved in public services, but it's Blair who's fading fast, not the New Labour project that he (and Brown) championed.

Labour's problem in the short term is that it's weakened at a time when it suddenly has competition again from the Tories, finally recovering from their epic defeat in 1997. Cameron was one of the few politicians in Westminster left smiling after Blair and Brown finished with each other last week. He popped up to say the government was "in meltdown," then dropped out of sight. He didn't say much else. He didn't have to.

With KARLA ADAM and REBECCA HALL

We Need to Be

LABOUR'S HEIR
apparent on what
he and Blair and
the world can all
agree upon. BY
GORDON BROWN

When I chaired a recent IMF meeting in Washington, demonstrators flooded the city to disrupt the talks. One placard stood out: **WORLDWIDE CAMPAIGN AGAINST GLOBALIZATION.**

The slogan reflected the contradictory attitudes of anti-globalization campaigners. What united the demonstrators was not what they were for, but what they were against. Some blamed rich countries for slowing development, others for moving it too fast. Some wanted the freedom to trade, others the freedom not to trade. Some were economic nationalists, seeking to shelter industries; others were anti-capitalists berating what they saw as rich-country colonialism.

Such protests do not represent a substantive alternative ideology. They are more an angry resistance to change—old-style Luddism, in other words. What's worrisome is that this new Luddism is gaining support among economic-interest groups that think they will be the losers in a globalized world. This fear fuels anti-immigrant parties in many continents and protectionist parties in all.

Since 1997, Tony Blair and I have set out a progressive approach to reform in a more globalized world—an argu-



ADDRESSING THOSE LEFT BEHIND: The author (above) and

ment for free trade and for openness that he and I will continue to push forward. Those of us who want globalization to work must show that the route out of poverty lies not in isolationism and protectionism but in greater global economic integration. Look around the world today, and we see that poverty is best solved in outward-looking

trading nations, not closed economies. The world needs more globalization, not less. More free trade and fairer trade. We need a manifesto for a global era that progressive business and globally minded governments can embrace.

Our task is to show globalization's critics that we can both maximize the opportunities of globalization and mini-

e More Fair

simply as global flows of capital and goods but as trade justice on a global scale. In this new paradigm, low inflation and fiscal stability are, as Alan Greenspan taught us, the essential foundation for securing employment and growth. Along with this, free trade is an essential element of open markets.

Standing alone, however, these are not sufficient to guarantee sustained prosperity. Most of us now understand the importance of the rule of law to economic development. We see the value of transparency, codes and standards, openness and vibrant civil society. More than ever there is recognition of the value of effectively combining public investment as well as private enterprise, and the value of partnerships between public and private sectors. A new model would stress the pursuit of competition, not just privatization.

governments' survival on actively seeking free and fair trade in every area. In doing so, we should tackle head-on the fear of what Financial Times columnist Martin Wolf has called "mega-terrorism"—the belief that security requires us to close borders (thus granting a victory to terrorists). This response is a tax on globalization. Global cooperation to control terrorists and improve security measures is a far more appropriate and effective route.

Second, we must show that it is by finding our comparative advantage and developing and exploiting it that advanced industrial nations can offer their people the best jobs in the world. Each country must set out the policies that will make it smarter and stronger. No one should be cowed by globalization. To the contrary, globalization is empowering.

Third, each country needs to focus on how, by using our brainpower, we can adapt, compete and succeed. Each country needs to emphasize the rising importance of education and skills.

onto the world economic stage, there are far more unskilled workers competing for jobs than there were a decade ago. More and more tradable unskilled work will be done overseas. In Britain, this suggests that by 2020 the number of unskilled jobs will have fallen by 85 percent. So we must find work for those who would have done those jobs. And as demand for unskilled labor falls, we must retrain our work force in new skills. We must ensure that people performing important but low-skilled jobs do not see their after-tax incomes sink so low that they become a new generation of working poor.

Fifth, we need to make our global institutions fit for the challenges ahead. In addition to supporting economies in delivering low inflation and open trade, the IMF and World Bank need to emphasize how advanced industrial economies can adapt their social as well as economic policies to intensified global competition. And because the needs of developing countries represent a

“The world needs more globalization, not less. More free and fairer trade.”



PETER NICHOLLS—AFP/GETTY IMAGES

ALEXANDER DEMIANCHUK—REUTERS

) and anti-globalization protesters (right)

mize its insecurities. How? Globalization broke down when there were no international mechanisms for dealing either with instability in emerging economies or with the fallout in the richest countries. So we must do things differently.

I believe that there is now enough common ground among political and business leaders of the world for such a consensus—one that defines globalization not

It would emphasize the need for proper financial regulation as well as liberalization.

I suggest five building blocks for this new manifesto. First, the bold embrace of free trade. We should be prepared to stake our

This means, fourth, that we need to show we can mitigate the impacts of globalization that do create hardship and poverty. One such problem: an emerging global surplus of unskilled workers. With the entry of China and India

security as well as a moral imperative, we need nothing less than a modern Marshall Plan for Africa and the developing world. In effect, a global New Deal.

Governments alone cannot pursue a progressive globalization agenda. We must also involve businesses—the engines of wealth creation—to create an alliance of global companies and globally minded governments. To put our standard firmly in the ground, we should start this week in Singapore, where the IMF and World Bank meet, by agreeing on the first stages of a manifesto for a globalization that can benefit all.

Anti-globalization protesters do not have any answers. But their Luddism does not excuse complacency. The scale of the challenge is a summons to us all to prove that a progressive globalization can work and offer the world a more stable, prosperous and peaceful future.