

## The Embedded Business-Diplomat: How Institutional Reform Upholds the Role of Business in UK Diplomatic Practice<sup>1</sup>

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This paper highlights and discusses contemporary institutional reforms of United Kingdom (UK) diplomacy and in particular focuses on the development of a firm-government partnership in current diplomatic practice. This partnership emerges from changes that include the centralisation of commercial diplomacy within a new institution, United Kingdom Trade and Investment (UKTI), a strategy of expanding the commercial elements of diplomacy, as well as the formal embedding of business representatives into diplomatic institutions through an expanded system of interchange schemes.

In what follows, I demonstrate how these changes have placed business interests firmly at the centre of current diplomatic practice in the UK in such a way that selected firms enjoy what can best be described as a privileged position within the diplomatic system. Elsewhere I have analysed these changes to make the case for the need to adopt a political economy approach in diplomatic theory (see Lee & Hudson, 2004) so that we can at least recognise and then hopefully begin to explain market actors in diplomacy. Here, however, I want to use the evidence of these changes to engage specifically with contemporary political economy debates about the changing nature of public-private relationships within the state. To do this I explore the concept of social formation within the UK diplomatic system, focusing in particular on the arrangement of commercial diplomacy networks in new diplomatic institutions and practices. This requires the conception of diplomacy not as an instrument of an autonomous public actor (the state) but as an aggregate of public and private interests within the state similar to Jessop's strategic relationship conception of the state as a social relation (Jessop, 1990). In this view, current diplomatic practice becomes a product of the current aggregates of interests; the precise mix of which varies in time producing changes to diplomatic practice. With this conceptual schema it is then possible to explain current reforms to diplomatic practice in terms of moves by private interests (UK firms) to use public political authority (the state) to control the market through policy networks. Changes to diplomatic practice can be understood in

<sup>1</sup> This paper is based on an earlier article (Lee, 2004). The restrictions of space in that article meant that I was unable to develop a detailed analysis of the recent changes to UK diplomatic practice. I was also unable to develop an analysis of these changes in the context of IPE debates about public private partnerships. I do both of these things here while borrowing some of the empirical material from the earlier article. I apologise for minor instances of repetition in the article and this paper.

X terms of changes to social relations, that is firm-government relations, within the state.

Adopting a political economy approach to diplomacy brings a two-fold analytical advantage. It adds to the theoretical and empirical utility of diplomatic studies as well as International Political Economy (IPE). Using a middle range approach to analyse diplomatic processes this paper is able to identify and explain the role and growing influence of non-state actors in UK diplomacy. This approach contrasts starkly with the more usual macro-level approach of much of the diplomatic studies literature that has tended to downplay the diversity and range of actors involved in diplomacy.<sup>2</sup> Furthermore, it adds to our understanding of the international political economy because it forces us to recognise that agents – in this case diplomats – are significant actors and part of a dense, yet unexplored, social network of market actors in the world economy. After all, commercial diplomacy – the promotion of inward investment and exports – involves the search for competitive advantage in the world economy by firm-diplomat alliances. Thus an IPE research agenda that includes analysis of commercial diplomacy may well reveal the connections between human agency and systemic transformation and stability – and in so doing add to current debates about the relationship between structure and agency in IPE. By identifying the firm-diplomat partnership as a significant actor in the world economy I am, to use Robert O'Brien's phrase 'rediscovering human agency' and moving beyond the state-centred focus of some leading IPE scholarship. Two further analytical benefits to IPE would follow. An IPE agenda that explored firm-diplomat partnerships in commercial diplomacy would contribute to debates over the marketisation or privatisation of the state as well as debates on the issue of state capacity within the world economy. These two aspects are not discussed in this paper; I mention them simply to point to a useful research agenda.

In a recent speech Minister of State John Battle, stated that 'Business is the Foreign Office's number one priority customer.'<sup>3</sup> This is just one remark among several others we might cite that makes clear the intention of the government to place business, or at least business interests, at the centre of government. Since coming to power in 1997 Tony Blair's New Labour government has pursued a strategy of developing close alliances with business in many areas of government policy such as health, education, and transport. Many public policy initiatives – most notably the creation of a number of Foundation Hospitals in 2003 -- have proven controversial within government and the Labour party, as well with the general public. Not so the changes within UK commercial diplomacy which have implanted business interests fully within current diplomatic practice. These changes have received scant public attention and little academic debate and yet they are part of an emerging pattern of close business-government relations that is now a central feature of New Labour governance and is starkly different from the corporatist model of government-society relations that were a key feature of Labour governments in the 1960s and 1970s.<sup>4</sup>

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<sup>2</sup> For a detailed discussion comparing the two approaches to diplomacy see Lee & Hudson (2004).

<sup>3</sup> Speech to the Confederation British Industry, 15 March, 2000. Found at [www.fco.gov.uk](http://www.fco.gov.uk). Accessed 21 July, 2003.

<sup>4</sup> For detailed discussion of corporatism see Cawson (1985); Shonfield (1965); Schmitter (1974); Katzenstein (1985); Streeck and Schmitter (1985).

X This paper now turns to an examination of the embedded nature of the business-diplomat and the firm-government relationship in UK commercial diplomacy. Both of these developments confirm the ascendancy of firms and business interests in the new diplomatic practices. The argument proceeds in the following way: First, I outline the key characteristics of UKTI and the dimensions of the firm-government partnership within this new diplomatic institution. I identify the distinctive features of the firm-government relationship in UKTI in order to expose the combination of public-private interests in the current UK commercial diplomatic system. In this way I can point to the social and strategic purpose in the formation of such alliances as well as the more obvious and more explicit market purpose. Second, I highlight the two-way secondment schemes now emerging as a key feature of UK diplomatic practice. These interchange schemes quite literally embed the business person into current diplomatic practice and in so doing implant business interests and influence into the heart of commercial diplomacy.

### **The Dimensions of the Firm-Government Partnership**

Since coming to power in May 1997 the Labour government has renovated the diplomatic system in a series of reforms that in turn have led to significant changes in UK diplomatic practice. One of the key developments has been the creation of UKTI, a new government body that draws a variety of UK firms into diplomatic practice and establishes a partnership relationship between firms and government at the centre of UK commercial diplomacy. It is the precise nature of these firms and the role they undertake that is of interest here since these distinctive features will tell us a great deal about the dimensions of the firm-government relationship. But before we focus on the firm component of UKTI, we need to briefly highlight the general composition of UKTI as well as its key prescribed political and economic functions.

Within months of coming to power, the Blair government established an ad-hoc Committee, Chaired by Cabinet Secretary Sir Richard Wilson, to review export promotion in the UK. In so doing the government was continuing a long tradition, begun by the Plowden Review in the early 1960s, of scrutinising the activities and costs of UK overseas missions.<sup>5</sup> The Wilson Committee explored a number of reform options including that of merging the Foreign and Commonwealth Office (FCO) and Department of Trade and Industry (DTI) into a single organisation. In its report the Committee recommended the centralisation of all commercial promotion activities under the umbrella of a new single authority, British Trade International (BTI).<sup>6</sup> BTI would later be renamed UKTI.<sup>7</sup>

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<sup>5</sup> Since Plowden, governments have sought to use several arguments to support an increase in commercial activities of the Diplomatic Service in particular, and government departments in general. These include scathing comments that diplomats should 'do something useful' to justify the expense of running some 200 overseas missions, as well as the more credible, market-based argument that more effective commercial diplomacy would help improve the competitiveness of the UK economy.

<sup>6</sup> The current push towards export promotion through organisational reforms is not an entirely novel development and the Wilson Report is only the latest in a series of government publications that have increased the export promotion activities of the FCO. The 1964 Plowden Report (Committee on Representational Services Overseas), the 1969 Duncan Report (Review Committee on Overseas Representation, 1969) and the 1977 Berrill Report (Central Policy Review Staff, 1977) all sought to reorganise the FCO and increase the responsibility of the Diplomatic Service for export promotion. Commentators have noted, however, that the impact on diplomatic practice following these reforms

Thus BTI/UKTI was born; a joint FCO- DTI central body designed to coordinate and integrate the commercial activities of government. Mindful of the historic problem of inter-departmental rivalry with regards to commercial diplomacy, the Wilson Report paid particular attention to the need to create a common culture within BTI based on principles of collective responsibility and equal representation. To this end, UKTI officials come from both the DTI and the FCO, on a fixed-term contract, with recruitment reflecting an approximate parity between the two departments in order to 'reinforce the integrated nature of the operation' (FCO, 1999).<sup>8</sup> Thus a key administrative function of UKTI is to provide 'joined-up' government in the area of commercial diplomacy. With so many government units involved in commercial diplomacy – the FCO, the DTI, some 200 overseas missions, the regional Business Links – UKTI exists to bring all their activities under one roof.

A second key element of the Wilson Report was the emphasis given to the importance of developing formal networks between the business sector and diplomats at the centre of government so that the ideas, specialist knowledge and skills of private interests might be imported into the development of export promotion services within government.<sup>9</sup> Launching the BTI in June 1999, the then Minister of State, Geoff

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was minimal (Barston, 1997; Donelan, 1969). Worse than that, according to Peter Hennessy (1990, pp. 266-273), the Berrill Report was something of a fiasco which would prejudice the likely success of future reforms because it suggested changes that were too wide-ranging for ministers, civil servants and the diplomatic service to stomach, leading to an 'Establishment explosion' and a forceful rejection of the report leaving the author, Sir Kenneth Berrill, an 'isolated figure' and a reluctance 'to tackle the FCO' for some twenty years. Perhaps this critical reaction explains why the Wilson Committee did not suggest more radical reforms such as the actual merger of the Foreign and Trade departments, though we know they considered it.

<sup>7</sup> UKTI brings together under one Board the work of two bodies, Invest-UK and Trade partners UK that were separate in the previous BTI structure.

<sup>8</sup> The task of creating unity between these two departments is a daunting one. Barston's (1997) analysis of commercial diplomacy written before the creation of BTI refers to an 'uneasy relationship' between the DTI and the FCO that produces departmental rivalry, poor liaison and duplication of work. Recent evidence given to the House of Commons Committee on Foreign Affairs in June 2000 (HC 2000) by the Chief Executive of BTI, Sir David Wright, suggests a tug-of-war between the DTI and FCO, especially over budgetary matters is currently preventing cohesion in commercial diplomacy. In many ways, this was predictable. According to Clarke (1992) the battle ground for DTI and FCO turf wars is usually budgetary rather than policy and it seems such problems became commonplace within BTI. Sir David explained to the Committee on Foreign Affairs that the key organisation problem in the first 13 months of the BTI had been conflict over budgets and that these stemmed from Sir David's control of part of both the DTI and the FCO budget which gave him the authority to shift resources from one to the other. He can, for example, reduce the FCO's spending and increase the DTI's spending simply by increasing DTI staff and reducing FCO staff in overseas missions and may well do this if he judges that a mission in a country where economic prospects for export are increasing requires a rapid influx of new staff to exploit the new opportunities. Such divided loyalties create the potential for departmental rivalry even in a situation where there is a great deal of departmental interchange. This is made more probable because the FCO budget was consistently and deeply cut throughout the 1980s and 1990s, resulting in a significant decline in FCO staff that is well documented in FCO Annual Reports. Given its much-reduced financial status, it might be reasonable to expect the FCO to continue to draw its sword in budgetary battles in BTI.

<sup>9</sup> This emphasis is evident in each stage of the Wilson Report reform process. During the review process, for example, business had majority representation on the Wilson Board as well as the Advisory Panel, and almost 600 consultations with the private sector provided much of the background information for the final Report.

Hoon, stated that it would draw on expertise from business to set the strategic direction for export promotion.

Underpinning the structure of UKTI is a formal firm-government partnership relationship. This partnership is made up of a mix of government officials and representatives from UK firms, a mix engineered in quite specific ways to achieve a number of social and market purposes.

First, the precise mix is designed to ensure majority representation for business interests; there are always more representatives from firms than there are representatives from government.<sup>10</sup> But equally, the form that this representation takes, rather than just the numbers, is significant. In essence business influence is individuated rather than collective in nature. UKTI is made up of representatives of individual firms rather than representatives of peak associations such as the Confederation of British Industry, or representatives of trade associations. The firms on the UKTI Board are, I would suggest, more likely representing individual interests rather than organised collective interests. This distinctive feature of representation (distinctive from corporatism that is) suggests a strong market purpose to the firm-government partnership rather than a corporatist function in which business interests are mediated. As a model of social partnership, the firm-government relationship within UKTI is based not on representation or control, but rather on the need to import business skills and expertise into commercial diplomacy. It is a social partnership formed essentially for market purposes. The partnership enhances government and business resources and thus increases efficiency and competitiveness of the state and the firm in the world market. Government resources are enhanced by drawing on the individual experiences, skills and knowledge of medium sized firms to inform trade development and promotion strategies. Business resources are enhanced by using public money -- some £80 million pounds annually -- to increase their export efficiencies. As such we might argue that the firm in the UKTI partnership retains its private concept rather than developing a public concept as it might do in cases where influence is mediated through business associations.<sup>11</sup>

Second, the type of firm selected is significant. Whereas the usual typology of business-government relations tends to see large firms dominating such partnerships in the UK (see Grant, 1993; Fidler, 1981, Jordan, 1987), in UKTI we actually find medium sized firms making up the business side of the partnership.<sup>12</sup> Medium sized businesses are selected because they are the target agents in the current strategy of increasing UK exports. Commercial diplomacy has two key goals: One is to increase inward investment; the other is to increase exports. To increase exports commercial diplomacy must assist British business develop their trade success overseas. Particular attention is given in assisting smaller and inexperienced companies since this category of firm will have more limited resources for trade development than most larger firms. This emphasis means that medium and small sized firms, therefore, are seen to have a key stake in the commercial work of UKTI – they are stakeholders.

<sup>10</sup> For details on the current membership of the Board visit [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

<sup>11</sup> For discussion of the public and private concept of the firm see Vogel, 1989.

<sup>12</sup> Large firms have been drawn into other commercial projects outside of the UKTI architecture, for the partnership between government and major UK companies such as Unilever, ICI, British Petroleum in the New Partnership for Africa's Development (NePAD) programme (Williams, 2004). But the key to the nature and purpose of the partnership in UKTI are medium sized firms.

Firms are selected, I suggest, not on the basis of traditional corporatist thinking that would be components of a social partnership as representatives of organised business interests *per se*, but rather because they are the main stakeholders in UKTI commercial diplomacy. The selection process, therefore, is driven by market considerations of competitiveness rather than traditional corporatist considerations of interest mediation and industrial democracy.

It is perhaps most useful to think of this firm-diplomat partnership as a social mechanism which increases state capacity to control the market through the enhancement, as well as transfer of, knowledge-based and financial resources. Put simply, the knowledge-based resources of the private sector are imported into the public sector as the government becomes exposed to private sector skills and experience. In return, public sector financial resources are used to enhance private sector competitiveness in world markets. It is less useful, in my view, to interpret the firm-government partnership in UKTI as a political mechanism for power shift from the private to the public sector since power is not being transferred.

The firm-government partnership at the heart of the new institution of UK diplomacy has proven remarkably stable since its formal creation in 1999. It might have been renamed in 2002, but its composition and stated purpose has changed very little during the last five years. This contrasts with the findings of the policy network literature where much attention is given to the transformative nature of partnerships and policy networks (see Marsh, 1998; Osborne, 2000). The static nature of UKTI suggests that the outcomes of current commercial diplomacy are seen to be successfully fulfilling the original market driven purpose for both parties; that it is indeed a happy marriage of convenience -- a social formation designed to enhance competitive efficiencies and control of the market by both parties. It also supports my approach to the partnership that has focused on the process of social formation rather than social or power transformation. Inasmuch as there has been little, if any, transformation, then I have by necessity focused my analysis of the dimensions of the partnership on its component parts and the selection process.

### The Business-Diplomat in UK Diplomacy

A further mechanism that encourages and facilitates the import of business skills and knowledge into diplomatic practice as well as the exposure of diplomats to business practices is the wide range of new training programs and inward and outward secondment schemes introduced following the Wilson Report. Such schemes are further evidence of the enhancement of resources as well as the fusion (some would say confusion) of public and private identity in diplomacy. Again, the type of firm involved here -- medium and small sized enterprises -- mirrors that found in the more formal partnership in UKTI and this has significance for reasons discussed above. And like the firm-government partnership in UKTI, these secondment schemes primarily serve a market function by enhancing public and private resources and capacity in overseas trade development.

In 2001 some forty FCO and DTI personnel undertook placements in UK businesses in order to learn and develop business skills and build informal social alliances with selected firms. The flip side of this scheme finds business representatives in overseas

missions enjoying temporary diplomatic status. Here too, the emphasis is on the transfer of business skills and knowledge and the building of social relationships.

Since the inception of this scheme over 100 businessmen each year have been placed in overseas missions (Cm 5414, 2003). An example of a recent placement includes David Scammel, the Marketing Manager of Quantel, who was seconded to the British Consulate in Los Angeles for six months. He said of the experience: 'My presence and ideas helped the Consulate become more conscious of the key business issues. In turn, I came away respectful of what government is doing'.<sup>13</sup>

Though less formal than the firm-government partnership in UKTI, these secondment schemes are another example of the social formation of business and government in the UK diplomatic system. And like their more formal counterpart, they are based on a particular mix of individual business interests rather than organised business interests. Both structures provide clear evidence of the centrality of the mechanism of firm-government partnership relationships in current UK diplomacy.<sup>14</sup>

### Partnerships and New Labour

New Labour has made no secret of its desire to develop more varied models of economic governance than the corporatist mechanisms favoured by previous Labour governments.<sup>15</sup> Under the leadership of Tony Blair the Labour Party has loosened its links with the trades unions while at the same actively courting closer alliances with business as well as civil-society groups. The strategy of forging public-private partnerships has become the key feature of economic governance in the UK and a direct expression of ideas such as stakeholding, modernisation, and the so called 'Third Way' that appeared to drive New Labour's political philosophy in the late 1990s in the UK.<sup>16</sup>

As Falconer and McLaughlin (2000) demonstrate, the New Labour government does not seem to favour one particular model of partnership and the varied nature of

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<sup>13</sup> FCO, *Annual Report*, 1999, p. 18. Recent controversies over the secondment of a British Nuclear Fuels Limited (BNFL) employee, Mr Tom McLaughlan, to the overseas mission in Tokyo illustrate some of the problems secondment programs can produce however. Mr McLaughlan has been accused of abusing his diplomatic status by presenting an exceptionally positive view of BNFL in embassy reports written in the name of the ambassador. These reports convinced FCO officials in London that the Japanese government and industry were united in their view of the advantages of working with BNFL - a claim challenged by William Walker in a recent letter to *The Guardian* newspaper (10 March, 2000). Although the FCO claims that Mr McLaughlan was answerable to officials and not to BNFL, this case shows that business representatives on secondments can, and do, abuse their diplomatic status by representing narrow private interests even when they conflict with the general interests as they did in the BNFL case. With so many secondment programs in operation now, the issue of interest representation and, of course, accountability in overseas missions becomes far more important and controversial.

<sup>14</sup> In some FCO quarters these new practices are seen as an attack upon diplomacy; diplomats are thought to be reduced to 'selling socks for Britain' and diplomacy is dubbed a 'profession in peril.' While such views have merit and reveal legitimate professional concerns on the part diplomats, this paper focuses on understanding these changes to diplomatic practice in the broader context of changing government-business relations in the UK.

<sup>15</sup> For detailed discussion of the corporatist model used by previous Labour governments see Grant, 2000; Grant & Marsh, 1977; Wilson, 2003.

<sup>16</sup> For detailed discussion of these ideas see Ludlam and Smith, 2001; Hay, 1999; Prabhakar, 2003; Smith, 1994; Crick, 2001.

partnership arrangements suggests a 'highly pragmatic view' of the government towards partnerships. Governance by partnerships offers a 'flexible system of public sector funding and service provision which makes the best use of what the public, private and voluntary sectors have to offer' (Falconer and McLaughlin, 2000, p. 124).

Behind the development of public-private partnerships of the sort I have explored in this paper are a number of assumptions that have become guiding principles in New Labour's political economy or, as some have called it, 'popular capitalism' (Kelly, 1997). These would include the belief that government can achieve little without the active support of business (Falconer & McLaughlin, 2000) so that partnerships become essential to the successful delivery of public services such as health, transport, education and, of course, commercial diplomacy. A further assumption behind public-private partnerships is that they enhance resources for all parties to the relationship. The provision of public service will be improved for the private partners; public service will be more effective and efficient the more the private partners are involved in the planning and delivery (and in some cases funding) of that service. Thus public-private partnerships are pivotal to improving and maintaining good public service delivery.

Behind both of these assumptions is the view that society is composed not of individuals or of collective interests but of stakeholders. A stakeholding approach to public services is underpinned by the notion that citizens are shareholders in those services which in turn implies popular ownership rather than state ownership (Prabhakar, 2003). As shareholders we have rights in determining how *our* services are delivered. Applied to our case study of UK commercial diplomacy, firms -- as the major stakeholders in commercial activities of the state -- have rights to determine the delivery of commercial diplomacy. As we know, shareholding also carries with it obligations and responsibilities in governance. And, staying with our case study of commercial diplomacy, in this sense firms are obliged to be responsible for providing knowledge benefits such as business skills and experience to commercial diplomacy as part of the resource enhancement process. *→ when reference to state*

A number of comparative studies have also pointed to the state capacity-enhancing and market purpose of close business-government alliances. Cerny argues (1999), for example, that such alliances are an indication of the emergence of the 'competitive state' in which government increasingly uses formal links with firms to draw on business practices and norms to adjust domestic economic policy to the demands of the global economy. Weaver, Berkovitz and Davies (1998) maintain that in most countries the increased role of business, and especially small and medium sized businesses, is seen as crucial to the success of new government export promotion programmes.

So far we have focused on the market purpose of the firm-government partnership in UK commercial diplomacy and this is understandable since this is its most striking and obvious role. But as a mechanism for means of economic governance, the partnership also has a strategic social function that derives from the view that in addition to being a resource enhancement mechanism, public-private partnerships are also social power arenas for the pursuit and construction of common interests and values. The consensual nature of the partnership in UK commercial diplomacy



✓ suggests a high degree of shared values and interests. I would suppose that given their willingness to be involved in export promotion activities (since they participate on a voluntary basis) the firms in the partnership ascribe to the neoliberal view of New Labour that growth (of the firm and the economy) is dependent upon competitiveness.<sup>17</sup> It follows then that the firms and the government share an interest in increasing exports – through a commercial diplomacy that promotes trade -- to increase the competitiveness of the individual firms as well as the UK economy. We might also note the affinity between the commercial activities of the state and the firm -- seen most strikingly in the secondment schemes and the emergence of the business-diplomat.<sup>18</sup>

Drawing middle-sized businesses into a new diplomatic institution serves three further strategic purposes. First, it lends further credence to the government's interpretation of its commercial policy imperatives – the need to expand exports and attract high levels of foreign investment -- created by an increasingly competitive international marketplace. Such policies are uncontroversial in themselves (as is the strategic imperative of developing the business-diplomat at the heart of UK commercial diplomacy to enhance the effectiveness of such policies). Second, the partnership – and indeed the policy of trade promotion – provides New Labour with both a formal and informal means to forge close alliances with a social partner that in the past has shown great antagonism to Old Labour. As studies of the relationship between business and the Labour Party have shown, business (especially medium sized and small sized business), has tended to mistrust past Labour governments (Grant, 1993; Wilson, 2003). The tripartite corporatist arrangements between Labour governments, business and the trades unions seen in the 1960s and 1970s did little to secure trust – or for that matter sound economic management) between business and the Labour party.<sup>19</sup> Business tended to view Labour as closely wedded to the trades unions; at best, business was the poor relation compared to unions; at worst the Labour party, and certain its more extreme left-wing element, was anti-business. Not so now. Under the leadership of Tony Blair, Labour has sought to build much closer relations with business. And with numerous public-private partnerships now in existence, and new ones popping up, one could claim that relations between business and the Labour Party have never been so intimate and business influence on economic governance – and certainly commercial diplomacy – never so constant. Finally, and this follows from the other strategic purposes, the partnership, as already mentioned, is an important institution for increasing the capacity of the state in the world economy.

## Conclusion

This paper has focused on recent changes to UK diplomatic institutions and diplomatic practice that facilitate the growing influence role for business in UK. These include the development of a new diplomatic institution, UKTI, the formal

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<sup>17</sup> For detailed discussion of the neoliberal political economy of New Labour see Hay (1999).

<sup>18</sup> This is not to say, however, that the new arrangements and the new emphasis on commercial diplomacy have no enemies. Some diplomats are highly sceptical of the increased attention to commercial activities and the import of business into diplomacy. See Jennings and Hopkinson (1999).

<sup>19</sup> Though they did help forge close links between the UK trade associations, the CBI, the DTI and the Treasury (see Wilson, 2003).

inclusion of business representatives and thus business interests in this new body and in overseas missions through a number of placement schemes.

It is important to identify these changes not because it helps us reach conclusions about the decline of traditional diplomacy (which is the usual concern with reforms of diplomacy), but because it provides a means to identify and explain changes in public-private relationships within state structures. In this respect this paper has focused on changes to business-government relations under New Labour. It has highlighted and discussed the institutionalised firm-government relationship in UKTI as well as the less formal business-diplomat relationship emerging out of the inward and outward secondment schemes. The key change, as the title of this paper suggests, is the enhanced influence of business. This increased influence of business and business interests results from the development of a formal firm-government relationship within UKTI as well as a less formal business-diplomat relationship in the outward and inward secondment schemes. The changes in government-business relations highlighted here are best understood as moves by the state and private interests to increase firm and state competitiveness and capacity to better control the market.

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