FINANCIALIZATION AND UK CHANCELLOR RHETORIC, 1976-2013

Submitted by

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SIGNED DECLARATION

The work presented in this thesis is entirely my own.

Signed: ______________________________

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THESIS ABSTRACT

How, and how intentionally, have UK chancellors used their rhetoric to support financialization? The scholarly contributions of this thesis are (1) providing a history of chancellor rhetoric about finance, (2) describing how chancellors used their rhetoric to establish, propagate, and protect financialization, and (3) illustrating how chancellors' rhetoric indicated their pro-financialization intentions. Scholars of financialization and the state have speculated that the state has participated in discourses for financialization, but they have not investigated the historical progress of state-elite communication. Furthermore, the macro-economic frameworks used have had difficulty assessing elite intention, and institutionally-focused research can under-appreciate the agency of individuals in history. I conducted a longitudinal, qualitative analysis of the rhetoric of budget statements delivered between 1976 and 2013, supported this with quantitative, corpus-linguistic techniques, and interpreted my findings in light of the historical development of financialization in the UK. At financialization's establishment, Healey's rhetoric was explicitly ante-financialization yet implicitly proto-financialization, especially in terms of industry, while Howe's rhetoric was radically pro-financialization, especially in terms of finance and mass enrolment in it. During the two financialized booms, Lawson strengthened Howe's rhetoric, while Brown mimicked Lawson and Howe and constructed the financialized economy as secure and stable. During the first financialized bust, Major employed very awkward constructions in order to avoid admitting that finance and debt had made the UK economy vulnerable. Darling explicitly defended finance more vigorously than any chancellor, and constructed a state-sponsored right-to-credit. Osborne followed Darling, and also used his new Office of Budgetary Responsibility as an apolitical, expert guarantor in his rhetoric, mediating between financial markets and the Treasury. Since 1976 these UK chancellors have actively and intentionally supported the process of financialization with their public rhetoric by intentionally constructing descriptions in aid of financialization's establishment, propagation, and protection.

CONTENTS

FIGURES

Chapter Four

Chapter Five

Chapter Six

Chapter Seven

TABLES

Chapter Four

Chapter Five

ACRONYMS AND ABBREVIATIONS

AIG	American International Group
BofE	Bank of England (i.e. the British central bank)
CDA	Critical Discourse Analysis
CGT	Capital Gains Tax
CLA	Corpus Linguistic Analysis
CL	Confidence Limit
DHA	Discourse-historical Approach
ERM	(European) Exchange Rate Mechanism
ESOP	Employee Share Ownership Plan
The Fed	United States Federal Reserve System (i.e. the American central bank)
FSA	Financial Services Authority
FTSE100	London Stock Exchange Top 100 Price Index
GDP	Gross Domestic Product
HBOS	Halifax Bank of Scotland
LSE	London Stock Exchange
MPC	Monetary Policy Committee
MTFS	Medium-Term Financial Strategy
NHS	National Health Service
OBR	Office of Budgetary Responsibility
PEP	Personal Equity Plan
PSBR	Public Sector Borrowing Requirement
QE	Quantitative Easing
RBS	Royal Bank of Scotland
TARP	Troubled Asset Relief Plan

ויטע יהוה אלהים

גן־בעדן מקדם וישם

שם את־האדם אשר

יצר

ויצמח יהוה אלהים

מן־האדמה כל־עץ

נחמד למראה וטוב

למאכל ועץ החיים

בתוך הגן ועץ הדעת

טוב ורע

This is the background against which I face my main task in this Budget—to consolidate the gains we have made so far and to create the conditions in which we can get our rate of inflation down and make the necessary improvements in our industrial and trading performance. [Laughter.] I think that the House will have noted that these are aims that both the British and the external markets greatly appreciated last week when there seemed to be some danger that they would be jeopardised by the possible defeat of the Government.

- Chancellor Denis Healey, 29 March 1977

PART ONE: FRAMEWORKS

CHAPTER ONE: INTRODUCTION

Section One: Introduction

How, and how intentionally, have UK chancellors used their rhetoric to support financialization? I investigate this question by tracing the chancellors' annual budget statements, as delivered to Parliament since 1976, and asking a series of sub-questions about how sensitive they look, in retrospect, to the evolution of financialization. What kind of public support to finance, or public challenge to industry, did chancellors offer at that moment in history that we now recognize as the turn-to-finance? How did chancellors publicly work to enrol the nation in finance once that option had become better established? And how have chancellors publicly defended finance when it has faltered and come under challenge? I find that two chancellors, Labour's Denis Healey and Conservative Geoffrey Howe, established financialization in the budget statements, by publicly challenging the foundations of existing industrial production, constructing external financial markets as authorities, endorsing monetarist arguments, liberating capital flows, and privileging the domestic financial sector. Subsequently, two chancellors, Conservative Nigel Lawson and Labour's Gordon Brown, propagated financialization during economic booms by providing incentives for individuals and firms to enrol in financial markets, and by providing narratives of success and safety to keep them so enrolled. And three chancellors, Conservative John Major, Labour's Alastair Darling, and Conservative George Osborne, protected financialization during sluggish economic periods and outright crashes, by defending finance as necessary and reformed, by constructing a right-to-credit, and by obfuscating the relationship between the state and financial markets. In this thesis, I argue that these chancellors used their rhetoric to help establish financialization at its inception, propagate it in the fat years, and protect it in the lean. What is more, by a close examination of their rhetoric, I argue they did not do this in an accidental way, but with intention.

I ask, a half-decade after the Financial Crisis of 2007/2008, how on earth did we get here? This question has been voiced by nearly everyone, from academic scholars to popular commentators, from City economists to documentary film-makers, from the Queen to millions of commoners. And the crisis was dramatic not just because it was big, but because it was a surprise. How did it happen? Was it hiding behind the Euro? Was it buried under the City? Was it hiding in our own homes, nestled between us and our mortgages as we slept? There has been some time since for reflection about how this crisis related to the persistent expansion of financial markets, to wit, how the crisis was created by financialization. In this thesis I contribute an answer to the deceptively innocent question, 'how did we get here?' My answer is inevitably partial in both senses of the word: I focus tightly on the nation state, privileging that site and its most powerful actors, who are inevitably only a part of a greater state-society-capital nexus. As such, my answer can only be a small contribution, along with other answers. But the nexus of state, society and capital is central to answering this question in full, which in turn requires a better understanding of the communicative connections between the state, society and capital in the age of finance. This terrain has not yet fully been mapped.

Our political-economic histories of financialization are incomplete, and the roles of state-elite and state-elite communication in financialization are at best in dispute, and at worst overlooked. I know of no other historical work about financialization in the UK that focuses on the historic role of state-elite rhetoric. Some scholars of financialization and the state have speculated that the state (and, by implication, its elites) must have some part in creating a wider discourse for financialization, but none has examined possible communicative mechanisms of this. Some have speculated about, or even assumed, state-elite intention, but their macro-economic methods and institutional frameworks are poorly suited to study the phenomenon. One prominent account of financialization and the US state does address this issue of state-elite intention vs. accident, but argues against voluntarism. In this thesis I argue that voluntarism is exactly what we should see, and that the history of their rhetoric makes voluntarism clear.

Just as political-economic research about financialization and the sovereign state has declined to engage with the contribution of state elites as communicators, almost no research specifically about financialization has been published to date in the field of communication studies itself. My thesis addresses this gap, too, and considering the importance of financialization as a society-wide change it is surprising that so little has been done before me. My thesis also stands as an unusual example of mixed-methods and how communication studies can investigate questions of history. By focusing so often on concurrent discourses rather than changes in meaning-making across time, the field of communication often misses opportunities to watch communication adapt, evolve and respond. These are the areas where I can help fill gaps in the published literature, and extend aims, theory and methods between the fields of economic history, political economy, and political communication.

My research project contributes to scholarly debates about the role of the sovereign state and its elites in financialization, and about the degree of agency and activism they have expressed historically. My history of financialization and the UK state centres on the communication of chancellors, across political parties and across decades of economic change. By investigating budget statements, I curate a catalogue of important and connected historical changes in rates of interest, exchange, and inflation; financial regulation; personal and business taxation; and a call to mass public enrolment in finance. I also argue that chancellors have been not dispassionate observers, or incidental and accidental passengers of financialization, but rather very active midwives. My findings show how they skilfully adapted their behaviour to changes in economic life by expressing new narratives and norms for, and defending challenges to, financialization. I demonstrate how textual analysis methods common to communication studies can be used to understand the historical progression of public ideas, and can contribute to a richer understanding of history, especially because the history of public ideas is so difficult to grasp.

This chapter proceeds as follows. In the next section I explain what my project is all about and why I undertook it, describing in fairly general terms why I formulated my questions and investigated matters as I did. In Section Three I return to justifying the academic need for my research, in greater detail that I just have, yet in summary compared to my upcoming literature review and methods chapters (Chapters Two and Three). In Section Four I describe the nuts-and-bolts of my research: my question, methods, findings, and the conclusions that I believe my findings support (in effect, a summary of Chapters Three through Six). In Section Five I quickly preview those contributions to political economy and communications studies, contributions that I argue at greater length in my discussion chapter (Chapter Seven). I conclude this chapter with the plan of my thesis.

Section Two: What is this PhD Thesis All About?

Financialization is about the rise and rise of financial markets in the present age. I use the term financialization to refer to a syndrome of socio-economic changes of the last several decades, in which the shift toward greater and greater financial-market activity has been enacted not only by financial firms, but also by ostensibly non-financial firms, governments, and citizens. This broader understanding of the term is more common in economic sociology and political economy than in the mainstream (i.e. non-heterodox) economics literature. It recognizes that the rise of finance has stemmed from, and been consequential for, the wider society beyond financial markets (for recent discussions of competing definitions of financialization see Englen 2008; French, Leyshon and Wainwright 2011; Krippner 2011). But financialization is still very much about finance, and has been associated with a wide range of economic indicators: free-floating currencies; free-flowing of capital across both markets and international boundaries; an increasing availability of credit, including credit from abroad, in deregulated markets; the rise of shareholder value as a widespread metric for firms; the rise of financial profitability vs. the decline of industrial profitability. All of which points to what Gerald Epstein (2002) has called "...the increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operations of the economy and its governing institutions, both at the national and international levels" (p.3).

In social terms, financialization has involved changes in labour patterns; changes wealth and income patterns; the rise of market-based solutions; increased indebtedness of businesses and households; and expanded participation of ordinary citizens in financial markets. Financialization has not only been an economic revolution, but also a social one, connecting elite and non-elite actors within international and domestic markets, an historical process enacted in terms of socio-economic power at every level of financial life. Such an unwieldy beast is not easy to study in a comprehensive way, given the overlapping spheres, the span of time, and the sheer scale of the changes involved. Most scholars have sensibly chosen to concern themselves with either the social, or with the economic aspects of financialization. But this fine compartmentalizing within research has meant that the field of financialization studies does not always adequately connect citizens, capital, state, and finance (Konings 2009). I chose to centre my investigation of financialization's progress on the state because the state does and must concern itself with both citizens and financial capital.

Of course I made some assumptions and strategic choices that *a priori* determined the shape and course of my investigation. The position that the state and her elites support capitalism is uncontroversial in Marxist state-capital relations (see Domhoff 1996; Harvey 2005; Leys, 2001; Miliband 1969; Streeck 2011), and this tendency also has surfaced in well-known social-science studies that have drawn less directly on Marxist frameworks (Mills 1956; Polyani 1957). I assumed, therefore, such support was likely to be the case for UK state and financial capitalism. It has also been reported that the American state has been deeply involved with the rise of finance (Konings 2011; Krippner, 2011). Wanting to look more closely than the institutional level, I narrowed my focus from 'the state' to state elites, that group of actors who were in a good position to publicize novel ideas and innovative techniques, if they chose to do so. I knew that the UK Treasury has had strong ties with the City throughout the 20th century, right up until Thatcher's time (Ingham 1984), so chancellors seemed to be the state elites to choose. My first, exploratory survey of post-1976 budget statements was enough to convince me that the UK chancellors who spoke for Prime Ministers Thatcher and Blair (i.e. Howe, Lawson, Major, and Brown) enthusiastically promoted the City of London (Walsh, forthcoming).

Yet despite my interest in state elites, and despite the close and reciprocal social relationships that often exist between capital and state elites, this is not an exclusively class-focused investigation. The rise in the profitability of finance has been widely blamed for the accumulation of wealth and wages at the very top (witness the Occupy movement). Indeed, elites have been the big winners in financialization, as top-percentile income-shares have increased substantially in the UK compared to the incomes of the subaltern ninety-nine percent (Atkinson, Piketty and Saez 2011). And certainly HM Treasury has been implicated in this trend: based on a five-country panel that included the UK, Atkinson and Leigh (2010) have argued that reductions in income and investment taxes have been associated with increasing wealth-shares for top-percentile groups. But it is also true that the increased flow of capital and credit brought economic advantages to a wider group, including some for those earning middle-incomes, and with unremarkable wealth (see Seabrooke 2006; Schwartz 2008). The 'one-percent' are not likely to be the whole answer, and I did not want to restrict my research horizons by assuming from the outset that they were. So I chose to focus on the public communication of chancellors, not as a simple broadcast point for propaganda of a conspiratorial origin, but as a site of coordination between all economic actors, high and low.

I choose to investigate the head of HM Treasury, the chancellor, and his most regular, ritualised and public rhetoric about the economy, namely, his annual budget statements to Parliament. My choice of the Treasury was quite simple: no other government department is as concerned with, as influential in, or as influenced by, financial markets and the state of the economy. My choice of the chancellor was a reflection of his status as the most elite actor in this domain. The reason I chose his annual budget statement to Parliament was two-fold. Given the many decades that financialization spans, I wanted a stable set of documents that I could sample with regularity, that would cross political parties, and that would create a corpus I had some chance of understanding as a whole. But annual budget statements have other, wonderful qualities: they are deliberate elite utterances that are essentially rhetorical; they are intended to make the government's economic accomplishments and plans clear to a wide audience (including voters, industrialists, financial capitalists, and external markets); and each year they tell the story of the economy that the sitting chancellor wants made public. The budget statements are an annual measure of where the chancellor's priorities really lie, as laid bare by what he taxes, what he regulates, what he promises, what he protects, and on which matters he is curiously silent. Goldscheid has written that, “the budget is the skeleton of the state stripped of all misleading ideology” (quoted in Schumpeter, 1991, p.100). Although Goldscheid and I have different operative definitions of 'ideology,' I take his point: with the budget statement, the chancellor puts his money where his mouth is.

I have conducted a longitudinal qualitative content analysis of the budget statements delivered annually by the Chancellor of the Exchequer since 1976, and supported it with a quantitative corpus-linguistic analysis. For the qualitative methods proper, I have undertaken an analysis of rhetoric based on Jonathan Potter's (1996) book, *Representing Reality: Discourse, Rhetoric and Social Construction.* The explicit constructions of chancellors are usually straightforward, and with many of the chancellors' pro-financialization constructions there is little reason not to take them at their word, in so far as the give the impression that they are proud to deliver their message, regardless of whether a particular listener might judge it to represent 'reality.' But there are also indications in the texts that the chancellors are often uncomfortable delivering arguments, or have difficulty building convincing descriptions, or feel nervous about leaving a sensitive point exposed, or recognize the position they are taking is contentious. Such moments are even more telling because they show a chancellor exerting extra effort for financialization, taking the initiative, or suffering the discomfort, of an awkward construction in order to get a dirty job done.

My interpretation of budget-statement data draws on the economics and economic history of financialization. In the budget statements I searched for content that could be implicated in the financialization of the UK, according to a few general criteria: instances of speech that announced or implied that finance was becoming more profitable and/or less risky, or was positive, normal or natural; and instances of speech that announced or implied that non-financial enterprise (usually industry) was becoming less profitable and/or more risky, and/or was negative, immoral, or unnatural. I considered this content specifically in terms of rhetoric, i.e. the arguments that the chancellor used to make his account appear factual and credible, and discredit alternatives. The budget statements are rhetoric that highlight the intentionality of chancellors, not only because chancellors are free to choose their words, and not only because they do very carefully choose their words. But because so often budget statements highlight a new alternative to the old way of thinking, showcase the innovations of the government and promise a brighter economic future because of these novelties and innovations. The budget statements are activist artefacts. They show how state responses and initiatives were technical but also about ideas. Changes in the desired valuation of currency, the structure and autonomy of markets, and the economic incentives for sectors, firms, and individuals are not just a matter of legality. They are also a matter of winning (and sometimes pre-empting) public arguments about the alternatives.

Section Three: How does this PhD Thesis fit in the Scholarly Literature?

Despite excellent work having been undertaken on the subject, the taxonomy of financialization as an economic, social, and historical change is by no means complete. There have been l*ongue durée* descriptions of the rise of finance around the world (Arrighi 1994; Germaine 1997; Langley 2002), and studies of how American finance has interacted with state power in the post-war era (Konings 2007, 2009; Krippner 2007, 2011). But I have found no comprehensive historical works focused on this present episode of financialization and the UK state. In fact, with the lone exception of Greta Krippner's book, *Capitalizing on Crisis* (2011), no one has yet provided a comprehensive, detailed, empirical account of this present episode of financialization as seen from the perspective of one state's political elites. International political-economists have preferred to focus on global capital flows rather than the internal political workings of states. Furthermore, I have found no published work inside or outside the field of communication studies that considers, in detail and with empirical data, what the rhetoric of state elites might have contributed to financialization. Seeing these two very basic gaps encouraged me to undertake this PhD project. At the very least, I should be able to contribute an account of financialization and the state in the UK case, with a focus on communication. And perhaps I could accomplish a little more.

The debate about the relationship between capital and state is a perennial one, and so is the encircled debate about how active state elites are in support of capitalists. There is a long history of class-based explanations for this support in Marxist thought, (which have been accused of a rather crude *a priori* instrumentalism on occasion), but capital-based accounts often do not express an opinion on the activity or intentions of elites (Jessop 1982). In terms of finance and the state, international political economists working today offer tantalizing glimpses of the activism of state elites, by arguing that states as institutions have benefited from their alliance with finance in very concrete ways. It is a short walk from such an argument to the question of how much initiative state elites may have demonstrated in the development of this relationship. The most direct empirical study of state elites and financialization published to date is that of Greta Krippner (2011). While Krippner agrees that state elites were important, she is emphatically anti-voluntarist:

> the turn to finance allowed the [US] state to avoid a series of economic, social and political dilemmas that confronted policymakers beginning in the late 1960s and 1970s, paradoxically preparing the ground for our own era...policymakers improvised solutions to various difficulties.... they constructed a policy regime that deepened and extended the turn to finance in the US economy. Thus financialization was not a deliberate outcome sought by policymakers but rather an inadvertent result of the state's attempts to solve other problems. (Krippner 2011, p.2).

Krippner's account about the establishment of financialization in the United States is one of state elites groping in the dark for temporary answers to insoluble problems. Whatever its merits (and it has many), her study does not extend forward in time from financialization's messy birth, and as such does not address the issue of how the position of state elites may have changed as financialization grew and grew (see Martin 2012; Sewell 2012).

The organization of my evidence in this thesis rests in part on the constructs of economic boom and bust. In the scholarly literature, the picture of how states and state elites might interact (perhaps interfere) with the booms and busts of capitalism is intriguing but incomplete. In the stagflation era of the 1970s and 1980s, political economists developed a hypothesis that politicians attempted to improve their re-election chances by employing expansionary macroeconomic measures just before an election. The theory suggested that politicians were able to do so because the inflationary repercussions would be lagging and thus not experienced until the election had past. Empirical testing of this political-business-cycle hypothesis yielded mixed results (Schneider & Frey 1988). But the very existence of such a hypothesis points to the fact that political economists have been suspicious about the "interference" of the state elites in markets, at least for political reasons. In a similar vein, Leonard Seabrooke (2006) has argued that when a state intervenes on behalf of lower income groups in a way that they desire (for example, making mortgages more available and accessible), it reaps their appreciation in the form of political legitimacy, which in turn provides stability for the state in particular and the financial system in general. And just as importantly:

> states that enable the majority of their citizens to access credit and build wealth are more able to recycle capital through the domestic system and, in so doing, improve their international financial capacity to export and attract capital, as well as to have a regulatory and normative influence on the character of the international financial order (Seabrooke 2007, p. 1).

Seabrooke's analysis has provided a political-economic theory that connects the larger population to finance through the state, but his explanation for how political legitimacy is established for financialization is largely an economic one. If there are cultural inputs into the process of establishing political legitimacy for finance during times of economic growth and gain, Seabrooke's political economy does not analyse them. And, of course, what goes up must come down; a fuller understanding of the state's contribution to financialization should consider not just economic buoyancy that all enjoy, but also how the state might moderate challenges to political legitimacy during economic decline, even turmoil and sudden loss. As I began to read the budget statements, it became clear to me that they are very sensitive to greater economic conditions.

Another 'gap' that my thesis attempts to span is the gap between elite forms of finance and state power as conceived by critical political economy, and the financialization of everyday life (Langley 2008a, 2008b), much of it accomplished through the democratization of finance (Erturk et al, 2007). Critical and international political economists have supplied theoretical constructions and empirical findings about state power and high finance (Gilpin 1987; Helleiner 1994; Strange 1986; 1988). More recently, cultural political economy has attempted to remedy the neglect of the financial participation of lower-income participants through an application of discourses, performativities, and cultural norms (Aitken 2005; 2007; de Goede 2005; Langley 2006; Martin 2002). But from their respective literatures, it seems that never the two shall meet:

> In the [cultural political economy] literature, the cultural-discursive level tends to become a self-contained level of financial life that is hard to articulate with other levels. While we are no longer faced with a system of high finance that governs our world from far above, we now have a financial market that operates through the active performance and internalisation of cultural norms. The consequence of this is that [cultural political economy] is not as successful in uncovering the political aspects of financial life as it aims to be. In a paradoxical sort of way, politics and power disappear from the picture (Konings 2009, p. 74).

Political economy has only begun to connect the ground between global finance (as it allocates and de-allocates capital) and financialization (as it touches individuals and firms) (Montgomerie 2008; Froud et al 2010). Although there have been sporadic interventions by Harmes (1998) with respect to institutional investment, by Schwartz (2008; 2009) with respect to housing, and Seabrooke (2006) with respect to taxation and access to credit, there still remains an 'open gap' here, especially in terms of political communication. Even though Seabrooke (2006) has emphasized the importance of domestic political legitimacy in this translation of international financial power, he has very much privileged the economic in his answer, shutting-out personal forms of leadership, and cultural production. This is a feature of other works connecting global finance institutional investment, which remain at the more abstracted level of the institution of state and economic trends, rather than providing a more personal view of how state elites may have worked to create these shifts (Krippner 2011). So even when these chasms (from high to low and from international to domestic) are addressed, it is often exclusively in terms of economics, or exclusively in terms of culture. My thesis blends the two, with a rhetorical analysis of elite political communication, examined in the light of financialization.

Mine is also a thesis about political speeches and rhetoric. There has been a renewed appreciation of the linguistic in political science, and that rhetoric and especially argumentation in discourse are key to governing (Buckler 2007; Finlayson

2004; 2006; 2007). New Labour political discourses have been of a particular focus for researchers (Detlef and Henn 2000; Fairclough 2000), including ones about economic globalization (Watson and Hay 2003). Political speeches have been investigated as a window into ideology and strategy of Thatcherism (Phillips 1996; Reicher and Hopkins 1996) and New Labour (Finlayson and Martin 2008). And text related to the UK Parliamentary budget has also become a recent object for critical discourse analysis (CDA). Fairclough and Fairclough have examined the text of Darling's 2008 Pre-Budget Report (2011) (a much shorter document than the budget statement, or the budget proper), and Osborne's 2009 Budget Statement (2012), analysing them in terms of practical reasoning in deliberation. They argue that a focus on argumentation (an aspect of text related to but not identical to rhetoric) can improve the rigour of CDA, and improve CDA's ability to analyse normative political discourse. My study nestles among these, offering an unusual combination of methods to the field of political communication in order to answer questions about the communicative intentions of state elites.

Section Four: What are the Findings and Conclusion of this PhD Thesis?

My research question is how, and how intentionally, did UK chancellors publicly support the historical development of financialization with their rhetoric? The question is a broad one, but it must be so in order to remain useful across those changing circumstances, from financialization's initial establishment, through its subsequent growth and growing pains, booms and busts, right up through the recent crisis of finance and into the current economic malaise. What kind of public support did state elites offer at the turn-to-finance, and how did their support change as that turn matured into a structural reality, perhaps one increasingly unnoticed as it became the norm? Did chancellors make new and adaptive arguments that finance was becoming more profitable, more fair, and less risky, or that that non-financial enterprise was moving in an opposite direction? Did chancellors use the rise of finance or decline of industry to argue that they were accomplishing other policy aims? Did chancellors argue, explicitly or implicitly, that financial markets would be the new arbiters of what was good, normal, or moral? Absolutely.

My story of the budget statements follows the arc of financialization. In the last years of the Callaghan Government, Denis Healey publicly challenged fundamental economic ideas upon which UK industry depended, uncomfortably delivering a rhetoric that I describe as proto-financialization. In Thatcher's first Parliament, Geoffrey Howe employed a rhetoric that was more explicitly prejudiced against industry and for finance, offering radical norms and narratives for economic life, and many financial innovations. In the exuberant mid-1980s, Thatcher's second chancellor, Nigel Lawson, continued to make financial activities comparatively more profitable than non-financial ones, and encouraged corporate and individual actors to preferentially invest in financial markets and financial products rather than real-economy production. In the next economic boom, Gordon Brown followed Lawson and Howe, but he also promised to secure economic gains with a 'softer' rhetoric of stability, prudence, and prediction, and attempted to compensate through the benefit system for some of financialization's unequal distribution of wealth. These activities during financialized booms were a matter of the propagation of financialization, an explicit political rhetoric for legitimacy and enrolment, and an implicit one that supported financialization's wider needs and compensated for its shortcomings.

In periods of low economic growth chancellors continued to support financialization, and in crisis they fiercely protected finance in their rhetoric, even when doing so was awkward. John Major continued Howe's and Lawson's pro-finance policies, but he also undertook awkward rhetorical constructions in order to avoid blaming the rise of finance for an over-extension of debt. During and after the Crisis of 2007/8 Alastair Darling defended finance more vigorously and explicitly than any other chancellor, constructed a right-to-credit for citizens and businesses, and avoided talking about taxation of any kind, let alone the taxation of finance that was being called for after the crisis. Osborne's rhetoric protected the foundations of financialization just as Darling had, but innovated with the Office for Budgetary Responsibility (OBR). In his budget-statement rhetoric the OBR was a new, untainted, apolitical, expert guarantor that stood between the Treasury and (publicly mistrusted) financial markets, yet very much served both. In all of this the chancellors took specific decisions to make specific arguments in public. I do not accept that such a persistent pattern of pro-finance rhetoric was only coincidental.

I interpret my findings as follows: since 1976 UK chancellors, regardless of political party, have intentionally supported the process of financialization with their public rhetoric. In turns, they employed rhetoric that aided financialization's establishment, propagation, and protection, as and when finance needed it, which is itself good evidence of intention. The ongoing privilege is suspiciously well-timed and consistently available for financialization. The chancellors explicitly constructed many pro-financialization descriptions and arguments, but even more tellingly they constructed implicit ones, too, sometimes awkwardly, sometimes with visible discomfort, but they constructed them all the same. The establishment of financialization in the late 1970s and early 1980s was largely a matter of privileging finance over industry, and inflation-control over employment, and both Healey and Howe did this. The propagation of financialization was largely a matter of encouraging asset enrolment in finance and reassuring investors that these assets, once enrolled, were safe. Lawson did more of the first, Brown more of the second, and again this was well-timed for finance and financialization. The protection of finance was largely a matter of insisting on the necessity, authority and righteousness of finance and promising that nothing extra-ordinary would be expected of finance due to its culpability in the busts. Major, Darling and Osborne all argued for this in their rhetoric. Regardless of political party, chancellors have given financialization what it needed, when it needed it, in their budget statements.

Section Five: How do these Findings and Conclusions Contribute to Knowledge?

My most basic contribution is offering a new kind of taxonomy of financialization, and extending its study into a new area with an unusual combination of methods and frameworks. To the best of my knowledge, mine is the first detailed and stepwise empirical account of the historical arc of financialization and UK state-elites. To the best of my knowledge, it is the only study inside or outside the field of communication that considers what the rhetoric of state elites might has contributed to financialization or what it might say about state elites. My choice of a content analysis of text in order to trace a historical development, and then interpreting those findings within a political-economic framework is also unusual. These are all ways in which my findings are novel, and my research of a rare type, but I also believe that my interpretations of my findings can make a contribution to existing debates, and contribute empirical support to extant studies.

By arguing that the US state has benefited from financialization, both in terms of controlling high finance and in terms of mass popularity. Seabrooke (2006), Konings

(2009) and Schwartz (2008) suggest (but do not empirically investigate) that state elites have been active discursive proponents of financialization. Seabrooke (2006) and Schwartz (2008) suggest that the US state has used the extension of financialization into the greater populace to further political goals, and Konings (2009) argues for a hegemonic expansion of American finance worldwide that also required ideological change. But these institutional and macro-economic studies keep 'the state' at a level of high abstraction, without zooming-in to see how state-elites may have worked one-the-ground to support financialization. Also, these scholars make reference to the construction of financialization's 'hegemony' and ideology' almost solely in terms of economic incentives, without empirically investigating how such effects might be otherwise communicated with language, specifically the language of state elites. My findings, which are very much about individual men and the communicative mechanisms they employed, do exactly this. Thus my findings lend empirical support to Schwartz's and Seabrooke's and Konings's suppositions, just as their findings and theories provide me with some political-economic explanations for my empirical findings.

As for the question of elite intention, here there is more dispute. Seabrooke (2006), Schwartz (2008) and Konings (2009) all suggest that political elites had incentives to establish, propagate and protect financialization, but they do not explicitly investigate this question of intention. Again, their macro-economic and institutional frameworks are largely inappropriate to that task. In contrast, Krippner (2011) has argued quite strongly that in the case of the establishment of financialization in the US, state elites were important, even key, but still they were unwitting. In this thesis I come to the opposite conclusion, at least about the UK case. This is partly because I investigate financialization in its more mature stages, but also because our theoretical frameworks and empirical methods differ (see Chapter Seven for a discussion). I argue throughout this thesis that the public rhetoric of chancellors betrays their activism and intention to a degree that Krippner did not find in her study. I also argue that chancellors had agency because they had choices before them, while recognizing that their agency was constrained by social and institutional factors. By tracing how UK state elites worked to make financialization a widespread and durable social change I also stress actor agency over institutional or social determination.

My research project is very cross-disciplinary in nature, a mixture of communication-studies methods and political-economic interpretation, connected by history. It is primarily on the basis of this rhetorical analysis that I make my claims not only that chancellors have established, propagated and protected financialization with their rhetoric, but that this was intentional. I make these claims more robust by using some very basic corpus-linguistic methods of quantitative analysis, which allow me to compare across chancellors to quantify, both in terms of magnitude and uncertainty, how the budget statements change across history. This particular combination of qualitative rhetoric and quantitative textual analysis methods is novel in communication studies, to the best of my knowledge, as is applying it longitudinally, across history. This means that I offer findings about changes (and consistencies) in UK political communication throughout history, which illuminates political problems in ways that critical discourse analyses, which are typically a snapshot-in-time, cannot.

Section Six: What is the Plan of this Thesis?

The first part of this thesis, which includes this present introductory chapter, provides my theoretical and methodological frameworks. Chapter Two is largely political-economic in focus, in which I situate my research question within existing theory and current debates about capitalism, finance and the state. I give a brief historical account of neo-Marxist models of the relationship between capitalism and the state, concluding that there are no settled answers about the relationship. I discuss my conceptual frameworks for historical interpretation of state-elite rhetoric in terms of the history of financialization. I discuss as well some thinking about 'ideology' and 'neoliberalism' from cultural studies, and what the difference might be between 'neoliberalism' and 'financialization.' I also provide a more detailed discussion of the term "financialization," again with a recognition of the lack of consensus, but also explaining why my own conceptualization of the term is a broad one. Finally I describe in greater detail some accounts of financialization and sovereign states that entered the scholarly literature very recently and that I see as adjacent to my own study. Chapter Three is largely communicative in focus, in which I describe my research programme as a longitudinal content analysis of budget statements, supported by a quantitative corpus-linguistic analysis, all embedded within an economic history of the financialization of the United Kingdom. I describe my budget statements, how I collected them, how I qualitatively sampled them to select text of relevance to financialization, and quantitatively analysed them to judge my own bias as a reader and find larger-scale patterns. My qualitative content analysis of rhetoric is based on Potter (1996), so I justify my use of Potter, both practically and theoretically, and argue that my bespoke method yields results that can be interpreted inside the framework of the history of financialization. I argue with my three 'Frameworks' chapters that my study not only answers my research question, but answers it in an interesting and novel way, resisting economic and institutional determinism in favour of an exploration of state-elite agency.

Chapters Four through Six constitute the 'data' chapters of my thesis. In Chapter Four I describe how Healey chose an explicit rhetoric for the importance of British industry, but he also subtly undermined this narrative with implicit descriptions that challenged key economic ideas and assumptions upon which industry depended. These contradictions paved the way for Howe's rhetoric of renewed economic prosperity through radical change. Howe had all but jettisoned industry, trade, jobs, and unions from his descriptions of economic life, and declared explicitly that he would accept lower manufacturing output and higher interest rates, two key pre-cursors of the mid-eighties rise of finance. With Chapter Five I argue that the budget statements of Lawson and Brown illustrate how chancellor rhetoric has actively participated in financialized booms. Very much like Howe's, Lawson's contribution was a matter of making public promises about the profitability, efficiency and dynamism of finance, and recommending new investment from actors who previously were less exposed to financial markets. Very much like Howe's and Lawsons's rhetoric, Brown's rhetoric was often explicitly for finance and the City, and hardly ever for industry. Brown offered rhetorical constructions of security, guarantees, a Golden Rule, and repeatable cycles that reassured all was not just growing but stable, and did his best to compensate for falling wage share through the benefits system. This was not a rhetoric aimed so squarely at enrolment as Lawson's, but on the maintenance of confidence in the financialized British economy, and compensation for financialization's shortcomings. In Chapter Six I ask, 'why financialization is sticky?' The profitability of finance in the good times makes motives for participation more obvious, but why did public acceptance of financialization of the UK economy not backslide during the recessions and the quiet years, times when finance delivered less? I argue that in the busts we see the chancellors' most blatant pro-financialization rhetoric, in which they fiercely protected financialization. In the budget statements of Chancellors Major, Darling and Osborne the is no retreat from financial markets and no real return to industry. Major employed some truly awkward rhetorical constructions to both explicitly and implicitly protect finance and deny its over-extension of debt. Darling's response to the banking crisis was a combination of explicitly defending banks, explicitly insisting of a widespread right-to-credit, and generally eschewing talk of taxation. Osborne used his budget statements to protect finance and encourage wider and deeper debt relationships, but also to construct the OBR as an apolitical guarantor that he could place between himself and the financial markets, whose authority looms large over his budgets. The overarching theme of my 'data' chapters is that chancellors have in turns established, propagated and protected financialization in their rhetoric, and that there is good evidence that they did so intentionally.

My thesis concludes with my 'contribution,' comprised of Chapters Seven and Eight. In Chapter Seven I bring together the findings and basic conclusions of Chapters Four through Six. At first, it may seem I take something of a data-detour by commenting on a few broad trends I discern across 37 years of budget statements. But this is in fact a discussion of other ways that this data might be interpreted, and I conclude it by arguing that the way I have chosen to organize my data – by establishment, boom and bust – is in fact the best way to view it. So I summarize my empirical findings by these three themes, draw a general conclusion from them, and show how these findings and this conclusion answers my research question. I offer a self-critique of my study's practical limitations, and discuss the generalizability of my conclusions, too. Most importantly, I address how my findings relate to other scholarly contributions in the fields of political economy and communication studies. In Chapter Eight, the very brief concluding chapter, I distil the main conclusions of my study and place them among extant scholarship. I also make some recommendations for future work. Previous studies have assumed a role for state elites in a pro-financialization discourse. Several studies have implied that state pro-financialization activity was intentional, while at least one has asserted that it was accidental. No previous study provides a history of state-elite input into the public discourse surrounding economic ideas in the UK, or uses rhetoric to assess state-elite intention. It is on these grounds that I conclude that I have made a contribution to scholarly knowledge. My study provides evidence that in that UK chancellors have intentionally supported financialization with their public rhetoric, and I show in detail how they did it.

CHAPTER TWO: LITERATURE REVIEW

Section One: Introduction

The purpose of this 'literature review' chapter is to establish the conceptual frameworks of my thesis project, the precedence for it, and the most closely related academic literature in the field of financialization and the state. Characterizing the relationship between state and capital is an old problem (and, I would venture, an insoluble one), but the proven ability of state and capital to coordinate is long appreciated in the literature. The humanities and social science disciplines always offer choice when it comes to conceptual frameworks; my choice for understanding state-capital relations is broadly Marxist, but Marxism moderated by the 'cultural turn' of the last few decades. A characterization of financialization and the state itself is as difficult as that of state-and-capital, but I provide also a review of the work that I find most helpful, and closest to my own study. There are remarkably few theoretical or methodological examples of how exactly to study the state and financialization, but I have found some very current bodies of work that I think my thesis can speak to and with. In this chapter I move from exploring largely theoretical themes towards more empirical precedents, and from a diffuse discussion of capital-state relations towards more specific examples of ways to think of financialization and state elites.

I start with mid-century state-monopoly capital theories that were based primarily on theories of capital (as opposed to theories of class). This discussion illustrates just how fraught the business of state-capital theory is, how the nature of the relationship between the two - or the sense in which the two may be one - cannot be universally assessed or easily determined. The themes of coordination, profit, class, stages of capitalism, and crisis persist in capital-based studies of the state, yet solid answers about the relationship elusive. In more contemporary political-economic thought the constructs of hegemony, ideology, and neoliberalism start to loom larger, but all of these all very theoretical and also need to be approached with some caution. The middle of this chapter similarly shows that 'financialization' is a sociological construct that is still in some flux. We know something of the historical relationships between finance and advanced capitalist states, including Britain, but, unsurprisingly, previous studies have focused on economics and politics rather than political-elite communication, or even very much on elites. Current work largely escapes pure economic determinism by incorporating elements of the social, but most studies still privilege the institutional. The role of state elites in financialization, specifically the question of their activity, purpose, and agency, has undergone some recent investigations, which show the mattered to be unsettled.

This chapter proceeds as follows. Section Two is very theoretical indeed, with a quick survey of Marxist state-capital theory, of voluntarism in history, and discussions about hegemony, ideology, and neoliberalism. This broad discussion of theory narrows somewhat toward the end by specifically questioning what the difference between neoliberalism and financialization might be. In Section Three I turn to the question of what financialization actually is, again with a particular emphasis on how Marxist scholars have understood it. In Section Four I become more specific still by focusing on past studies of finance, industry and the British state. In Section Five I focus very closely on the limited existing literature about financialization and advanced capitalist states (the US and the UK), by describing the pieces of published work that I believe come closest to my own project. They show the kinds of studies that political economists are undertaking to explain the state's role in financialization, and they blend both economic and extra-economic elements in their analyses. I am particularly keen to synthesize what these scholars have had to say about the activity, agency and intentionality of state elites in the historical development of financialization. Section Six is a summary conclusion.

Section Two: Basic Theoretical Constructs

A Marxist View of Capital and State

After spending many decades of his life studying the capitalist state in the vein of Marx and Engels, Bob Jessop (with Sum) has defined the sovereign state as:

> that inclusive, hierarchical organization that is not itself subject to control by a superordinate organization. Although often defined by its constitutionalized monopoly of organized coercion, the state's routine operations more often rely on legislation enacted according to the rule of law, its control over fiscal and monetary resources (linked to its monopoly of taxation grounded in its monopoly of coercion and to its control over legal tender and the central bank), a relative monopoly of organized intelligence, and powers of moral suasion rooted in the articulation of hegemonic accumulation strategies, state projects, and hegemonic visions (Jessop and Sum 2006, p. 262).

This is as specific as they are willing to be. For Jessop (1990) the state has been both contingent and overdetermined, different in every time and place, and always changing. This is what makes its study challenging and fascinating, that we never know what it will be *a priori*, beyond some very broad parameters. For Jessop the state is:

> neither an ideal collective capitalist whose functions are determined in the last instance by the imperatives of economic reproduction, nor is it a simple parallelogram of pluralist forces. It is better seen as an ensemble of structural forms, institutions and organizations whose functions for capital are deeply problematic … the state cannot just be seen as a *deus ex machina* to be lowered onto the political stage whenever capitalism needs it (Jessop 1990, p. 200).

We should keep his warning against simple instrumentalism in mind.

Marx did not leave us with a thorough analysis of state as a companion to his analysis of capital, but he and Engels articulated the rudiments of a theory that still echo today in their descendants' work. According to Jessop (1982) descendant capital-based theories of capital-and-state have yielded strong and persistent themes: co-ordination, periodization, imperialism, and crisis. By the mid-twentieth century, some Marxist scholars were describing state-monopoly capitalism as a distinct stage of capitalism, in which capitalist monopolies had merged with the bourgeois state to form a single entity of political domination. While a distinctly more imperialist and class-based lineage of state-monopoly capital theory descended through Lenin, the capital-theory line was based on the circuit of capital, the trend toward falling rates of profit, and, indeed, the role of the state in capitalism itself. According to this capital-theory tradition the historical roots of this relationship were economic: the advent of capitalist competition had lead to an explosion in production, in the division of labour, and in overall interdependence of relations, which meant in turn that greater continuity of production was required as was both an increase in aggregate demand and a continuity of that demand. In other words, complex spheres of production needed more and more coordination, which the capitalist state provided (Jessop 1982).

But for all their commonalities, state-monopoly capital theorists never agreed on the exact relationship between the state and monopoly capital, or which partner might be dominant, or how exactly they coordinated their partnership. Jessop (1982) has observed that in these accounts the state is a productive force integrated into the economy *and* an extra-economic mechanism of class domination *and* state and capital are a unity, yet such concurrent claims are difficult to square. The degree of autonomy between monopoly-capital and the state is never agreed, although a strong current of voluntarism runs through these accounts, especially those who were influenced by Leninist class-consciousness and revolutionary considerations. In most accounts the state has relative autonomy because it is institutionally separated from production and intervenes in distinct ways, including coercion, yet this intervention reflects class relations, and as far as it needs to be coherent it can never possibly please everyone. Still, as long as economic elites remain dominant, overall decisions will be in their favour. These capital-based theories tend to make the assumption that the state is a unitary class subject, rather than recognizing the provisional, partial and incoherent ways that states actually intervene, or the complexity of mediation, or the work of other social forces (Jessop 1982).

In an attempt to reconcile the interdependence of the relationship, Offe (1974) has argued that the state is structured internally to coordinate a coherent programme that supports capital, adjudicates between capitalists, and systemically excludes anti-capitalist forces, all while necessarily hiding this bias behind the cloak of democracy and public interest in order to accomplish this. In this way the dominance of the commodity form, upon which bourgeoisie reproduction depends, becomes reliant on non-commodity forms (political and social activities). Although Offe (1974) once argued that the state guaranteed the domination of capital, he later recognized how such a guarantee was actually problematic for capital accumulation and political legitimacy (Offe 1980). This was a conclusion that cracked the façade of economic determination, allowing a space for political action to feed back into the system. As economic-determinist theories capital-and-state lost their appeal and Marxism waned, it is this kind of account, which could incorporate social elements while still taking Marxist economics very seriously, that became more salient.

A Gramsciian View of History and Hegemony

Although I conceptualize capital and state in terms of Marxist thought, I am not inclined to draw so heavily on Marx's Hegelian approach to history, which frankly I find too deterministic, and so favour a more Kantian tradition. Morera (1990) has written of Marx and Engels that for them “knowledge of society is at its best when it can place the phenomena under study in the line of development that makes it necessary” (p. 22). According to Morera (1990), Kant held that the *phenomena* of historical facts, as manifest through the characters, scenes and drama of historical progression, was the gateway to understanding the deeper meaning that lay in the *noumena* of free will. While causality regulated the temporal succession of events in the phenomenal world, action originated with a 'freedom of will' that belonged to the noumenal world. As opposed to Hegelians, Kantians have not believed in historical laws, because the inner aspects of historical events, including the expressions of human freedom, were not repeatable, and therefore for them history was not repeatable as science was. Morera (1990) insists that Gramsci returned to a more historicist approach in order to test economic determinism as an explanation for history. Finding historical materialism to provide incomplete answers, he began to develop other answers, like hegemony, that were more sensitive to superstructure and emphasized the more subjective, non-repeatable elements of history.

Gramsci's wrote about his *egemonia,* in different ways throughout his mature work, but Femia (1981) has been willing to generalize hegemony as an “ideological ascendancy” in which “the dominant class must establish its own moral, political and cultural values as conventional norms of practical behaviour” (p.3). Gramsci credited the concept of hegemony to Lenin, but Lenin's use of the Russian word, *gegemoniya*, is solely as a political instrument and strategy, as opposed to Gramsci's development of hegemony as a crucial part of the civil sphere. At least since Machiavelli's *The Prince* Italian political thought had been considering the balance between force and consent, and Gramsci's *egemonia* is an aspect of the consent, the supremacy of a common social and moral language which in turn renders one concept of reality dominant over others. According to Gramsci, this required *direzione intellettuale e morale*, intellectual and moral leadership, to shape the internal personal convictions of individuals into a reflection of dominant norms, thus providing social control (Femia 1981, p. 24; and Gramsci 1998, p. 57). This leadership is not usually exercised through the coercive and/or violent arms of the state but through the ensemble of educational, religious and social institutions of civil society, although it still has clear economic foundations:

> Hegemony is attained through the myriad ways in which the institutions of civil society operate to shape, directly or indirectly, the cognitive and affective structures whereby men perceive and evaluate problematic social reality. Moreover, this ideological superiority must have solid economic roots: if hegemony is ethico-political, it must also be economic, it must also have its foundation in the decisive function that the leading group exercises in the decisive nucleus of economic activity (Femia 1981, p. 24).

Where Marx had equated civil society with the structure of economic relations, for Gramsci there was an ideological superstructure in which civil institutions and technical instruments spread ideas, which was only partially but never wholly determined by the economic base. Importantly, hegemony is a matter of education, as "every relationship of 'hegemony' is necessarily a pedagogic relationship" (Gramsci 1998, p. 350).

Gramsci's concept of hegemony remains useful to me and many others, although his understanding hegemony, history and the state is not tailor-made for my purposes. While Gramsci's Marxism promoted the cultural aspects of political action to closer to centre-stage, thus creating a more voluntarist Marxism that evaded total economic determinism, this is often at the cost of falling prey to a humanist reductionism instead. Morera (1990) has called Gramsci's position:

> a humanism in which in which the political action of groups to preserve or to assume hegemonic status takes the form of the activity, both theoretical and practical, of a historicized transcendental subject. [Gramsci's] 'historicism' in essence is no more than the recognition that the transcendental subject is not a fixed, immutable entity, and that, as a consequence, all activity, both practical and theoretical, will reflect the historicity of the subject (p.10).

According to Morera, his use of hegemony as the new "historicised transcendental subject" means that Gramsci (and potentially his admirers) can succumb to reducing complex political phenomena to instruments and mechanisms of hegemonic expression. The concept of hegemony is historically important, insightful, and continues to enjoy both academic and popular use, but it is also a bit loaded and potentially reductive, so I approach it with some caution.

Views of Ideology and Neoliberalism

Femia (1981) has used the term "ideological ascendency" to describe Gramsci's hegemony, but what is "ideology," and is it also a term of which we should be so wary? Once again, just as for the terms 'capital-state relations' (and as we shall see, 'financialization') there is no consensus to be found. The history of ideology as a "science of ideas" provides not only many theories, but a series of theoretical standpoints that are, orthogonal to one another, or diametrically opposed, or, at worse, mutually exclusive. In the last hundred years 'ideology' has been described in sociological, political, and philosophical literatures, as matter of: epistemology, or instead rather more one of the social world; rational thought that constructs a cohesive world-view, or allowed to be composed of irrationality and contradictory ideas; consciousness, or rather something that operates unconsciously much of the time; class position, or not at all; power, or not at all; a force or mechanism that is naturalizing and universalizing, or not necessarily; false-consciousness, or a representation that cannot be false any more than all ways of seeing are necessarily not True, or rather it is simply necessary to have a way to see in order to act in the social world. Ideology has been both a middle-man and a disputed territory, as scholars have struggled to connect various elements from at least two, and often more of these epistemological, social and material categories. In each case a theorist may, and arguably must, chose to privilege some aspects of ideology over others in order to arrive at a cohesive theory, to illuminate those aspects in which he or she was most interested; in other words, once again there is no Grand Unifying Theory, and there is unlikely ever to be one. I think of ideology as a theoretical construct that one may use to understand social practices as they arise from, and reproduce, material conditions, which include not only matters of resources and power but also human psychology. Personally, I have come to see ideology's history as an arena that has mediated between (1) social practices (including discourse, organization and performance), (2) individual human psychology (including meaning, (ir)rationality, and (un)consciousness), and (3) external, material conditions (including resources, money, politics, class, and power). If such a definition looks diffuse (and I can agree that it is), it is also my capitulation to the fact that there is no single answer to what ideology is, nor do I necessarily need to commit to one in order to say that political elites with a public podium have an opportunity to contribute to it, whatever it is, however we might conceive of it.

None of this is to say that ideology is not worth studying, or worse, that its study is not possible. Just because ideology is a theoretical construct does not mean that it is not real. Few would argue that there is no economy simply because 'the economy' is a theoretical construct that helps us to understand everyday social practices like buying and selling. The economy is a helpful, if somewhat coarse, theoretical construct that encompasses very concrete daily practices, as is ideology. Secondly, as I believe that we as people are constituted by social practices, I must also agree that there is no hope of objectively studying ideology or the institutions, people and practices that constitute it. This is not, however, a damning statement. Critique can still be made while accepting this limitation, pursuing culture from inside culture, illuminating contradictions as they show themselves through the fault lines of social practice. The contemporary notion of being so constituted should not and does not stand in the way of social analysis. Like hegemony, ideology is a term on which it is dangerous to hang too much: it should be a place to start asking questions, not a simple answer for them.

Before I move to describing financialization in the next section, I want to describe a closely related term, neoliberalism, because attempting to make a distinction between the two is important. In fact, Thomas Palley (2013) sees very little difference at all, defining financialization as a "financial neoliberalism which is characterised by domination of the macro-economy and economic policy by financial sector interests" (p.1). But, like many social-science constructs, there is no perfect agreement on what 'neoliberalism' is. Colin Crouch (2011) has described the common thread of the many varieties of neoliberalism as the idea that

> free markets in which individuals maximize their material interests provide the best means for satisfying human aspirations, and that markets are in particular to be preferred over states and politics, which are at best inefficient and at worst threats to freedom (p. vii).

But still there are different ways to conceptualize what many recognize as the features of neoliberal theory and practice, and I will share three recent and influential ones here.

In *A Brief History of Neoliberalism,* David Harvey (2005) has described neoliberalism thus:

> Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can be best advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private-property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices (p. 2).

His book also describes how neoliberalism itself suffers as a theory without a practice, in the sense that it operates in the social world as a perversion of an ideal, and an inevitable collection of real-world market failures has laid bare the contradiction of the practices of neoliberalism. Monopoly assets have encouraged a "rent-seeking" behaviour among those who hold them that has precluded the sorts of competition that neoliberalism claims sort out market distortions. Where neoliberalism in theory says that losers must take their lumps, in practice elites prefer not to do so, rather to have losses absorbed by the broader, non-elite community instead, as neoliberal states prefer to maintain a "good business climate" (Harvey 2005, p. 70). So we are left with a neoliberal state that has withdrawn from the market while remaining activist for a elite interests, that is authoritarian with respect to market enforcement while otherwise arguing for individual freedoms, that undermines so-called moral hazard on a regular basis, that encourages monopolies that reduce efficiency, and that generally undermines social life.

In *The Crisis of Neoliberalism*, Duménil and Lévy (2011) have characterised neoliberalism also as a matter of elite privilege, but rather than describing neoliberalism as a theory of practices that support economic liberties, they characterize it as the latest stage of capitalism. They also consider it to be an evolution from the corporate, financial and managerial revolutions of the late-nineteenth and early twentieth centuries, as well as due to more proximate causes in the 1970s. And for Duménil and Lévy (2011) neoliberalism is emphatically no accident, rather it "expresses the strategy of the capitalist classes in alliance with upper management, specifically financial managers, intending to strengthen their hegemony and expand it globally" (p.1). The motivation and outcome of neoliberalism is the maximization of incomes for the wealthiest classes, and this is achieved through alliances with managerial classes, alliances which prove stronger or weaker from polity to polity.

In *The Strange Non-Death of Neoliberalism*, Colin Crouch (2011) has agreed with Harvey (2005) and with Duménil and Lévy (2011) that neoliberalism grew out of the Keynesian crisis, and that it is primarily defined by class interests. Crouch also has agreed with Harvey (2005) that a great contradiction lies at the heart of neoliberalism, because theory and practice bear so little similarity. But in particular for Crouch, neoliberalism is a matter of how giant-corporate power and privilege dominates both markets and states, and he has argued that it is this triad (giant corporations, markets, and states) and their tripartite partnership that must be understood in order to understand neoliberalism itself. It is an argument reminiscent of Ralph Miliband's (1969) arguments in *The State in Capitalist Society,* which was written before the term 'neoliberalism' was coined. For Crouch (2011), Neoliberalism is not best conceived as a theory of political practices about economic liberty then matched to a practical violation of the theory, or as a stage of capitalism that has proved its own undoing, but it is an accommodation between markets, states, and giant-firms, which have adapted to arise Pheonix-like from the Crisis of 2007/8 stronger than before.

What to say, then, of the distinction between financialization and neoliberalism? Financialization, as I explain in more detail in Section Four, has similar historic and imperialist associations, as well as sharing with neoliberalism an association with free markets and elite classes. Even though my own thesis draws a strong connection between political elites and financialization, I would not describe the rise of finance as a solely, or even mainly, a theory of political practices (and thus not as a real-world violation of said practices). So I see a clear separation between Harvey's (2005) definition of neoliberalism and financialization, they are not at all the same. However, if I take Duménil and Lévy's (2011) definition of neoliberalism as a stage of capitalism in which capitalist classes enact a strategy for profit largely through financial management, the two become very much closer. Their definition suggests to me that the rise of finance has itself been a key feature of neoliberalism, if not exactly the same, much as it is for Palley (2013). Duménil and Lévy also highlight strategy and choice in their conclusions, as I do, and in that sense while we study financialization (they would say neoliberalism) in very different ways, our conclusions converge. If I take Crouch's (2012) conclusion that neoliberalism is a partnership between states, markets, and the largest corporations, once again financialization looks integral, if only because in practice since the 1970s this would have increasingly meant greater cooperation between states, financial markets and the largest financial interests. Again, financialization appears as a key feature of neoliberalism.

I conclude, then, that neoliberalism is a larger theory about a set of practices, economic circumstances, and historical trends, which has entailed the rise of finance, i.e. financialization, but extends beyond it. I would venture that financialization has been an economic expression of neoliberalism, which is a larger political project, and they share between them the same roots in elite strategy, which is also expressed through both political and economic spheres, and the overlap of the two. Neoliberalism contains financialization, then, and financialization has been integral to neoliberalism as a socio-economic change, but the two are not an identity, rather they are one more interlocked pair, like capital and state. Thus this section ends as it began, with little respite in-between: when it comes to the larger philosophical issues that underpin my thesis, entanglement and mutual dependency are the rule.

Section Three: What is Financialization?

So far I have written very generally about capital and state, but I now shift to focus more closely on financial capital, the UK state, and financialization, beginning with a Marxist for the twenty-first century:

> The Grand Dialectic had been suspended, even reversed. The triumph of neoliberalism was not simply a question of ideology; as Marxists should anticipate, it had a firm material basis. Financialization—a cluster of developments that include the liberalization of capital flows, credit expansion, digital trading and the pooling of capital in pension and insurance funds—generated enormous quantities of concentrated private capital, spreading beyond the new financial casinos. By the summer of 2011 Apple had more liquid cash than the US government. The electronic revolution enabled private management to function from afar, establishing global commodity chains and dissolving the old economies of scale. In this transformed context, privatization and marketization replaced nationalization and regulation as the ubiquitous core of government policy. (Therborn 2012, pp.11-12)

One of the fundamental assumptions of my thesis, however, is that while financialization is indeed a new mode of capitalist accumulation, it has not stayed in the economic base, but has quite naturally propagated upward into the super-structure, and trickled back down again through it, over and over. If the words "economic base" and "super-structure" look economically deterministic, consider that they need not be. To say that modes of capital accumulation make absolutely no contribution to the social world is surely as much a nonsense as to say those modes are sole and sufficient determinates of it with no chance of feedback. It is my position that the economic base has some effect on almost all aspects of life, to a greater or lesser degree, never solely or sufficiently determinate, always with the possibility of feedback, but exerting some force and bestowing some effect nonetheless. And if I expect this effect to be markedly less in fields of study like contemporary visual art, or romantic attachment, or the playtime of small children, I similarly expect that it is markedly more in a field like the political communication of economic narratives. In this section I will describe financialization first as an economic shift, but one that has made a significant contribution to our social lives, both as a mode of accumulation and as a social change. My thesis seeks to connect the two through the communication of state-elites. But, first, what is financialization?

In the most general sense, financialization simply refers to the rise of finance since the last decades of the twentieth century, a shift that has brought a string of social changes with it. The exact moment of the shift is impossible to pinpoint, but across the world and in its richest countries the trend has been the same. In 1950 the funds raised on international financial markets worldwide were estimated to be about 0.5% of world

GDP; in 1996 they were estimated at 20% (Baker, Epstein and Pollin 1998, p. 10). Between 1987 and 2007 world economic output did not quite triple, while the total of all derivatives turned-over in world financial markets increased nearly fifty-fold (Harvey 2010, p. 23). Epstein and Jayadev (2005) have concluded that the accumulation of wealth in a panel of OECD countries has changed since the 1970s, shifting more and more into finance in all cases. In the United States and France both, Duménil & Lévy (2005) place the surge in financial profits as beginning in the early 1980s. In the United States, financial profits began leaving non-financial profits far behind them by the mid-eighties (Crotty 2005), and American financial services profits rose from 15% in 1970 to 40% by 2005 (Harvey 2010, p. 51). These stylized facts point to the late nineteen-seventies or early 1980s being a pivotal moment for financialization worldwide, after which the surest route to profit was changed.

But what kinds of definitions of and approaches to "financialization" has the scholarly literature offered thus far? Below is a partial list of current approaches to financialization as socio-economic change:

- A pattern of accumulation in which profits accrue primarily through the provision or transfer of liquid capital, rather than through trade and commodity production, in expectation of superior interest, dividends or capital gain through financial channels (Crotty 2005; Epstein 2005; Krippner 2005, 2011).
- A change driven by a new style of corporate governance, including a rhetoric of 'shareholder value' (Davis 2009; Froud et al 2000; Lazonik and O'Sullivan 2000; Williams 2000).
- A new accumulation regime in which the engagement of firms and households with the entire 'coupon pool' of new and previously issued shares, bonds, venture-capital contracts, and securitized paper, has become a regulating mechanism for them (Erturk et al 2004; Froud, Johal, and Williams 2002).
- The set of quantitative and qualitative shifts in how financial institutions operate under a new regime of liberalization and deregulation, especially in terms of money markets and central banks (Gabor 2010)
- The ascendancy of a *rentier* class, i.e. a class of recipients of interest payments, dividends and rents, as opposed to workers and more 'productive' capitalists (Duménil and Lévy 2002, 2005; Epstein and Jayadav 2005; Greider 1997).

- An increase both in credit owned and owed by households and firms, and also an increase in shares owned by firms and institutionally by households, the latter of which has increased financial revenues and blurred the line between the financial and the 'real' (Duménil & Lévy 2004, 2010)
- The changes in the relationship between financial markets and the non-financial corporate sector (Froud et al 1006; Orhangazi 2008; Orhangazi 2011; Stockhammer 2004).
- The long-term trend since the early 1980s of the growth of debt relative to GDP (Foster and Magdoff 2009).
- A recurrent theme of exhausted accumulation regimes throughout history (Arrighi 1994).
- A phase of capitalism that has come about as a response to the structural crisis of stagflation in the 1970s and the subsequent rise in interest rates with the new monetary regimes of the 1980s (Duménil & Lévy 2004; Harvey 2010; Palley 2013).
- A set of cultural practices, ideological assumptions, and social relationships that bind society to financial markets and spread new calculuses about risk and reward (Langley 2008a; Martin 2002; Martin, Rafferty and Bryan 2008)

Even this incomplete list shows how each approach to financialization offers a different focus, despite all having the same 'object of study.' Some of these approaches involve governance at smaller sites, like companies, markets or central banks, while others are more macro-economic, or de-centre from the strictly economic by focusing more on social relations of the everyday. Where perspectives on my list are Marxist (and many are), some of those are more class-based, and others capital-based (just as Marxist theories of state often tended toward one or the other). No framework has yet become dominant in financialization studies through any overarching ability to explain (and it is entirely possible that, as has proved true in studies of the capitalist state, none ever will).

I define financialization as the rise of finance since the last decades of the twentieth century, and the social changes that this rise has brought with it. Financialization as a socio-economic change means that finance as an economic activity has become socially privileged over other economic activities, i.e. there has been a change in the social relations that both constitute and are constituted by an economic base, and by non-economic formations of political and civil society. I shall spend the remainder of this chapter describing in finer detail how scholars of political economy have characterized financialization and the rise of finance capital. As I have noted above, many of these researchers would not subscribe to my definition exactly, but I believe that they would recognize something of their own most important contributions and key frameworks in it (for reviews of uses of the term, see Englen 2008; French, Leyshon and Thrift 2011; Krippner 2011).

Although I concern myself with this current bout of financialization, which is a few decades old (for suggestions of others in history, see Arrighi 1994), the first thorough Marxist examination of financial capitalism, as a shift in capital accumulation, is over a hundred years old. By 1910 Rudolf Hilferding had extended Marx's theory of capital to account for new, *financial* concentrations of capital. In *Finance Capital* Hilferding has argued that it was this concentration of capital that made the capitalist less dependent on the industrialist, leading to profit-taking that exceeded investment return. These were key insights, and, presciently, Hilferding emphasized the crucial role that banks had to play in this process. He also foresaw financial crises and financial imperialism as natural outcomes of capital concentration, although he expected that nation-state protectionism was the most likely outcome, rather than the trans-global corporations we see today. In any event, he was quite sure that none of this would benefit the working class (Hilferding 1981).

Many modern-day Marxist scholars have trace financialization's roots to the stagflationary crisis of the 1970s and the adjustments made in order to escape it. Harvey (2010) has argued that financialization has been a accumulation regime created to absorb a world full of surplus of production of capital. The fact that profit rates have fallen worldwide since the 1980s has meant that surplus capital could not be absorbed in production, and so it was absorbed in finance through increased leverage. Duménil & Lévy (2004) agree with much of Harvey's analysis, although their own is more class-influenced and so they focus more on the decrease in wage share as an elite response to the fall in profitability, and the accompanying hegemony that an elite class imposed through financialization. They have also argued that the increase in credit and the breadth and depth of shareholding has put the financial sector at such an advantage that firms have necessarily turned from financing productive investment to financing themselves, and it is a *rentier* class of shareholders that has benefit most from this parasitic "crime" which has disadvantaged the non-financial with respect to the financial (Duménil & Lévy 2004; 2010). Foster and Magdoff (2009) have argued that financialization is not a simple-minded leech on the real-economy but a symptom of the exhausted state of a mature capitalism, in which oligarchies have become entrenched, infrastructure is complete, and thereby opportunities for growth in profits in the real world has become limited. In this environment, they argue, capitalists must retreat to debt and speculative bubbles for growth, and so capitalists create larger, broader and more varied financial markets in which to create their own profits away from the real economy in increasing speculative and debt-dependant ways. Even though Foster and Magdoff (2009) think of financialization in terms of debt as much as profitability, they agree with Duménil & Lévy that financialization is associated with, if not the direct cause of, lower investment in the productive economy. All of these perspectives are very much macro-economic, and as such they provide a larger framework on which to hang financialization, but little clue toward its more everyday practices.

Although neither explicitly nor exclusively sympathetic to these Marxist frameworks, 'shareholder value' is an example of a practice, and a discourse, that scholars have argued supports capital accumulation in the new regime of financialization. Shareholder value is the idea that the only purpose of firm management is to maximize the value that shares have for the holder (Fligstein, 2001; Froud et al 2000; Lazonick and O'Sullivan 2000). For organizational theorists, an ever-increasing stock price has become the prime metric of success for a firm, and in turn this is a driving force behind the rise of finance. As a mode of corporate governance, this trend rests on the notion of a firm as a bundle of discrete assets which may be reorganized and/or monetized any number of ways, and it has drawn non-financial firms and households deeper and deeper into finance (Davis, 2009; Fligstein, 2001). Shareholder value became ascendant with the takeover wave of the 1980s and the ascendency of institutional investors, but then came to be a local practice of non-financial firms, a practice that inevitably privileged finance (Lazonick & O'Sullivan, 2000; Froud et al, 2000; Williams 2000).

There is also a cultural studies literature about finance and everyday practices, which is not central to my study, but borders it, because the budget statements, and many of the mundane topics they cover, are a meeting-point of finance and the everyday. An early theorist of the trend, Randy Martin (2002) has considered how financialization has forced ordinary people to orient toward financial markets, to think about their own life's wealth in terms of risk and entrepreneurship In the UK, Paul

Langley (2008a, 2008b) has examined some of the transformations in the saving and borrowing practices of ordinary people that have bound them to capital markets, particularly in terms of everyday spaces, practices and identities. Rob Aitken (2005) has made the point that these practices are much longer-standing in capitalism than the last few decades. Aitken (2007) has also applied notions of performativity to popular finance, much as Donald MacKenzie (2006) has to high finance, and Thrift, Leyshon and French (2009) have to financial media. These scholars represent a particular strand of cultural studies that has approached finance, and their frameworks are very far from my own. Yet we are all interested in what financialization does in, and to, social life, and I will refer to some of their ideas about financialization as an every-day experience occasionally in this thesis.

Section Five: From the City to the Treasury

Having written about capital, finance, and state in general terms, in this section I focus more closely on the UK state and finance. First, and again in general terms, what is the relationship between modern capitalist states and finance? In Susan Strange's 1988 book, *States and Markets*, she has described what she believed to be fundamental connections between the two:

> The power to create credit implies the power to allow or deny other people the possibility of spending today and paying back tomorrow, the power to let them exercise purchasing power and thus influence markets for production, and also the power to manage or mismanage the currency in which credit is denominated, thus affecting rates of exchange with credit denominated in other currencies. Thus, the financial structure really has two inseparable aspects. It comprises not just the structures of the political economy through which credit is created but also the monetary system or systems which determine the relative values of the different monies in which credit is denominated; in the first the power to create credit is shared by government and banks (and much will depend therefore on the political and regulatory relation of one to the other). In the second, the exchange rates between the different monies, or currencies, are determined by the policies of governments and by markets (an again much will depend on how much freedom governments allow to markets). A financial structure, therefore can be defined as the sum of all arrangements governing the availability of credit plus all the factors determining the terms on which currencies are exchanged for one another (Strange 1988 p. 88).

Just like the state-capital tradition, Strange saw the interdependency between finance and the Treasury and central-banking arms of the state. These are essential functions that the Treasury, central bank, private banks, and currency markets participants *share* between them, each needing the other's cooperation. The financial system is the “sum of all arrangements,” and with some extraneous input accepted, too, insofar as extra-financial activities (etc. trade deficits, wars, commodity expectations) may influence currency values. Strange (1988) has not mentioned interest rates in this particular passage, but they are another key financial input, and again they are shared by the state (which sets a benchmark rate) and the banks (which then set their own rates, between themselves and for customers). Thus “finance” is not just finance, and the economic potency of “the state” cannot be separated from “finance.” Although they are not a set of perfect identities, neither in their logics, nor their operations, nor their incentives, they are not separate, rather finance and the state are part of the same machine. Like state and capital in general, there is a strict and enduring ontological singularity at work between the financial sector and the economic arms (Treasury and central bank) of the state. This is no less true in the case of Britain, where Bank of England officials have long been able to mediate between the City and Treasury, presenting themselves as expert in both (Sayers 1976).

Which is not to say that financial interests and state interests always agree and are never in conflict. They have expectations of one another, which can be thwarted. One key expectation that the state has of banks is that they will lend, that credit will flow, and under most circumstances banks are happy enough to oblige and thus generate revenue. Another expectation the state has is that it will be able to use financial institutions, like gilt markets, to raise new capital and service its own debt. Comparatively, Glynn (2006) has described the financial sector's preferences when it comes to state action and policy. Macro-economically, he has argued, the financial sector has wanted Governments to control inflation as much as possible, because high and erratic inflation plays havoc with the real value of financial assets, particularly deposits and bonds. True, some savvy investors – the fleet-footed, the knowledgeable, the lucky – can exploit new arbitrage opportunities in volatile markets, but for most financial activity, stability leads to more dependable profitability. As inflation is generally unpopular with publics, the state is typically in agreement, although as a significant debtor itself the state may have incentives to allow more inflation rather than less (see Reinhart and Rogoff 2009). Furthermore, Glyn (2006) has argued, bond and exchange markets react negatively to large national debt and deficits, and they do punish. Also, financial markets tend not like taxation, which dampens profits and dividends, meaning that state deficit-reduction policies that rely on spending cuts in lieu of tax increases tends to please the financial sector. And, finally, there is the perennial issue of regulation, or how and how much. Financial markets need rules, and an enforcer, in order to to operate, but financial actors often express preferences for less rather than more (Glyn 2006).

In the UK, finance and non-financial industries have been connected, too, but, arguably, the relationship has been less close than that between HM Treasury, the Bank of England, and the City. Throughout its history British finance and commerce have been dominant over industry, even at the height of the Industrial Revolution (Anderson 1987; Cain and Hopkins 1993; Ingham 1984), but for much of this history this relative weakness did not necessarily place industry at a disadvantage (Arrighi 1994; Rubinstein 1993;). It has been argued that the 'short-term financial orientation' of Britain had hampered its adaptation to American Fordist production patterns and was key to its poor performance in industrial productivity (Jessop et. al., 1988; Overbeeck 1990). By the 1970s and 1980s all manner of British industries were ailing in the face of foreign competition (Coates 1994; Elbaum and Lazonick 1986; Owen 1999; Williams et. al. 1983). In contrast, since the 1960s the City of London had gone from strength to strength, expanding into Eurodollar markets (in which transactions could be made in any currency, free of state regulation (Konings 2009; Helleiner 1994), while detaching from the withering British economy (Gamble 2004). By 1980 manufacturing was failing in the north and west of the UK, but the financial sector of the south-east was booming, and still providing some investment into the profitable areas of industry, which also tended to be involved in transnational markets: aerospace, pharmaceuticals, and defence (Fine and Harris 1985). But the reorganization of the economy under Thatcher would prove hugely costly and disruptive to the regions and their industries (Martin and Tyler 1992; Rowthon 2000), while greatly benefiting finance and other service sectors in London, which could harness foreign investment to help improve their respective productivities (Hood and Young 1997).

As for the relationship between the UK state and industry, this too has been strained. Although state-support for industry was blamed by many Conservative commentators for the state of the British economy when Thatcher took office, much scholarship has disagreed with that analysis. Instead, the UK state has been criticised for failing to help develop British industries even prior to 1979 (with a notable exception in defence (Edgerton 1991), thus relegating British industry to a league below finance at home, and below industrial sectors of other economies (Coates 2000; Hutton 1995; Marquand 1988). Institutional and ideological factors internal to the British state have been implicated in this disposition, as well as an adherence to its traditional governance for the financial and commercial dominance of Empire (Gamble 2004; Hall 1986; Nairn 1977a). Hall (1986) has described Governments of the 1960s and 1970s as having interventionist policies for industry that were neither of a coherent strategy nor consistently applied, and points to the expansion of nationalised industries by both Labour and Conservative regimes as a case-in-point. Glyn (2006) has noted that pre-Thatcher Labour Party aspirations of wider nationalization as a more aggressive and effective interventionist policy were always viewed by private industrial ownership as a serious threat to their autonomy and profitability. Although employment in manufacturing fell 'round the world in the 1980s, the Thatcher Governments' polices sped the process in the UK, leaving proportionally far more unemployed people than was true in countries like Japan and Germany (Gamble 2004).

There have been previous historical studies of the British state and finance. Anderson (1964) and Nairn (1977a, 1977b) have argued that the British state has been essentially dominated by a financial capital power bloc that has effectively excluded other interests. Fine and Harris (1985, see especially Chapter Two) have similarly argued that historically the City has had a pervasive “blocking role” that has constrained the UK state with respect to both industrial and socialist policy. They have named low public spending, high exchange rates for sterling, and high interest rates as the three key pro-finance macro-economic policies of the UK state, and the key political policy maintaining London's competitiveness and strength as a financial centre. To this end the City spent decades reconstructing its political position, and lobbying successive UK Governments on two central objectives: first for convertability between foreign exchange and sterling (achieved formally in 1958), and then uncontrolled exchange (achieved in 1979) (Fine and Harris 1985).

Where Anderson, Nairn, Fine and Harris have seen the City as dominating the state, other political economists have understood states as having a more active role. Eric Helliener (1994) has argued for greater recognition of the importance of British and American Government policy in the rise of the Euromarkets in London. He claims that these two states together promoted this early financial liberalization in the 1960s through unilateral actions, and that by doing this together they set the trend for the financial liberalization of the 1980s. In the 1970s the inflation and currency crises in

Britain were pivotal points at which the state capitulated to international pressures and relinquished some of its policy autonomy, leading to the fierce liberalization of the 1980s. British politicians, Helleiner has argued, reacted as they did in order to maintain the City's position among leading financial centres.

In his 1984 history, *Capitalism Divided: The City and Industry in British Social Development*, Geoffrey Ingham has argued that British Governments have long played a role in the growing wealth and power of the City, and at the expense of non-financial industry. He characterised the City of London as “the world's major 'clearing house' over the past 250 years” (p. 226). According to his account, finance and industry sustained one another fairly amicably while Britain was the dominant world economy, but as Germany and America became challengers to that place at the turn of the twentieth century, the City began decoupling from, and overtaking, British production. As banking centralised it became more dependent on the value of sterling, and as it decoupled from industry it was both less concerned with industry's preferences for sterling's value and less concerned with industry's fortunes on the whole. The political power of finance was exercised in obvious mechanisms like gilt purchase, more subtle mechanisms like 'market sentiment,' and others that lie in between, like lobbying and campaign contribution, which are much aided by City solidarity. By contrast, 'industry' has been less cohesive in its macro-economic purpose, because having greater diversity of markets, labour needs, taxation, import and export activities means that exchange rates and inflation have different effects across the sector. Industrial employers have only banded together in groups like the CBI in times of economic crisis or war, when prodded by the state, but these associations proved temporary, with great internal division, and often forgone entirely by the biggest firms who could lobby government directly for their own interests. Thus industrialists have been left to appeal to political parties and individual MPs, very often ineffectively, as various government departments for trade, industry, technology, and their respective boards have long remained constitutionally subordinate for industry. Throughout the twentieth century the British Government tolerated large trade deficits that resulted from free trade policies that supported of City's role as international clearing house. Its political commitments to the Gold Standard and tight budgets were inflation-fighting measures that drew the City, the Bank of England, and the Treasury ever-closer together (Ingham 1984).

According to Ingham (1984) there are deeper, political reasons for the pro-finance policies of the British state. The same tight fiscal policy that soothes bond and exchange markets also helps the chancellor to maintain his power over other Government departments:

> the money and securities markets act as available 'power resources' – that is, they are a constraint which the Treasury can invoke to limit the expenditure bids by other branches of the state and, thus, consolidate its own constitutionally-sanctioned domination of the state bureaucracy (Ingham 1984 p. 232).

This is how and why, Ingham has argued, pro-finance policies have been so pervasive and persistent in the Treasury, no matter what other fashionable economic theories chancellors might use to justify them. He also has argued that this is why a large public investment bank, one that could direct money to specifically industry, has been advocated for but barely attempted and never embraced – such a new institution would challenge the City's control of capital flow, the Bank's control of money supply, and the Treasury's dominance over the rest of Government. Certainly Andrew Gamble (2004) shared a similar view of these relationships:

> In 1980 the organization of the state still bore many of the hallmarks of its nineteenth-century past. The Treasury, despite challenges, remained the key department of the state, its orientation reflecting the priorities of financial rather than industrial capital. Traditionally, it had seen the preservation of Britain's world role as its main duty, and therefore gave priority to maintaining the value of the pound and the institutions of a liberal world order, rather than sustaining domestic jobs and business. The Department of Industry still retained the traditional orientation of the Board of Trade, which it had absorbed. Labour Governments on two occasions had tried to create a department which would be specifically concerned with the national economy and with the manufacturing base, rather than with the transnational economy in which a lot of British firms were engages. Both attempts were short lived (Brittan 1971). The extension of universal programmes of health, education and social security created departmental empires with very extensive remits, but these were primarily spending and administrative departments. Strategic issues and budgetary issues were reserved for the Treasury. There was little attempt to coordinate the work of these departments or to set clear targets for outputs and the main concern of the Treasury was to keep tight financial control over expenditure (Gamble 2004 p. 39)

The picture I am presenting here is this: the UK state's pro-finance position is long-standing and intense, and it is coordinated primarily through HM Treasury.

As prescient as Ingham's arguments were in 1984, reminiscent of Strange's (1988) assessment of these relationships, there are ways in which the assessment is out-of-date. In 1984 Ingham concluded that, The City, the Bank of England, and HM Treasury have long been tightly, systemically bound, with autonomous reasons for maintaining, through interconnected but separate spheres of responsibility, a financial system based on low, stable inflation and avoiding an “overproduction of credit” (p. 231). The City, Ingham wrote, may favour speculation over the short-run, but surely sees the long-term dangers to its assets (in agreement with Glyn 2006, above). The Bank loses control over the money supply when inflation is high and the economy over-indebted. And the Treasury needs fixed rates over long terms to look attractive to investors in order that that it can sell its gilts on the bond market. Looking back across financialization and especially its Crisis of 2007/8, these three agents seem not to have been as vigilant against inflation and over-indebtedness as Ingham suggests they would be. Nor could Strange or Ingham appreciate in the 1980s just how dominant finance would become in the UK in the coming decades.

If interconnection between the City and HM Treasury is fairly easy for me to find, finding precedent for my focus on political elites and finance is a bit more difficult. There is of course the classic text, C. Wright Mills's (1956) *The Power Elite,* written about the intersection and interchange of political and capitalist elites. Although it is a brilliant and important work, Mills writes for his own Cold War period, and as such has more to say about the military than finance. Also classic is Stephen Lukes (1975) *Power: A Radical View,* in which he explores different ways of conceptualizing what power political elites have. Again, Lukes's is a great book, but its greatest lesson, arguably, is how elusive the concept of 'power' is, more than defining how it is wielded. Somewhat more recently, Leslie Sklair's *Transnational Capitalist Class* (2001) has observed a particularly globalized elite in its interaction with finance. But elite studies has been rather unfashionable in the social sciences for decades. Williams and Savage (2008) have suggested some reasons for this. By the numbers, elites are too small a group to be amenable to survey analysis, and in recent decades frameworks such as Foucault's governmentality, Poulantzas' capillary power and Latour's actor-network theory eclipsed more top-down, strategic and causal descriptions of the social world (Williams and Savage 2008). What interest has emerged in elites and financialization has almost invariably, and quite reasonably, been in *financial* elites: central bankers (Lebaron 2008); investment bankers (Davis 2006); senior City intermediaries (Folkman et al 2007); non-executive directors (Froud et. al. 2008); the directors of the very largest firms (Harvey and Maclean 2008); the heads of dealing rooms (Godechot 2008). As the next section shows, with the notable exception of Krippner (2011), there has been little exploration of the role of sovereign-state elites specifically in the context of financialization, although the state and financialization is an area of active interest in international political economy.

Section Six: Recent Studies about Financialization and the State

Martjn Konings (2007, 2009, 2011) has examined the history of finance and US state explicitly from the position of institutional economics, drawing on imperialist themes of American hegemony, institutional governance and Weberian frameworks. According to Konings, financial crises have arisen repeatedly throughout the twentieth century as a result of attempts by the financial elite to extend financial relationships farther and deeper into the everyday lives of the mass public. The key driver of new structural power relations in US finance in the post-war years was innovations in banking to expand credit and thus profit from mass demand. When the Federal Reserve resisted these innovations in the 1960s, US banks established centres abroad that could borrow US dollars (e.g. London's Eurodollar market, as described by Helleiner (1994)), expanding the institutional foundations of international finance in the process. This expansion of American finance abroad in turn allowed the US to finance its growing deficits without worrying about the balance of payments deficit (as Krippner, 2011, also argues), but it reduced the Fed's control over money (as banks and firms could simply get their funds from the Eurodollar markets) and hence the Fed's control of inflation. Konings (2009, 2011) has argued that the US turn to monetarism (and neoliberalism) in response was not the US state's subordination to global finance, but instead a reassertion of its own institutional control over credit expansion. This moved helped to resolve the inflationary crisis of the 1970s, yes, but he also insists that it boosted the capacity of the state rather than diminished it. And even more than that:

> the continued integration of the American population into hegemonic financial institutions has given the financial system a great deal of density and connectivity that has made it highly sensitive to the manipulation of basic institutional parameters. In this sense, neoliberalism and monetarism realised the vision of infrastructural capacity and integral statehood first announced with the New Deal" (Konings, 2009 p.81).

Konings's focus on institutions and macro-economics means he has little to say specifically about elites, but his conclusions about the reassertion of US state power over finance through de-regulation of finance are counter-intuitive and intriguing.

Other scholars engage even more directly with how international finance and credit-accessing citizens inside sovereign states are coordinated through state action. Working with a Keynesian economic model, Schwartz (2008) has sketched how the US government worked a global arbitrage between 1991 and 2007, borrowing short-term at low interest rates internationally to lend, again internationally, for longer term and for higher returns (for details of exactly how US state was able to benefit from arbitrage, see Gourinchas & Rey 2005; Schwartz 2008). Through this process, finance linked local housing markets worldwide with global credit, one of the effects of which was to preferentially reward individual housing-finance markets that looked more like the American template (a high percentage of home-owners, high loan-to-value, low interest rates, and securitization). This in turn put pressure on politicians in countries that were less liberalized to liberalize their mortgage markets and allow their mortgages to be securitized, and also stimulated aggregate demand in those economies that had more US-style housing markets through the many spin-offs that housing booms bring. Meanwhile, back in the US, Schwartz has argued that the combination of large mortgages and low interest rates gave home-owners an economic incentive to be hostile to both higher inflation and higher taxes. This in turn gave voters reasons to 'lean conservative' in their local, state and national elections and to support more conservative foreign policies. Schwartz's narrative begins with the US state and then bifurcates, one branch describing a state-lead financial system that propagated the American model of home-ownership worldwide, and a second branch in which he argues that finance helped to push marginal American voters to the right. This is certainly some old-fashioned economic determinism, all the way from the derivatives market to the ballot box, but it also suggests mechanisms by which finance might interact with and influence population economically (mortgages) and socially (voting), and how state facilitation is integral to the process.

In a similar vein, Leonard Seabrooke (2006, 2007) has investigated finance and the state in terms of what he calls the “everyday sources” of financial power, arguing that:

> states that enable the majority of their citizens to access credit and build wealth are more able to recycle capital through the domestic system and, in so doing, improve their international financial capacity to export and attract

> capital, as well as to have a regulatory and normative influence on the character of the international financial order (Seabrooke 2007 p x).

In his account, it was the changing expectations of non-elites, especially in terms of property, credit, and tax, that gave the US state a domestic means of financial power, which it was then able to translate into hegemonic or imperial financial power. He has argued that the first Regan Administration both privileged the *rentier* class and it also made sufficient overtures toward non-elites in terms of access to credit and thereby property and the relief of their tax burdens. This not only proved politically popular, but innovations in surveillance of creditworthiness in the US at this time both widened the pool of domestic capital and also propagated outward in a way that supported US financial hegemony worldwide. American politicians were able to enlist and recycle this wide pool of domestic capital, and were able not only to use it to influence international finance, but also to alleviate mass economic and social frustrations, and thus build their own political legitimacy in both directions. Seabrooke sees the state as acting as a site of coordination, propagating economic social norms that attempt to persuade non-elites of their legitimacy, a communication effort that either succeeds or fails. In this sense, Seabrooke's observations and arguments are very much compatible with my PhD thesis, in which I actually study the kind of state-elite communication that Seabrooke's account presumes, and arrive a complimentary understanding of how state-elite rhetoric works to establish norms and indeed legitimacy.

In *Capitalizing on Crisis* (2011), Greta Krippner has analysed the history of financialization and the US state not only with macro-economic data but also by drawing on state-elite interviews and official documentation in order to find the motives behind US state actions. She has argued that:

> the turn to finance allowed the [US] state to avoid a series of economic, social and political dilemmas that confronted policymakers beginning in the late 1960s and 1970s, paradoxically preparing the ground for our own era...policymakers improvised solutions to various difficulties.... they constructed a policy regime that deepened and extended the turn to finance in the US economy. Thus financialization was not a deliberate outcome sought by policymakers but rather an inadvertent result of the state's attempts to solve other problems. (Krippner 2011 p.2).

Krippner has drawn her conclusion from three case studies of different but related policy shifts that created the pro-finance environment of the US. First, the deregulation of domestic financial markets throughout the 1970s meant that capital and credit could now flow freely across sectors. This resolved the political and social problem, (which has been exacerbated by inflation and middle-class housing demands) of how to allocate access to credit, because making the markets do so depoliticized the issue. Second, the access to foreign capital flows that the US cultivated via high interest rates throughout the early 1980s meant that it could finance its own deficits easily abroad. This resolved the fiscal problem of a government that was competing with firms and households for credit, while putting upward pressure on inflation once again, because high interest rates now lured capital into the US from abroad. Third, starting with the Volker Shock of 1979 and continuing well into the 1980s, the Federal Reserve implemented new 'monetarist' policies in which the supply of money was targeted in order to secure inflation. This she has interpreted as having resolved a legitimation crisis for the state, in which the public at-large was losing confidence in the state's ability to both manage the economy and balance social claims on growth (Krippner 2011).

Krippner (2011) has argued that by shifting more public responsibility for the economy onto monetary policy, and thus seeming to put it in the hands of the Federal Reserve, the Regan Administration could could look less responsible for any outcomes that were unfavourable for the general public (see also Krippner 2007). Thus in Krippner's account the US state turned toward financial markets before firms and households did, innovating to remedy its own political, fiscal and legitimacy problems, and in doing so inadvertently created an environment in which financial elites would prosper in the state's wake. Krippner's study is both closest to my own and different from the others above in that she focuses closely on the political elites of one state. But it is important to note that her narrative is about the historical advent of financialization (as opposed to its later fulfilments and crises), and her conclusions may not be generalizable to other states (such as the UK).

So where do these recent studies stand on the question of how actively, and how intentionally states (or their elites) have politically and/or economically supported financialization? Konings, Krippner, Schwartz and Seabrooke all agree that the American state was a driver of financialization, in the beginning (Krippner, Konings) and as it developed (Konings, Schwartz and Seabrooke). But with the exception of Krippner their analyses remain abstracted above the level of state elites, and (again, excepting Krippner, who disavows intention) they imply intention without stating so. The main idea running through Konings's (2009, 2011) work is that the US state has deepened and broadened structural connections to domestic and international finance in ways that have yielded extra-ordinary privileges to the American state, and that the Fed's policies in particular accelerated financialization's early expansion. Konings (2009) focused on the institutional aspects of American financial power, but not with a blind-eye to agency; institutions, he wrote "leverage agency. From a personal and direct relationship, power is transformed into a structural, indirect relationship" (p. 76). He has claimed that the Fed *used* (word his, emphasis mine) its capacity to control international financial flows to promote financialization, and strongly implied that behind this structural change lay elite agency, especially once financialization (which had a somewhat haphazard birth) was properly under way. Krippner (2011) has agreed with much in Konings historical narrative: that the US state was a key driver of financialization, that it embraced financial markets first to solve its own problems, and created the conditions which lead others to do the same. But Krippner has been clear that she believes this to have been accidental, primarily based on her interview data with key participants (including Volker) who claimed to have been solving problems only, and certainly not consciously changing capitalism. Schwartz (2008) joins Krippner and Konings in seeing the state as a driver, specifically in the spread of US-style housing markets and their securitized financing during the 1990s, and again he implies (but does not state) that state elites achieved this with some level of intention, not least because he finds in it direct political influence and, for right-leaning politicians, political reward. Seabrooke (2006) is in some ways the odd-man-out, because he has argued that much of financialization was driven by the changing expectations of ordinary people, especially for access to credit, as much as states or banks, but even coming from such a perspective, he is again in agreement that the US state was a key mediator in the process, and benefited greatly from it. Seabrooke (2007) also suggests strongly (without actually empirically investigating so) that politicians also participated in everyday discourses that over time selected the popular economic reforms that propelled financialization. Although Krippner has argued against US state-elite intentionality in financialization, Seabrooke, Schwartz and especially Konings imply it. But these latter three lack the empirical design and results to emphatically state intention was present. Here, my study will make a contribution, both in terms of the UK case, but also in terms of the difficult terrain of elite intention.

Section Seven: Conclusion

In this chapter I surveyed the history of state-capital theory, finance and the UK state as a matter of historical literature review, but also to illustrate that the ontological status of capital and state is difficult if not impossible to ascertain. This is not a nut I expect to crack. I placed my study in terms of voluntarism in history, the rediscovery of Gramsci with the cultural turn and his concept of hegemony, what ideology may be, and the relationship between neoliberalism and financialization. I reviewed financialization itself, focusing on neo-Marxist understandings of it in particular, and the political economic literature, as opposed to the more cultural interpretations that I acknowledged. I also described some of the extant literature on the historical relationship between the British financial sector and the Treasury, a review similar to that of the theory of capital and state reviewed earlier, but more particular to the British case, and more empirical. These four sections of this chapter were intended mainly to provide background, rather than to emphasize live debates.

More recently, Krippner, Konings Schwartz and Seabrooke each characterized the relationship between financialization and a sovereign state, namely the United States. Konings (2011) has named banking innovation in the post-war period as the impetus for state policies that in turn gave birth to the rise of finance, with the end result not being problems solved domestically but hegemony entrenched internationally, as American changes in institutional governance come to influence the whole world. Konings's American state looks strategic, at least after some initial improvisations, but he maintains such a tight institutional focus that he offers little insight into the nature of the role of state elites. Schwartz (2009) has made the point that state action could both propagate outward into the world and feed backward again, as financialization became a way of giving middle-earners what they seemed to want, namely cheaper home-ownership. Similarly, Seabrooke (2006) has argued that the most successful financial regimes are those in which non-elite expectations are satisfied to some extent along with those of elites, and he has recognized the importance of the communication of legitimacy, although he has no empirical findings here to share. Returning to political elites, Krippner (2011) has argued strongly that the state as a driving force of financialization, yet they lead the way blindly, groping in the dark for *ad hoc* solutions to their economic and political problems.

My study will reaffirm much of the earlier literature, indeed finding that UK chancellors have supported financialization, just as the literature surveyed early in this chapter would lead one to expect. It is the 'how' and 'how intentionally' that is the discovery of this thesis, and in this I can contribute to live debates, and offer some missing evidence of something other scholars suspect – that state elites have intended to support financialization in public. The communicative mechanisms of what other scholars have called 'ideology' and 'hegemony' are not yet fully mapped, but my study contributes to knowledge here by assessing budget statements. And by assessing budget-statement rhetoric in particular, I make an argument that while financialization as a socio-economic change was not intentional, the privileging of finance certainly was. Since 1976 the UK chancellors have supported the process of financialization with their public rhetoric by intentionally constructing descriptions in aid of financialization's establishment, propagation, and protection. The next chapter, 'Methods,' begins to describe on what grounds I argue for this conclusion.

CHAPTER THREE: METHODS

Section One: Introduction

If there is one particular book that I take as an inspiration (although not a strict model) for my PhD project, it is Luc Boltanski's and Éve Chiapello's *The New Spirit of Capitalism,* published as *Le Nouvel Esprit du Capitalisme* in 1999, and translated into English and published in 2005. Ambitious, productive, and well-received, their study was partly based on a content analysis of business managements textbooks, in which they compared a sample from the 1960s to a sample the 1990s.   They selected MBA textbooks because they felt that they were exemplary capitalist texts of socio-economic history, demonstrating a theory of capitalist ideology. They used these to argue that capitalism is always adapting, changing its cultural and operational form while maintaining its drive to accumulate. Theirs was a very simple comparison of texts, but it provided them with evidence and insights that focused their arguments about how business, management, the very nature of work, and wider social and political life had changed. They examined the arguments and assumptions that these textbooks presented to management students, and interpreted the changes they found in the texts to changes in management, business, working, social life and politics. They then used their interpretations to support an ambitious theory of the evolution of capitalism through mechanisms of political and civil feedback. By combining their textual data with a history of neoliberal political and globalized economic change in France, they developed a theory about how capitalism responds to popular challenge, by either evading or absorbing it, in both cases by mutating into another form. My ambitions for this PhD thesis fall somewhat short of a new theory of the reproduction of capitalism, but I was inspired nonetheless by Boltanski's and Chiapello's (2005) use of comparative textual analysis to tackle the grand landscape of *la longue durée* in social life, which is so difficult to appreciate and conceptualize, let alone empirically study.

This chapter explains my research programme: a longitudinal and comparative analysis of rhetoric in chancellors' annual budget statements, as delivered between 1976 and 2013, based on both qualitative and quantitative evidence, and interpreted in terms of the history of financialization in the UK. I explain how this programme answers my research question, of how, and how intentionally, UK chancellors have used their rhetoric to support financialization. The methods I use build a comprehensive historical description of chancellor rhetoric since 1976, providing an integrated picture both of financialization and of the chancellor arguments and descriptions that supported it. My combination of methods allows for a richer analysis of the relationship between financialization and the state than I could otherwise achieve by a simpler political history and/or macro-economic analysis. My concentration on rhetoric provides a window into how men in the public eye and holding the public purse aided a mass change, and rhetoric also indicates to what degree they intended to aid it.

In this chapter I describe my objects of study, namely, the budget statements, how I qualitatively sampled them to select text of relevance for financialization, and quantitatively analysed them to unlock large-scale patterns, and to guard against my own bias as a reader. I describe why I conducted an analysis of rhetoric in my budget statement corpus, and argue that this method does indeed yield results that can be interpreted inside the frame of the history of financialization. I also discuss my conceptual frameworks for interpretation of state-elite rhetoric in terms of the history of financialization, and argue that this interpretation not only answers my research question, but answers it in an interesting way, resisting economic and institutional determinism for an exploration of agency instead. I argue that my methods are well suited to exploring these attempts. My methods are a marriage of textual investigation and historical contextualization, which do not seek to privilege the economic over the political, or the political over the economic, but to elucidate the interplay between them in this one time and place, the UK in the last few decades. As such, they capture evidence of the multiple economic and social dimensions of financialization, with the ability to achieve a different kind of history than would be accessible through a more traditional political-economic analysis.

This 'methods' chapter proceeds as follows. In Section Two I describe my objects-of-study, the budget statements, the very simple matter of their collection and longitudinal sampling as texts, and then the rather more complicated matter of sampling within those budgets to select text of relevance to financialization. In Section Three I discuss the qualitative content analysis of rhetoric in my budget statement corpus, based on Jonathan Potter's 1996 book, *Representing Reality: Discourse, Rhetoric and Social Construction.* I justify my use of Potter (1996) both practically and theoretically, and argue for how this method yields results that can be interpreted inside the framework of the history of financialization. In Section Four I discuss the quantitative corpus-linguistic analysis of the budget statements corpus, describe the practicality of this computer-assisted technique, and show how it not only complements my qualitative, reading-based method, but helps protect the results from falling prey to reader-bias, namely mine. In Section Five I discuss my interpretation of the history of chancellor rhetoric in terms of the history of financialization, justify this framework both practically and theoretically, and argue that this interpretation answers my research question. Section Six is a summary conclusion.

Section Two: Budget Statements as Data

What exactly, in the nuts-and-bolts sense, are the chancellors' annual budget statements to Parliament? According to the Treasury's own publicity, “the Budget is the single most important economic and financial statement made each year by the Chancellor of the Exchequer to Parliament and the nation” (HM Treasury, 2013a). As to its purpose, “chancellors use the Budget statement to update Parliament and the nation on the state of the economy, on the public finances and on progress against the Government's economic objectives” (HM Treasury, 2013b). And that, in essence, is why I have chosen them: because a budget statement is *the* annual, official, and summary economic statement from Government. It is delivered to Parliament by the head of the Government's chief economic body, but also to “the nation,” a speech that describes not only the “progress” of the government of the day, but also its “objectives.” In other words, I chose budget statements because they are deliberately intended to communicate the Government's economic past narrative and future intentions to a wide audience, including domestic voters, industrial capitalists, financial elites, media elites, and (although unnamed on by HM Treasury) external markets. Each year in his budget statement the chancellor tells the story of the economy, the version he wants made public and recorded for posterity.

It may be surprising, but despite the fact that my analysis is centred on the concept of rhetorical construction, I am relatively unconcerned with how these budget statements are actually made, beyond accepting, axiomatically, that it is the Chancellor of the Exchequer who accepts ultimate responsibility for budget statements. All Treasury regimes have their own procedures, and what text of the speech in any given year might be written by the chancellor, or his top Treasury advisors, or be vetted by the Prime Minister or the Communications staff, is not only highly contingent but very often shrouded in secrecy. For me, what is germane to 'construction' is not who wrote it, but that it is broadcast by the chancellor of the day as *the* official economic narrative of the Government, that he as a man, and as a representative of the state elite, must professionally stand behind it. The one constant of this annual speech is who delivers it, a man in what is arguably the second most important position in Government, a man who often has prime ministerial ambitions, a man who knows that his political career can be edified or damaged by this speech. The arguments in this thesis turn on rhetorical constructions that the chancellor consents to deliver personally, and with which he can be personally attacked after-the-fact. When I argue that the chancellor chose to make a construction, and that this shows a degree of intention on his part, it is on this basis, and it is an argument I make despite the variable degree to which any one chancellor may have penned the words himself.

When speaking of the budget statement, it is more appropriate to talk about multiple and partly-overlapping audiences than of an audience. The most immediate audience are those MPs sitting in the Parliament on the day, but even within this select group a chancellor must think of how his words might motivate, coordinate, or control his own party, and be used against him by his party's Opposition. The most obvious audiences for such a very widely-broadcast speech are of course citizens, but especially those citizens who pay income taxes, own homes and cars, and draw pensions, i.e. voters. But domestic financial elites and external financial markets are also listening, for specific news of taxation or exchange-rate policy, and also for the general economic direction-of-travel of the government. And of course all of this is mediated by media: television, tabloid, broadsheet, specialist (including financially-specialist) and now internet sources as well. The fact that the budget statements shorten (and, by my reckoning, their literary styles simplify) considerably after television cameras are permitted to broadcast them for the first time in 1989 suggests that the chancellor's office recognizes the power and the danger inherent in the sound-bite.

As delivered, the chancellor's budget speech is recorded in The Official Report of Parliament, colloquially known as the Hansard. It is compiled by sixteen court reporters, who each sit in the parliamentary press gallery and take five-to-ten minute turns recording the debate. Each reporter either writes in shorthand, types into a stenograph machine, or types directly into a computer, the former two methods being subsequently entered into a computer now, as well. Managing editors in The Stationary Office compile these entries for publication as sections. Members of Parliament may not alter or embellish their speech in the Hansard after the fact. In the nineteen-seventies, the compiled Hansards were published by The Stationery Office only; now Hansard Offices are connected throughout Westminster by computers, and the debates are also published online (House of Commons Information Office 2010). For my qualitative reading and rhetorical analysis I used the Hansard as traditionally disseminated: fortnightly-published bound volumes, the archival versions, on paper. For my quantitative analysis I accessed the online Hansards.

My initial sampling strategy was the simplest: in the first instance, I simply read all of them. For the period 1976 to 2013, I sampled all of the spring budget statements for the years that they were delivered (which is most), and the autumn budget statement in the few years in which there were no spring statements (in the mid-1990s). I did not include the traditional "autumn statements," a smaller affair that used to outline the government's spending priorities, and later served as a mini-report in November. I decided that because these autumn reports are shorter, less consistent, less comprehensive and less emblematic I would not include them, except in those years in which Kenneth Clarke effectively moved the spring statement to combine it with the autumn. (For reasons I shall address below, Clarke's budget statements came to play little part in my rhetorical analysis, although remain included for the quantitative analysis). My sampling is both comprehensive and regular, and although this placed a heavy burden on me as a reader (the corpus is approximately half-a-million words in size, and not of a very 'literary' style), it handily makes the methodological issue of sample representativeness rather moot: my sample represents the budget statements for the time in question by virtue of being all of them.

As my larger interest was financialization, starting in the mid-seventies seemed obvious. There is a broad academic consensus that this episode of financialization began around this time, and politically Thatcher's election in 1979 is also generally seen as a turning point in the UK. I chose to begin with the Spring 1976 statement because doing so gave me some pre-Thatcher 'baseline' against which I could compare Thatcherism, and gave me a quick glimpse of budget statements just before the dramatic moment in the Treasury later that year, when the IMF bail-out was announced. Following the trail up until the latest available budget statement makes my study as current as possible, and it also incorporates the dramatic Crisis of 2007/2008 and its aftermath. These choices of artefacts, their collection, and their sampling are made in order to create a comprehensive and thorough study, one that captures change across political and economic circumstances, from the mid-1970s to the present. Attending financialization's development in a regular and constant way made sense, because, for all its fits and starts, and for all its crises and turning points, financialization itself has proved to be a steady change.

Establishing what in budget statements counts as an instance relating to 'financialization,' is no simple matter. As I wrote in Chapter Two, financialization is a term with many definitions at present in the social science literatures, making the decision about which criteria to use, in order to decide that a statement or action was 'financializing' in its intent or consequence, a challenging one. For me financialization simply refers to the rise of finance in the last few decades, and the social changes that this rise has brought with it. But now I want also to make explicit a set of assumptions that have guided my reading of budgets.

Firstly, I assumed that state elites have supported the financialization of the economy by supporting the aims of financial elites, including their key aim of making financial activities more profitable than non-financial ones. I understand capital and the state as being as much a unity as a duality, ontologically, a cooperative and coordinating set of institutions with a history of mutual support (Jessop 1990). Also, I cite the foundational work of Susan Strange (1986) and Geoffrey Ingham (1984), and, more recently, the work of Greta Krippner (2011) and Martin Konings (2011), who all argue for the interconnectedness and mutual dependency of financial sectors and national Treasuries, including our own in the UK. Secondly, I assumed that independent of (though rarely contradictory to) the desires of financial elites, state elites would be happy to use financialization to further their own political aims, and reward themselves in non-monetary ways. The motivations of state actors are notoriously complicated, and often do not directly involve money, but Seabrooke (2006), Konings (2009). Schwartz (2008) and again Krippner (2011) argue persuasively that state elites have been able to profit politically from financialization. It made a great deal of sense to me that these two principles had been at work in the UK state's participation in the historical progression of financialization.

Based on this definition of financialization as a matter of the rise of finance versus the real economy, and using these other two assumptions, which reflect the interlocking nature of (financial) capital and state and the complicated nature of state-actor motivations, I approached my reading of budgets expecting the following to be true:

> A chancellor's rhetorical support for financialization in budgets statements will be a matter of (1) announcing measures and policies that make financial activities comparatively more profitable than non-financial ones, and (2) narrating economic life such that the techniques and conditions of financialization appear to be profitable, natural, or for the common good.

And based on that, I imagined *a priori* at least with six classes of pro-financialization rhetoric for which I needed to be alert as I read. I then read the budget statements looking for instances in which a chancellor:

- announced a measure or policy that made a financial activity more profitable
- announced a measure or policy that made a non-financial activity (typically an industrial one) less profitable
- recommended investment in a financial activity, or assured its safety
- discouraged investment in a non-financial activity (typically an industrial one), or suggested that it was risky
- described the rise of the UK financial sector or the decline of a non-financial sector (typically industry), or any of the preconditions of either of these, as positive, moral, or natural
- described any threat to the UK financial sector, or support of a non-financial sector (typically industry), or the preconditions of either of these, as negative, immoral, or unnatural.

So it was with these possible cases in mind, and with both a modest knowledge of the economic and political development of the UK since the nineteen-seventies and a modest appreciation of financialization, that I began to read.

Before I close this section, by describing below how budgets can answer my research question, I will share a preliminary result of my reading. After reading all the budgets once, and then again, it was quite clear to me that the budgets of Norman Lamont (1991-1993) and Kenneth Clarke (1994-1996) held very little within them that was not to be found elsewhere. Lamont began his first budget statement, on 19 March 1991, by paying tribute to former chancellor Nigel Lawson, saying that his "admiration and respect for him remain undimmed" (UK Parliament 19 Mar 1991). Indeed, he continued in his three budgets to echo Lawson very fully, as did Clarke. Lamont was chancellor in the doldrums that followed the recession of the early nineties, and Clarke in the steady recovery that occurred just before Tony Blair became Prime Minister. These were the last years of the Conservatives' seventeen-year rule, and the regime had few new ideas, and in my judgement neither man added much to what Howe, Lawson and Major said. I will mention Lamont and Clarke on occasion in this PhD thesis, and they will make appearances in the quantitative analysis, but they are largely absent from the 'data' chapters, because having read them, and the others, I decided that Lamont and Clarke added very little to my story.

Budget statements, so collected and sampled, do answer the question, of how, and how intentionally, UK chancellors have used their rhetoric to support financialization. I collect my primary documentary data at the site of the UK Treasury, focussing on the chancellor and his most regular, ritualised and public rhetoric about the economy, his annual budget statement to Parliament. The choice of the Treasury was quite simple: no other government department is as concerned with, as influential in, or as influenced by, financial markets and the state of the economy, so it always seemed the most obvious, official state site for this study. The choice of the chancellor is a reflection of his status as the most elite actor in this domain: if nowhere was better site than the Treasury to investigate state interest in the economy, then no one was better than the chancellor. But my study is about rhetoric, public arguments, and in his budget statement the chancellor has a special role as official and premier communicator of the government of the day on the topic of the economy. In term so of genre, a budget statement is very much like a news bulletin, a public-relations memo, a report of progress, and a plan-of-attack combined. In a budget statement, the chancellor will be sure to tell his audience those economic ideas the Treasury finds most politically useful this year, what innovative economic measures he recommends, how he and his policies will create a brighter economic future. Some of these announcements are clearly pro-finance on their face, and those can be dealt with simply enough. In the next section I shall describe how I use Potter's (1996) work about rhetoric construction to analyse not only these types of statements, but also more subtle instances of pro-finance arguments and descriptions, those implicitly made.

Section Three: Qualitatively Analysing the Rhetoric of Budget Statements

Classically associated with the political, rhetoric is often considered to be the true art of discourse, sometimes reduced (I would say unfairly) to the art of persuasion. In *The Rhetoric of Economics* (1998), Deirdre McCloskey begins by calling rhetoric "the paying of attention to one's audience," (p. xix), a gentle, common-sense definition, but not quite enough for my purposes. Alternatively, Kennedy (1991) provides a very inclusive definition in the introduction to his translation of Aristotle's *Rhetoric*, calling it "the energy inherent in emotion and thought, transmitted through a system of signs, including language, to others to influence their decisions and actions" (p.7). Kennedy's definition is so broad that it might include such signs as the tone of a musical note, or the f-stop of a photograph, or the arch of a building, or a speaker's winning smile. Still he especially notes *language*, and even in his definition the *intention to influence* is essential. In his introduction, Herrick (2009) identifies six key characteristics: rhetoric is (1) planned (2) adapted to an audience, (3) a revelation of motives of both speaker and audience, (4) responsive, response-making, and response-inviting (5) a seeking to persuade, through argument, appeal, arrangement, and aesthetics, and (6) an address to issues of contingency and deliberation. Because rhetoric has something of a reputation for immoral manipulation (i.e. propaganda), Herrick (2009) also takes care to identify six ethical social functions it may have. Rhetoric can be a means of (1) testing ideas, (2) assisting advocacy, (3) distributing power (4) discovering facts (5) shaping knowledge, and (6) building community. This is why it is unfair to reduce rhetoric to persuasion, which is essential to it, yes, but rhetoric is so much more than that. Rhetoric is something we construct in order to communicate our version of reality to others, as well as to persuade them to our thinking, and its study holds clues to our own minds and the minds of others.

For my PhD thesis, I chose to adapt the approach to rhetoric and rhetorical analysis as found in Jonathan Potter's book, *Representing Reality: Discourse, Rhetoric and Social Construction* (1996). Potter has defined rhetoric as the way that speakers and writers construct reality, and the way others undermine those constructions. Rhetoric is "discourse used to bolster particular versions of the world and to protect them from criticism" (Potter 1996, p. 33). He has described his scholarly study of rhetoric as the act of scrutinizing how descriptions are organized to make them seem credible and objective. His constructivist approach to rhetoric never aimed to compare statements to 'truth values' and eschewed cognitivist arguments, in favour of viewing rhetoric as a matter of speakers and writers building accounts that others will be able to see as factual, and doing so (whether consciously or unconsciously) for social reasons. His approach relies less on realist arguments, whether epistemological or ontological, and more on what language does within genre, discourse, and social practice, seeking to understand how statements are also actions performed in particular settings that have particular outcomes. Potter's academic background is in conversation analysis, and he has brought with him a pragmatic and contingent view of constructing convincing descriptions:

> the use of a particular descriptive term, or even a familiar discourse, may not be enough to construct a version of events which will be treated as real or factual. Rather, realism and factuality are worked up using a set of rhetorical devices and techniques that may be specific to particular settings. Moreover, these techniques do not guarantee that the version of an action or an event will be treated as factual. They can be deployed effectively or badly, and they can be undermined vigorously or accepted credulously (Potter, 1996, p.102).

Potter thus has theorized rhetoric as a pervasive feature of larger social interactions, not just a matter of explicit arguments and persuasion. Rhetoric does not simply equal persuasion (and therefore its effectiveness does not depend on knowing whether anyone's mind was changed) but is "a feature of the antagonistic relationship between versions: how a description counters an alternative description, how it is organized, in turn, to resist being countered" (Potter, 1996, p. 108). In fact, most rhetoric aims to produce descriptions that appear to be 'mere descriptions,' that appear to 'tell it like it is' rather than be explicit about their inevitably partial and biased nature.

Potter (1996) has offered a series of analytic distinctions for the study of rhetoric, as well as a series of practical suggestions and examples of rhetorical procedures, as used within those analytic distinctions. The first analytic distinction is between offensive rhetoric, which undermines alternate descriptions, and defensive rhetoric, which resists the discounting of others. The second analytic distinction is between reifying discourse, which produces an event, person or thing as an object, and ironizing discourse, which undermines an alternate description. Not only are multiple procedures often employed within talk and text, he writes, but also much if not most rhetoric will fit within both types of a distinction – nothing offered below should be taken as excluding other options. Within these distinctions Potter finds what he calls the double-orientation of description: action and epistemology. Rhetoric may suggest an action (action orientation) and/or build its own status as a factual account (epistemological orientation), which is a kind of social action. Potter gives many excellent examples of rhetorical techniques that build descriptions, and his 1996 book has offered me both a conceptual framework and practical examples from which to formulate my own procedure for the analysis of rhetoric in budget statements (see Appendix B).

According to Potter (1996), rhetoric often recommends an action, if only an active agreement with the speaker's version of reality, what he calls its action-orientation. There are host of ways (and any list cannot be considered complete) that descriptions suggest actions, and Potter (1996) suggests some of the most often-used. Not least of these is by *explicitly* asking, instructing, declaring, or demanding, but the more sensitive the suggestion, the more likely it is to be made by *inference*, by noting conditions that imply a next best action. If there is a 'dilemma of *stake*,' in which the speaker or his/her group appears to have a stake, it is common to manage that appearance, so that any suggestion is more likely to be adopted by the audience. A description may suggest an action through a *categorization* that maximizes, minimizes, or normalizes and object, making the object seem routine, or else exceptional. Modalizing terms may be involved (e.g. completely, always, never, every), or this rhetoric many be a matter of pairing objects that appear big with objects that appear small, like numbers or lists. Categorizations of “normal” and “routine” are often used in rhetoric to obscure speaker agency, or environmental change, while exceptional or unusual categorizations suggest at least environmental change, but perhaps also speaker activism. Or a description may suggest an action by selectively managing the *terrain* of description, so that only some objects are admitted but not others. This kind of “ontological gerrymandering” (Woolgar and Pawluch 1985) is about shaping what is problematic and what is not. Descriptions always highlight some things while leaving out a universe of others, but some of those omissions are more relevant in terms of general expectations, and some can be found by comparing accounts.

Potter's (1996) epistemological-orientation, by which an account is built as a credible one, similarly has commonly-used procedures. As in the action-oriented dilemma of stake, the appearance of *interests* must be managed so that the account looks as if it is independent of vested interests, or true in spite of it. Certain speakers have category *entitlements*, that is they are entitled to know about certain things because they belong to a certain group (e.g. chancellors are presumed to know about the

Government's fiscal situation). Here Potter (1996) has borrowed Goffman's (1979; 1981) notion of *footing*, how closely a speaker presents himself or herself to the account, which is a procedure that can build the appearance of veracity through accountability. Potter offers six possible degrees of footing, which may overlap in any particular case: principal, author, animator for speakers and writers, and addressed recipient, sanctioned over-hearer, and eavesdropper for audiences. Footing often shifts when claims become contentious: a speaker moves from constructing him- or herself as an author or principal to merely an animator, or constructs the audience(s) as more disinterested than he or she actually know them to be. Rhetoric often uses *empiricist discourse,* even if it is not strictly scientific*,* in order to make conclusions look unproblematic, and in need of no further support. Here Potter (1996) has borrowed Gilbert's and Mulkay's (1984) list of empirical features in scientific accounts: impersonal grammar, the primacy of data primacy, and presenting procedural rules that appear universal. Two other externalizing devices Potter (1996) has described are claims of *consensus,* or at least *corroboration*, perhaps from sources with category entitlements, or perhaps from sources who are more vaguely categorized to evade challenge. Vivid *detail* may be employed in accounts to make them appear more factual, as if the listener or reader were really there, but alternatively detail may be left vague so that the account is harder for others to undermine. *Focalization* (colloquially known as point-of-view) may also increase veracity, because listeners tend to believe eye-witnesses. *Narrative order* can build an account by implying causation and temporal order. Potter has noted that some of these procedures can work against one another and require trade-offs. For example, stronger category entitlements tend to provide greater veracity, but can often simultaneously increase the appearance of vested interest. Perhaps worst of all for politicians, many of the procedures that heighten veracity also heighten accountability.

I should stress that although rhetoric is a kind of discourse, my PhD thesis is *not* a critical discourse analysis (CDA), as pioneered by Norman Fairclough (1995), or even the more particular discourse-historical approach (DHA) of CDA, as pioneered by Ruth Wodak (2001). Fairclough defines discourse as the way that actors represent their own and other social practices within a social activity, and both he and Wodak apply their methods to political social activities. Although political arguments are both constituted by and constitute discourse, the classic Fairclough CDA is a more holistic kind of investigation with respect to both voices and meanings. Wodak's DHA does span time (although typically shorter periods than decades) but, still, the object of study is discourses: multiple voices negotiating meanings in a kind of ongoing conversation. For Fairclough (1995; 2000; 2001) and Wodak (2001) discourse only makes sense as a reciprocal exchange with other actors in real-time, even when viewed across time. In discourse analyses, discourses cannot be one-sided events - the meaning being made must interact and negotiate with other meanings. As such, I would only have considered my work to be a critical (or historical) discourse analysis had it captured multiple voices and meanings by analysing concurrent sources, such as newspaper editorials, or responses from the opposition, or parliamentary debates about the budget, occurring not across years but contemporaneously. But my project captures only one voice, that of the Chancellor, in any given year, and strings these speakers together in what is at best a continuous yet disjointed narrative; it could not be characterized as a conversation. My PhD project is about discourse in so far as it is about rhetoric, which is constructed of the social practice of discourse, and embedded in greater discourses, but my methods are not those of critical discourse analysis, because only one speaker, the chancellor, speaks. And I make no claims to have tracked the real-time negotiation of meanings and representations in discourse (although the evolution of meanings and representations in the budget statements across time is very much my business).

Section Four: Quantitatively Analysing the Corpus of Budget Statements

Corpus linguistic analysis (CLA) is the statistical study of patterns of language in corpora of 'real-world' texts (in this case, budget statements), typically undertaken with the aid of computer programmes. I use CLA in order to (1) find patterns that I may have missed as a human reader working with such a large corpus, (2) check and guard against my own bias as a reader, (3) support my arguments with a numerical measure of how much (or how little) each chancellor spoke about particular topics, and (4) provide a statistical measure of significance for particular features of the budget statements. Which is not to say that a computer programme could replace intelligent, careful, thoughtful human reading: I read these budget statements for meaning, with purpose, and with the economic history of financialization in mind. But while the computer cannot make meaning, appreciate social practices, or assimilate them with theoretical concepts of discourse and rhetoric, it can digest textual data such that patterns are rendered more obvious, and provide additional evidence of reader bias (or the lack thereof).

CLA techniques developed in the field of linguistics, and have been incorporated into critical discourse analysis studies (see Baker and McEnery 2005; Baker et al 2008; Cotterill 2001; Fairclough 2000; Mautner 2007; Nelson 2005; Orpin 2005). According to Gerlinde Maunter's (2007) methodological review, corpus-linguistics analysis offers three significant opportunities to researchers who are primarily interested in discourse:

1. Corpus-linguistics analysis can accommodate large volumes of textual data via computer software, an advantage over human reading, and allow for comparison across multiple large corpora.
2. Corpus-linguistics analysis can be used as a check against researcher bias through simple measures suck as word-count and collocates.
3. Corpus-linguistics analysis can incorporate measures of statistical significance, and allows quicker and easier assessment of semantic patterns, collocates, and discourse functions.

I take advantage of these quantitative tools in order to enrich to a core-menu of qualitative rhetoric analysis.

The textual data for my study is a corpus of approximately half-a-million words, the reading a which is a true labour of love for a human reader, but just a quick fling for a computer. The programme I use is *Antconc 3.2.4w*, a free UNIX-based corpus analysis tool-kit application, developed by Dr. Laurence Anthony of Waseda University, Tokyo, Japan, who holds copyright. After selecting it from the many programmes available for this task, I downloaded this stable (not beta) version from his university website, and ran it smoothly on an Acer Aspire 6.00GB 1.90GHz laptop computer, using a Windows 8 operating system. *Antconc 3.2.4w* is very similar to the widely-used *Wordsmith Tools, Version 5.0* (Lexical Analysis, 2013), and, like *Wordsmith,* it can not only count words (the feature which I use most), but also can generate lists showing where a particular word has been found in a budget statements, find collocates of the word, identify other words and phrases that commonly accompany it, and display a graphical map showing where the word occurs in the budget text, and of course produce concordances. This allows me to see patterns in these very large volumes of text, patterns that would likely escape my notice otherwise, or be utterly impractical to investigate. I can identify words in a budget statement whose frequency is unusually high in comparison with other budget statements, generate lists of words in alphabetical or frequency order in order to compare budget statements, and compile statistics such as total number of words, length of words, number of sentences, etc. Absolute and relative word-frequencies are easily produced, as are the relative statistical significances of co-occurrences of items, and the probability that a co-occurrence is not random. This 'counting' aspect of the software allows the comparison of word lists from different budgets of different years, giving me a measure the statistical significance of keywords across corpora, which is particularly useful in determining what words are used increasingly across the historical development of financialization.

In the 'data' chapters of this thesis, Chapters Four through Six, I show the absolute frequencies of found words and phrases (known generically as n-grams, or instead as uni-grams (one word unit), bi-grams (two-word units), etc.), and even more often their relative frequencies (the absolute frequency of the n-gram divided by the number of total words a chancellor spoke). I selected these n-grams myself, partly from my qualitative reading of budgets, and partly from a qualitative inspection the concordance and key-word lists produced by the *Antconc 3.2.4w.* These n-grams are judged by me to be relevant evidence for my arguments; even within a computer-based, mathematical analysis, researcher judgement is both active and essential. I have a strong preference for reporting *relative frequencies* of n-grams because these effectively standardize the data. For example, because Howe spoke 71,886 words of budget statement between 1979 and 1983, compared to Healey's 38,444 words between 1976 and 1978, looking at simple word counts is misleading; one would expect Howe to say the same n-gram approximately twice as often as Healey, given that Howe said approximately twice as many words. So I prefer to show and discuss the relative differences for these chancellors, in which I have corrected for how many words each said (see Appendix C for mathematical formulae).

Graphically, I usually report change in n-gram use as *percent relative increase,* meaning that all n-grams are reported in terms of who spoke them relatively more often (i.e. these are all expressed as positive relationships) and in percentage terms. For example, if an n-gram has a value of 100%, then it was said twice as often, or if an n-gram it has a value of 250%, then it was said three-and-a-half times as often. This is a particularly clear way of discussing data when only two chancellors are being compared to one another. I report only those shared n-grams whose relative percent increase passed a confidence limit (CL) threshold of 68% and/or 95% (corresponding to one- and two-sigma, respectively (see Appendix C for uncertainty assumptions and propagation-of-uncertainty formulae). I do this so that I may argue with a quantifiable confidence about the significance of these relative values as I discuss them. To say that a value has passed the 68% CL is to say that the chances are two-out-of-three that this value as measured, plus or minus the confidence interval reported (displayed as uncertainty measurements on the graphs), would persist in the data were I to sample an infinite number of times. Or, to state the corollary, there is a one-in-three chance that continuous sampling would give a true value that fell outside these uncertainty measurements. As such, 68% confidence-interval data is more compelling the longer the list is, (i.e. the more n-grams pass the test, the more n-grams (e.g. two of three, four of six, six of nine) are likely to be correct). More compelling still is the 95% confidence-interval threshold data, in which I can report that an n-gram's relative frequency value, plus or minus the confidence-interval reported, would be a true value nineteen-times-out-of-twenty.

In addition to this type of data, I also report those n-grams than one chancellor said at least once while the other did not say ever, and although I cannot report them as a relative increase (for we may never divide by zero), I do report their absolute frequencies. I also report uncertainty estimates with these numbers, based on their square-root values, where the assumption of a Gaussian (and for smaller n, tending to a Poisson) Distribution means that 1σ corresponds to 68% confidence, and 2σ to 95%. I report these unique n-grams, those words and phrases one chancellor used while the other never did, because it is valuable evidence-of-absence, and one of my claims here is that what goes unsaid in budget statements is also important. I often compare one chancellor to another, and in Chapters Six and Seven I sometimes present a span of the whole of my data set, 1976 through to 2013, in an attempt to compare all chancellors to one another. Where I do this, I report shared n-grams, words and phrases that all chancellors used at least once. I add the 'shared' criterion in these instances to protect myself from the charge of 'cherry-picking' terms that some chancellors did not say, thus skewing the data. Where n-grams are unique to chancellors, and this uniqueness is relevant to my arguments, I clearly state so.

I carried out all statistical operations and figure construction using *OpenOffice Apache Calc 3.4.1*, a free and open-source spreadsheet application that mimics Microsoft's *Excel*. I downloaded it and ran it smoothly on an Acer Aspire 6.00GB 1.90GHz laptop computer with a Windows 8 operating system. I used *TeXworks:*

MiKTex 2.9 (Kew, Löffler and Sharpsteen 2012) to edit the mathematical equations provided in Appendix C.

Section Five: Interpreting the Empirical Findings in Terms of History

Does my method, a rhetoric analysis of forty budget statements, offer any more insights into the activity of chancellors than a conventional economic history of the same period would have done? The answer is definitely yes. A conventional economic history would have cast a wider net in some ways, amassing evidence about interest-rate movements, exchange-rate movements, GDP change, banking deregulation, the expansion of City trading, employment and unemployment rates, and related these to domestic and global economic trends. But the focus on economic relations would have had more difficulty seeing the change in social relations that financialization has been and is. Financialization as a socio-economic change has meant that finance as an economic activity has become socially privileged over other economic activities, i.e. there has been a change in the social relations that both constitute and are constituted by an economic base, and by non-economic formations of political and civil society. The importance of economic arguments on the political stage, and the agency of state elites within those arguments, is not readily available to economic historians who do not make the political sphere their specialist area of study. My methods, my data, and my conceptual approach mean that my PhD project captures as evidence and incorporates in analysis some of the social dimensions of financialization, for a different picture than would be accessible through a purely economic-historical analysis.

One could, of course, ask the question the other way 'round: why look at economic history at all, why not just read budgets? Because history, even a history of rhetoric, should not be done in a piecemeal or isolated fashion, and because event-centred histories of financialization already exist, and they leave questions unanswered. In the first place, I certainly could have conducted a CDA of political arguments (using a combination, perhaps, of the methods in Fairclough (2000) with those of Fairclough and Fairclough (2011, 2012)), but had I, I would have lost my grip on history. The complete budget statement corpus of 1976-2013 is simply too large for one PhD project to subject it to any thorough CDA. Instead, it would have to be sampled, and representative sampling is very difficult to defend in history, where one can never step into the same river twice. I would have been forced in these circumstances to lose budget statements in order to accommodate other contributions to the network of discourses. I did not want to do that, because I felt that to understand financialization I had to understand its continuous, steady march. I wanted my investigation of chancellor rhetoric to follow financialization in the same way, step-by-step. In effect, I wanted to protect the historical in my project, to make sure my thesis was always about the ways chancellor rhetoric changed through history, the ways it stayed the same, and what that combination of variation and persistence says about the choices of chancellors. And this is the second reason to present a longer-run history, because although financialization and the actions of state elites have been explained already in terms of crisis (see Krippner 2011), this leaves unexplored the quieter ways in which state elites might have worked to privilege finance. Only a slow, methodical, regular procedure could hope to uncover and defend such a charge.

In this thesis I argue that the repeated expressions of financialization rhetoric through history show agency and action as markers and as forces for social change, and I could not possibly argue such without spanning an historical arc. Because they are intentional, deliberate and busy texts, budget statements highlight the intentionality, the deliberateness, the busyness of chancellors. As such my methods offer the possibility of an alternative analysis, to the institutionalist interpretations of the history of financialization, which have so often come from political economy and economic sociology that has engages with historical change. I think that the history of chancellors' words shows us their choices, an expression of their values, which I judge. I accept that this leaves my analysis open to charges of moral and epistemological relativism, but when it comes to values, I can see no other way.

Section Six: Conclusion

In this chapter I argue that I can answer my research question with my budget statement data, as I have collected, sampled and analysed it. The budget statements are the very deliberate rhetoric of one of the most elite actors of the state, intended to make a particular representation of the government's economic narrative of the past, and future intentions clear to multiple audiences. In his budget statement the chancellor exercises his special role as official economic rhetorician of the government. I investigate how budget statements relate to financialization as an historical process, i.e.

how did the rhetorical contributions of chancellors change across political and economic circumstances, from the middle of the 1970s to the present? I argue that chancellor rhetoric illuminates economic, political, and social relations across history, and that my historical approach to rhetoric results in a more complete and interesting picture than would be accessible through a more purely economic-historical analysis or a purely discursive one. The character of economic arguments on the political stage, and the agency of state elites within those arguments, are not readily available to economic historians who do not specifically study political communication. My methods and data capture the technical and economic aids to financialization that state elites provided, but so much more than that, they capture pro-finance arguments and political rhetoric.

The steps in my analysis, across which I inevitably move backward and forward in iterations, extend from research question, to political and economic history and theory, to budget-statement text, to rhetoric:

- My research question is: how, and how intentionally, did UK chancellors publicly support the historical development of financialization with their rhetoric?
- I map the historical position of the budget statements to financialization as an historical process, i.e. how did the budget statements of chancellors change across political and economic circumstances, from the middle of the 1970s to the present?
- I construct a corpus consisting of all annual budget statements delivered by UK chancellors between 1976 and 2013 (see Appendix A).
- My qualitative rhetoric analysis focuses on those parts of the budget statements in which the chancellor argues or implies that finance is or will be more profitable, or its profits more secure, or its practice as positive, moral or natural; and in which the chancellor argues or implies that non-financial enterprise (typically industry) is or will be less profitable, or its profits less secure, or its practice as negative, immoral or unnatural.
- I approach the text as rhetoric, analysing how the chancellor of the day constructed economic and social reality to make his version of it seem credible and objective, and durable to competing constructions.
- I make use of Potter's (1996) analytic categories: offensive orientations, defensive orientations, action orientations, epistemological orientations, vested

interests, trustworthiness, claiming, reporting, impersonal constructions, consensus, corroboration, rich detail, witnesses, normalization, exaggeration, and minimization (see Appendix B).

- I analyse the budgets quantitatively, looking for patterns, checking and guarding against my own bias, and supporting my arguments with a numerical measure of how much (or how little) a chancellor spoke about particular topics (see Appendix C).
- I argue that the evidence I have found, of the privileging of finance in rhetoric, shows how, and how intentionally, chancellors supported financialization in the UK.

This lists encompasses not just the analysis of text but also how I interpret my results as a matter of economic history and social relationships. My methods of analysis aim to yield results that allow me to make claims about the social conditions from which rhetoric arises. And I do this critically, seeking to uncover that which is taken for granted in history, moving between a closely-analysed text and a larger social analysis.

PART TWO: DATA

Chapter Four: Healey and Howe Establish Financialization

Section One: Introduction

In this first 'data' chapter, I show how Chancellors Healey and Howe established financialization in their rhetoric. On the surface, this is a matter of financial topics broached and industrial topics avoided, of banking privileged and full-employment targets abandoned, of the constant press of international capital flows and a wish to court them. But that is only a surface reading, and I have a closer reading of rhetoric to share, indicating past the measures that Healey and Howe were proud to champion. More tellingly, I show where they squirmed, where they evaded, where they carefully constructed arguments that went against the grain of popular interests (as elite interests so often do) or established practice (as innovations so often do). It is in this richer reading of the text that intentions become clearer still, because attention paid to rhetoric is attention paid to strategy. Blatant pro-finance rhetoric is just that - blatant – and there are few gold medals to be won for spotting it. I do show the blatant, but I am more interested in the pro-finance move that was awkwardly made, or sneakily made, doubly-reinforced with rhetorical techniques to make it less obvious to, or more defensible against, actors who were not set to benefit from it. The pro-finance move that is awkwardly or sneakily made is the political version of taking courage, of feeling the fear and doing it anyway. It reflects a different kind of intention, one that may not be so blatant, may not even have been clear to the speaker himself, but it is intention nonetheless. In this chapter I look at these two kinds of financializing evidence that were manifest before anyone involved properly recognized what financialization was.

I support my empirical findings with qualitative and quantitative analysis, as promised in Chapter Three. Denis Healey was in many ways a properly industrial chancellor, who actively protected and privileged industry, trade, and employment in his rhetoric while actively declining to privilege financial wealth or domestic finance. But my analysis of rhetoric also shows how Healey actively constructed international financial markets, sterling, inflation, wages and unions in his budget statements in ways that were more amenable to finance than industry, or those employed in industry. My key insight here is that Healey is clearly *uncomfortable* making these pro-finance constructions, yet he skilfully and defensively pushes onward to make them regardless, and I argue that this strongly suggests that Healey understood the pro-financialization constructions he was making to be concessions on contentious issues, even if he did not understand 'financialization' as we do today. After the Thatcher win, Howe was able to build much more comfortably on many of the constructions that Healey had provided so uncomfortably, particularly about inflation, pay-policy and unions, in ways that further compromised industry and industrial employees. Howe actively avoided the topics of employment and industry, speaking about them one-half and one-third as often as Healey, respectively. Howe's rhetoric also shows how proud he was to champion innovations for finance, both for the masses and in terms of financial deregulation. Thus this empirical chapter finds Healey a somewhat reluctant financializing agent, and Howe a more eager one, but both playing their part, each throwing the other into sharp relief.

As a warning, Sections Three and Four of this chapter, in which I describe selected findings of my qualitative content analysis and draw some immediate conclusions from them, are necessarily something of a twisted tale. The financializing changes of the late 1970s and early 1980s are traced through economic categories that all interact with one another; there is no easy way to draw a straight line through these texts. For example, Chancellor Healey (and to a lesser extent, Howe) spoke about British industry by talking about manufacturing, but also by addressing employment, unemployment, pay policy, pay agreements and unions. Sterling, exchange rates, trade and the balance of payments are immediately important categories for manufacturing exports, as well as intimately linked with the arguments for accepting IMF loan guarantees. Furthermore, these objects, measures, and events cannot be easily separated from those of the public sector borrowing requirement (the PSBR, or deficit), and government debt. Overshadowing all of these things is the foe common to Healey and Howe, inflation, which Healey promised to control with pay agreements and Howe with monetary policy. In this and the following data chapters I attempt to make my evidence as clear as possible, even though everything discussed is inevitably related to everything else.

This chapter proceeds as follows. In the next section I provide a very brief economic and political sketch of the period in question, 1976-1983. Section Three of this chapter describes the results of my quantitative corpus-linguistics analysis, which measures the prevalence of relevant n-grams in each chancellors' budget statements, and provides control against my bias as a reader. In the next two sections come my first two tranches of qualitatively-analysed textual evidence. With Section Four I demonstrate that on the issues of trade, manufacturing, employment, capital gains, and domestic banking, Healey was an ante-financialization chancellor, while on inflation, the strength of sterling, wages, and unions, he advanced financialization, bowing to international capital pressures and making difficult arguments in front of both opponents and supporters. Moving on to Thatcher's time in Section Five, I argue that Howe slowly but surely undermined or discarded many of Healey's ante-financialization positions, built on the proto-financialization positions that Healey provided, and brought innovations that advanced financialization yet further, in a fully pro-financialization stance. I end this chapter with a summary conclusion.

Section Two: Political and Economic Background, 1976-1983

Currency and inflation crises dogged Britain in the 1970s. In 1971 the United States ended a guarantee by which central banks worldwide had been able to convert gold into dollars at a fixed price. This breakdown of the post-war Breton-Woods Agreement meant that the world's currencies, including sterling, were soon free-floating. By June 1972 the UK government announced it would no longer intervene to keep sterling fixed in terms of gold or the US Dollar (Wass 2008). As for inflation, like most developed countries Britain experienced heightened inflation in the 1960s and 1970s. Since 1961 UK Government attempts to control inflation had largely been based on price, and then later incomes policies, which were enacted with a mix of voluntary and statutory measures, and resulted in a mixture of success and failure (Burk and Cairncross 1992; Dell 1996). Regardless, these persistently ran into opposition from both unions and employers. In 1975 GDP fell for three of four quarters, and inflation soared to 25% (Wass 2008). Mid-decade the rate-of-change in unemployment nearly doubled, from 654,000 in 1974-75 to 1.13 million in 1975-1976 (Burk and Cairncross 1992, p. 195).

In 1976, as sterling came under intense pressure in international currency markets, Healey and other Callaghan officials negotiated loan-guarantees, worth up to £9.2 billion (£56 billion in 2012-pounds) with a consortium of central banks and the IMF. These would allow the Bank of England to buy sterling on international markets with foreign-exchange reserves, in order to boost the price above markets' determinations (Wass 2008). But also key to sterling's stabilization was the IMF's imprimatur for Callaghan and Healey's fiscal measures and newly-highlighted monetarist targets. According to Burk and Cairncross (1992), it was "the acceptance by the IMF that enough had been done" (p.225), that did more than anything to settle international currency markets. During and after IMF negotiations, Tony Benn and other left-wing Labour MPs lobbied Healey and Callaghan to impose import controls instead of spending cuts and deflation, believing this to be a viable alternative that would maintain GDP expansion, preserve social services, and protect working wages (Glyn 2006). MP Tony Crosland (whom, according to Dell (1996), had been passed over for Chancellor by Wilson in favour of Callaghan) was agitating for domestic unemployment to take precedence over international markets (Burk and Cairncross 1992). But instead the IMF loan was agreed by Healey and Callaghan, including an IMF stipulation that £1.5 billion in Government spending be cut in 1977-8 and £3 billion in 1978-9 (Sandbrook 2012, p.491). Sandbrook (2012) has agreed with Burk's and Cairncross's assessment of Labour motivations, quoting Healey himself arguing in Cabinet that the controversial cuts "would be made with the full endorsement of the IMF and our major allies. It could transform our international position and have a very important effect on domestic confidence" (p. 491). In their definitive history of this episode, Burns and Cairncross (1992) have concluded that:

> The crisis was one of ideology and priorities. It was a watershed in postwar economic policy in which the postwar consensus on how the economy should be managed broke down, full employment ceased to be the overriding object of policy, and control of inflation became the abiding preoccupation of government (p. xi.).

The IMF agreement was a demoralizing moment, but economic matters soon started to improve, and for a short while the ship appeared to have righted itself. By the summer of 1977 the pound was much stronger, the balance of payments in surplus, the PSBR far below the IMF's prescribed limit for it, and international markets were rewarding the Government by being bullish on gilts (Sandbrook 2012 p. 653). But although unemployment was falling, living standards still were not rising for most people, and had not since 1973 (Sandbrook 2012, p.654). As economic indicators continued to improve, and anticipating an impending general election, Healey used his 1977 budget speech to announce a return to increased public expenditures. This triggered another sell-off of the pound on international currency markets, spurred a rise in bank rates, and inflation soon surged (Dell 1996). Healey reacted to the return of these monetary pressures by recommending below-inflation wage caps, which the unions angrily rejected. So began the Winter of Discontent, wide-scale public sector disruption and union protests that were politically calamitous for Callaghan. This also triggered a final showdown after several years of internal struggles and squabbles within the Labour Party, and with the unions that supported them. While proposed wage caps were unpopular with unionised workers, the strikes proved very unpopular with the general public, and the Government was widely blamed for either creating the situation, or mismanaging it. In March of 1979 the Callaghan Government lost a confidence vote in the House, and in May the general election, to Margaret Thatcher (Dell 1996).

Almost one-third of manufacturing capacity in the UK was lost during Thatcher's first Parliament and Howe's chancellorship (Gilmour 1992, p. 67). The falling tax returns from production were camouflaged to an extent by the rising tax returns to the state from North Sea Oil, but the effect on employment was perfectly plain, with jobless numbers rising from just over one to just under three million. Of course the demand for consumables did not take a one-third holiday, and so between 1981 and 1984 imports rose by a third in real terms, while British manufacturing was by comparison almost flat (Gilmour 1992, p. 69). Thatcher's Governments proved quite prejudiced against industrial activity. Heathite critic Ian Gilmour (1992) has speculated why:

> The reason is hard to find. Maybe their prejudice against manufacturing was due to their obsession with market forces and free trade: to help industry would constitute interference in [these] affairs...Maybe it was just due to the very few Thatcherites knowing anything about industry. Maybe they felt guilty about their decimation of it in 1979-1981 – years which were worse for manufacturing industry that any in the whole of the nineteenth or twentieth centuries. (Yet some monetarists were downgrading its importance even before the 1979 election). Maybe, analogous to their hatred of local government, they disliked it because much of it took place in the Labour heartlands, in the belief that the need for a large manufacturing sector was a specifically socialist idea. Or maybe the cause was even simpler: Milton Friedman said in 1980 that our manufacturing industry should be allowed to fall to bits, and once again the Thatcherites had swallowed his doctrine whole (p. 72).

Although monetarism came to the fore now, the shift to monetarism had begun before Thatcher and Howe. While Callaghan and Healey were not 'card-carrying' monetarists, they had adopted money-supply targets as policy, and both friends and foes understood the import of this early. Labour MP Austin Mitchell (1983) has written that the monetarist project was actually “introduced and house-trained by Labour, ready for the Conservatives to turn it into the only instrument of policy” (p.18). And Enoch Powell said in the Commons in 1997 that Denis Healey had been “a monetarist much longer than anyone has ever suspected of him” (quoted in Heffer 1998, p.793). Just as importantly, the primacy of inflation-control that Callaghan and Healey had accepted at their IMF-watershed meant an end to a policy of full employment (Burk and Cairncross 1992; Sandbrook 2012). And it has ever since.

As manufacturing shrank under Thatcher and Howe, finance grew. As part of Thatcher's programme for free-markets and individual responsibility, Howe promoted shareholding, especially small shareholding, and especially shareholding in previously nationalized industries as they were privatized. By the end of the first Thatcher Parliament there were over 500 foreign banks in London, variously dealing in currency, bonds, equities, futures, options, junk bonds, and securities, against the value of commercial companies, property and residential mortgages (Thompson 1997). But if activity and money had flowed in, it had also flown out, as the absence of exchange controls (lifted by Howe in 1979) allowed UK investment houses and pension funds to invest globally. This change had put the the sector under a great deal of pressure to compete with New York and Tokyo, which it did, keeping the City's place as a world-leading financial centre (Gower 1988). This change along with increased foreign investment, more widespread shareholding, more widespread use of mortgages, and the privatization of national industries would all come to account for the movement of more capital from outside financial markets into them. Changes to laws, regulations, markets, and attitudes at this time all helped to set the wheels of financialization turning.

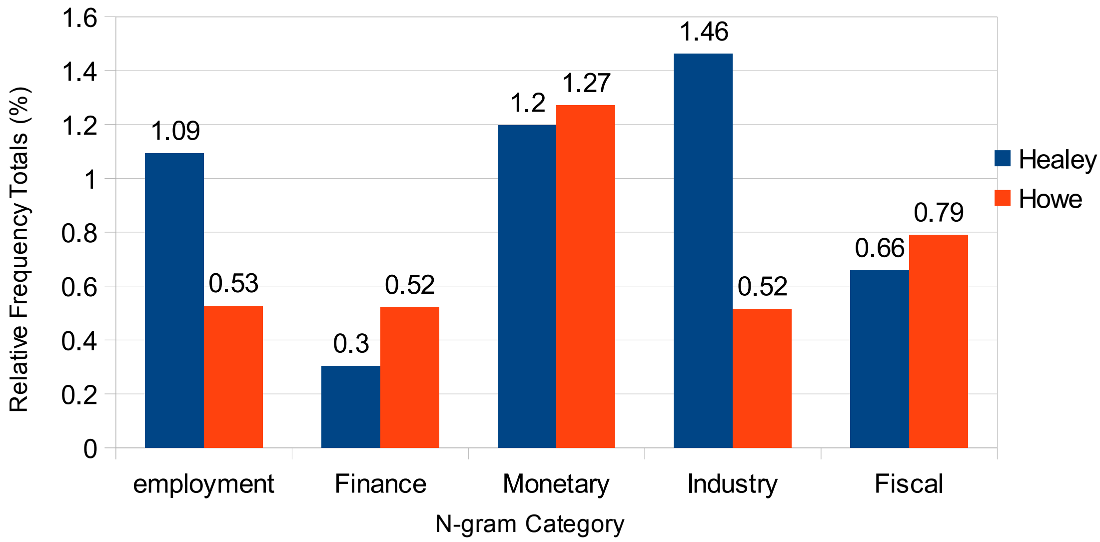
Section Three: Quantitative Analysis of Healey's and Howe's Budget Statements

Quantitative Overview for Healey and Howe

I arrive now at the first tranche of quantitative data. I begin by presenting a global view of the data, analysing the percent relative total frequencies by five major n-gram categories: employment, finance, monetary, industry and fiscal (See Figure 4.1).

Figure 4.1: Healey's and Howe's Relative Frequency Totals by N-gram Category

(Employment, Finance and Industry have gaps in two-sigma error)



Finance, monetary, and fiscal are the three categories which Howe addressed more than Healey, while Healey talked relatively more about employment and industry than Howe. To quantify this, Healey speaks of employment just over twice as often as Howe (1.093% vs. 0.527%), and of industry almost three times as often as Howe (1.462% vs. 0.516%); Howe speaks of finance almost sixty-percent more often than Healey (0.522% vs. 0.304%), of monetary matters very slightly more often (1.271% vs. 1.197%), and of fiscal matters slightly more often as well (0.790% vs. 0.658%). This qualified result supports the impression I formed during my own reading for the qualitative analysis, and it is reassuring to see that a numerical analysis that adjusts for sample size supports this impression. But the qualification I make must be one of statistical significance, and so the next question to answer is how significant the differences are between the two chancellors within each n-gram category. When looking at the gap between Healey and Howe for each n-gram, the monetary n-gram category shows the smallest gap and fiscal slightly larger, but finance, employment and especially industry show what look to be very significant differences. But are these differences statistically significant, and if so, at what level of confidence?

At the 68% confidence-level, the difference between Healey and Howe as described by monetary n-grams becomes insignificant (Table 4.1).

Table 4.1: 68% Confidence Intervals for Relative Frequency Totals of N-gram Categories				
N-gram Category	Healey (%)		Howe (%)	
	Lower limit	Upper limit	Lower Limit	Upper limit
Employment	**1.039**	**1.146**	**0.500**	**0.554**
Finance	**0.276**	**0.332**	**0.495**	**0.549**
Monetary	1.141	1.252	1.229	1.314
Fiscal	**0.618**	**0.699**	**0.757**	**0.823**
Industry	**1.400**	**1.524**	**0.489**	**0.543**

The upper-limit of Healey's monetary n-gram score is higher in value than the lower-limit of Howe's score (i.e. their uncertainty measurements overlap). At the 68% confidence interval the other four categories maintain gaps between their margins of uncertainty. However, at the 95% confidence limit (see Table 4.2), the fiscal category joins monetary n-grams as appearing insignificant, as Healey's upper limit for the margin of uncertainty at 95% confidence overlaps with Howe's lower limit.

Table 4.2: 95% Confidence Intervals for Relative Frequency Totals of N-gram Categories				
N-gram Category	Healey (%)		Howe (%)	
	Lower limit	Upper limit	Lower limit	Upper limit
Employment	**0.980**	**1.199**	**0.473**	**0.581**
Finance	**0.248**	**0.360**	**0.468**	**0.576**
Monetary	1.085	1.308	1.187	1.356
Fiscal	0.575	0.740	0.724	0.856
Industry	**1.339**	**1.585**	**0.463**	**0.570**

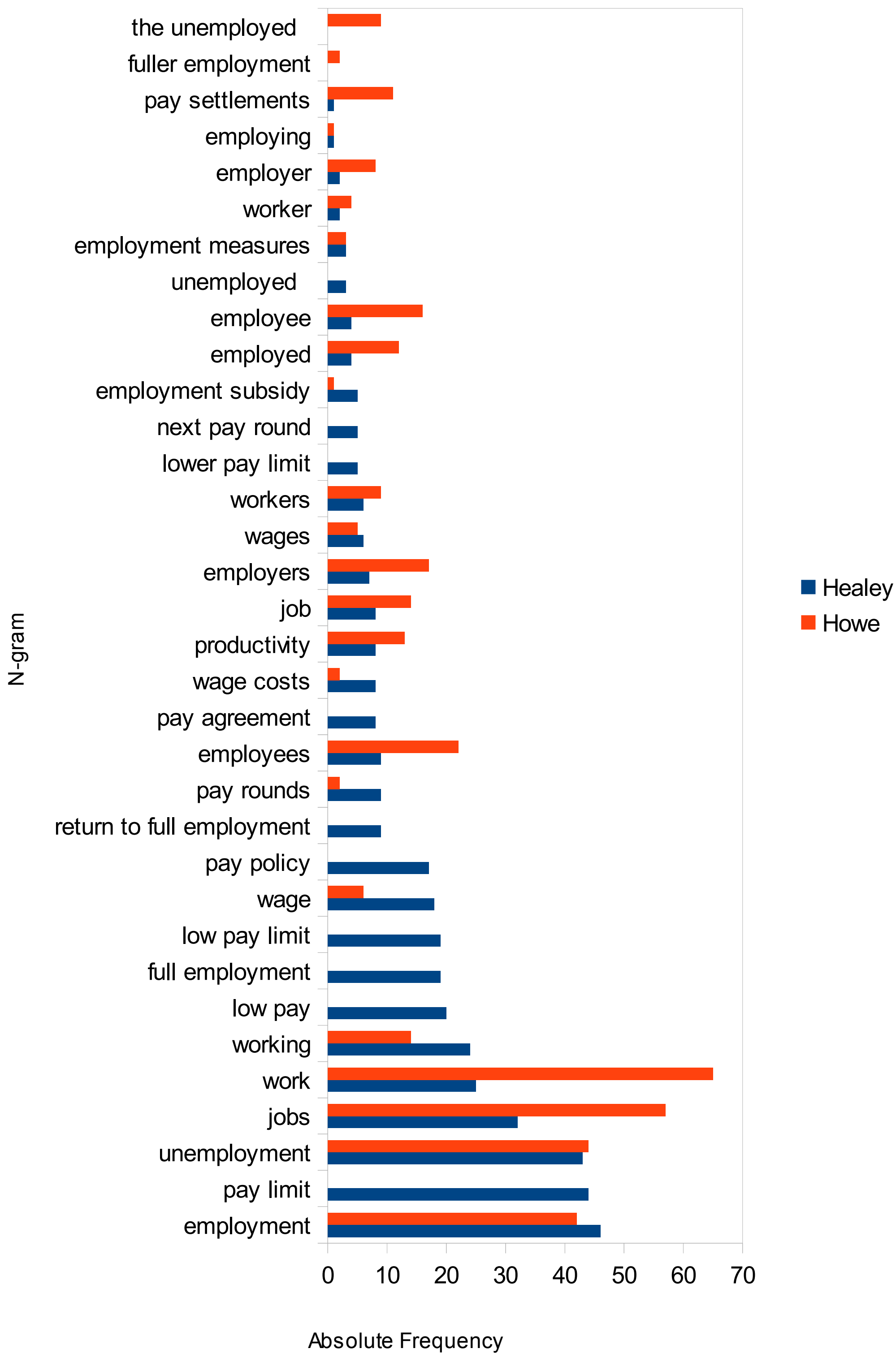
At 95%, this leaves the categories of employment, finance, and industry demonstrating statistically-significant differences.

This means that Healey speaks of employment approximately twice as often, and of industry almost three times as often as Howe, that Howe speaks of finance 58% more often than Healey, and these findings should be taken as significant to a certainty of nineteen-times-out-of-twenty. These differences are significant, and they are striking because they give a sense of how radically Howe is shifting the nature of his descriptions about the economy, away from industry and employment and toward finance, even when fiscal and monetary descriptions retain approximately the same prominence in these two chancellors' account. I am able to quantify the degree to which Howe jettisoned employment and industry as budget-statement concerns (by factors of approximately two and three, respectively) and in their place put forward a new focus on finance (by 58% more). Quantitatively, this is a key finding which puts the rest into perspective, because it shows how Howe attempted to change the conversation about what the British economy should be, what a legitimate description of the economy would include and what it would exclude.

Employment N-grams for Healey and Howe

Now that I have shared a global view of these eight budgets, I scrutinize the details more closely. Figure 4.2 shows the absolute frequencies of some employment n-grams shared and unique.

Figure 4.2: Healey's and/or Howe's Employment N-grams



For those n-grams that Healey used more than Howe, eleven passed the 68% CL threshold (see Figure 4.3), compared to eight n-grams at 68% CL that Howe used more often than Healey (see Figure 4.4).

Figure 4.3: Employment N-grams
that Healey Used Relatively More Often than Howe

(All n-grams pass a 68% confidence-interval threshold)

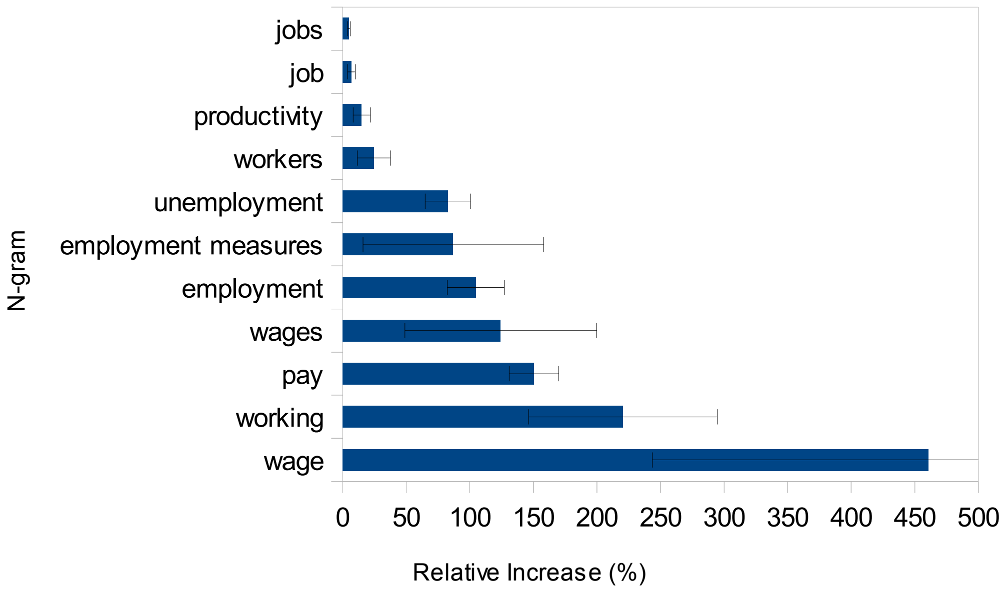
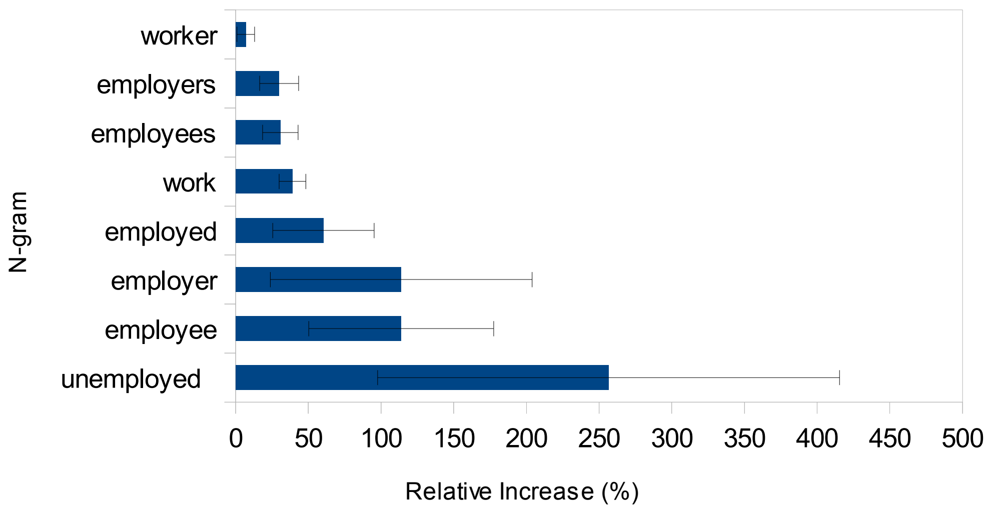


Figure 4.4: Employment N-grams
that Howe Used Relatively more Often than Healey

(All n-grams pass a 68% confidence-interval threshold)



These two figures show that Healey talked about “wages” (124%) and “pay” (150%) more than twice as often as Howe, while “wage” (460%) is a word he said more than five-and-a-half times as often. There are no corresponding words on Howe's list, suggesting that Howe did not chose to construct worker income in his budget statements where Healey did do. Healey is also twice as likely to talk about “unemployment” and “employment measures” as Howe, whereas Howe is not only about twice as likely to say “employer” as Healey is, Howe is also almost equally as likely to say “employer” as employee” within his own corpus, where this is not true for Healey. For n-grams that Healey used more than Howe, eight passed the 95% CL (see Figure 4.5), compared to three n-grams at 95% CL that Howe used more often than Healey (see Figure 4.6).

Figure 4.5: Employment N-grams that Healey Used Relatively More Often than Howe

(All n-grams pass a 95% confidence-interval threshold)

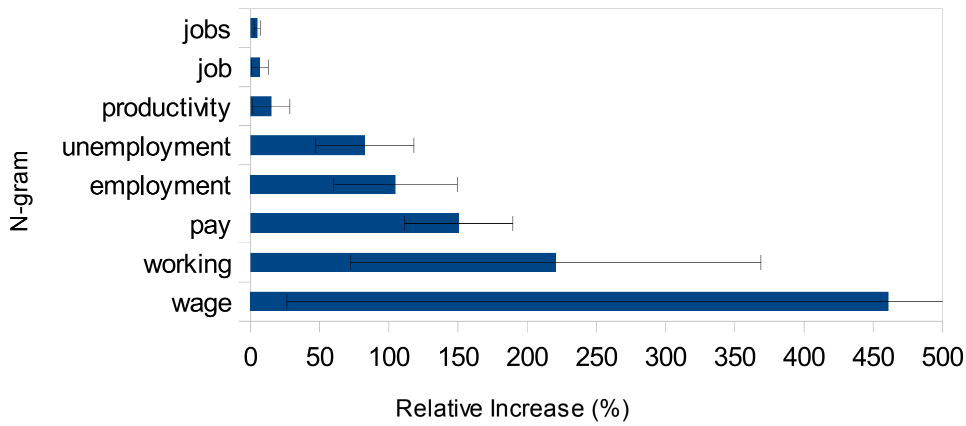
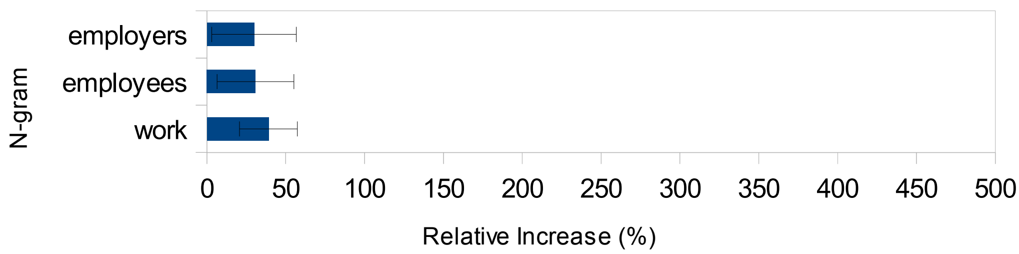


Figure 4.6: Employment N-grams that Howe Used Relatively More Often than Healey

(All n-grams pass a 95% confidence-interval threshold)



Healey's use of n-grams “pay” and “wage” remain significant at this higher confidence level, as do Howe's “employers” and “employees.” At this higher confidence-interval threshold Healey's greater use of employment n-grams is even more pronounced, with more n-grams scoring much greater relative increases over Howe than Howe's three n-grams score over Healey.

The employment n-grams that Howe and Healey left unsaid also reveal stark differences, specifically about Howe's reticence to construct the problems of low income and chronic unemployment and his tendency to construct the state of being unemployed as personal to the unemployed worker. Table 4.3 shows employment n-grams that Healey used but Howe did not, significant past the 95% CL.

Table 4.3: Employment N-grams that Healey Used But Howe Never Used

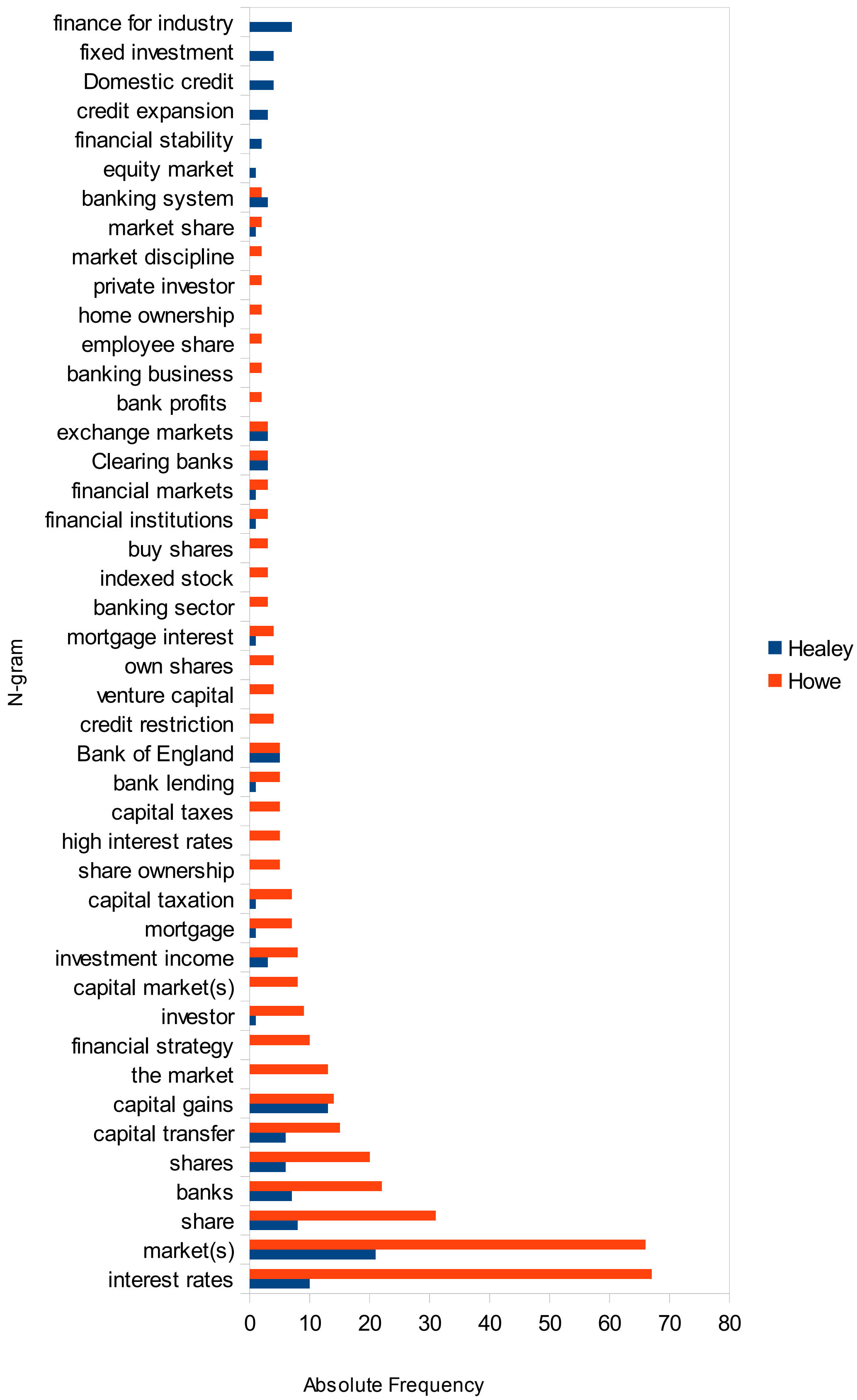
N-gram	Frequency (95% CL)
next pay round	5
lower pay limit	5
pay agreement	8
return to full employment	9
pay policy	17
low pay limit	19
full employment	19
low pay	20
pay limit	44

Six of the nine n-grams here refer to the pay policies that Howe abandoned, so it is not surprising that Howe does not talk about them, but the other three (“full employment,” “return to full employment,” and “low pay”) are more interesting. The first two of these show that any return to full employment has been abandoned by Howe's constructions entirely, it is simply no longer spoken of. Howe did say “fuller employment” twice (68% CL), which I would judge as a meagre replacement. Howe did say “the unemployed” (nine times, 95% CI), while Healey never used this term to refer to people who are unemployed, despite the fact that Healey used the term “unemployment” relatively twice as often as Howe (95% CL, see Figure 4.5). Judging this evidence I argue that Howe found “the unemployed” a useful category with which to describe people, where Healey did not, and from my qualitative reading I believe that Healey chose to construct unemployment not as an inherent trait of a group of people but as a wider social problem.

Finance N-grams for Healey and Howe

Healey's and Howe's quantitative measures are divergent again on the topic of finance, but I must discuss these carefully. Figure 4.7 shows some of the finance n-grams of Healey and/or Howe.

Figure 4.7: Healey's and/or Howe's Finance N-grams



From a casual inspection it looks as if Howe not only used finance n-grams more often (as one would expect), but that he also used a larger variety of finance n-grams, and used many n-grams that Healey did not use. In simple terms this is true, but this instance of finance is a good example of how misleading absolute frequencies, especially small ones with large relative uncertainties, can be, and why I must be careful in this discussion. Howe spoke approximately twice as many words as Healey, and I must adjust for this. At the 68% confidence-interval for each chancellor, and it is Healey who has more finance n-grams (14) than Howe (11) (no figure shown). But many of Healey's n-grams have relatively large uncertainty-measurements associated with them in the graph, and indeed these fall away in the 95% CL graph (see Figure 4.8), at which point the comparable Howe graph (Figure 4.9) displays more finance n-grams (7 vs. 9).

Figure 4.8: Finance N-grams that Healey Used Relatively More Often than Howe

(All n-grams pass a 95% confidence-interval threshold)

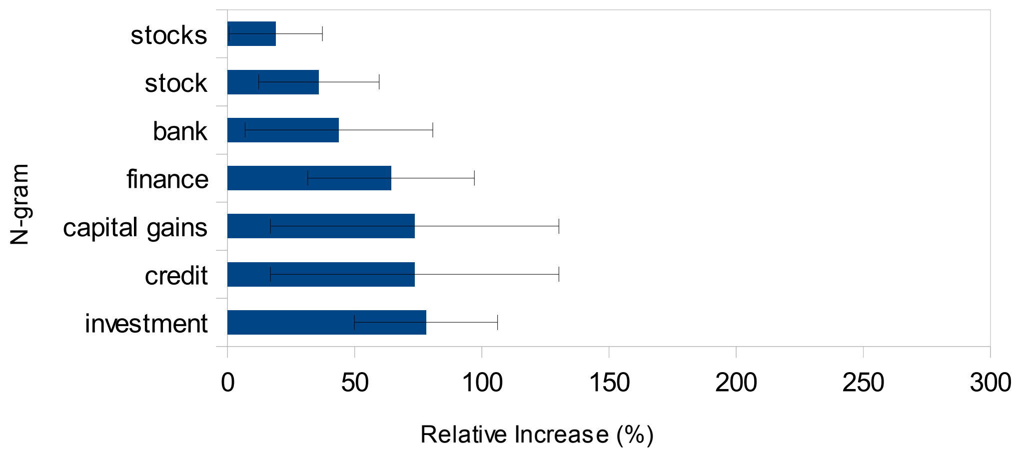
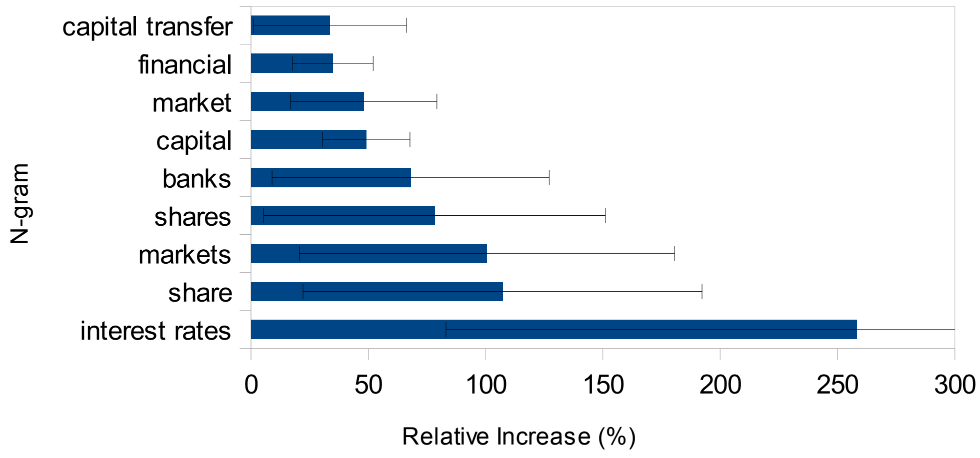


Figure 4.9: Finance N-grams that Howe Used Relatively More Often than Healey

(All n-grams pass a 95% confidence-interval threshold)



Still, even at this level of certainty the comparisons between the chancellors with respect to shared words are not particularly revealing or impressive. Far more interesting are the innovations of Howe, those n-grams which he used but Healey never used (Table 4.4).

Table 4.4: Finance N-grams that Howe Used But Healey Never Used	
N-gram	Frequency (68% CL)
market discipline	2
private investor	2
home ownership	2
employee share	2
banking business	2
bank profits	2
buy shares	3
indexed stock	3
banking sector	3
own shares	4
venture capital	4
capital tax	4
credit restriction	4
dividends	4
high interest rates	5
share ownership	5
owner	5
capital markets	8
financial strategy	10
the market	13
ownership	17

There are 21 new n-grams here, 7 of which score $n > 4$ (i.e. passing 95% CL). Many are to do with finance as an economic sector, but also some to do with the rise of the individual investor: “private investor,” “home ownership” “employee share,” “buy shares,” “own shares,” and “share ownership.” New constructions of Howe's include “market discipline,” “the market,” “banking business,” and the oft-used “ownership.” While no finance n-grams that Healey used but Howe never used passed the 95% CL threshold, five did pass the 68% threshold, illustrating what sorts of terms Healey found useful for constructing his economic narrative, whereas Howe did not (Table 4.5).

Table 4.5: Finance N-grams that Healey Used But Howe Never Used	
N-gram	Frequency (68% CL)
financial stability	2
credit expansion	3
fixed investment	4
domestic credit	4
finance for industry	7

The term “financial stability” can be understood as a reference to currency instability, and likely Howe had less use for “credit expansion,” fixed investment” or “domestic credit” during his period of high interest rates. But I argue that the disappearance of the term “finance for industry” at this time is significant - like “full employment,” it is an idea removed from the chancellors' repertoire.

Monetary N-grams for Healey and Howe

The quantitative results of the monetary n-gram analysis are the most difficult to interpret because they run in contradictory directions and do not offer clear margins of significance, but they are still worth noting succinctly here, for completeness. Although Howe used a greater variety of monetary n-grams (not shown), he used many of them only a few times, and so, to a 68% confidence level, it is actually Healey who appears to have the greater vocabulary, with 15 compared to 7 n-grams (compare Figures 4.10 and 4.11).

Figure 4.10: Monetary N-grams that Healey Used Relatively More Often than Howe

(All n-grams pass a 68% confidence-interval threshold)

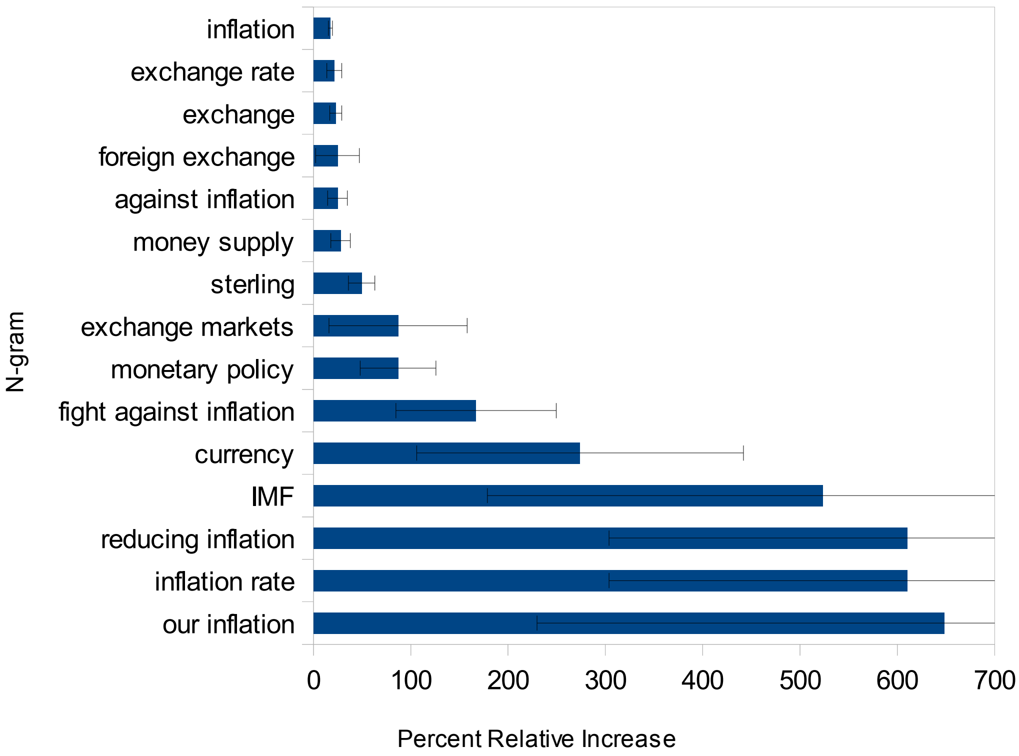
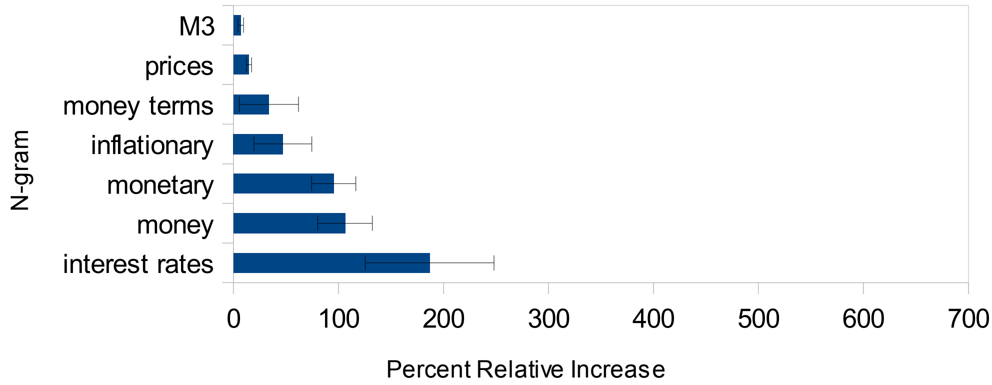


Figure 4.11: Monetary N-grams that Howe Used Relatively More Often than Healey

(All n-grams pass a 68% confidence-interval threshold)



At the 95% confidence level Healey still used shared n-grams ("inflation," "exchange rate," "exchange," "against inflation," "money supply," "sterling," "monetary policy," and "fight against inflation") more often than Howe, and Howe's preferred n-grams are neither qualitatively different ("M3," "prices," "monetary," and "money") nor are they much more frequently used. Even an n-gram like "M3," which one might have expected Howe to use much more often because of how central monetary targeting was to his inflation strategy, he uses it only 10% more often once corrected for sample size, and this result barely spans past its own uncertainty measurements at 95% confidence. As for n-grams that are unique to each chancellor, Healey uses two, "our rate of inflation" and "monetary aggregates" that pass both the 68% and 95% confidence-interval threshold (not shown). Howe has many more unique monetary n-grams than Healey that pass the 68% confidence limit, and six of these that pass the 95% confidence limit, n > 4 (see Table 4.6).

Table 4.6: Monetary N-grams that Howe Used But Healey Never Used	
N-gram	Frequency (68% CL)
inflationary gains	2
M2	2
strong pound	3
future inflation	3
high inflation	3
inflation and interest rates	3
battle against inflation	3
monetary discipline	4
firm monetary	4
money borrowed	4
defeat of inflation	4
M1	4
high interest rates	5
monetary and fiscal	5
monetary target	7
monetary conditions	7
interest rate	8
monetary control	9

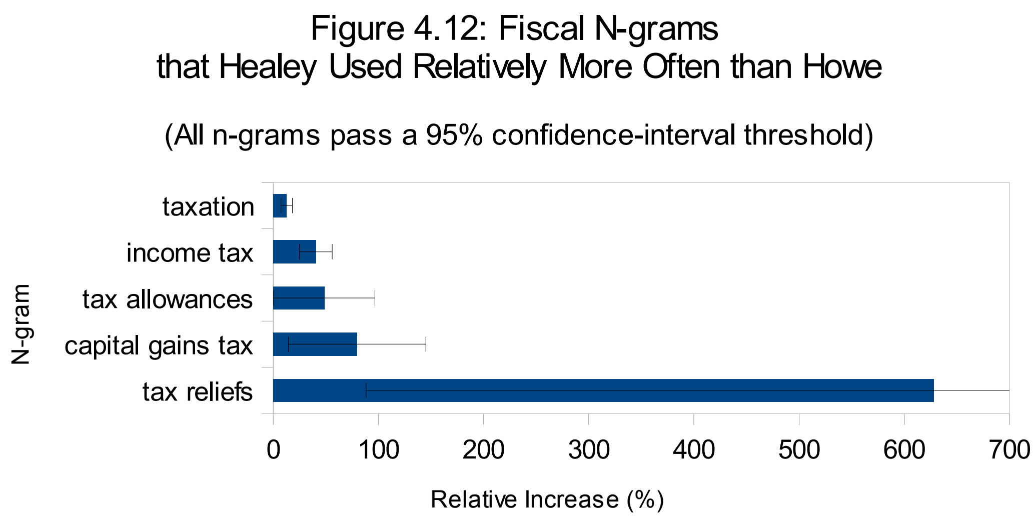
My interpretation of this data is that it provides evidence that Howe relied on a wider repertoire of monetary constructions, but that both men used monetary arguments in their accounts to a similar extent. It confirms the category analysis presented in Figure 4.1, that monetary differences are not great.

Fiscal N-grams in Healey and Howe

Like the monetary n-grams, fiscal n-grams show only a few statistically-significant differences. Table 4.7 shows the 95%-significant fiscal n-grams that Howe used but Healey did not, and they reflect Howe's more explicit monetarism.

Table 4.7: Fiscal N-grams that Howe Used But Healey Never Used	
N-gram	Frequency (95% CL)
Monetary and fiscal	5
Tax reductions	6
Capital taxation	7
Tax relief for	8
Petroleum revenue tax	9
Development land tax	10

Figure 4.12 shows what fiscal n-grams Healey used relatively more often than Howe.



Although Healey talked more about "tax reliefs," Table 4.5 shows that Howe was the only one of the two to talk about "tax reductions" and he did so significantly often. A tax relief is a special circumstance, and in Healey's budgets these are typically tax-breaks for firms, not families (as will be the case for Gordon Brown). It is Howe who talks about reducing taxes more broadly. The fiscal n-grams that Howe used relatively more often, and were 95%-significant, were "tax burden," "corporation tax," "capital transfer tax," "transfer tax," and "public expenditure" (no figure shown). With Table 4.5 this list shows that n-grams like "tax burden," "tax liability" and "tax-free" were more popular, or only popular, with Howe. This suggests that Howe constructed tax more negatively than Howe, in terms of individual payment rather than as a means of achieving communal goals. The fiscal n-grams that Howe used but Healey did not also show some specific taxes that Howe was concerned with: the “petroleum revenue tax,” which he raised, and the “land development tax,” which he lowered. The only investigated fiscal n-gram that Healey said and Howe did not was “reduction in income tax.” Like the monetary data, the quantitative fiscal data shows a few differences between the chancellors, but not staggering differences.

Industry N-grams in Healey and Howe

The most striking differences between Healey and Howe within an n-gram category is with respect to industry. I show the investigated n-gram list in two parts, Figures 4.13 and 4.14, because there are simply too many (60) to display on one page, and that is mostly due to Healey's varied use of words and phrases concerned with things industrial.

Figure 4.13: Industry N-grams Used by Healey and/or Howe

(The first thirty of sixty, as arranged by most-used by Healey)

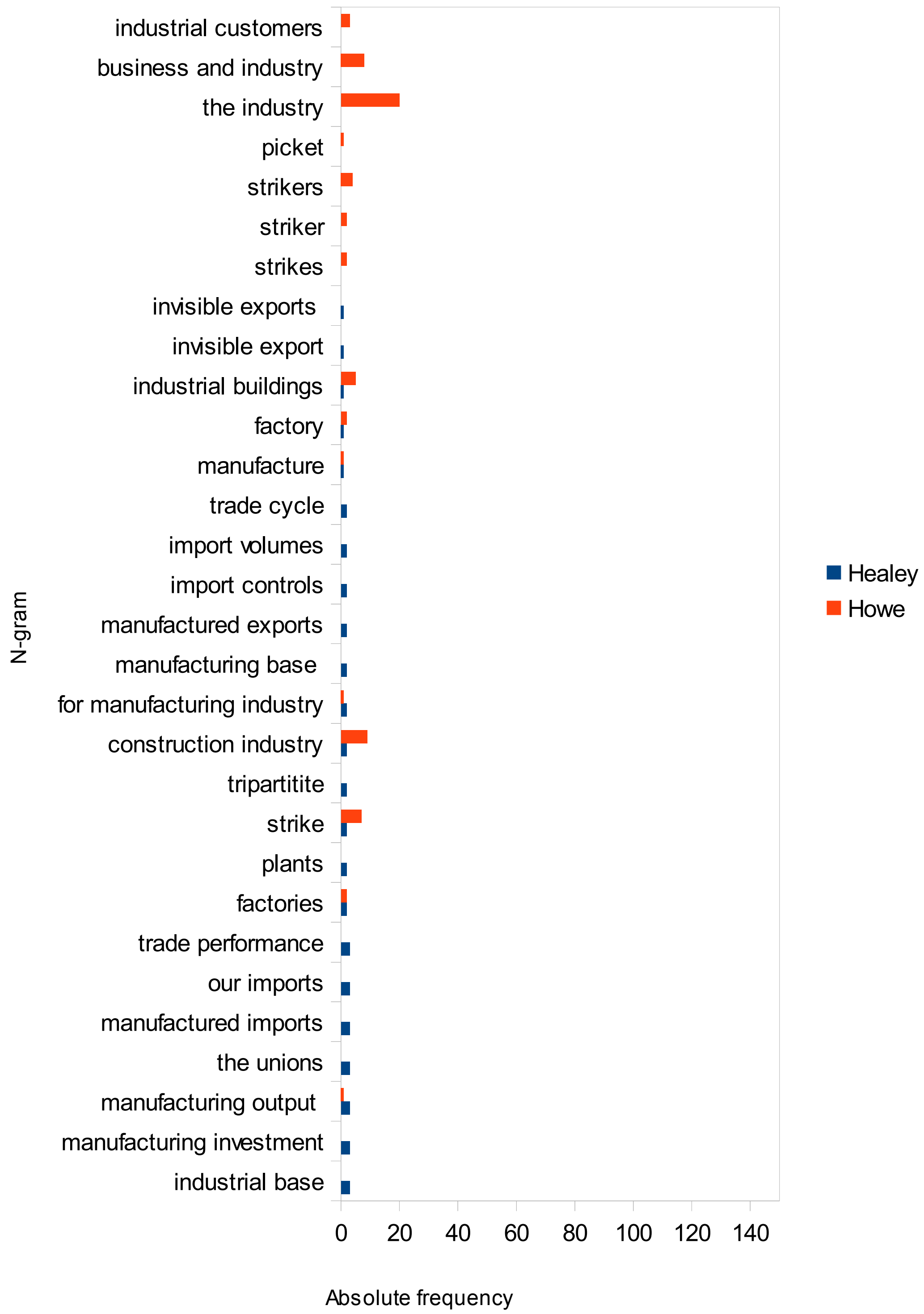
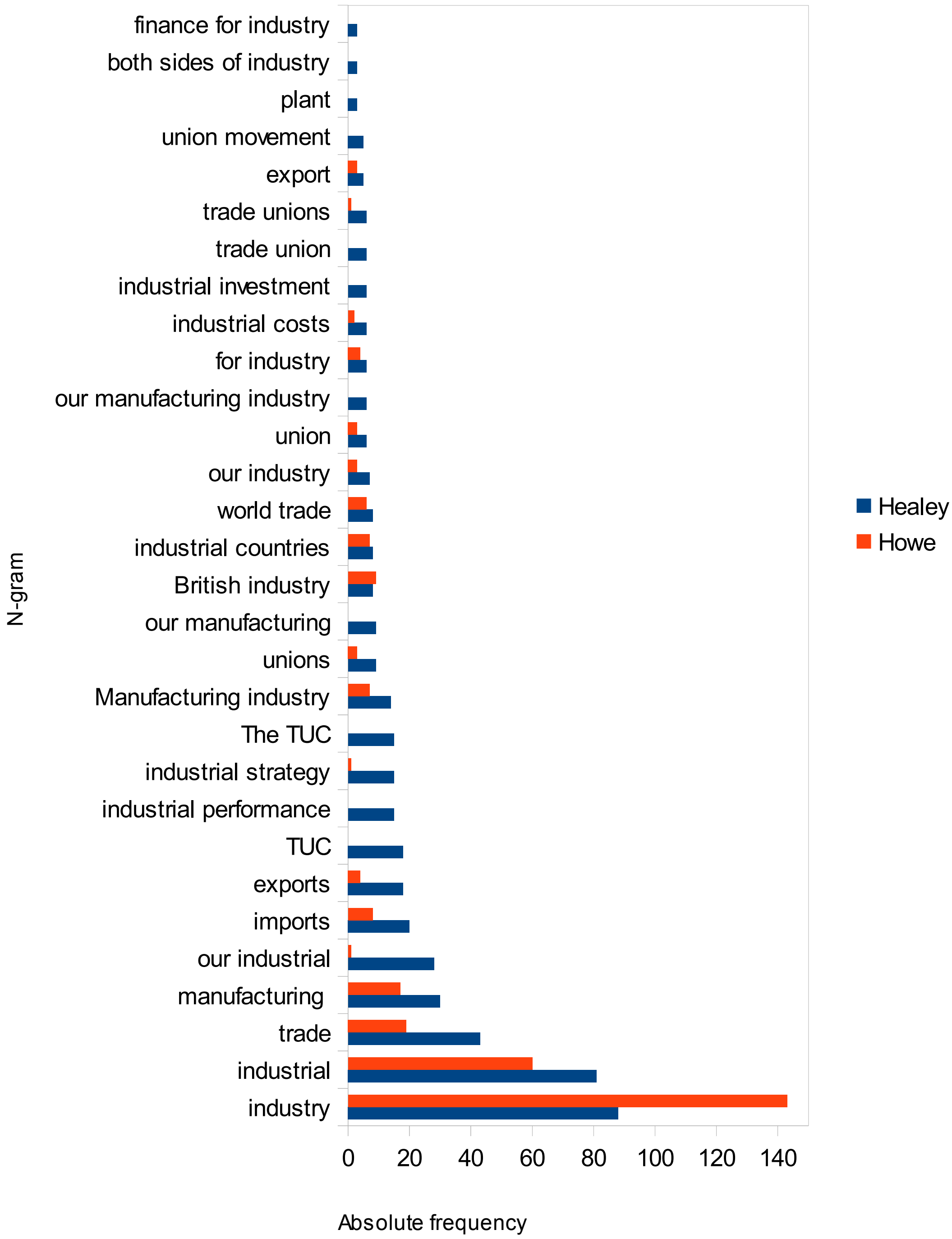


Figure 4.14: Healey and/or Howe's Industry N-grams

(The last twenty-nine n-grams of sixty, as arranged by most-used by Healey)



Even though Howe speaks nearly twice as many words overall, this absolute-frequency list shows that Howe is much less likely to talk about unions in particular (although he is more likely to talk about strikes) or indeed manufacturing in general. Correcting for corpora sizes, Figures 4.15 and 4.16 begin to quantify how stark that difference is, as 17 n-grams pass the 68% threshold for Healey, yet only 2 for Howe. Note also the large difference in scale.

Figure 4.15: Industry N-grams that Healey Used Relatively More Often than Howe

(All n-grams pass a 68% confidence-limit threshold)

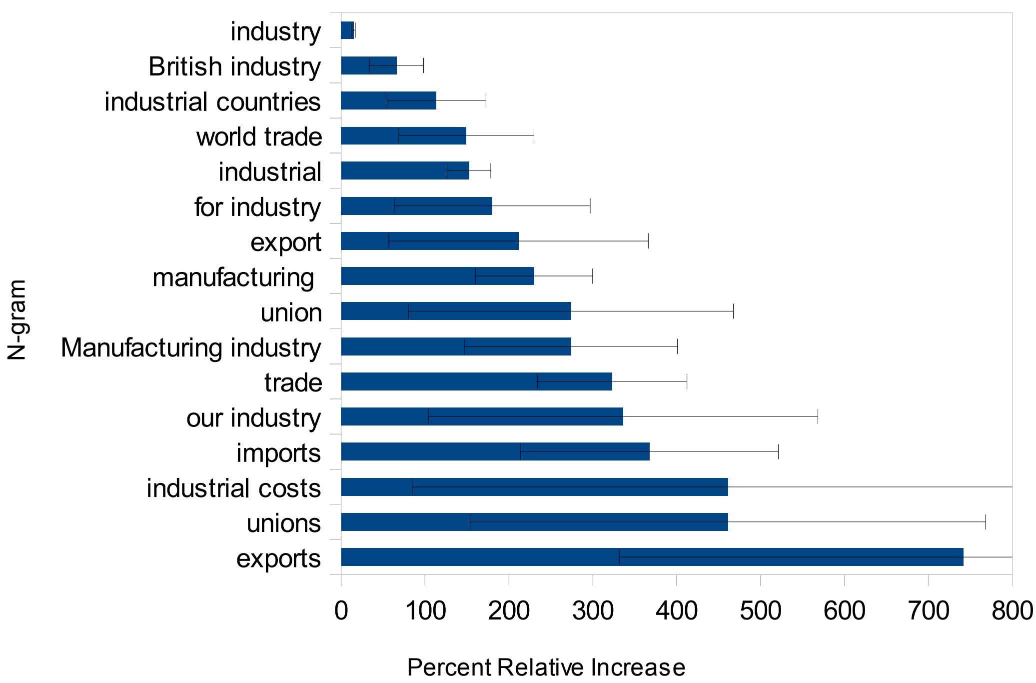
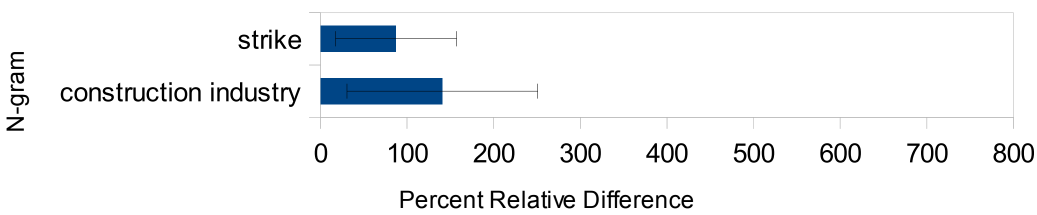


Figure 4.16: Industry N-grams that Howe Used Relatively More Often than Healey

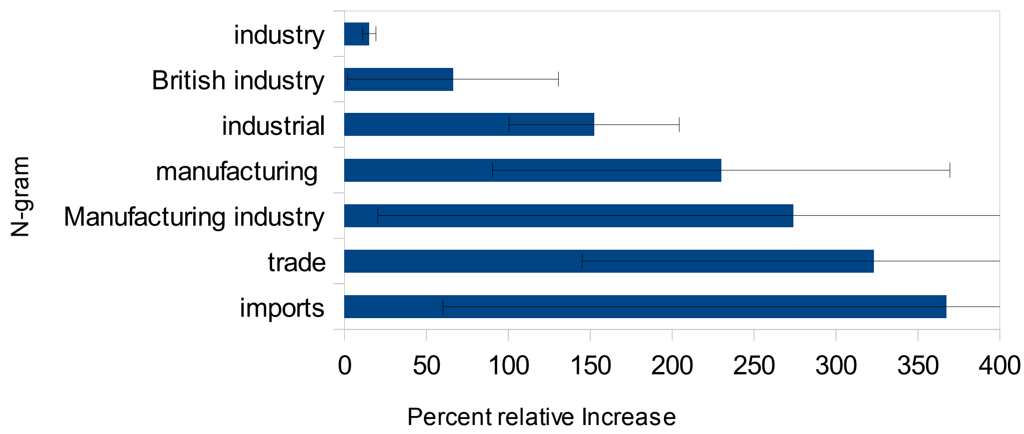
(All-n-grams pass a 68% confidence-level threshold)



The two n-grams that Howe used more that Healey ("strike" and "construction industry"), he used approximately twice as much. The n-grams that Healey uses more often score much higher in percent relative difference: the majority he used three-to-six times as often ("British industry," "industrial countries," "world trade," "industrial," "export," "manufacturing," "union," "manufacturing industry," "trade," "our industry," "imports," "industrial costs," and "unions"), and he talked about "exports" more than eight times as often. Figure 4.17 shows that seven of Healey's seventeen n-grams survive the 95% threshold test, and these n-grams ("industry," "British industry," "industrial," "manufacturing," "manufacturing industry," "trade," and "imports") are still words Healey says many times more frequently than Howe, relatively speaking.

Figure 4.17: Industry N-grams that Healey Used Relatively More Often than Howe

(All n-grams pass a 95% confidence-interval threshold)



Neither of Howe's n-grams pass the 95% confidence-limit threshold. All of this comparative data supports my contention that Healey chose to speak about industrial matters far more often than Howe.

This trend continues through the non-comparative data, illustrated in Tables 4.8 and 4.9.

Table 4.8: Industry N-grams that Healey Used But Howe Never Used	
N-gram	Frequency (68% CL)
trade cycle	2
import volumes	2
import controls	2
manufactured exports	2
manufacturing base	2
tripartite	2
plants	2
trade performance	3
our imports	3
manufactured imports	3
the unions	3
manufacturing output	3
manufacturing investment	3
industrial base	3
finance for industry	3
both sides of industry	3
plant	3
union movement	5
trade union	6
industrial investment	6
our manufacturing industry	6
industrial performance	15
TUC	18

Table 4.9: Industry N-grams that Healey Used But Howe Never Used	
N-gram	Frequency (68% CL)
striker	2
strikes	2
industrial customers	3
strikers	4
business and industry	8
the industry	20

At the 68% confidence level (i.e. absolute frequency greater than or equal to 2) Healey used 24 industry n-grams that Howe did not, while only 5 Howe n-grams survive that test. Even more interesting is to see Howe's n-grams (“striker,” “strikes,” “industrial customers,” “strikes,” and “business and industry”) and recognize how they focus on problematic industrial relations, on sales, and other types of business. The only one of these n-grams to pass the 95% confidence-limit threshold is “business and industry” (not shown), but Figure 4.17 shows how seven of Healey's n-grams survive this test. Howe was much less likely to talk about industry than Healey at all, except in terms of soured industrial relations. This evidence-of-absence betrays a shift in the textual constructions, as industry and manufacturing become less privileged, more marginalized, and less important in Howe's budget statements.

How will this quantitative data support the arguments I am about to make based on my qualitative analysis of rhetoric? In discussing my qualitative analysis, I argue that on trade, manufacturing, employment, capital gains and domestic banking, Healey was ante-financialization, the last industrial chancellor, whereas Howe ignored and dismissed trade, manufacturing, and employment. I believe that much of the quantitative evidence supports me. Howe was simply far less keen to discuss industry, trade or employment, this is clear in the quantitative data, and Howe did also discuss finance more as well, although the increase is not as striking. For finance, my qualitative arguments are less about topics embraced and avoided as about the chancellors different constructions about legitimate financial practice (i.e. what is finance for? how should finance be regulated?), so a more modest difference is not an unexpected result. In discussing my qualitative analysis, I argue that Howe built on

Healey's focus on inflation and money, and again I believe the quantitative evidence supports me, in that Howe talked about it differently, but not necessarily any more often. I also argue that Howe brought innovations for finance, and the quantitative evidence here supports this, especially in terms of Howe's unique n-grams that reflect the democratization of finance.

Section Four: Qualitative Analysis of Healey's Budget-Statement Rhetoric

In this section I also make the following two claims:

1. On trade, manufacturing, employment, capital gains, and domestic banking, Healey was ante-financialization, yet
2. Healey put forward proto-financialization rhetoric about the authority of international financial markets, inflation, a strong currency, mass wage growth, and unions.

Healey's Rhetoric was Ante-financialization

Employment, trade and industry are the key triad that distinguish Healey's budget statements from all that come after. He explicitly constructed his arguments around full employment, a healthy balance-of-payments, and vigorous manufacturing production, insisting these were important for a healthy British economy. Here is a classic example of Healey's rhetoric from the 1978 budget statement:

> Our main objective in the coming years, like that of other countries, must be to reduce the intolerable level of unemployment by stimulating demand in ways which create jobs at home without refuelling inflation. The temporary employment subsidy and other special employment measures have now been in operation for three years and are already providing 320,000 jobs or training places. My right hon. Friend the Secretary of State for Employment announced a powerful reinforcement to these measures of 15th March which should increase this figure to 400,000 by March next year. I believe that in a period of of world recession such measures bring immense human and social benefits. Their value is shown by the fact that although the number of men and women available for work has been increasing by 170,000 a year, unemployment has been falling slowly for the last six months and job vacancies have been rising. But we cannot expect to see the rate of unemployment moving down at an acceptable speed unless we can create new jobs, particularly in profitable firms in manufacturing industry and so strengthen the industrial base on which our whole economy depends (UK Parliament 11 Apr 1978a).

This is a description that called for action, with both implicit and explicit action-oriented elements. Healey furnished an exemplary list of measures that he promises will fulfil particular criteria, stimulating demand while harnessing inflation. Warnings about inflation were common in Healey's budget statements, and, as here, often work as a veiled reference to union pay policy, part of Healey's recurrent theme that wages must be kept low in order to end inflation. Healey admits to a close, vested interest in this call, listing Government employment subsidies, “special employment measures,” and “powerful reinforcements” that have created countable numbers of jobs. The categorization is classically ante-financialization: the level of unemployment is maximized as “intolerable,” but reinforcement measures are suitably “powerful,” they bring “immense human and social benefits” through their “value.” The climax of this call to action is the creation of “new jobs, particularly in profitable firms in manufacturing industry and so strengthen the industrial base on which our whole economy depends.” It is this last sentence that best illustrates Healey as the ante-financialization chancellor – rhetorically, jobs are his province and his aim, and delivering them depends on manufacturing and industry. Also ante-financialization, there is no mention of finance as a solution for these economic problems – it is only greater activity in the manufacturing industry that can solve unemployment.

While the formula that 'jobs are good' might seem uncontroversial, the fact that Healey chooses his words in ways that make him seem close to the account, and the account close to reality, suggest that he had, or wanted to be seen to have, a position to argue against. A speaker remaining so close to the description makes it believable, as he serves as an eye-witness to the power of Government intervention for employment. Healey uses first-person pronouns and possessives, singular and plural, throughout the account and is eager to take credit for the achievements he lists. The description contains numerical data that illustrate success, and even where the numbers suggest danger (as they do when 170,000 new job-seekers appear), still the unemployment data show success. Healey's aim is constructed as the aim of other countries, and his methods are corroborated by another Minister, again bolstering this answer as *the* answer. This narrative is driven forward as an account by the list, and framed by the two conclusions that Healey drew, namely that non-inflationary (i.e. those that involve sub-inflation wages) expansion of employment in manufacturing is the way forward. Thus this passage can be read as (a) an instruction to union negotiators, (b) an attempt to construct his political Opposition as unconcerned about jobs, and (c) an attempt to protect himself from criticism that he tolerates inflation driven by his union supporters. But it is also emblematic of Healey's rhetorical position on employment, manufacturing, and industry, all three of which he kept at the heart of his economic arguments, and which do so much to mark Healey as the last industrial chancellor. In the case of employment, trade and industry, Healey's intense rhetoric betrays commitment rather than contention – Healey's position for jobs and manufacturing is important to my arguments because it is so central.

In the domain of finance and financial matters, Healey's constructions betray tensions and anxieties, but also some resolve. Where Healey kept industry and employment at the centre of his economic narrative, he was less keen to privilege financial wealth within that narrative, as is evident from his arguments surrounding capital gains. Capital gains are payable upon the sale of bonds, shares, land or commercial property, but not on wage income, or income from the sale of the family home, and, consequently, capital gains (and their taxation) are of much more interest to people who hold financial assets than those who do not. In 1976 Healey began his description of capital gains taxation (CGT) with an inoculating statement about his own vested interests: "In my Budget Statement last year I said that I was not persuaded that it would be right to introduce indexation for capital gains tax but I proposed to review the incidence of the tax in the ensuing year" (UK Parliament 6 Apr 1976a). Such inoculating statements are red-flags that warn contentious issues ahead (See Potter 1996), and this is borne-out in the half-a-column of Hansard that follows, in which Healey lists technical-sounding arguments, both pro and con, for change of capital gains tax, and also lists different solutions. Clearly he meant to reassure important constituents of opposing opinions that he has listened to them all, yet in the end he concluded that:

> there are the millions of investors who have no prospect of any capital gains on their assets—those who put their money into building societies, savings banks and the like. If assets such as shares and land are to be indexed for capital gains tax, logic requires that these millions of other investors should be treated as having incurred losses on their assets. We just cannot afford to go down this road. I have, therefore, concluded that there should be no change in the structure of capital gains tax. However, I propose to increase with effect from 1975-76, the total amount of disposals that can be made annually without any charge to capital gains tax from £500 to £1000 (UK Parliament 6 Apr 1976b).

The very form of Healey's account strongly suggests that he has been the target of pressure on the issue of capital gains, not only for what he said, but because of how he said it. CGT is a more pressing issue for those who own substantial financial capital, and so he carefully defended his contentious decision that capital gains not be privileged over other forms of saving and investment. With the statement, "we just cannot afford to go down this road," Healey both used a classic rhetorical technique that closes debate, and betrayed how uncomfortable he was in not offering more support, two common indications of idiom in rhetoric (see Potter 1996). Interestingly, although the reasons that Healey gave for denying indexation were based on its inequity (e.g. that it is not fair to bank-account holders), the reasons he explicitly cites as he delivers his verdict is the measure's expense. Even more interestingly, although the owners of capital do not get their indexation in 1976, Healey does "propose" that the amount of "disposals that can be made annually without charge to capital gains" be raised from £500 to £1000. The construction of this action, as a "proposal" for "disposals," a distancing obfuscation of rhetoric: what Healey has in fact done here is declare a doubling of the tax-free allowance for capital gains, despite all his protestations about indexation. Again, this is evidence that Healey is made uncomfortable by this matter, struggles to please, struggles to make his position safe and expects attack, but still stands his ground, even under duress. In fact, two years later, in the budget statement of 1978, Healey repeated much of this same performance (albeit addressing it in less detail), this time concluding that indexation would be costly and ineffective, yet then reducing the rate of tax on capital gains between £1000 and £5000 to 15%, which was half of the full rate. In these descriptions Healey shows the strain of capital pressures, but also shows that he remained intent to be seen to retrieve tax receipts from capital gains, a position that Thatcher's chancellors would reverse.

If Healey showed some strain but also some resolve in the face of those calling for CGT indexation, his shows some strain, some resolve, but also some impotence on the matter of finance for industry:

> In keeping with my policy of concentrating credit on the essential needs of the economy, the qualitative guidance to the banks and finance houses was renewed in December. They were asked to ensure that any expansion of their business was directed to the needs of manufacturing industry for working capital, expansion of exports, import saving and industrial investment at home (UK Parliament 6 Apr 1976c).

The very fact that Healey talks about "finance for industry," the idea that finance should serve the 'real economy,' helps to characterize him as an ante-financialization chancellor, for 'finance for industry' is a term that Howe never, used (see Section Three, this Chapter). But this quote is also very much about domestic banks (as opposed to foreign financial markets, of which more below). The banks do not seem to be an addressee, simply because of the clear use of the third-person, as "they" were asked, and guidance was given "to the banks." Which is not to say that there is no message here for bankers, but I argue instead that the message is carried primarily epistemologically, so that the construction of the relationship between the Government, the banks, and the finance houses carries the message. There is no "we" here, as Healey denies his stake, and thereby his influence, in this matter in comparison to other issues like industry or employment or even inflation. Most pointedly, Healey does not construct an appearance of having any control over the banks, rather he must ask them to support the needs of industry, and may give "qualitative guidance," a vague term, but it can be interpreted as a distancing term to deny any expectation that Healey can affix pounds-and-pence to his requests. He says, "in keeping with my policy....guidance to banks...was renewed," and then "they were asked" is a shift in footing, from closer to farther away, which, as a matter of rhetorical analysis, is either a technique for evading accountability, or admitting he cannot pretend to have control and hope to remain credible. Quite probably both conditions underlie his construction, but in any event the issue of finance is uncomfortable for him. Grammar became more impersonal, too, as Healey moved from "my policy" to "needs of the economy," to the banks supporting these needs. The phrase "guidance was renewed," presents such guidance, as if it is routine, but, tellingly, there is no mention of bank consent, or anyone else's, and there are no details on how this support for the needs of the economy might be given. While this excerpt fits with Healey's ante-financialization support for manufacturing, he constructs his relationship with banking very differently than with industry. For banking he does appear as somehow unsure of himself, as if on a precarious and distant footing with finance; for manufacturing and industry he worked hard to appear as a champion and close ally. Whatever the 'reality' of the situation, however true a friend Healey was to industry, however distant he really was to finance, the budget statements build the relationships differently, and communicate a primacy of industry, and a trailing place, a somewhat awkward place, for finance.

Healey's Rhetoric was Proto-financialization

Viewed from the span of my PhD project, there is no doubt in my mind that Healey was the last ante-financialization chancellor, but this does not mean that his rhetoric did not provide fertile ground for the financialization that was to come, for the financialization that was already quietly under way. In the first place, financialization, and the public conversation accompanying it, is not a switch that flipped one fine spring day in 1979, but rather a slow percolation through economic history, and many of its roots show through in Healey's time. Secondly, no war-of-ideas is won with entirely new ideas, but rather by building as much as possible on existing consensuses. Therefore, one can expect (as I will show in following subsections) that in as much as financialization will be a Thatcherite project, its accompanying rhetoric will draw as much as possible on whatever amenable ideas and constructions Healey provided. In this subsection I aim to show how, on the topics of foreign financial markets, inflation, Sterling, and wages, Healey shows how aspects of financialization are starting to grow ever-louder in the chancellor's construction of the economy, just as Healey betrays some of his own discomfort with some of these changes.

In contrast to his explicit stand against pressures of domestic finance, Healey sits in a much more docile position, post-IMF bail-out, with respect to foreign financial markets:

> We must not only eliminate our balance of payments deficit but earn substantial surpluses, so that we can start repaying our accumulated international debt while still maintaining adequate reserves. That is the pre-condition for restoring our economic independence and making ourselves less vulnerable to external shocks in future. With the help of North Sea oil, we should earn a surplus next year. But this will be when our economy is still operating well below capacity. Our aim must be to earn a balance of payments surplus in conditions of full employment (UK Parliament 29 Mar 1977a).

Just as the last quote was about both industry and domestic banking practices, this quote is about both the real-economy and finance. Here it is trade that must serve international markets, not the other way 'round. A balance-of-payments surplus (i.e. more exports and foreign investment into the UK, and fewer imports or other remittances beyond) is explicitly demanded . It is done in the first-person plural rather than the imperative voice ("we must," not "you must"), yet there is something imperative about the construction. The first-person plural remained throughout this description as Healey argued that this action is a protective one that will "restore our economic independence," in a direct (and counter-intuitive) insistence that this relationship between the country and her international creditors is not one of weakness and beholding. Healey did not try to distance himself here, either, but wanted to be seen as invested in this action, staying close to "our accumulated international debt" in a show of solidarity and commitment, in a very explicitly persuasive mode. This description shows a curious mix of the routine and the exceptional: the status quo must be changed so that a new regime might be established (exceptional), yet this is simultaneously characterized as a way to "restore" independence (routine). Routinization is often a way to obscure speaker agency or activism (i.e. this is the way it has always been), while exceptionalization a way to highlight it (i.e. I am doing a new thing). To draw on both in this way is a means of making Healey's special activism seem also inevitable and beyond question. The ontological terrain, the objects of description chosen to steer action, similarly have been selected from a mix of ante-financialization and financialization concerns: "a balance-of-payments surplus in conditions of full employment" are cited as a goal, but so is being "less vulnerable to external shocks" by "repaying our accumulated international debt." Healey wanted to be seen as committed and close to this action, but while he cited Keynesian imperatives, he also admitted financial imperatives into the account, expecting them to be persuasive and fortifying. Healey described the nation as having vested interests by insisting that in order to be economically independent it must repay its international creditors (whose vested interests are omitted from the account). This account constructs citizens as having agency, the "we" of the description can make a long list of things happen if they try, they are all accountable for success or failure. The narrative order makes causation clear (a trade surplus leads to loan repayments, which leads to independence) but it leaves out any mention of the national deficit or exchange rate, two factors that surely also affect loan repayments. It includes full employment almost as an after-thought, an outlier in the narrative, but included nonetheless. This quote shows Healey is a weak position, yet intent on promising some sort of strength, but also it shows how international financial imperatives are being worked into the account beside classically Keynesian, classically ante-financialization terms, measures, goals and aims.

Similarly, the topic of inflation and sterling pushed in a financializing direction. Take as an example Healey's implicit plea in 1977 (some months after his Government had accepted IMF loan guarantees) for his audience to agree with him that this act was absolutely necessary, because to do otherwise would have been catastrophic. In this quote, Healey begins by citing high inflation, a widely-accepted negative element of the contemporary economic environment:

> The world-wide explosion of inflation in recent years has led most Governments to pursue exceptionally cautious demand policies, and in many countries there is no easy way of combining higher levels of activity and employment with a further fall in inflation. So the leading countries must work together in seeking ways of improving the prospects of the world as a whole. The Prime Minister and I will be pressing for this over the next two or three months—in the European Community, in the IMF, and at the Downing Street Summit. If the stronger economies increase domestic demand and reduce their external surpluses, they would help greatly to sustain activity in the world as a whole. President Carter has recently given his support to the views of the OECD and IMF in this regard. On the other hand, countries with higher inflation rates and weaker balance of payments positions face more painful adjustments. They will need time to adjust their economies to the many shocks they have suffered over the last few years. In particular, they will need access to adequate finance on appropriate terms, so that they are neither forced unnecessarily to deflate their economies nor tempted into trade restrictions—either of these courses would be damaging to the world as a whole. This will be a major topic at the meeting of the Interim Committee of the IMF in Washington next month (UK Parliament 29 Mar 1977b).

Although at first glance this looks like a description, I read it as an implicit plea for a contentious action. Because explicitness would draw attention to Healey's accountability for the (unpopular) loan, and because he is well aware of the sensitivity of his account, he chooses his words carefully. Although his interest in these matters as chancellor would be clear to his audience, he only says “I” once, otherwise he says “they,” and, again, this is a distancing technique for addressing matters of controversy. Healey's plea maximized the significance of inflation while normalizing it in scope, as when saying that there has been a “world-wide explosion in inflation in recent years.” Here he wanted to have it both ways, insisting that this is a terrible state to be in, all while excusing this state-of-affairs as commonplace. Inflation is constructed as violent, new in substance, yet widespread, with exceptional yet common effects, such as with “exceptionally cautious” demand policies, and adjustments to its “shocks” that are “painful”, and with the danger of being “forced” to deflate or “tempted” into “damaging” trade restrictions. Healey's description implies that in the face of such upheaval and threat, something extraordinary must be done. As for the ontological terrain, there is no mention here of lower wages or the effects of these proposed actions on manufacturing, and trade is only admitted to the description in terms of how negative government-imposed restrictions on trade would be. This is an implicit plea for agreement from the electorate, unions, and industrial capitalists (who might well do better with lower sterling), as much as it a description of inflation, and Healey makes it in a careful way, so as to sway opinions that matter, because it is contentious.

But as well as being an implicit plea for agreement on a controversial subject, Healey's description carefully constructs a very particular epistemological account of inflation and the IMF loan. In the one instance in which Healey says "I," he makes both his stake and category entitlement explicit, saying that he and "the Prime Minister" will be "pressing" others, in a brief show of shared and declared activism. Footing shifts in this account, from "most Governments" and "many countries," to the "Prime Minister and I," and then back out again to talking about others with no mention of himself, Healey is aware of the sensitivity, there are parts of this economic story that he is happy to be seen standing next to, and parts for which he is not. Many characters appear here in a very short excerpt: most Governments, many countries, leading countries, the European Community, the IMF, whomever will attend the Downing Street Summit, stronger economies, President Carter, the OECD, and the IMF. Most interesting are the unnamed "countries with higher inflation rates and weaker balance of payments" who must be able to borrow abroad lest they be forced and tempted. One of these unnamed countries could certainly be Britain, but Healey maintains a safe distance from any explicit construction. Even though Healey and Callaghan were directly responsible for accepting the IMF loan, and their audience would reasonably associate their economic stewardship with Britain's inflationary woes, they as characters do not appear anywhere but arguing once, seen with other actors, who are thus constructed as having more responsibility, perhaps being more to blame. Grammar in the quote is almost entirely impersonal: Governments, economies and countries in-the-abstract have agency, and the contentious procedures of reducing inflation and increasing the currency are presented as universal and obvious, as Healey constructs an account of the problem as being out of his hands. There is a great deal of corroboration here, much of it very specific, but the informants are not citizens or workers but political leaders, economic organizations and other countries. The economic logic is present but does not flow in a simple narrative form, rather a list of symptoms that Healey says run together, even with confusing double-negatives like "there is no easy way of combining higher levels," and "neither forced unnecessarily to deflate." It is in a disjointed narrative, and although there is a trail of cause-and-effect, the disorder in it makes it somewhat vague, quite possibly to make it more difficult to challenge as well as to understand, and thus perhaps confuse a listener into accepting the account. Again, this is not haphazard, but instead a carefully structured account in which Healey attempts to use the widely-despised object of inflation to argue for higher sterling, which was a pro-financialization, anti-industry move.

When discussing sterling's international price, it is not its relative level but its "stability" that Healey champions:

> The foreign exchange markets have been much more stable everywhere this year. The stability of sterling has been partly due to the December measures and the IMF agreement and also to the reassurance offered by the recent new agreement on the sterling balances, for which we are grateful to our central bank partners. Sterling has also been helped by the repayment of the sterling loans made to finance trade between third countries, which I took measures to stop late last year. I am now proposing to strengthen our exchange control powers over the raising of sterling finance by companies resident in the United Kingdom but controlled by non-residents (UK Parliament 29 Mar 1977c).

His account looks like a report about the price of sterling and the good that his interventions have done and will do, but this also makes the report an implicit plea for agreement with his IMF loan decision. In the second half of this excerpt Healey himself comes into the story with "we" and then the even closer "I." "Much more stable" is a normalizing term (with two modals), as is "reassurance," applied to a sensitive object with care. In contrast, taking measures to stop a practice last year is clearly exceptional, a change has been made, and it draws attention to Healey's activism. Similarly, proposing to strengthen exchange controls on non-residents exceptionalizes this step for which Healey takes credit. The objects of description here are stable currency markets, stable sterling, and other measures that are not themselves the IMF loan, yet Healey constructs the IMF agreement as being also responsible for the stability of sterling. The effects of higher sterling on manufacturing is omitted from Healey's account, as is any mention of sterling actually being higher. It is instead "stable," which I would argue is a euphemism for "higher than it would otherwise be" and "not falling," Healey uses the euphemism because it is a sensitive matter that divides his audience.

Epistemologically, the account admits his stake with "we" and "I" with respect to those things that are uncontroversially his business (the loan, sterling rates, and exchange control), and the phrase "I took measures to stop" validates his role as chancellor. His footing is close here and stays that way throughout, and he does not invoke other informants in his account. True, the December measures, IMF, and Britain's central bank partners have agency here, but so does Healey because he made third countries repay sterling-denominated debt, and he promises that he will take more measures now. He does not mind looking accountable and efficacious here, rather wants to do so. The repayment of sterling loans taken abroad and exchange controls on non-residents are less contentious than the IMF loan, which is “we” not “I.” The stability of foreign exchange markets is presented as a statement of fact, as is its cause, December Measures and the IMF agreement, and how sterling was helped. Grammar is kept impersonal to portray this stability and its cause as fact, up until the mention of gratitude and personal efficacy, the shared gratitude being a generically corroborated sentiment through the use of “we.” This excerpt presents a mix of zeroth- and internal-focalization, an omniscient account mixed with an eye-witness account, for an appearance of neutrality with maximum credibility. The price of sterling and all that surrounds it is a contentious issue, and Healey's rhetoric shows that he pushed for his constituencies to support the Government's decision to keep it high, and how aware he was that the decision was prejudicial against industry.

According to Healey, it was not just the capitalists of industry who had reason to fear the rise of Sterling, but also unions and workers:

> As I have already argued, unless we can improve our ability to compete on price, the balance of payments will set a limit on the speed at which we can return to full employment. Moreover, we shall be unable to finance our external deficit in the period before we achieve a surplus on our current account unless we succeed in getting our rate of inflation down. If wages had continued to rise at the rate they were rising last summer, the collapse of foreign confidence in Britain would have brought the collapse of our economy (UK Parliament 6 Apr 1976d).

This description of trade imbalance is an implicit request to dampen wages so that exports are more competitive, inflation is kept down, the debt and deficit can be externally financed. These requests are for the TUC, for wage-earners and voters, because Healey had to win a public-relations and party-relations fight, and his rhetoric again shows the hallmarks of managing a contentious and sensitive issue. The plea is made more obvious by Healey's use of the first-person plural five times in two sentences: “we” must improve competitiveness so “we” can return to full employment, and “we” need to get inflation down so “we” can finance the deficit until “we” return to surplus. Because Healey wants wages to drop, but cannot force this to happen, he is left imploring his audience, and so he maximizes the harm that high wages do to the rest of the economy, and stresses that lower wages will mean the full employment that unions say they want to see. There are no modals, but a list of negative results that come from dangerous present circumstances: a lack of competitiveness yields high inflation and high wages; high inflation yields an inability to service external debt; and high wages collapse both foreign confidence and the economy as a whole. This is also a classic three-item list, a rhetorical habit common in many situations of giving three examples or reasons to make one's point (see Potter 1996). Overall, there is an indistinct yet present cause-and-effect narrative offered, in which rising wages decreases competitiveness, harms foreign confidence, increases inflation, worsens the balance of payments, pushes full employment farther into the future, and ruins the economy. But this is done a bit indirectly, one must listen hard to hear the sequence, which is out-of-order, and again this shows the contentiousness of the issue, of the vulnerability of this proposed cause-and-effect. Clearly, these objects are carefully selected to steer action, implying that the next best action is lower wages. The repeated "we" makes clear his vested interest and close stakes, but also that he wants to be seen, to be in solidarity with wage-earners and as one of their leaders, in some position to sway them and their behaviour.

Acting like a leader in this instance also helps to construct a particular epistemology for the description, especially when his footing shifts. As a confession of stake, his repeated "we" constructs a vested interest, while the measures he lists remain remain rather more abstract, with the exception of rising wages. He says "we" repeatedly, when listing the first two sins, constructing a commitment to this sequence that far, but when arriving at wage caps he retreats from this interest by abandoning the first-person plural and moving to the impersonal and the counter-factual, "if...would have." Where the measures named remain abstract economic measures (competitiveness, balance of payments, deficit, surplus, and inflation) he commits himself, but when they become as concrete as rising wages he retreats. Also, these are not wage caps he directly calls for but "if wages had continued to rise" then the economy would have collapsed. Of course, this cannot be dis-proven, because it never happened, which adds to the robustness of the account in the face of rebuttal. The shift in footing indicates contention, and also that Healey cannot simply make wage caps come about, even while he does want to paint them as the root of the problem. Grammar shifts from personal to impersonal as the cause-and-effect sequence is presented as simple and obvious. The repeated use of "we" implies that the audience shares Healey's point-of-view, and thus conclusions. There are no data or details, and there is a narrative, but it is jumbled and fast-moving, like a shell game, while the implication of causation is still present. This narrative is contentious, and open to challenge. Again, this in-depth analysis of his rhetoric illustrates that Healey's preference for lower wages was persistent in the face of controversy, and therefore can be reasonably understood as a conscious choice.

Rather than being a protected category in Healey's rhetoric by virtue of their association with trade, manufacturing and employment, challenges to pay policy (and, by extension, the unions that challenged these policies) were instead characterized as problematic. And according to Healey's arguments, good pay policy *causes* inflation to decline:

> A satisfactory pay policy can bring prices down in three ways. Provided we have effective price controls, it means lower prices for the goods we produce at home because wage costs are lower. It means lower prices for the goods we import from abroad because the £ sterling is worth more. And these two advantages help to bring down interest rates—which cuts the cost of everything we buy on credit, like housing, and helps employment by stimulating industrial activity and investment. By the same token a free-for-all leading to a wage explosion would send prices rocketing up for three reasons—through higher domestic costs, through a lower exchange rate, and through higher interest rates (UK Parliament 29 Mar 1977d).

As before, the description calls for a contentious action on pay policy implicitly, in this case I suggest because it is recognized by all parties that Healey has no capacity to command the unions, nor does he want to suggest any concrete accountability for their actions. It is also notable that "unions" are not mentioned by name, only "pay policy," yet it is hard not to interpret talk of a "satisfactory pay policy" vs. a "wage explosion" as a criticism of the union movement and especially union leadership, even if Healey does not say the word. What is more, failing to say the word suggests not only contention and vulnerability, but also some degree of fear and/or loathing on Healey's part. Similarly, Healey described a good pay policy as "satisfactory" and "effective" but does not extend his description to the uncomfortable truth, that he meant a pay policy that yielded below-inflation rise in wages; again, this controversial request is left implicit. The line of causation was clear, where as much as his pay policy brings lower prices, higher employment, lower interest rates and stimulates industry in this account, a "free for all" on the part of the unions leads to a "wage explosion" and "rocketing" prices. The controversial pay policy is not described as positive so much as it is normalized, while the pay policy he does not wish for is depicted as catastrophic. Skilfully, Healey found a way to recommend lower wages with the promise of lower prices for goods, and by extension recommend higher sterling with the promise of lower interest rates. This is most likely intended to counter the common-sense view that the effect of higher sterling on manufacturing would be depressed sales of exports and increased competitive pressure from imports. Healey is purposefully building a call for action here, so that it is robust against counter-arguments.

Healey stayed close, citing no other informants and instead using "we" to paint an eye-witness account of a future in which he is in solidarity with the unions, their leader in victory, although his footing shifts to a more distance one as he describes the catastrophic alternative toward which he would not lead. Although Healey made his request implicit rather than direct, there was an attempt to characterise a camaraderie between himself and whomever might be involved in agreeing to satisfactory, effective pay policies. Compared to the descriptions cited above, this one is relatively straight-forward in narrative flow, rather than contorted. It is easy to grasp, which suggests that even though his account of causation is contentious, Healey really did hope that it would be accepted and acted upon. In his account Healey characterized the unions as able to fix Britain's problems, and thereby as culpable for them. This description casts the unions as being to blame for wider economic problems. Healey criticizes unions here, albeit implicitly, and thereby suggests that these vested interests actually have the power to solve a series of identified problems: high prices for domestic goods and imports, high interest rates, low investment activity and low Sterling. The account which Healey is attempting to establish as factual in effect blames unions for these problems, if largely implicitly (an open-door that Howe will be happy to walk though later).

To drive the point further, Healey promised in 1977 that he would reduce income taxes in response to inflation, but only if an acceptable pay agreement is reached. He does not define acceptability, but promised to raise personal tax-allowances and extend the taxable rate-bands for the lowest paid as well as those of middle-income, if and only if he feels inflation will be reduced by the next pay agreement. This is another example of characterizing the unions as responsible by an extension of his implication (always an implication) that their behaviour could provide a straightforward remedy to economic difficulties. Also, Healey says that "this sort of increase in take-home pay would not add to wage costs and so to prices. So [a worker] would get further benefit from a lower rate of inflation. And this in turn will keep interest rates lower and the value of sterling higher than they would otherwise have been" (UK Parliament 29 Mar 1977e). Healey's argument here is that these take-home wage increases are accomplished through reduced tax, so they are not part of wage costs to business, and so they do not feed into the inflation that is described as a scourge in his budget statements. This argument counters, again, a more common-sense view that more money in the hands of those who will likely spend it (wage-earners), regardless of whether or not it was taken from those who are less likely to spend it (firm-owners), will be inflationary for the price of goods. Regardless of which argument is the more sound economics, my aim here is to illustrate how intently Healey implied the culpability of the unions. Even when he praises the trade unions in 1978, and explicitly acknowledges the link between "competitiveness" and "wages" (through still without the modified "lower" wages), this positive characterization serves to prove in his account that unions and pay were indeed the answer to the problems of inflation.

> It remains as true as ever that inflation is the main enemy of full employment. Monetary policy will be one decisive factor here. But our price competitiveness will also depend crucially on reducing industrial costs, of which wages are bound to remain much the most important element. Over the last three years the British people have given overwhelming support for pay policy, and this has played an indispensable role in keeping our industry competitive and in bringing the rate of inflation down. The country owes a lasting debt to our trade union movement for its invaluable contribution here (UK Parliament 11 Apr 1978b).

This quote is also notable for the appearance of monetarist language, for which Thatcher's Treasury will become more famous, but for which it is important to note Healey's acquiescence beforehand. My point here is that, while the degree to which Healey engages with unions in his budget speeches will never again be seen in the financialization era and in that sense is ante-financialization, still he contributes an account of unions as responsible and thus culpable, creating a negative characterization that Howe will draw upon in his very rare mentions of union activity.

Section Five: Qualitative Analysis of Howe's Budget-Statement Rhetoric

In this section I make the following three claims:

1. Howe dismantled and discontinued Healey's ante-financialization positions in budget statement rhetoric while,
2. Howe built on many of Healey's proto-financialization positions, and
3. Howe brought pro-financialiation innovations to his economic narrative.

Howe Discontinued Healey's Ante-financialization Rhetoric

At first glance it is perhaps surprising that in his 1979 budget statement Howe uses so much of Healey's own terminology, and how little he attacks Healey, at least explicitly. Explicitly, Howe described Healey with some positive characterizations, and explicitly constructed agreement between himself and his predecessor. Howe begins his first budget statement by congratulating Healey on the great "honour recently conferred upon him by Her Majesty," and then by quoting Healey's own first budget statement (UK Parliament 12 Jun1979a). This is an explicit call for congratulations, followed by a construction of the common ground between the two men, and the explicitness with which this is done together emphasised the fact that Howe stands now in Healey's former post, and makes these judgemental remarks in part to taunt. Howe's speech continues by describing Britain's decline in Healey's own terms: reduced manufacturing output, high unemployment, rising inflation, slowing productivity growth, and too many imports. It is familiar language that the audience can understand, and which is so constructed because it makes undermining by the Opposition so difficult, and a feature of Howe's earlier statements (1979, 1980) compared to the later ones (1982, 1983). But after describing Britain's economic decline in terms Healey himself could have used, Howe makes the following statement:

> It would be easy to conclude that these difficulties are all the fault of the last Administration. Certainly the Labour Party bears a heavy responsibility. Labour Governments have, after all, been in office for the 11 of the last 15 years. Even so, I want to consider out problems in an even longer perspective (UK Parliament 12 Jun 1979b).

The explicit congratulations and agreements have now slipped from Howe's construction, making them seem less like sincerity and more like an inoculation of his own stake, in which he has praised Healey so that his own descriptions could appear less partisan and more honest. The accusation is made in a way that borders on the implicit and the explicit: “It would be easy to conclude” is a distancing construction compared to “it would be easy for me to conclude,” but in any event the audience is certainly being invited to conclude that the Labour Party is responsible, and responsible not on new, alien terms but by Labour's own criteria. The construction of Labour's culpability is skilful and careful, and Howe does his best to distance himself from the charge of simply being an opponent. Nevertheless, the categorization and ontological terrain of Howe's first few minutes of speech construct Labour as a failure on its own terms, and in its own home, and despite its own efforts to solve the problems it faced. Howe continues in his account by saying that “...it would be very dangerous if preoccupation with this or that world crisis – the oil crisis, the dollar crisis, or whatever - led us to believe that our economic troubles could be blamed mainly on the outside world. The truth is that is that our troubles are very largely home-made” (UK Parliament 12 Jun 1979c). This description implicates not just Healey, but Healey's greatest crisis, his greatest moment of activism, and his greatest excuse, that of the IMF crisis and loan guarantees. This description of external economic forces as no-excuse also prepares the way for Howe's subsequent claims, that significant domestic restructuring is needed in labour agreements, the public sector, monetary policy and finance controls.

Howe devoted far less attention to employment directly, and it is less important to his other arguments, and this is obvious from reading alone (although quantitative measures support this impression, see Section Three, this chapter). Not only has full employment has been jettisoned as an official State objective, but Howe admitted that the reductions in public expenditure that the Government is “compelled” to seek will “inevitably increase unemployment” (UK Parliament 26 Mar 1980a). In particular, public service unemployment will have to rise in order to battle inflation. Where Healey had sections of his budget devoted to work, Howe did not, and the section of the 1980 budget in which he spoke most about work is the one entitled “social security.” Howe worried most about the incentive to work, not the provision or protection of work. Howe announced that for the first time the benefits of the unemployed will be brought into tax, for “it is only fair that a man who in the course of the year derives his income partly from work and partly from social security benefits should pay as much tax as a similar man who has earned the same total income” (UK Parliament 26 Mar 1980b). When he does the same for striker's families benefits, he compares the two, both a case of a worker not working. There is a moral tone to all of this, too, the strengthening of work incentives and the discouraging of strike pay, an implication that people who should be working think of themselves too highly to do so. Although "enterprise means jobs," Howe really has much more to say about enterprise than jobs (UK Parliament 26 Mar 1980c). Howe's characterization of workers is as scroungers and also as trouble-makers, as if inspired by something evil:

> Inflation sets worker against worker, employer against employee, and sometimes even Government against their own employees. The violence of the picket lines and last winter's examples of hospital patients denied supplies, and of the dead denied burial, would have been unthinkable 20 years ago. They reflect the social disintegration caused by inflation (UK Parliament 26 Mar 1980d).

The moral fibre of society is threatened by ungrateful, violent, and malicious labourers. To rectify this, the Government will offer tax-based incentives for people to accept work that they would otherwise think is underpaid. For Howe unemployment is a burden, but employment is not a strategy.

Howe mentioned the balance of payments rarely, and most usually in the context of describing Healey's time in office; otherwise, it is conspicuous by its absence. The first explanation for this is that North Sea Oil was improving the balance of trade, and with stronger sterling by 1980 the balance of trade was a less pressing issue in any event. But he relationship between M3, the balance of payments, and trade performance is also not an easy one for Howe. Recall that according to Healey a better balance of trade (more pounds-in than pounds-out) increases M3, which Howe is desperate to restrain. Yet, for Howe to say he wishes a worse balance of payments is to say that he does not want to export more British goods, nor burn North Sea oil rather than OPEC oil in British homes and cars, nor welcome tourists, nor sell British services abroad. So Howe is silent on the matter, and thus liberated from commenting on this connection. As for the word "trade," Howe only ever used it when talking about stocks and shares, or a hands-on working vocation. "Trade" is not a useful category for Howe, rhetorically, perhaps even a dangerous one. As I wrote in Section Three, Howe did not have much use for it.

Howe Extended Healey's Proto-Financialization Rhetoric

Although Howe tried to make his policies seem as if they were an extension of Healey's, and thus neuter (perhaps even mock?) the Opposition, he also at times scolded

Healey. In 1980 Howe 1980 despairs of a time under Healey when high inflation became “tolerated.” In his 1980 budget statement, Howe speaks for many minutes about the need to control M3 in order to control inflation, the Friedmanite doctrine is absolutely explicit here. While Howe acknowledged that the major increase in world oil prices has worsened inflation everywhere, he then immediately said that “every major country is demonstrating its determination to resist this inflation by adopting a firm monetary and fiscal policy. The inevitable immediate result is lower output and higher interest rates” (UK Parliament 26 Mar 1980e). This quotation not only points to the austere nature of Howe's response to the problem of inflation, but it also illustrates that Howe was perfectly aware that manufacturing output would inevitably drop under these circumstances of fiscal and monetary tightening. Healey would never have said such a thing.

Howe's approach to tackling inflation did not rest on Healey's pay policies, but it did build on the Healey's basic account that workers' wages would need to decline in order to control inflation. Howe portrays industry as an arena for bad policy and moral laxity:

> I shall refer today to only one aspect of this self-inflicted industrial damage. The social security payments that a striker may claim on behalf of his family can be one of several factors that sometimes tilt the balance of industrial power against employers and responsible union leadership alike. These payments have helped to sustain some very damaging strikes. The sums involved can sometimes be substantial. During the present steel dispute, for example, such payments have so far amounted to over £8 million. That would be enough, for example, to pay a full-year cost of another 50p a week of the one-parent premium or an extra £1 a week on mobility allowance. Payments to strikers are widely and understandably resented and we have carefully considered how best to change present procedures. Supplemental benefit for strikers families will not be withdrawn altogether but once Parliament has passed necessary legislation we intend the that assessments for benefits will assume the striker to have provided £12 per week himself, whether in strike pay or in some other way (UK Parliament 26 Mar 1980f).

The action implicitly solicited by this description is public agreement that Howe's decision, revealed in the last line as being to cut strike benefits by £12/week, is legitimate and necessary. This action is itself a world away from Healey's disposition toward industrial work, for even where Healey might complain about pay policy or unions or even workers, he never made strikers a target in such a concrete fashion. In his account, between the vested interests of employers, which Howe pairs with “responsible union leadership,” he inserts the social-benefit claims of single-parents and the disabled, as if the reduction in strikers' benefits would more directly benefit other disadvantaged groups more directly than employers. Strikers' “substantial” benefits are categorized as “self-inflicted industrial damage” that “sustain some very damaging strikes”. These benefits are implicitly categorized as unduly generous by making them look excessively costly (£8 million for one strike, £12 per week) compared to the meagre advantage (50p or £1) that could be alternatively conveyed to other, more disadvantaged groups. Howe's action for strikers is normalized by reassuring the audience that strikers' families will will not lose all benefits, that this is merely a reduction of benefits. Meanwhile, the most direct beneficiaries of shorter strikes, industrial owners, are described as “employers” rather than owners or capitalists, and the negative consequences of a loss of strikers benefits for families is not part of the account. The most implicit construction in this quotation is that of the cut itself, which is not described as such but rather an assumption that a striker will “have provided £12 per week, whether in strike pay or in some other way.” This obscures the cut as a cut, and describes the situation of industrial action as one where a striker may be assumed to have good strike-pay and/or other sources of undeclared income. Between his own agency in the account and the contentious act he undertakes, Howe inserts “Parliament” to distance himself from this move. To vouch for his own sincerity and that is it shared with others, he assures the audience that “we have carefully considered how best to change present procedures.” Howe implies broad consensus with the phrase “payments to strikers are widely and understandably resented,” and by including groups in his account as diverse as industrial employers, lone parents and the unemployed. The narrative here is that industry is broken by pampered workers who expect the state to subsidize their mischief-making, and that this government will put a stop to the practice. Strikes are robbed of legitimacy and ownership interests are associated with “responsible union leadership.” Explicitly, this quotation can be read as support for industry, as Howe seeks to stop strikes, but I argue here that one must look deeper to see that both explicitly and implicitly it is part of a carefully constructed narrative that demonizes workers, trivializes and ignores their concerns, and seeks to marginalize them. I argue that this sort of narrative did more to undermine industry than support it, and thus was financializing.

Howe Innovated with Pro-financialization Rhetoric

One of Howe's truly new ideas, owing nothing to Healey and setting the stage for Lawson, was his public encouragement of home ownership, and particularly home ownership through private provision. The “Housing Act” of 1980, known colloquially as “Right-to-Buy,” was the high-profile scheme that permitted local authority tenants to buy their council houses, but expanded home ownership was a broadly and explicitly encouraged aim Howe's the budget statements. As a relatively new idea, Howe presents it with reasons but not in such a way that obviously counters direct and pressing opposition; the advantage of novel political ideas is that opposition is often not-yet amassed. Howe presented private provision of privately-owned homes as a social good by arguing that while “...home ownership adds to the quality of life. Private provision of housing means we can save public resources for other areas where a private sector alternative is not available” (UK Parliament 26 Mar 1980g). This is a rhetorical strategy that Howe used elsewhere, arguing that public provision must be withdrawn and private provision inserted so that other public services would be protected. Howe also appealed on compassionate grounds, making his case for raising the stamp-duty threshold from £15,000 to £20000 (from £54,471 to £72,628 in 2012 GBP), by invoking “young couples” who “particularly deserve help.” He did this while acknowledging that he had received representations on this from “many quarters” without naming these other interested parties (perhaps bankers, builders, developers, and the retailers of white-goods?) by name (UK Parliament 26 Mar 1980g). A more curious argument Howe employed here was that the mobility of labour would be improved if new homes could be more easily acquired. Curious, surely, because moving to and from tenancy would seem a more “mobile” situation for a worker than buying and selling a house, and because the high-profile Right-to-Buy Scheme was aimed specifically at the opposite aim: keeping people living where they already rented. In his last budget statement, Howe repeated that:

> one of our highest priorities has always been the extension of home ownership. This Government have done more than any other to encourage this. Since we came to office almost half a million public sector tenants have bought their homes; and the fall in mortgage rates over the past year has made it easier for first time buyers to meet the cost of a mortgage (UK Parliament 15 Mar 1983a).

Howe's use of explicit arguments, emotional appeals, and even some reasoning that is actually counter-intuitive to push home-ownership via mortgages (as opposed to the unspoken alternatives of public or private renting) shows, that Howe intended that more people engage with finance.

A similar innovation came in the form of wider share-ownership:

> I am turning now to an area where the tax system can be used to involve the individual more closely in the workings of the economy. I refer to proposals which will encourage direct personal investment in the stocks and shares of British industry. In the last 20 years the proportion of the equity in British companies, held in direct, individual ownership have been almost halved. This is a trend I should like to reverse. It is generally agreed that share ownership and profit sharing can help in developing employees understanding of, and commitment to, business and industry. I believe that share ownership can also spread a wider understanding of the role for risk-taking and initiative in the economic system (UK Parliament 26 Mar 1980h).

This description is clearly also a call to action, not just to agree with Howe, an explicit call to individuals to buy shares, and by doing so to improve themselves. Howe is utterly transparent and forthright in this quotation, making his stake, investment and footing clear and close with his use of the first-person singular, especially constructions like “I should like” and “I believe.” Just as with more private housing, this is a new idea with little or no opposition gathered against it, so Howe is free to be proud of it, to advocate explicitly for his idea, to associate himself closely and display his agency, and shows little fear of being rebutted by someone who sees his or her interests threatened. A proposal for “direct personal investment in the stocks and shares of British industry” was described as a strategy to benefit everyone: finance, industry, individuals, companies. It is worth noting that “industry” is explicitly cited as a direct beneficiary of Howe's proposals, while “finance” and “the City” are not named here even though they would seem obvious beneficiaries. But it is really “employees,” and especially “ the individual” who Howe argues will benefit most. In fact, in the six sentences I quote here, three of them take as their subject the education of individuals and employees, who will better understand become more involved with, and more committed to the economy, business, industry, and the economic system. That share-owning and profit-sharing lead to greater employee commitment to business and industry is the one claim from which Howe takes a step back, asserting only that it is “generally agreed,” corroborated by unnamed others who share his thinking. That the individual will likely gain respect for risk-taking through personal experience of economic loss is left out of the description, and the assumption is that shareholding is all to the good. The two tax proposals that follow this quote make profit-sharing with one's employer and owning shares in the company one works for more attractive, and this shows that Howe did indeed intend that the experience of owning shares, as a means of binding workers more closely to management and its concerns, perhaps most acutely with concerns about industrial action. This is also a policy favourable to people most capable of acquiring financial assets with disposable income, for such tax-incentives to buy own-company shares or share own-company profits would find a home most easily with management, rather than anyone working on the factory floor. This type of initiative was continued by Howe later as well, in budget statements which provide "further move towards removing the bias in the tax system against the personal shareholder, and a further measure to encourage wider share ownership" (UK Parliament 15 Mar 1983b). Regardless of who actually accepted Howe's offer, just as home-ownership that inevitably brought more people together with mortgage finance was constructed as desirable, wider share-ownership was constructed as good for employees, individuals and industry, an unproblematic, winning proposition.

In speeches delivered years before the Big Bang, Howe broke from Healey's post-IMF budge statements with two new, explicitly financial, trends: naming the City of London as important to Britain, and loosening financial controls. I am not claiming that these two matters had never arisen in speeches before (I have no empirical data to support or refute such), but making clear that Healey had not done so, and expect that it is unlikely coincidental that these two symptoms run together in Howe's budget statements. In his first budget statement, Howe made clear the dependence of industry on finance: "if industry is to flourish it needs not only adequate profits but a vigorous capital market to provide funds for investment and expansion" (UK Parliament 12 Jun 1979d). Three years later, in the midst of announcing measures to reduce the efficacy of tax havens, Howe said, "we must be very careful not to prejudice legitimate business, particularly because of the importance of London as a financial centre" (UK Parliament 9 March 1982a). Healey, made neither claims for, nor denial of, its importance; he did not mention the City once in his budget speeches. Yet Howe associates "London as a financial centre" with "legitimate business," an association which implies (without explicitly stating) that the City is itself legitimate. In three years that British industry declined and the City of London ascended in its place, Howe's rhetoric shifted from the more specific "industry" to the more generic "legitimate business," and from the more generic"capital markets" to the more specific "London as a financial centre." This displacement of industry with finance were not constructed in the budget statements, but the changes in legislation which helped to bring it about were:

> We have removed many unnecessary controls to enterprise and individual effort. We have removed controls on pay, prices, dividends and foreign exchange which can now be used freely to acquire productive assets overseas to the benefit of our exports and invisible earnings alike (UK Parliament 26 Mar 1980i).

In his account, Howe associated himself and his government closely with this programme of deregulation and expansion, and gave his reason for it very directly, so that individuals who show enterprise and exert effort can "acquire productive assets oversees." This is a curious construction, as surely it is not individuals but companies who could be expected to do so most keenly. Howe's construction is close on its own terms, but is simultaneously a distancing of his government and corporate interests, who he acknowledges would benefit through "exports and invisible earnings alike." "Invisible earnings" is a term with which we might substitute services that are more ethereal than physical exports, such as financial earnings, or financial profits, but Howe chooses not to explicitly use these terms, rather "invisible earnings." In 1983 he was less shy, on the "important matter of finance for business, on which I have major improvements to propose" he announced a series of changes to give "companies greater flexibility in the nature and timing of the bonds they issue" (UK Parliament 15 Mar 1983b). As soon as financial matters entered Howe's budget speeches, the topic was problematic, something that Howe is proud to associate himself with, yet careful to couch in language as if it were all for the "individual," and he employed euphemisms that allowed him to avoid talking specifically about financial profits.

Similarly, banks and banking are topics that Howe included in his budget statements where Healey did not. Specifically, in 1980 Howe acknowledged that the banks had experienced a windfall because of high interest-rates, but then said he would not tax them for it:

> In recent weeks there has been a good deal of comment about the profit declared by the clearing banks. Some represent a "windfall" to the banks, which arises from the combination of high interest rates and the fact that interest is not paid on current accounts. The windfall element is not a sign of enterprise or efficiency, as the banks themselves recognise, but it is equally irrational to attribute these profits to some wickedness on the part of the banks. They need the major part to strengthen their capital base, which would otherwise have been eroded by inflation. There could, of course, be a case in principle for a special tax related to the windfall element in these profits, and I shall be considering that further. However, it has not yet been established that such a tax is either practical or entirely desirable in today's

conditions (UK Parliament 26 Mar 1980j).

The "action" that Howe defended is a non-action, and he spent words explaining why banks should not pay a windfall tax, despite reasons to do so that the banks themselves acknowledged. The defence has a narrative arc: (1) starting from a degree of consensus among unnamed others that a windfall exists for both macroeconomic and microeconomic reasons, (2) moving next to a consensus between Howe and the banks that this windfall is neither morally deserved nor morally wrong (3) moving next to a pragmatic reason why banks need to be preserved from a windfall tax, (4) moving next to the possibility that they will be taxed later, and (5) concluding that any tax is not "practical or entirely desirable" now. Howe decided to (1) agree with his opponents (2) indicate (albeit implicitly and without using a first-person pronoun that might suggest a partiality) that he sides with the banks, and to declare explicitly the the moral neutrality of the banks' position and, thus his decision, (3) give pragmatic reasons (4) soften the announcement with a postponement that is ambiguous for all parties and (5) conclude in favour of banks. Howe worked hard here, against voiced opinions that must have mattered, in order to preserve the banks from this tax. Furthermore, the concession to a possible future tax and the modification of a tax now as not "entirely" desirable suggests to me that Howe was nervous about the reception of this description. This is evidence, I argue, of deliberate pro-finance constructions taken with some care and in the face of opposition.

Howe talked about interest rates in 1980 as if they were only a privilege for finance, as opposed to a penalty for industry in the midst of industry's collapse under the weight of these rates. By 1981, in the depths of the Recession, Howe was compelled to address this previously-unspoken aspect of his tight monetary policy, when Howe imposed a "special once-for-all tax" on the banks:

> Apart from oil, one other business sector has largely been protected from the effects of the recession, and that is banking. Indeed, bank profits in recent years have increased sharply, both absolutely and by contrast with the experience of most other businesses. A substantial part of these profits is the direct consequence of high interest rates in recent years: this applies to the so-called "endowment-profit" on current accounts on which no interest is paid. Recent levels of bank profits are partly, of course, a cyclical recovery from the low-level to which they fell in the mid-1970s. Also, the banks have needed to make provision against the effects of inflation and to rebuild the reserves needed to underpin the valuable support that they give to business in difficult times. That is why I took no action last year. However, I undertook to keep developments under review. The past year has seen

> further high banking profits, probably at a level not very different from the record profits of 1979. Certainly the contrast with the sharply-reduced profits of industrial companies is, if anything, more striking. In present, difficult circumstances, I cannot avoid the conclusion that I should require the banks to make a special fiscal contribution. This will take the form of a special once-for-all tax on deposits of banking businesses that are in operation today. The tax will be charged by references to non-interest bearing sterling deposits in excess of £10 million, averaged over the final three months of 1980. The rate of tax will be 2 ½ per cent. It will not be deductible against corporation tax. I estimate that the clearing banks will be the source of about 90 per cent. of the revenue, but the tax will apply to banking business generally. Altogether, an estimated £400 million will be raised in three instalments over the second half of 1981-1982. This revenue will make it possible for me to give some help to the rest of industry this year which otherwise I could not afford (UK Parliament 10 Mar 198l).

This issue has become no less contentious or difficult for Howe, and this time as he sides against the banks he goes into even greater contortions. The first several sentences cover how banks have done well by the high interest rates that have not served other businesses, which he describes as necessary recovery. Next he describes banks profits as equal to 1979 (the year of Thatcher's election) but too far below the industrial sector and describes his tax as very exceptional (in effect promising the banks that this will not happen again) and very tightly circumscribed to clearing banks. This measures are described as being redistributive for industry, but no long-term promise of help or special measures is made to industry, only a promise of special once-for-all tax for the banks. This was indeed special measures, once-for-all, for after again choosing not to tax the banks any further in the next year, 1982, he repeated in the same careful way the following year “that it would not this year be sensible to tighten the tax regime for banks” (UK Parliament 15 Mar 1983c). Howe responded to displeased constituents, many in industry, but his response was a stop-gap, not a commitment.

Section Six: Conclusions

In this chapter I argue that Healey was both ante-financialization and proto-financialization, while Howe as pro-financialization in his rhetoric. Healey's ante-financialization rhetoric was a matter of insistence for the primacy of industry (including its finance), physical trade and employment, and his refusal to privilege capital gains or domestic banks. Healey's proto-financialization stance was often an awkward one. He uncomfortably negotiated international capital pressures and domestic labour interests by choosing capital over labour, and worked hard to obfuscate the contradictions and to defend himself against domestic labour criticism. With his constructions Healey held labour costs alone accountable for inflation, which in turn was constructed as a economic problem singular in its scope and devastative capacity. But the way he did this shows that he was aware of the sensitivity of the topic, and his construction of it. Healey similarly insisted on constructing beneficence for international finance and authority for international financial markets when discussing the strength of sterling, and was both awkward and obstinate in this practice.

I have supported these assertions with quantitative data, and the corpus-linguistic analysis was able to bolster many aspects of my conclusions, although not perfectly. Somewhat disappointingly, the monetary evidence was weak and contradictory in places. Howe spoke about monetary policy in more varied terms, using many terms that Healey did not ever use, and scored slightly higher in frequency as well, but not with statistical significance. This is somewhat disappointing because sterling is such an important issue for Healey, and the money supply for Howe, but beyond the difference in variety (which is marked), the quantitative evidence yields little, at least at levels of statistical significance. Fiscal evidence fared slightly better, showing that Howe constructed taxation more negatively than Healey (an expected result), Howe's preference for talking about fiscal matters is only significant at the 68% confidence-level. Finance, employment and industry as categories in the text showed much more significant differences. Howe spoke about finance 57% more often than Healey, at the 95% confidence-level, and the many financial n-grams that Howe used but Healey did not are use are also good quantitative evidence that Howe was a chancellor for financial innovations.

Howe illustrates the radical, Thatcherite break with previous chancellor rhetoric, bringing innovations regarding the democratization of finance through personal shareholding and homeownership, and a new set of privileges for domestic finance, especially in terms of the City. Howe's new constructions included “market discipline,” “the market,” “banking business,” and “ownership.” The most significant, financializing difference between Healey and Howe is the great disappearing act of employment and industry n-grams, which Healey uses twice and three times as often as Howe, respectively. Wages and pay were at the centre of Healey's employment construction (reflecting Healey's inflation policies) while much more peripheral to Howe's, who has no n-grams related to worker income in his budget statements. Healey was twice as likely to talk about unemployment and employment as Howe, whereas Howe was as likely to talk about employers as he was about employees. Healey talked often about full employment, but Howe never did, rather, Howe talked about "the unemployed" as its own ontological category, not an element of wider society. For industry, it was Healey who had the relatively expansive vocabulary, using many n-grams that Howe did not, using comparative industry n-grams many times more often, and using communal, proprietary constructions like "our industry" "our manufacturing industry" and "British industry." Howe distinguished himself only in how often he talks about strikes. This quantitative evidence supports much of my qualitative reading, and (I hope) gives me some measure of defence against the charge of reader-bias.

In this chapter I have argued two main points, based on qualitative and quantitative evidence. First, that Chancellors Healey and Howe created an economic rhetoric that helped establish the rise of finance and the degradation of industry as elements of public political discourse. Second, that even if they did not necessarily intend financialization (and Howe may well have imagined aspects of it), my rhetorical analysis shows how the rhetorical steps they took were still insistent, even obstinate, ones. In my telling of economic history through the public communication of state elites, this is how it all begins, how new ideas are grafted onto old, how strange bedfellows create an offspring they do not understand, and could not have understood. This is no conspiracy theory, and it is surely true that much of the impetus for these changes lay in international financial markets and external capital pressures – as much has been said before. But it is similarly hard to deny that there is pro-financialization leadership being provided here, certainly by Howe, also by Healey, and that there is little haphazard or accidental about it. Healey and Howe recommended finance and stopped recommending industry thirty-odd years ago, and Britain has never looked the same. Establishment accomplished, the next chapter of this story is about the propagation of financialization through the boom-times, starting with Nigel Lawson in the 1980s, when financialization truly takes-off.

CHAPTER FIVE: LAWSON AND BROWN PROPAGATE FINANCIALIZATION

Section One: Introduction

The purpose of this chapter is to show how, once Healey and Howe had established financialization as budget-statement rhetoric, Lawson and then Brown further entrenched and developed it during their respective financial booms. A key theme of my last chapter was that of intentionality, that Healey and Howe, whether whole-heartedly or under some duress, made choices to put proto- and pro-finance rhetoric into their budget statements. In this chapter, the pro-finance rhetoric of Nigel Lawson is quite plain, and much of what I have said about Howe goes also for Lawson. It was Gordon Brown who brought a new, refreshed rhetoric to financialization, one that was subtle, alluding to something powerful, and a bit dangerous, just off-stage. Brown was also intentional, although one might be tempted to say he was intentional with the best of intentions: he seemed to recognize where the Achilles' Heel of financialization lay, and so spent a decade-long chancellorship reassuring his audience that he could and would protect them from the consequences. But whether Brown was fooling his audience first, or first fooling himself, the account he constructed enabled finance to grow and then (I would say, predictably) explode with a nation enrolled.

Lawson continued Howe's legacy, but he expanded arguments about taxation and the democratization of finance in important ways. But if Lawson's boosterism of finance was neither particularly subtle nor novel, Brown's financialization rhetoric was a far slipperier fish. Brown echoed Lawson in ways that will surprise no one, given the Thatcherite roots of New Labour ideas, and in this light his efforts to protect the financialized housing sector are no more surprising than Lawson's preference for the City over industry. But I argue toward the end of this chapter that it was Brown's implicit support for the City that makes him different, especially the way that he alluded to finance's weaknesses and needs, and attempted to compensate for them, without ever explicitly stating them. There was much in Brown's 'hard' rhetoric to encourage a listener to support finance, but there was much in his 'soft' rhetoric to lull a listener into thinking that all in the economy was safe, and all risks would prove 'upside.' I argue that this is something that financialization needed, too.

This second 'data' chapter proceeds as follows. In the next section I provide a brief economic and political sketch of the periods in question, 1984-1989 and 1997-2007. In Section Three I describe Lawson's rhetoric for the propagation of financialization, particularly his fiscal measures and his invigorated construction of the enrolment of individuals, through the democratization of finance. I use the fourth section to describe how much of Brown's financialization rhetoric budget was very much an extension and amplification of Lawson's. In Section Five I describe how Brown's budget statements also had a new set of 'softer' financialization logics, implicitly delivered. This 'soft' financialization rhetoric is more subtle, based on stability and risk, rules and regulations, forecasts and cycles. It is also specifically adapted to finance in Brown's time in a way that, again, suggests intention. The chapter ends with a summary conclusion of this data, connecting it to the developing argument of my thesis.

Section Two: Political and Economic Background, 1984-1989 and 1997-2007

When Thatcher was returned in 1983 with a 144 seat majority, and she made her Energy Secretary Nigel Lawson chancellor. Britain had a crippled manufacturing sector, unemployment very near 3 million, an ascendant financial sector, a more stable pound, and overall the economy was growing. During Nigel Lawson's tenure as chancellor inflation did finally decline to and hover around 5%, and the PSBR not only shrank but actually disappeared for a year before rebounding again in the recession at the close of the decade. These could be interpreted as two great economic accomplishments of his tenure, but one should be sceptical about how much credit he, or Thatcher, or even Howe, can take for them. Inflation worldwide fell in the mid-eighties as oil supplies loosened, and the dwindling of the PSBR was partly down to North Sea Oil revenues (Lawson did not control the price of oil, and Thatcher did not establish the fields). In any event, Howe had presided over the worst of it, and bequeathed to Lawson a British economy on the upswing, which Lawson rode until very near the end of his term, further fuelled by his tax cuts, privatizations, and financial deregulation (Dorey 1995).

Between 1979 and 1992 manufacturing employment shrank from 33% to 21% of the British workforce, with a loss of three-million full-time jobs (Gamble 2004, p. 43). The loss of manufacturing jobs also hurt union membership, but unions were regarded in Thatcher's Government as a problem from the start. Over the course of the decade all three Thatcher Governments whittled away union power through a series of Employment (1980, 1982, 1988, 1990) and Trade Union (1984) Acts, and in middle of the decade the Miners' Strikes were particularly confrontational (Dorey 1995). By 1992 trade-union membership had fallen to below 8 million members, compared to 12 million in 1980 (Gamble 2004, p. 43). Thatcher's Governments also wound-down the tripartite meetings between the TUC and CBI until they became very rare indeed, and the Conservatives generally declined to meet with both unions and employers jointly about industrial relations or economic policy. Thatcher rejected formal pay policies and the goal of full employment, preferring to leave these matters in the invisible hand of the market. By ending subsidies to national industries in return for their sale price, the Government was able to reduce the PSBR and lower taxes, as well as absolve itself of more union entanglements and wage determination (Dorey 1995).

According to Khoury (1990) although the City of London overall was growing, the London Stock Exchange (LSE) was in decline in the early 1980s, with portfolio investment leaving (half of that through non-British brokers), most trading of UK shares being executed outside the LSE (much of it in New York), and British investors buying more and more foreign securities through foreign brokers. Restriction of membership and fixed commissions meant that the LSE was expensive and ineffective compared to other exchanges (Khoury 1990). In contrast, the Eurobond and Eurodollar markets that had been established in the City in the 1950s and 1960s had come to be far more powerful at capital-raising (Kerr 1986). Reforms of competition practices had been attempted by the Callaghan Government with the Restrictive Trade Practices Order of 1976, which sought to create a Restrictive Practices Court, to which the LSE would have to account (Thomas 1986). Thatcher's Government only increased the pressure, but both the Bank of England and LSE chair Nicholas Goodison were opposed to change, as so began a long stand-off. It finally ended in an agreement for LSE deregulation, now known as the Big Bang, which was agreed quickly between Secretary for Trade and Industry, Cecil Parkinson, and Goodison, immediately after Thatcher's 1983 landslide. According to Khoury (1990), “the mandate [for the Big Bang] was not market driven, but forced by the government on a very reluctant, traditional market. This development is a far cry from the mechanism through which the deregulation of the US market was effected” (p. 128).

The 'Big Bang' of 27 October 1986 abolished many of the barriers between financial investing and banking on the LSE. On that day rules about membership in the exchange and incorporation were relaxed such that 30% of the stock exchange capital hence could be owned by outside interests, to be soon further relaxed to 100%. As an indication of the profitability of such a move, on that day 29.9% of the LSE was immediately acquired by outside interests, with binding options to acquire the remaining 70.1%. The LSE would now operate as the Eurobond market was operating, not under the control of guilds but of multinational banks and investment houses (Gower 1988, p. 4).

Deregulation had several effects on the LSE. There was better monitoring of insider trading with the new systems. The small-client service became less lucrative and many firms gave it up, in turn making it more expensive. Many smaller life insurance firms either specialized tightly or folded completely. The equity markets developed lower transaction costs and a larger turnover. The same was true for gilt markets, and the lower profits for gilt dealers meant that they became more speculative to make up their shortfall. In the newly-created futures markets the banks became dominant over other brokers, and were now able to 'short' the cash markets, reducing arbitrage between futures and cash markets, and so lowering profitability and volatility while increasing liquidity. Profitability for investment houses declined overall as securities trading became increasingly low-commission and commission-free. Most London markets, especially the gilt and securities markets underwent a merger-and-acquisition phase in terms of their own market- makers (Khoury 1990). The move was not without critics, let alone LSE members themselves. Deregulation brought new conflicts of interest and new abuses into the City, as company-law expert LCB Gower (1988) warned:

> The danger has become greater because of the increasing number of individual first-time direct investors as a result of the Government's privatisation measures and of the widening range of investments marketed by High Street banks and building societies. Whether this will lead to a substantial permanent increase in individual share-ownership I doubt. And I have never understood why, so long as capital can be raised, it should be more desirable that it be raised directly from individuals rather than indirectly from them through collective instruments – such as life insurance, unit trusts and pension funds (or the new hybrid, Personal Equity Plans). But, temporarily, there clearly has been a great increase, albeit that many sell for an immediate profit of once they have used up the special inducements offered them (p. 5).

There were other important changes happening in finance at this time, not strictly based on Financial Services Act of 1986. The London futures market, which had been established in 1982, exploded in 1986. Gilt markets expanded in 1988, as commissions disappeared in favour of net trading and trading became dual-capacity. The sterling commercial paper market was established in May 1986. The Department for Trade and Industry (DTI) also proposed new capital rules for Eurobonds, and by 1987 those had been adopted (Khoury 1990). In a speech in 1986 the chairman of Wood Gundy, Ian Steers, named "a positive and welcoming government attitude" as one of the City of London's "natural" advantages. He went on to say that "the infrastructure which is in place is so big and the number of people directly involved so large, that only a major change in government policy as to tax or regulation could cause the market to move" (quoted in Kerr 1986, p. 16).

The deregulation of the LSE and expansion of the City was concurrent with yet more sales of shares through the privatisations of nationalized companies, some in competitive and some in natural-monopoly market positions. Despite making handsome fees for conducting the sales, during these privatizations the LSE banks employed pushed to keep floatation prices for privatizing industries low, lest they be stuck with any remainder. Many people bought the shares because they were under priced, often happily sold them as soon as they came to their real price. In Ian Gilmour's (1992) assessment, "this was as good a way of bribing people with their own (and other people's) money as has ever been invented" (p. 126). The demutualisation of building societies and relaxation of restrictions on the selling of personal credit also began to transform the housing market, which along with council house sales contributed to a housing boom toward the end of Thatcher's tenure. Again in Gilmour's (1992) opinion, "the greatest engine of expansion was the mini-boom that the government set off in July 1982 by abolishing hire-purchase restrictions, which was followed by the dismantling of other controls and a massive expansion of consumer and business credit" (p. 66). He summarizes this way:

> The Lawson credit-consumption boom brought great if ultimately costly benefit to most of the population. In the eighties personal wealth rose by over 80 percent in real terms. In real terms, too, the value of housing rose by 90 percent and shares by 160 percent. Real earnings rose by 25%. Borrowing rose much more sharply. The savings ratio fell from twelve in 1979 to 5.5% in 1988, and in 1989 the net indebtedness of householders was 2.5 times higher than it had been in 1982. In those seven years the average growth in personal consumption was 4.6 percent, nearly double the average

> rate of growth of the rate of consumption in the twenty years before the Thatcher administration. Between 1979 and 1989 consumption as a percentage of GDP rose by nearly seven points. No wonder the governments economic policies were popular (Gilmour 1992, p. 81).

The proportion of the British public who owned shares rose from 7% to 29% during the 1980s, a better than four-fold increase, but a large proportion of these were still through institutions rather than individual holdings. As Richard Vinen has written, “Most people bought shares in privatised companies because the shares were easy to buy, and because they were known to command and instant premium...popular capitalism was, in fact, never that popular...the distribution of shares was not as spectacular as it looked” (2009, pp. 199-200). Similarly, at the Governments' urging over one million council houses were sold in the 1980s, but most purchasers were “middle-aged, married couples” in the south of England, and less than 5% of them lay on “problem estates,” and the social benefits of this “stake in society” that Thatcher championed proved elusive (Vinen 2009, p. 203).

Like Nigel Lawson, Gordon Brown was a lucky man (at least as chancellor). Tony Blair entered the Prime Minister's Office, and Brown the Chancellor's, as the slow steady recovery of the mid-1990s turned into a truly vigorous economy. Brown would claim credit for these years of high growth, low inflation, and low interest rates, but, as was the case for Lawson, it is not clear how much credit he should have taken. The Thatcher Governments had reformed the economy in many ways that had yielded efficiency gains (including the tax system and privatizations), and macro-economic policy had been reformed under Major, too, after the Exchange Rate Mechanism (ERM) fiasco (Smith 2005). Inflation and interest rates were indeed low in Britain, but they were low throughout the First World at this time, in part because of debt-securitization technologies newly created in the financial sector.

On the whole, New Labour accepted the Conservative example of low income taxes, diminished labour union power, greater private ownership, and privileging the City of London. Upon re-entering Government, New Labour did not choose to reintroduce the corporatist powers that Thatcher had stripped from labour unions, but rather created new legal frameworks for individual workers rights. New Labour had an employment-centred welfare policy that owed much to Thatcher, and looked to continue her legacy of flexible labour markets and low labour costs for employers (Gamble 2004). Many of the new jobs created during the Conservatives seventeen years had been part-time, low-paid, and non-unionised (Coates 2000; Marsh 1992) and this trend did not reverse itself under Tony Blair and Gordon Brown. Taylor (2005) has called this the new 'British Business Model' of flexible labour markets and light-touch workplace regulation, which the leadership claimed worked best in the face of increasing globalization and fast-changing technologies. Fiscally, Brown ran a tight regime during the first Parliament, with a windfall-tax on utilities, the removal of the dividend tax credit for pension funds, and increased personal taxes. It was only in the second Parliament that he relaxed spending, specifically for the National Health Service (NHS), but some also for skills training (Smith 2005). Public-sector expansion was something of a boon for Brown, as employment in that sector grew by half-a-million people between 1998 and 2005 (Taylor 2005, p. 198), helping to offset the million jobs lost in manufacturing during the same period (Taylor 2005, p. 199).

One of Brown's first acts as chancellor was to relinquish Treasury's direct control of interest rates to the Bank of England. Brown announced that the Labour Government would direct the Bank to set short-term rates in order to achieve an inflation target of 2.5%, and to do so through a Monetary Policy Committee, the members of which the chancellor was to appoint. He was inspired by the Fed model in the US, but the groundwork had been already laid by Mervyn King, and by unofficial targeting since Lamont (Smith 2005). According to Moran and Alexander (2000), the immediate motivation for this change was to reassure financial markets that interest rates had been de-politicised, and specifically that the decision was out of centre-left hands. According to Smith (2005), this move also allowed Brown and Blair to put the Bank between themselves and both their Party members and their union supporters, many of whom were more worried about employment than inflation (see similar arguments for the US in Krippner 2007). But this was also in aid of New Labour's stated macro-economic policy: low inflation and stable interest rates to match tight government finances, promised and delivered over the long-term (Gamble and Kelly 2001).

The City of London went from strength-to-strength as a finance centre at this time. From Blair's entry into office until 1 January 2001, the FTSE All-Share Price Index more than doubled (Sinclair 2001, p. 237). The Financial Services and Markets Act of 2000 built on Lawson's 1986 Financial Services Act by further dismantling self-regulation by the City in favour of state regulation, and displacing the Bank of England's discretionary oversight with the statutory empowerment of the Financial Services Authority (FSA) (Moran 2003). Previously the regulation of financial institutions had been divided between nine different agencies, but the FSA would now monitor unit trusts, life insurance, stock-brokers, commercial banks, building societies, investment management, personal investment, securities, and futures. By late 2000 the FSA was overseeing 9275 financial firms in the UK, many of which offered several of these financial products and services (Sinclair 2001, p. 234). According to Sinclair, the FSA had four formal responsibilities:

> One is to strengthen confidence in the UK financial system, and a second to secure an appropriate degree of consumer protection. The remaining two objectives are the promotion of public understanding about the financial system, and to contribute to the reduction in financial crime (Sinclair 2001, p. 234).

While this sounds prudent, according to Tett's (2009) account, the New Labour Government “made it clear that it endorsed a light-touch regulatory regime, which aimed to boost the standing of the City. That encouraged innovation in derivatives, hedge funds, and much else” (p.106). This light-touch regulation also allowed a “shadow banking system” to develop in London through special investment vehicles (Tett, 2009, p. 116). Such aggressive financialization was an expansive force elsewhere at this time, too. It has been estimated that in the United States in 2003 the financial sector was generating 40% of the country's profits, mostly by selling mortgages and mortgage-back securities (Fligstein and Chin 2007; Krippner 2010).

For many 'ordinary' people during Brown's chancellorship, financial participation meant mortgages. By 1996, 67% of the British population owned the home they lived in (Kemp 1999, p. 131), and a goal of New Labour housing policy was to raise this percentage further through the market model (Malpass 2005; Murie 2007). Not only did Thatcher's 'Right to Buy' programme continue under New Labour, but its take-up increased every year until 2006 (Lloyd 2007, p. 14). House prices, especially in the south-east, were explosive: the price of the average home rose 25% in 2002 and 22% in 2003 (Coates 2005, p. 171). By contrast, in the years between 1990 and 1997 they had only risen by a third (Coates 2005, p. 17), and that was with substantially higher inflation rates that made rises in real-terms more modest still. By the end of 2004, UK households owed approximately one-trillion pounds, £867 of which was mortgage borrowing (£183 billion was credit card and other unsecured debt) (Langley 2008a p. 139). Although the housing boom stimulated middle-class spending, and middle-class enrolment in financialization through these debt relationships, it also excluded the working-classes from homeownership, especially in London (Coates 2007). Reinhart and Rogoff (2009) have pointed-out that the UK housing boom, which ran almost perfectly coincident with Brown's chancellorship, was like most post-War housing booms in its 'proximate association' with the 2007/2008 banking crisis.

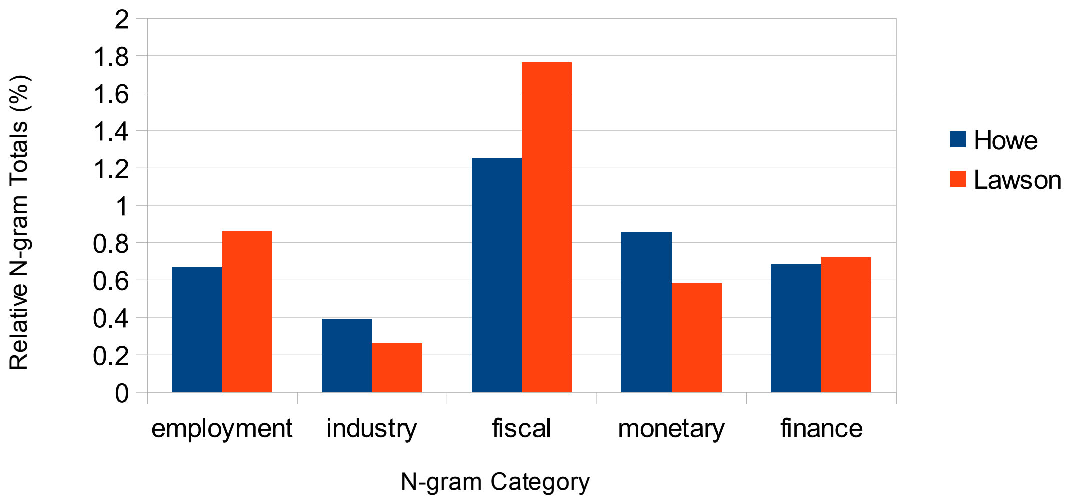
Section Three: Lawson's Budget Statements for Financial Enrolment

Quantitative Overview

My quantitative comparison between Howe and Lawson yields mixed (and not entirely unexpected) results (See Figure 5.1).

Figure 5.1: Howe's and Lawson's Relative Frequency Totals by N-gram Category

(All but finance have gaps in two-sigma error)



Although two-sigma error bars clear one another for employment, industry, monetary, and fiscal n-grams, casual inspection of the graph reveals that the frequency scores do not show the dramatic differences seen between Healey and Howe. Lawson talked about employment about a a quarter more often again than Howe (0.858% vs. 0.667%); industry about a third less often (0.264% vs. 0.391%); fiscal matters about a third more often (1.763% vs. 1.253% vs) and monetary matters about one-third less often than Howe (0.683% vs. 0.7236%). Finance n-grams were so similar that their 95% error-bars overlap. These men have, overall, quite similar budget-statement profiles.

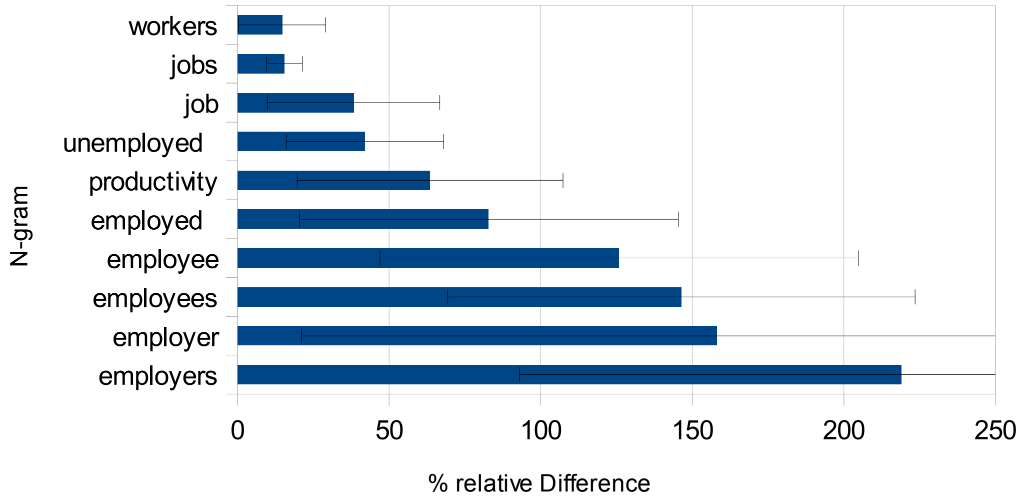
The quantitative data suggests that Lawson was as activist as Howe for financialization in rhetoric, in that he spoke about finance just as often, but perhaps he was not so innovative. Howe changed the constructions, the conversation, the leadership for finance and in ways that created a more finance-friendly environment, compared to Healey. I argue in the next section that Lawson was intent on continuing the tradition, but he extended Howe's work rather than bringing much new, rhetorically. This is not to diminish Lawson's contribution to financialization through tax changes, and he was clearly a great booster of the first-time small shareholder, but these are ideas that Howe had already shared, and Lawson is as much an inheritor of the tradition as any sort of trail-blazer. His role is one of cementing changes already made and pushing forward and outward in the same directions. The next radical change in vocabulary comes from New Labour, and Gordon Brown, and is the subject of Sections Five and Six of this chapter.

Manufacturing and Industry

On industry, Lawson did indeed sound much like Howe, except that he managed to speak about industry even less (again, see Figure 5.1). Lawson opened every budget statement with a few words about manufacturing, but this consistently up-front delivery was not accompanied by addresses for manufacturing within the body of the speech, save a few penalties applied in 1984. Within these annual yet perfunctory passages about manufacturing, what Lawson stressed is manufacturing's productivity (i.e. profitability divided by costs, primarily wage-costs), as opposed to its output. Like Howe, Lawson stressed how the secret to this healthy manufacturing environment, and what jobs come with it, was lower wage costs, the key to restraining productivity's denominator. Figure 5.2 shows that Lawson did not continue with Howe's tendency to talk about strikes, but rather talked often about workers as employees, their relationships to their employers, and their productivity.

Figure 5.2: Employment N-grams that Lawson Used Relatively More Often than Howe

(all passing 95% confidence-interval threshold)



It is also true that the rise in unemployment that Howe witnessed, which he may not have been keen to highlight, experienced some respite under Lawson. In 1986, 1987, and 1988 Lawson briefly talked about manufacturing by talking about the opportunities available for manufacturing (it's bright future, via lower exchange rates for sterling and lower oil prices), about the promise of manufacturing, in the future. He did not associate manufacturing with employment, except a few brief mentions, in which he says simply of employment that " the extent to which Government--let alone a single Budget--can bring this about is clearly limited. We cannot instantly inculcate the spirit of enterprise by Act of Parliament" (UK Parliament 19 Mar 1985a). He carried on to blame unemployment on the unions, as did Howe, who seek to price workers out of jobs through "latter-day Luddism," whereas the Government "must prepare the ground in which enterprise can best flourish" (UK Parliament 19 Mar 1985b). Similarly in 1986, "the continuing problem of high unemployment" can only be solved through "a level of pay which enables workers to be priced into jobs instead of pricing them out of jobs,and "it is here that Britain's weakness lies" (UK Parliament 18 March 1986a). Thus, at this most basic level, Lawson continued Howe's habit of paying 'lip-service' to manufacturing and employment, but minimally, offering little or nothing in the way of government help, and constructing this withdrawal of support and care as the right way, indeed the only way.

Only once in five budgets did Lawson address a key concern of manufacturing, and it was to withdraw tax-assistance:

> My purpose, therefore, is to phase out some unnecessary reliefs in order to bring about, over time, a markedly lower rate of tax on company profits. First, capital allowances. Over virtually the whole of the post-war period there have been incentives for investment in both plant and machinery and industrial, although not commercial, buildings. But there is little evidence that these incentives have strengthened the economy or improved the quality of investment. Indeed, quite the contrary: the evidence suggests that businesses have invested substantially in assets yielding a lower rate of return than the investments made by our principal competitors. Too much of British investment has been made because the tax allowances make it look profitable rather than because it would be truly productive. We need investment decisions based on future market assessments, not future tax assessments (UK Parliament 15 Mar 1984a).

This utterance achieves an explicit action, the removal of tax-relief, but also works hard to justify this action, suggesting that Lawson anticipated substantial resistance and so meant to counter it. Lawson attempted to appear on the side of industrialists, and by implication to distance himself from other, non-industrial interests who would reasonably prefer a lower corporate tax-rate to greater capital allowances. These reliefs were categorized as "unnecessary," and worse, had tempted business to invest "substantially" in assets that yielded too little, characterising the past routine as problematic and in need of change, in an attempt to deflect industrial rebuttal. Tax help for those reliant on plant and machinery was described as misplaced, characterized in a wholly negative light, omitting any mention of their importance to manufacturing and also any mention of the economic agents (industrialists and their wage-earners) who might be harmed by their removal. Lawson reasonably would have known that these parties would likely object, and he decided to leave them out of the description. "Commercial buildings" are also protected in this account, singled-out as not having been previously privileged in tax law, which hints at how prejudicial the policy is towards businesses reliant on plant and machinery, alone. Speaking as the chancellor, Lawson stayed on the ground on which he felts most solid, basing his arguments on profitability and yield and the investment of assets, in an attempt to build his case on tenets of capitalism that industrial capitalists would find difficult to argue against. Lawson's footing was close in places, using "my" and "we" only at the beginning and end of the announcement, but where he laid down his most contestable and contentious reasons he personally disappeared from the account, distancing his own interests and adding to the appearance of dispassionate fact. The empiricist rhetoric of this account, besides the impersonal delivery, lies in the reasons that Lawson provides, which he calls twice “evidence,” as if these are the facts, the evidence has the agency required to “suggest” (rather than Lawson suggesting), and causation is clear, not debatable. This is a detailed narrative, in which Lawson (1) framed the topic as “unnecessary reliefs”, then (2) described the tax-advantage for industry, then (3) said these are ineffective, then (4) said they were worse than ineffective, an affront to productivity, and (5) ended by suggesting that these reliefs encouraged not just poor asset allocation but perhaps even the massaging of taxes, something akin to tax-avoidance or tax-evasion. In the next few moments it was made clear that the effect of Lawson's declaration was thus: a graduated reduction in capital allowances for machinery, plants, and industrial buildings until in two year's time there would be no allowances at all. As a fortification against the Labour Party, and against industrial interests, Lawson concluded by saying, “When these changes have all taken place, tax allowances for both plant and machinery and industrial buildings will still on average be rather more generous than would be provided by a strict system of commercial depreciation” (UK Parliament 15 Mar 1984b). Besides the bare fact that with this announcement Lawson withdrew capital allowances from manufacturers, this description works to do three important things in terms of the propagation of financialization: (1) it depicts manufacturing as a inept, (3) it depicts manufacturing as unworthy of help (3) and although it claims to do the opposite, it can only have sent the signal to investors that manufacturing's profitability would be less, not more, in future, as its taxes rose.

The Medium-Term Financial Strategy

As with manufacturing, every year Lawson lead his budget speech with a reminder about, and philosophical exploration of, his Medium Term Financial Strategy (MTFS). Much like Gordon Brown's Golden Rule (see Section Six, this chapter), or George Osborne's Office for Budgetary Responsibility (see Chapter Six), the MTFS was presented as authoritative, rational, apolitical, and impartial. It was a guarantee, an umbrella policy for the whole of the British economy. Nominally a blend of fiscal and monetary policy, it was described by Lawson most often in fiscal terms, as a strategy for bringing the PSBR lower, and then still lower again, as a percentage of GDP. But its particulars changed substantially during Lawson's years as chancellor, to such an extent that Artis (1988) has reasonably questioned whether it can be defined as one coherent strategy, in retrospect. In any of its forms, the MTFS in budget statements was explicitly a matter of communicating to financial markets that the Government was committed to a tight monetary policy and a low PSBR (UK Parliament 15 Mar 1984c). Indeed, Lawson used the bi-gram "monetary policy" more than three times as much as Howe, significant at 95% CL. Lawson also used many fiscal n-grams relatively more often than Howe, almost all of which were about taxation (see Figure 5.3).

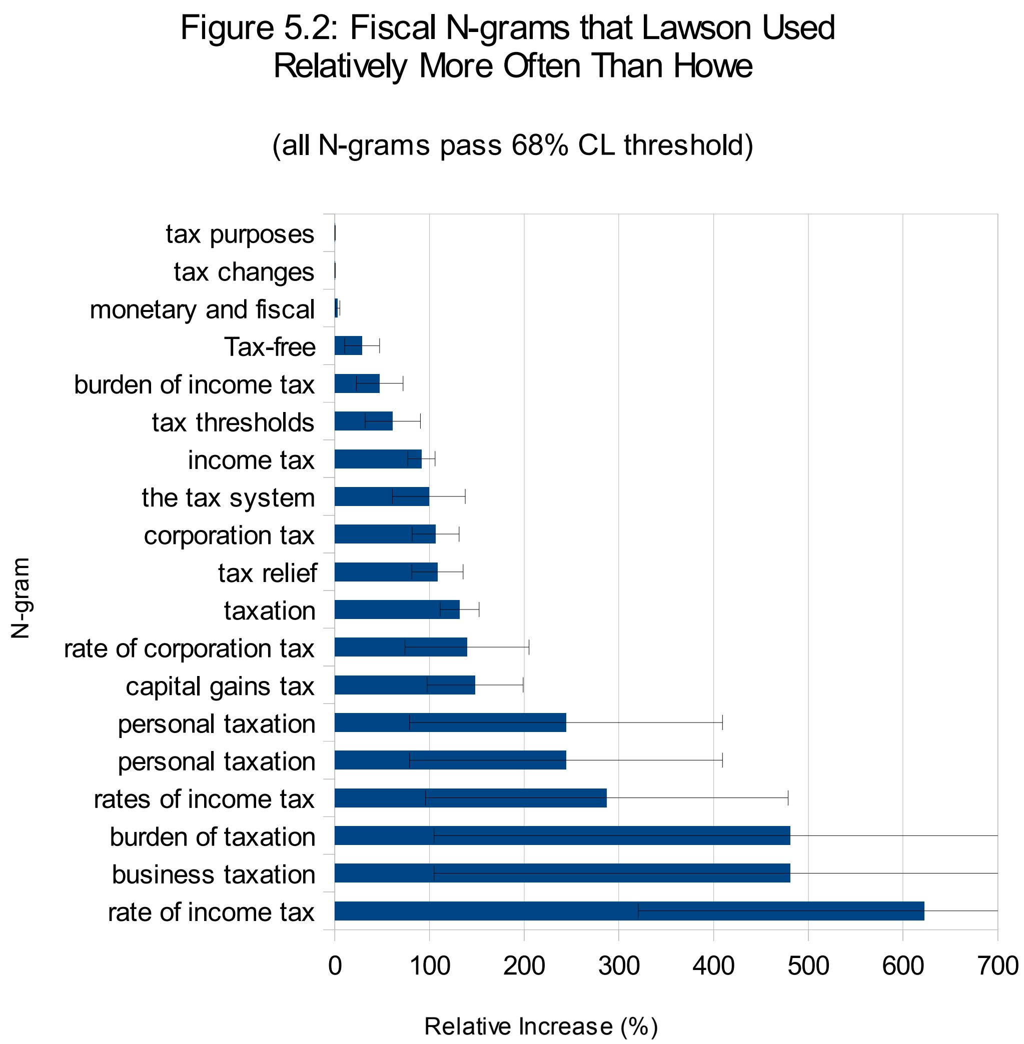
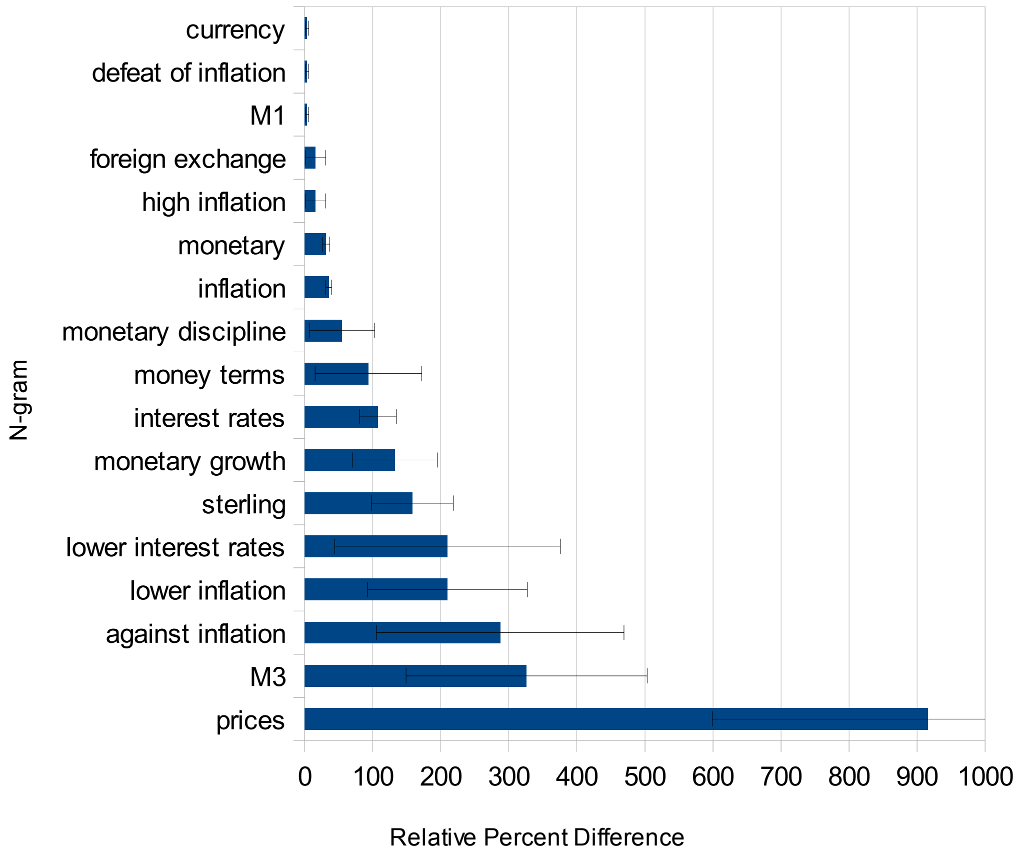


Figure 5.4 shows, to 68% confidence, the monetary n-grams that Howe used relatively more often than Lawson.

Figure 5.4: Monetary N-grams that Howe Used
Relatively More Often than Lawson

(all n-grams pass 68% CL threshold)



The difference in monetary n-gram frequencies overall (again, see Figure 5.1) is much accounted for by the fact that Howe talked about "prices" ten times more often than Lawson (a 915% relative difference, also significant to two sigma). In general Howe was more for monetary constructions in his budgets, just as Lawson was more for fiscal, and his MTFS emphasis on fiscal measures reflects this. Looking back at Figure 5.3, Lawson's fiscal n-grams are clearly centred around taxation. Lawson said in 1985, when returns to the Treasury looked strong, "I have been urged by some to provide for a still lower borrowing requirement in order to impress the financial markets." (UK Parliament 19 Mar 1985c). The MTFS story was often told in terms of an argument with Keynesianism, and year after year, the MTFS narrative epitomised Thatcherite economic policy, constructing a Treasury that sought to please financial markets directly, by shrinking the public-sector, in turn forcing more activity into an increasingly financializing private sector.

In his first budget speech, Lawson introduced the MFTS as a new, yet natural, law:

> But despite these risks there is a growing sense throughout the industrialised world that the recovery this time is one which can be sustained. The essential requirement is the continued pursuit of prudent monetary and fiscal policies. For the United Kingdom, the medium-term financial strategy has been the cornerstone of such policies. It will continue to play that role—to provide a framework and discipline for Government and to set out clearly, to industry and the financial markets, the guidelines of policy. Too often in the past Governments have abandoned financial discipline whenever the going got rough, and staggered from one short-term policy expedient to another. The temptation to accommodate inflationary pressure proved irresistible, and the nation's longer-term economic performance was progressively undermined. The medium-term financial strategy was designed to remedy this, by imposing a disciplined financial framework which would also ensure consistency between monetary and fiscal policies, and a proper balance in the economy. It is so designed to ensure that the more inflation and inflationary expectations come down, the more room is available for output and employment to grow. People now know that the Government intend to stick to their medium-term objectives. They understand that the faster inflation comes down, the faster output and employment are likely to recover. The increasing degree of realism and flexibility in the economy owes much to the pursuit of firm and consistent policies within the MTFS framework (UK Parliament 15 Mar 1984c).

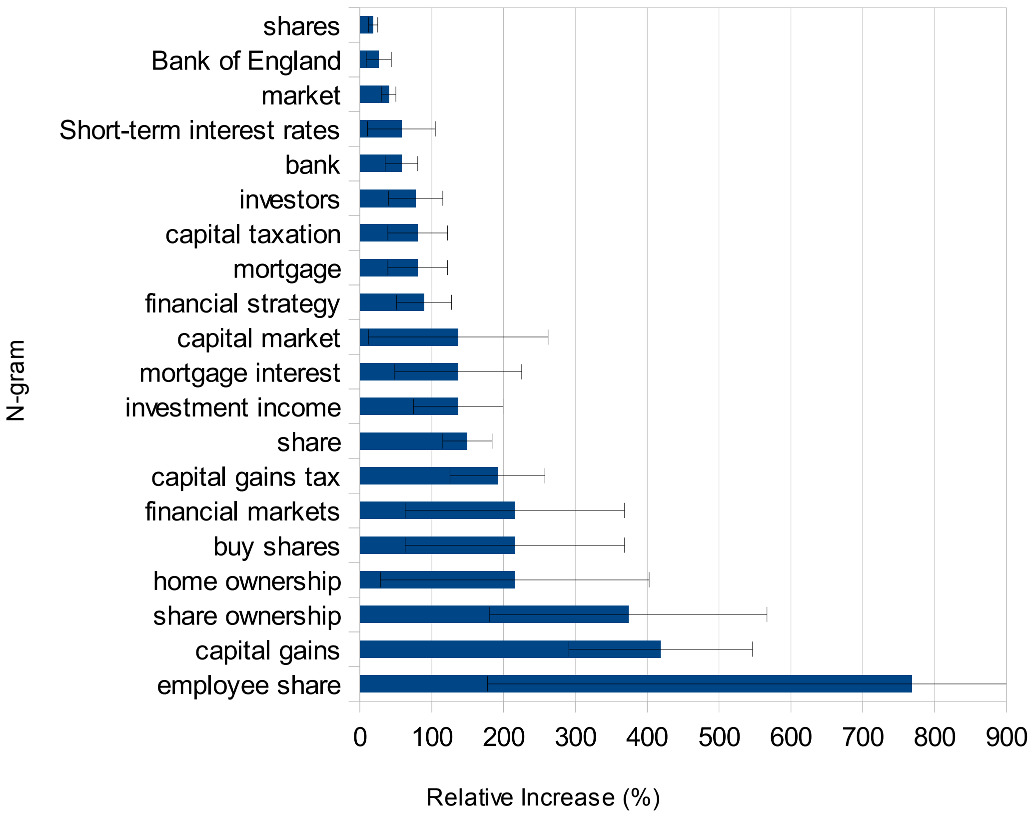
This description did not declare an action, as did the announcement about capital allowances, but it did seek to build a idea in the mind of the listener of the MTFS as eternal and inevitable. He constructed it as active and structural, a source for discipline which guaranteed for both industry and financial markets that inflation would not return, thanks to the coordination of monetary and fiscal policy, and the consistency of Government policy. This really was a meta-narrative for the economy, encompassing industry and finance, fiscal and monetary, inflation, output, and employment, as if the complexities of the economy could be dependably rationalised and coordinated in one best strategy. As before, he stayed close to the economic in his description in order to remain credible, and sets himself in opposition to the wasteful. He did not insert himself into the description, but rather than being a means of distancing himself from contention, I interpret this as a matter of empiricist rhetoric, an attempt to make the MTFS seem more like a law of nature than a man-made choice. The MTFS approach was a matter of consensus "throughout the industrialised world," corroboration that fiscal and monetary prudence is key. The narrative here is not only about past failings, but about a future of control, as Lawson assures the audience that he holds the knowledge and the tools to deliver low inflation and high growth. I argue that this very typical construction of the MTFS was part of the discursive background the propagation of financialization, a set of ideas stating not only that financial markets must be pleased with the activity of the greater economy, but also that it lay within the state's power to ensure this, if only it applied the right tools to the national economy.

The City

For the n-gram category "finance" the two-sigma error bars overlap with one another (again, see Figure 5.1), suggesting that what small differences exist are not significant overall in terms of volume, i.e. both men discussed financial matters in their budgets to similar extents. Figures 5.5 shows the finance n-grams that Lawson used more often than Howe, at the 68% confidence-thresholds.

Fig. 5.5: Finance N-grams that Lawson Used Relatively More Often than Howe

(All n-grams pass 68% confidence-interval threshold)



Although 68% is a less-impressive confidence limit, there are twenty-two n-grams on this list, meaning on-average 14 of them are significant (9 survive the 95%-confidence-threshold test). Although Lawson and Howe spoke of finance roughly similar amount in their budget statements, Lawson showed preferences for talking about shares, ownership and capital gains. These differences reflect how Lawson intensified Howe's rhetorical constructions in favour of the democratization of finance. I show these results to support my upcoming qualitative focus on share ownership and capital gains, and to show that Lawson did not reverse Howe's financializing rhetoric but continued it.

Months before the Big Bang, Lawson cheered the City as “pre-eminent,” its contribution of £6 Billion was “massive,” and “ but one measure of the resulting benefit” that had accrued to the British economy:

> The City of London is the pre-eminent financial centre of Europe. The massive £6 billion it contributes to our invisible earnings is but one measure of the resulting benefit to the British economy. Competition in financial services nowadays is not continental, but global. The City revolution now under way, due to culminate in the ending of fixed commissions, the so-called big bang, on 27 October, is essential if London is to compete successfully against New York and Tokyo. If London cannot win a major share of the global securities market, its present world pre-eminence in other financial services will be threatened (UK Parliament 18 Mar 1986b).

The City is under foreign threat, one that may spread beyond if protective measures are not taken. Lawson, himself from a banking background and so able to speak personally, chooses instead to stay distant from the account, yet insistent. It is a third-person declaration yet one that is all-knowing and able to pronounce on the future, like a biblical prophet delivering stern warnings of impending doom if ways are not mended. The richest cities in the world, New York and Tokyo, are the City's named competitors, a distinguished pair that the City of London could remain in league with if only the Government's taxation regime would support it. This excerpt is a preamble to an action, in which Lawson declared a halving of “dealing costs,” the stamp-duty on share transactions, to be paid for by new taxes on other financial transactions. These other transactions show what he is less keen to encourage: transactions involving longer terms of commitment, the swapping of stocks within individual or company accounts, takeovers, mergers, or in which profit is transferred overseas immediately. As well as being a clear statement of political-economic preferences, this “action” also builds a description, communicating to those with investment knowledge that the Government will support shorter-term profit-taking, more active trading, and money made in the City staying within Britain. It also communicates more broadly the state's support for the City, and for the circulation of money within it, building the account in such a way as to insist that this 'activity (this churn') was vital to Britain.

After the worldwide crash in stocks in October of 1987, Lawson made excuses for finance, and publicised special help for it:

> The dramatic collapse in the world's equity markets last October was not the second coming of 1929 or the harbinger of a 1930s-style world slump, as so many feared at the time--although it could have been a great deal nastier had the authorities in the major nations not responded in a prompt and appropriate way. It was essentially an overdue market correction which did little more than reverse the rapid rise in share prices of the previous year. Certainly, business confidence does not seem to have been greatly affected, and growth in the seven major industrial countries as a whole this year is likely to be only slightly lower than last year (UK Parliament 15 Mar 1988a).

Again Lawson conveyed his judgement with a tone of certainty and authority, remaining distant from the account and keeping it as impersonal as possible. The collapse was dramatic but not the-end-of-the-world, and less nasty than it could have been; in fact, what was "essentially an overdue market correction" is characterised as natural and proper, reversing the pranks and foolishness of the year before, a way of also minimizing not only the Crash but also the stock-market bubble that preceded it. In dispassionate and evidential terms he offers a calm and rational explanation which he juxtaposes against irrational fear of so many onlookers. Lawson's account is corroborated by "business confidence" and the "seven major industrial countries" who are growing well, in so far as their growth is "only slightly lower than last year." This narrative moves from the mis-attribution of calamity to a list of reasons why this alternate account must not be believed. This construction is quite blatantly pro-finance: excusing the Crash, excusing the bubble, insisting that the prudent management of "authorities in the major nations" can and did protect the economy as a whole from the consequences of both. In 1989 he announced a string of changes to life assurance trading, the trade of sterling, and bond issues, that he called "...a major liberalisation of the arrangements for London's capital markets. They will give greater flexibility to issuers and wider choice to investors" (UK Parliament 14 Mar 1989a). Post-Black-Monday, Lawson comes to the aid of financial markets directly. This foreshadows the bust-chancellors of Chapter Six, and by contracts it highlights how a boom-chancellor, as Lawson had been up until this point, needs to do little to encourage investment in finance – the returns speak for themselves. The City boomed under Lawson, but (as my quantitative analysis shows), that meant he did not especially have to talk about it.

Corporation Tax

Lawson talked about corporation tax relatively twice as often as Howe (again, see Figure 5.2). If Lawson's 1984 announcement of the new corporate tax cuts was meant to keep any mention of these cuts out of subsequent budgets, then it was genius. Lawson announced that the corporate tax-rate would decline stepwise thus: from 52% to 50% on profits earned the year previous and payable in 1984-85; from 50% to 45% on profits eared in 1984-85; from 45% to 40% on profits earned in 1985-1986; from 45% to 40% on profits earned in 1986-87; and come to rest at 35% on profit earned in 1987-88 (UK Parliament 15 March 1984d). But this was a one-time declaration only; having announced this downward-sloping ramp in 1984, Lawson made no mention of it again, which, presuming a one-third reduction in the corporate tax rate was controversial, was an excellent strategy for avoiding confrontation over it. This is very different from the approach Lawson took announcing year-after-year either an increase in personal allowances in real terms (1984, 1985), or a reduction in the basic rate of income tax (from 30% to 29% in 1986; from 29% to 27% in 1987; from 27% to 25% in 1998). Both are tax cuts, but the corporate rate was a deeper cut than for income tax (by one-third vs. one-sixth), yet much less attention is drawn to it. The announcement of this measure followed Lawson's announcement that plant and machinery would be losing their capital allowances step-wise and on approximately the same time-scale, and he explicitly connected the two changes (see 'Manufacturing and Industry,' this section, this chapter). According to Lawson, “our rates of capital allowances in this country for the generality of plant and machinery will be comparable with those in most other countries, while the rate of tax on profits will be significantly lower” (UK Parliament 15 March 1984d). But he next revealed a second reason for this sacrifice of capital allowances for lower tax rates overall:

> The substantial reduction in the rate of corporation tax will bring a further benefit. Our imputation system allows a company to offset in full all interest paid. But only a partial offset for dividends is allowed. Companies thus have a clear incentive to finance themselves through borrowing and in particular bank borrowing rather than by raising equity capital. The closer the corporation tax rate comes to the basic rate of income tax, the smaller this undesirable distortion becomes (UK Parliament 15 Mar 1984e).

Loud and clear, this change was intended to sell shares. Lawson wished to be seen to enhance the attractiveness of share-issues, and much of this raising of equity capital would be accomplished in the financial markets, including the expansion of the London Stock Exchange before and after the Big Bang. This was, according to Lawson's arguments and indeed actions, highly desirable. Job done, Lawson did not need to revisit corporation tax until 1987, and indeed this is when the next mention of it occurs; he did not choose to champion it yearly. When in 1987 he did revisit the topic, he began by first assuring his audience that those tax changes had "undoubtedly improved the quality of business investment decisions in Britain, and is also encouraging more overseas companies to set up here." (UK Parliament 17 Mar 1987a). Furthermore, according to Lawson this 35% tax was enviable, because it was lower than any other industrial nation; even the Americans looked set to copy it (UK Parliament 17 Mar 1987a).

Capital Gains

As I wrote in the last chapter, capital gains are gains that most people simply never make enough of in a single year to owe any tax on them. But some people do, particularly wealthier people, and Nigel Lawson did some work in his budgets so that less capital would be taxed, and to defend this change as justified. Lawson gave particular attention to capital gains taxation, and of this I am confident to an limit of 95% (see Figure 5.6).

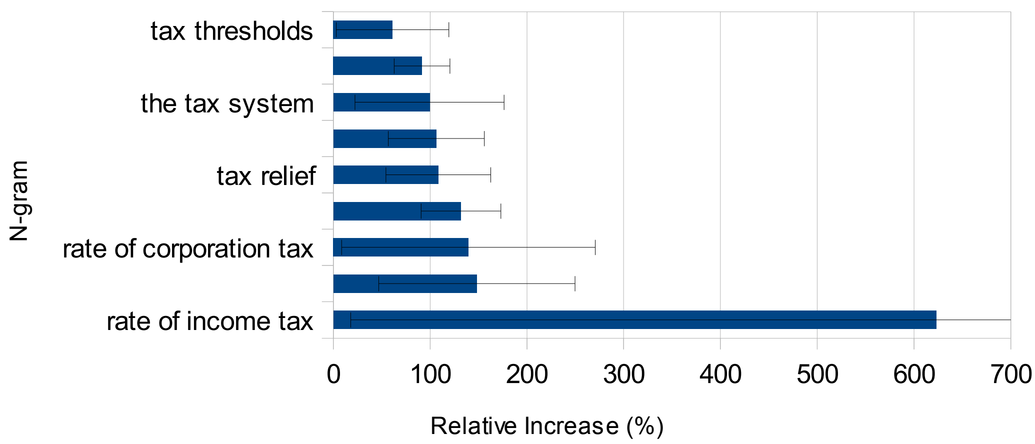


Fig. 5.6: Fiscal N-grams that Lawson Used Relatively more often than Howe

(All n-grams pass a 95% confidence-interval threshold)

Lawson reduced these taxes by: raising the stamp-duty thresholds for shares (1984); reducing stamp duties (1984, 1986); reducing capital transfer taxes (1984) before replacing them with a still-lower inheritance tax (1986); for which he subsequently reduced rates (1987, 1988) and increased thresholds (1987). In 1985 Lawson spoke at length about about the need for “justice” in capital gains tax, just as Howe had done, before indexing them to their 1982 values, a reform that would “produce a fairer tax, make life simpler for the taxpayer, help the efficient working of the capital markets, relieve the burden on family businesses and encourage risk-taking and enterprise” (UK Parliament 19 Mar 1985d). Capital markets were part of Lawson's arguments for re-basing, and they still were in 1988 when he exempted any capital gains made before 1982 from tax. As before, 'justice' is the philosophical reason cited: “This Budget thus ends once and for all the injustice of taxing purely inflationary gains” (UK Parliament 15 Mar 1988b).

But next Lawson went on to say something altogether different, and somewhat out-of-character:

> Re-basing the tax so as to produce a fully indexed system makes it possible to bring the taxation of gains closer to that of income. In principle, there is little economic difference between income and capital gains, and many people effectively have the option of choosing to a significant extent which to receive. And in so far as there is a difference, it is by no means clear why one should be taxed more heavily than the other. Taxing them at different

> rates distorts investment decisions and inevitably creates a major tax avoidance industry. Moreover, at present, with capital gains taxed at 30 per cent. for everybody, higher rate taxpayers face a lower--sometimes much lower--rate of tax on gains than on investment income, while basic rate taxpayers face a higher rate of tax on gains than on income. This contrast is hard to justify. I therefore propose a fundamental reform. Subject to the new base date, capital gains will continue to be worked out as now, with the present exemptions and reliefs. But the indexed gain will be taxed at the income tax rate that would apply if it were the taxpayer's marginal slice of income. In other words, I propose in future to apply the same rate of tax to income and capital gains alike (UK Parliament 15 Mar 1988b).

This passage is full of interesting examples of construction. It begins and ends with the same framing idea, that Lawson will " bring the taxation of gains closer to that of income," by applying "the same rate of tax to income and capital gains alike" and Lawson leads-up to this announcement with a set of reasons. This is an explicit declaration, but in between the echoing frames Lawson took some pains to justify his measure to those important voices that might oppose it. He categorized the difference between income and capital gains as "little," saying that why they should be treated differently is "by no means clear," and "distorts investment decisions." The reason that is explained in the most detail is actually one of equity: higher-rate taxpayers who pay 30% are paying less on capital gains than on income, basic-rate taxpayers who pay 30% are paying more than on their income. Assuming that few basic-rate taxpayers pay capital-gains tax at all, what is in principle an argument about fairness will in practice mean that higher-rate payers will pay more tax on their capital gains, albeit fully-indexed ones. Note the care, and the opacity, with which Lawson delivered this bad news to wealthy people, that the chancellor who had cut nearly every tax rate to which they were exposed would be nevertheless claiming more capital gains tax from them in this instance. A new, combined higher and top-tax rate of 40% had just be announced moments before, and now the chancellor has announced that for anyone in this rate-band their capital gains will be taxed at this rate, too. But unlike the case of arguing that the abolished capital allowance would pay for corporation tax cuts, Lawson did not argue that higher and top-rate income tax cuts would be paid for by higher capital gains taxes. Instead he argued that it was unreasonable and unfair that those in the basic-rate band should pay more than their marginal rate on capital gains. It is true that this may have been the best year to introduce the measure, as the stock-market crash six months earlier had wiped-out many shorter-term capital gains (i.e. gains that indexing would not effect). Still, this is a very, very rare instance of Lawson raising taxes on wealthier people, and the fact that he prefaces it with several sentences about equity, and that he does not cite the higher rate of tax numerically, shows that he understands, and is concerned about, how contentious this announcement will be in key quarters. The delicacy with which Lawson (who, in my opinion, was often an indelicate chancellor making blunt pronouncements) made this announcement suggests that he was not entirely comfortable with it. It is a rare strike against financial interests, and he delivered it gingerly, opaquely, and in fortified form.

Personal Share-holding

So far I have focused on the Lawson's greater narrative about the state and the economy, his characterization of financial markets, and at the participation of firms in those markets. But this part of the story has had little of a battle-for-hearts-and-minds about it, because at this time firms could see the profit-motive for embracing finance. The true 'propaganda' campaign waged by Lawson to encourage enrolment in financialization, was an extension of Howe's campaign, one characterized by the object of the 'individual.' With an emphasis on share-ownership, home-ownership, and profit-sharing, Lawson further entrenched Howe's innovations, and recycled Howe's rhetoric (see again Figure 5.5 for a list of n-grams associated with individual financial participation). As with Howe, Lawson said that making participation in financial markets more attractive “should enable London to compete successfully in the worldwide securities market, and it will also provide a further fillip to wider share ownership in the United Kingdom” (UK Parliament 18 Mar 1986b). Both aims were explicitly expressed, and the reasons for them were also similar:

> Just as we have made Britain a nation of home owners so it is the long-term ambition of this Government to make the British people a nation of share owners, too; to create a popular capitalism in which more and more men and women have a direct personal stake in British business and industry. Through the rapid growth of employee share schemes, and through the outstandingly successful privatisation programme, much progress has been made--but not enough. Nor, I fear, will we ever achieve our goal as long as the tax system continues to discriminate so heavily in favour of institutional investment rather than direct share ownership. Accordingly, I propose to introduce a radical new scheme to encourage direct investment in United Kingdom equities (UK Parliament 18 Mar 1986d).

Giving ordinary people a stake in business and industry through popular capitalism was, of course, Howe's stated reason as well, and Lawson stands beside the same arguments just as proudly. Most of this quotation sounds terribly familiar, with perhaps the exception of the mention of discrimination in favour of institutional investing, and this is a point worth pondering. Institutional investing is more “efficient” than the administration of thousands of individual accounts, and so the economics of finance would suggest that this is how financial interests would prefer to interact with 'ordinary investors,' through institutional structures. But institutional investment is also less participatory, and Lawson presents active participation, especially of novice investors, as an important element of his scheme, of investment as a practical and moral education. For me, it is this aspect of the push for personal investment that looks the least like pragmatism and the most like a public-relations campaign, and an intentional contribution to financialization. The excerpt above is the preamble to Lawson's announcement of Personal Equity Plans (PEPs), in which dividends would grow free of capital-gains tax. According to Lawson, “Although the scheme will be open to everyone, it is specially designed to encourage smaller savers, and particularly those who may never previously have invested in equities in their lives...this is a substantial, innovative and exciting new scheme. I am confident that, over time, it will bring about a dramatic extension of share ownership in Britain” (UK Parliament 18 Mar 1986e).

Again in 1989, in his final budget statement, Lawson worked to make these schemes even more attractive. He raised the contributions limits on all-employee profit sharing, all-employee save-as-you-earn share option schemes, and profit-related pay, and made more generous the tax-relief available to companies whose employees participated in employee share ownership plans (ESOPs). According to Lawson, ESOPs are “distinguished from ordinary approved employee share schemes by the fact that they use a wider variety of finance, acquire more shares and tend to operate on a longer time scale” (UK Parliament 14 Mar 1989b). It was this more flexible kind of share-holding that he took extra time to promote, saying:

> I hope that this will encourage more British companies, particularly in the unquoted sector, to consider setting up ESOPs. Those firms with employee share ownership schemes have no doubt that giving the work force a direct personal interest in their profitability and success improves the company's performance (UK Parliament 14 Mar 1989b).

Lawson announced these measures with democratic language, saying that they are meant “to encourage wider share ownership in general” and “help to ensure that the idea of a share-owning democracy becomes ever more entrenched as a part of the British way of life (UK Parliament 14 Mar 1989c). But these measures themselves are a mixed lot: all-employee programmes insisted on universal enrolment within a company, but profit-related pay and ESOPs were more complicated, and better suited to management than the every-man in a company. These plans are a way of constructing employment as if everyone worked on-commission, everyone a salesman and shareholder, and Lawson constructed this description of work using finance and financial markets.

As well as being presented as a means of enrolling novices in stocks and shares, Lawson also presented PEPs as a means for ordinary people to save. In 1989 Lawson constructed national fall in savings vs. income in his rhetoric thus:

> The sharp decline in the ratio of personal saving to personal income, over the past two years in particular, has led to even more discussion than usual of the merits of providing greater tax incentives for personal saving. Certainly it is desirable that, over the medium term, we generate as a nation a level of saving sufficient to finance a high level of investment, but what matters for that is not personal saving alone, but corporate saving too, which is running at a historically high level, and public sector saving, which has been boosted by the move to budget surplus. Moreover, the personal saving ratio is measured in terms of gross saving net of borrowing, and it has fallen not because of a decline in gross saving but as a result of the sharp increase in personal borrowing. The appropriate remedy for that is to raise the cost of borrowing, and with it the return on savings, as we have done. Above all, the role of tax reform is to encourage enterprise and improve economic performance in the medium term. It is wholly inappropriate as a response to short-term or cyclical phenomena. So for the taxation of savings, the Government's policy is clear: it is to strengthen and deepen popular capitalism in Britain, by encouraging, in particular, wider share ownership (UK Parliament 14 Mar 1989d).

Lawson still constructs saving as a problem, calling the decline “sharp,” leading to “even more discussion than usual,” but a problem not in terms of a failure to save but a propensity to borrow, which in turn is a “short-term and cyclical problem.” According to Lawson's account, the remedy for this problem is the higher-interest rates that the Treasury has already imposed, and emphatically not to raise taxes on saving, particularly share-ownership as savings. Looking back, it is important to remember that borrowing was not nearly so popular in the nineteen-eighties as it would become twenty years later, on account of much higher interest rates worldwide. Although the Treasury set the UK interest rate, Lawson would choose to keep that rate higher rather than lower as a means of inflation-control. His rate preferences thus chosen, Lawson did not encourage wide borrowing in his budget statements, but he did explicitly and consciously encourage share purchase, and enrolment of 'ordinary' and 'novice' investors in shares. Notice what savings are for: “Certainly it is desirable that, over the medium term, we generate as a nation a level of saving sufficient to finance a high level of investment.” In this construction, savings, including personal savings, are not a means of creating a cushion of security with which to meet calamity, or of purchasing expensive items after a time of deferral, but about maintaining finance for investment, the resolving-door of funds-in-leverage-out. And Lawson is clear that he is not worried about this, because “what matters for that is not personal saving alone, but corporate saving too, which is running at a historically high level.” Lawson reinforces this position by amalgamating personal, corporate and public saving in one category, when the three are treated quite differently in practice and in most discussions of 'saving.' But the point he makes explicit is that savings ultimately should serve investment, and that individuals are not needed for this. This is a blunt admission that enrolling individuals in share-ownership was not primarily about providing funds to financial markets. Financial markets need funds, but these come from “corporate saving” and “public-sector saving,” whereas wider share ownership has another purpose, and edifying, educational, and moral purpose. Most of all, this passage illustrates how Lawson associated share-ownership with saving in a straightforward and direct manner, with no suggestion that share-ownership could be anything but safe. This is a key aspect of the construction of ordinary people's participation in financialization (see Langley 2008a, 2008b), new constructions in which the appearance personal risk is re-evaluated, if not manipulated.

Lawson was keen to see ordinary people enrol in share-holding, and after a downturn in the LSE, keen to reassure them, he sweetened the offer:

> Personal equity plans, or PEPs, were first announced in my 1986 Budget, and started up in January 1987. As the House knows, those who invest in these plans pay no further tax at all, either on the dividends they receive or on any capital gains they may make-- indeed, there is no need for them to get involved with the Inland Revenue at all. Personal equity plans got off to a good start, with over a quarter of a million investors, many of whom had never owned shares before, subscribing almost £500 million between them in 1987. Since then, however, the take-up of new PEPs has slowed down, not least as a result of the changed climate in the equity market which followed the October 1987 stock exchange crash. So the time has come to improve and simplify PEPs and give them a new boost (UK Parliament 14 Mar 1989d).

Lawson highlighted the attractive, profitable, no-hassle, tax-free nature of PEPs, then illustrated their popularity with a number, “over a quarter million,” and how, in such friendly and non-technical terms, PEPs "got off to a good start." He admits that enthusiasm for them has "slowed down," why people who had "subscribed" chose to do so less now, by naming the "October 1987 stock exchange crash," he but does not attempt to argue with, or dwell upon, why this event has given investors pause. Rather, moving swiftly onward, he promises to "improve" PEPs, "simplify" them, and "give them a new boost," all fairly generic terms of the sort that might appear in a television advert, but none of which address the issue of risk and instability in financial markets. This post-crash quotation shows Lawson's intent to enrol and re-enrol individuals in the "equity market" after the "stock exchange crash" (note two different terms used, none of the words repeated. which weakens their association with one another, rhetorically-speaking). A few minutes later, he raised contribution limits on UK PEPS, unit and investment trusts, saying that "for many small savers, these provide an excellent introduction to shareholding" (UK Parliament 14 Mar 1989d). He made new share issues and privatisation shares available to these tax-privileged schemes, and made:

> a number of important simplifications to the PEP rules so as to make the scheme more flexible, better directed to the needs of small and new investors, and, above all, cheaper to administer. I am confident that the changes that I have announced today will enable personal equity plans to play an important part in stimulating the spread of ownership of British equities in the years ahead. I also have a number of improvements to announce specifically designed to encourage employee share ownership. It is a striking fact that the number of approved all-employee share schemes has risen from a mere 30 in 1979 to almost 1,600 today, benefiting some 1.75 million employees (UK Parliament 1989b).

This illustrates a refusal to adjust policy in the face of chastening events (i.e. Black Monday), but instead to continue championing finance.

There is one more thing I should note before moving to discuss Gordon Brown. Although I do quote two texts from the 1986 budget early in this subsection about personal share-holding, almost all these quotations come from the 1989 budget statement. This is significant, because it foreshadows my next chapter, about how chancellors have reacted to economic slumps. In 1989 the poor economy (with which John Major will be saddled) has already started to become clear. It is at this point, when there is little appetite for shares, that Lawson most aggressively pushes shareholding. He needed to do little during his boom to sell shares, just as Gordon Brown will need to do little to sell houses until the market crested, at which point Brown attempted to entice (see next section, this chapter), just as Lawson does here. These are activist chancellors, supporting finance when finance needs support. Although chancellors Major, Darling, and Osborne illustrate this case best in Chapter Six, it is here to be seen in Chapter Five, as well.

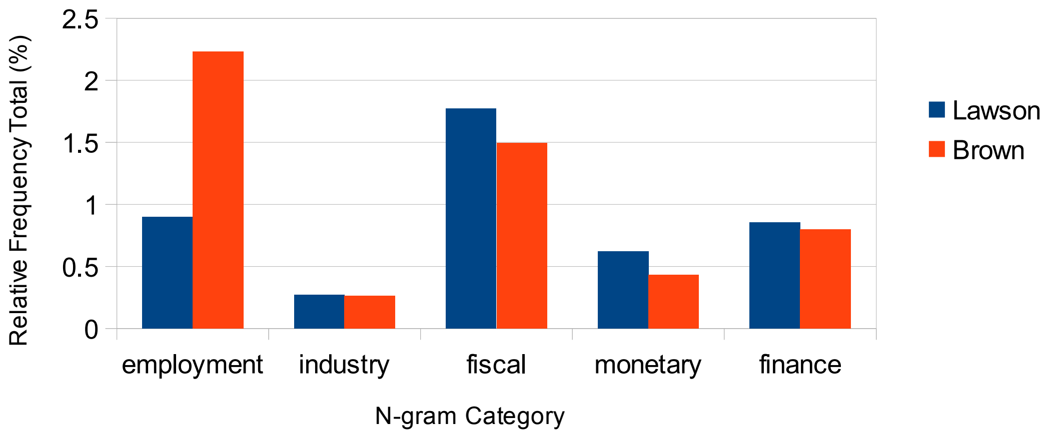
Section Five: Brown Mimicked Howe and Lawson in his Budget Statements

Quantitative Overview

I begin with some quantitative data, comparing Brown to Lawson in terms of the main categories: employment, industry, monetary, fiscal and finance (Figure 5.7).

Figure 5.7: Lawson's and Brown's Relative Frequency Totals by N-gram Category

(Employment, Fiscal and Monetary error bars clear at 95% CL)



Of these five categories, industry and finance have error margins that are so close I can not even be certain at the 68% CL that their frequency scores are actually different. Fiscal and monetary are different at 95% confidence, but the score values are not remarkable so. The most striking change in established categories is that of employment, which Brown was almost two-and-a-half-times more likely to talk about as Lawson (2.230% ± 0.080% vs. 0.900% ± 0.080%). Brown is less interested in monetary means and measures than Lawson, speaking two-thirds as often, 0.431% ± 0.044 to Lawson's 0.621% ± 0.067%, all significant at 95%. This reflects Brown's obvious lack of interest in monetarist explanations, although it also indicates how monetary descriptions are less needed or wanted in times of low inflation and low interest rates. Brown spoke about fiscal matters slightly less often than Lawson, 1.494% ± 0.082% vs. 1.77% ± 0.113%. There is a gap between error-margins here, but it is small, and the difference is small as well. Figure 5.7 shows that, to 95% confidence, Lawson and Brown speak about finance the same amount: 0.799% ± 0.060% for Brown vs. 0.853% ± 0.078% for Lawson, close values with overlapping error-margins. This is a rather unsurprising result: New Labour economic rhetoric was as concerned with finance as Thatcherite economic rhetoric.

Besides employment n-grams, Lawson and Brown share very similar quantitative profiles, a result that supports my qualitative impressions, that their budgets are more similar than different. They are not identical, though, and I spend the rest of this chapter teasing out what differences do exist. Those differences are enlightening, because as much as New Labour had in common with Thatcherism (see Jenkins 2006 for a scathing review), in history one never steps into the same river twice. In order to for Brown's rhetoric to support financialization, it needs to change, to be adaptive and respond to finance's needs, and financialization's challenges. I argue now that Brown does just this.

Democratization of Finance

In terms of the democratization of finance, Brown echoed Lawson in many ways. Brown promoted new employee-share programmes (1999), with special rules for high-tech firms (2000). He promoted Individual Savings Accounts, (ISAs), the descendants of Lawson's PEPs (2005; 2006). He took a new step in promoting bank accounts more widely, "to do more to help people start a bank account and start saving, more to help people invest in their pension, more to help people get on the first rung of the savings ladder and make provision for their future" (UK Parliament 21 Mar 2000a). But these constructions are largely built on Lawson's templates. Brown's greatest rhetorical innovation for the democratization of finance was the buyer's guarantee, a promise that personal investors could rest secure in the knowledge that all was well with the system:

> The Financial Services Authority will now publish league tables of costs and charges in savings, insurance and pension products, to guarantee a better deal for consumers and to avoid the mis-selling of the past. To help all home owners, all building societies and banks will, for the first time, be obliged to

publish reliable price information on mortgages (UK Parliament 9 Mar 1999).

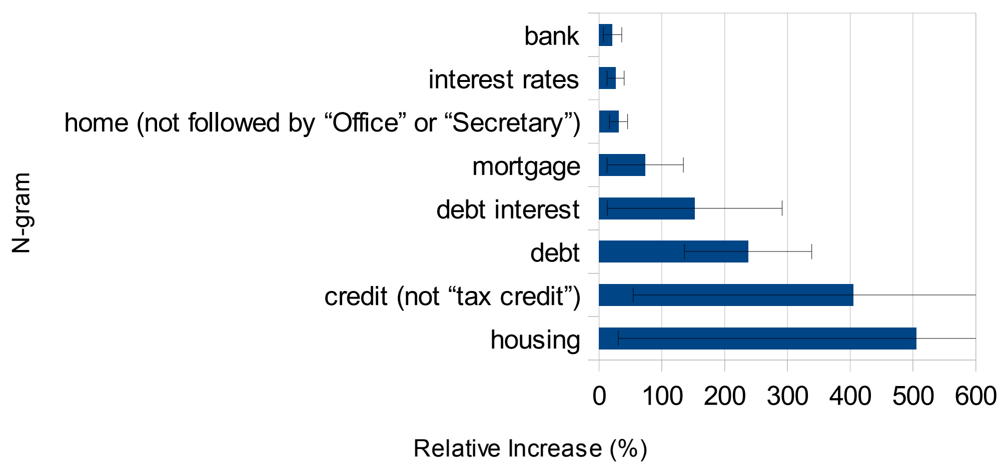
Buyer need not beware, for the Financial Services Authority is on guard. This was not Brown's personal guarantee, rather it came via an “Authority” of which he speaks in the third-person, a guarantor of “all building societies and banks.” There was the implication of omnipresence and omnipotence, that “mis-selling” (sounding more akin to a 'mis-take' than 'fraud' or 'theft') was a feature of the past, because the FSA “will now publish league tables of costs and charges,” as comprehensive and friendly as football statistics. Nigel Lawson did not offer such guarantees of safety against risk, only the promise of reward from the new and exciting world of personal investment. But by the turn of the millennium, individual consumers of banking services needed to be reassured that their assets were safe and that they were finding the “best deal” in a sea of diversified and often incomparable offerings (see Langley 2008a). This theme of safety and security, seen here in the first Brown quotation, will repeat itself on a larger scale throughout the rest of this chapter.

The City

Figure 5.8 shows which finance n-grams Brown used relatively more often than Lawson, to the two-sigma threshold:

Figure 5.8: Finance N-grams that Brown Used Relatively More Often than Lawson

(all n-grams pass a 95% confidence-limit threshold)



Brown talked more about debt and credit than Lawson, especially in terms of mortgages and housing. Brown innovations support this further: “housing market” (9 mentions) and “property sales” (5 mentions) are new descriptions in Brown's statements that Lawson did not use. As do Brown omissions, shown below in Table 5.1:

Table 5.1: Finance N-grams that Lawson Used but Brown Never Used (all N-grams pass the 95% confidence-limit threshold)

N-gram	**Absolute Frequency**
investment income	12
capital transfer	9
capital taxation	8
employee share schemes	7
wider share ownership	5
mortgage interest relief	5

Like the British economy overall, finance had changed in the decade between these two men, and as debt markets (which are never explicitly mentioned) and mortgages became more important, and the FTSE100 less so, the narrative focus changed. Brown reacted to the change, adapted his rhetoric to the City, but in no way does the City recede from Brown's account. In fact, as I shall argue in the last subsection, Brown very often talks about finance without actually saying the word “finance,” but by using proxies for it, evidence of Brown's intention to support the sector and its needs even while preferring not to be seen to be doing so.

If Brown's guarantee for individual financial investment was a bit opaque, negotiated via the FSA guarantee, his support for City finance was perfectly explicit and direct:

> The international competitiveness of the bond market in the City of London depends upon a level playing field. That is why today I am announcing that from April 2001 we will abolish the withholding tax on the interest paid on international bonds. We will legislate so that we can proceed on the basis of exchange of information nationally and internationally. This change should be widely welcomed in all parts of the House. There is no clearer indication of our determination to stand up for what is right for Britain (UK Parliament 21 Mar 2000b).

This is an explicit announcement of an abolished tax, but Brown also sought implicit audience agreement that this abolishment was right. He framed his announcement on both ends with a reason: protecting London's competitiveness in finance, which was “right for Britain.” He stayed close to this account, with “I,” “we,” and “our” spread throughout, yet he weakened his own activism slightly by making clear in the middle that there “should be” a multi-party consensus in the House. This is an indicator of contention, because it is a rhetorical counter of contention: why stress the consensus if the wisdom of this move will be universally acknowledged? As if Britain were under some sort of siege, he cast this measure as necessary, again implying that he was only doing what he must, not what he wanted to do. Brown was careful to keep the external imperative for his change centre-stage by saying “international” 3 times in a mere 89 words. He reminded his audiences that as chancellor he was entitled to “stand up” for Britain's interests. He described this act, abolishing tax on international bonds, as one of fairness and nationalism, which suggests his split audience: international bond holders and citizens. This speech could have been made by Lawson or Howe, and Brown indicated as much with reference to “all parts of this House,” i.e. Conservative benches, too. What gives the City of London a “level playing field” is “what is right for Britain,” and Brown would “stand up” for it, proudly, with the first-person both singular and plural. Brown told his audience that he was proud make this announcement because everyone could agree that the City needed it, and what the City needed was what the country needed. He presented this point of view as obvious and universally agreed-upon, yet if this were true he would not need to defend it so carefully. This passage indicates Brown's tension with finance: he wanted to be seen supporting it, but not too closely, nor to draw attention to dissent. This speech is constructed to walk a sort of tight-rope, and intentionally so.

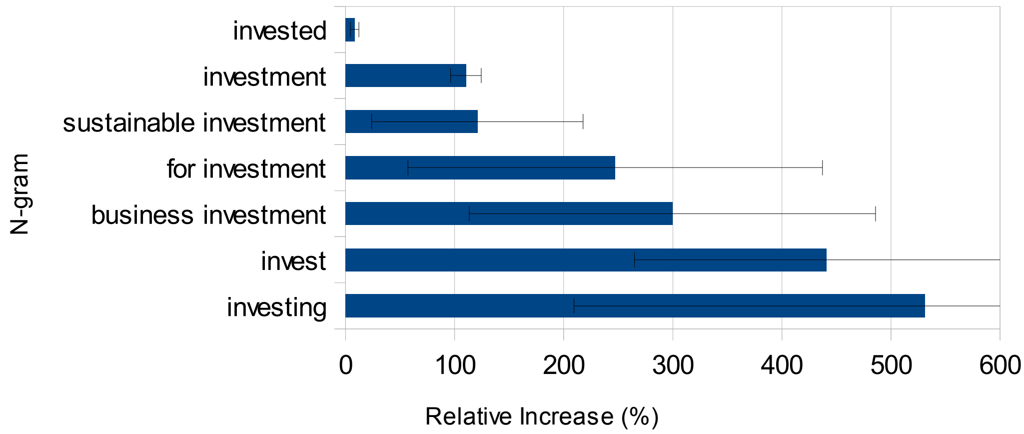
This is a recurring theme in Brown's budget speeches, that the City must be protected for the sake of the nation. Similarly, in 2001 Brown made tax changes to “promote long-term investment” and “protect” the “institutional investors who are today responsible for assets of £1½ trillion” (UK Parliament 7 Mar 2001). In 2006 Brown announced “a new City of London taskforce to promote British financial services globally and backed up by a new British international business advisory council” that would be taking steps to make Britain “the location of choice for international business” (UK Parliament 22 Mar 2006b). Brown repeatedly equated the City with British prosperity, in a public display that only differed from Lawson and Howe in term of its globalized flavour, but not its substance.

Investment

Brown was more than twice as likely to talk about "investment" than Lawson (0.435% ± 0.44% vs. 0.198% ± 0.038%). Figure 5.9 shows (at a one-sigma confidence) n-grams that Brown used more often.

Figure 5.9: Investment N-grams that Brown Used Relatively more often than Lawson

(all n-grams pass a 68% confidence-limit threshold)



Of these, "invested" (8%), "investment" (110%) and "investing" (441%) all survive the two-sigma threshold. Brown also innovated with investment n-grams that were significant to this higher confidence limit (see Table 5.2):

Table 5.2: Investment N-grams that Brown Used but Lawson Never Used (All n-grams significant past a 95% confidence-limit threshold)	
N-gram	**Absolute Frequency**
invest more	24
public investment	13
long term (or long-term) investment	13
investment in our	10
stability and growth	9
we invest	9
sustainable investment rule	5
growing businesses	5

One reason Brown used the term "investment" more often is because he preferred to characterize public expenditure (e.g. in schools and hospitals) as "public investment," as Table 5.3 shows. But this does not fully account for the 270 times he used the word "investment" compared to Lawson's 81 times, a 110% relative percent increase. Brown clearly favoured making constructions about the economy by using investing as part of the description. To be clear, this was not a matter of explicitly promoting financial investment: collocation of the word investment shows that the word "finance" appeared within five words to the left or right of the word "investment" only 2 out of 170 times But the term "investment" has strong colloquial associations with finance, and this evidence shows a pervasive turn in elite rhetoric, toward "investment" as an idea, and explanation, a description of how the economy works, how one should think about it, what is important within the construction. And because so much of the investment taking place at this time is financial in nature (because industrial investment had fallen under Thatcher and never recovered), to talk about investment is to imply financial investment.

As an example, below is a quote from Brown's first budget statement:

> I want the United Kingdom to be the obvious first choice for new investment, so I have decided to cut the main rate of corporation tax by 2 percent, from 33 percent to 31 percent, the lowest ever rate in the United Kingdom. This means that we shall have the lowest corporation tax rate of any of our major competitors—Germany, France, America or Japan—and we shall have it under a Labour Government. This is a long-term commitment which will increase both inward investment and domestic investment to the benefit of the whole country. Too often, British companies

> have invested too little and too late in the economic cycle. Because I want companies to get the benefit now, the 2 per cent. corporation tax cut will apply from April 1997. This tax cut is the first component of this Budget's investment strategy (UK Parliament 2 Jul 1997a).

The word "finance" does not appear, nor doer the word "financial," but the implications for finance, and financialization, are not difficult to see. In 1997 the United Kingdom was not going to be the "obvious first choice for new investors" who were interested in manufacturing – the City need not be mentioned explicitly, it can now be understood. The fact that Brown persistently declined to associate finance and investment despite the clear implications, is another insight into how such explicit boosterism for the City was not desirable for New Labour's public message, even if the support for finance was as strong as it had been under Thatcher. Recall from the last section that Lawson cut corporation tax steadily, stealthily, and for years, and said that his reason was in part a boost to "raising equity capital" (UK Parliament 15 Mar 1984e). These corporate tax cuts of Brown's, which take-up the 1984 programme of Lawson, are the first component of his declared "investment strategy," to entice global capital flows away from "major competitors" and into a (named) Britain and an (unnamed) City of London.

Investment is key to another important pro-finance element of Lawson's rhetoric that Brown extends and adapts, capital gains tax:

> I will introduce a new structure of capital gains tax which will explicitly reward long-term investment, and which is based on a downward taper and lower tax rates. The short-term rate of capital gains tax will remain at 40p. For investors holding non-business assets, who invest long-term for 10 years, the rate of capital gains tax will fall from 40p to 24p in the pound. For those who build businesses or stake their own hard-earned money in them, the long-term rate will be reduced even more from 40p to 10p in the pound-- the lowest rate ever achieved (UK Parliament 17 Mar 1998).

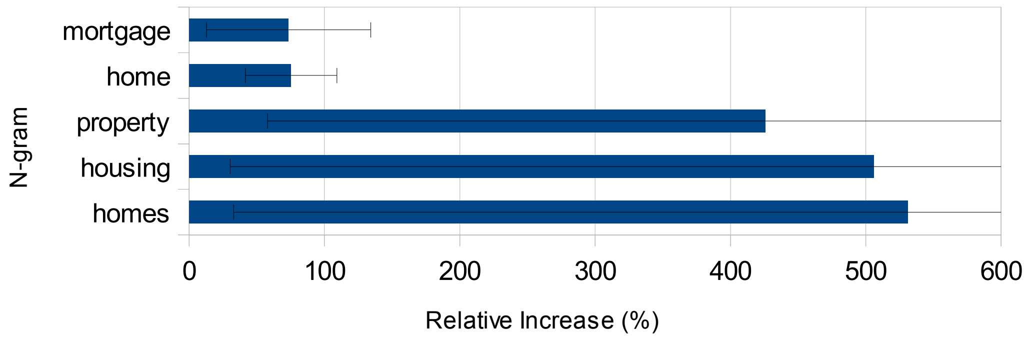
Not terribly much was left implicit here. He started personally close to the account, "I will...explicitly reward long-term investment," declaring that he really does mean to do this, there is nothing casual about it. He introduced his measure as "new," exceptionalizing it as his own initiative and innovation, a further indication of his agency and how he wants his activism to be publicly recognised. After the first sentence the language is empiricist, technical and detailed, full of numbers and specifics that Brown wanted clearly communicated. He concluded by pointing out how this is "the lowest rate ever achieved," an implicit declaration that he has out-Toried the Tories. This well may be a strategy for neutralizing Opposition criticism, and a reassurance to financial markets that they have nothing to fear from new Labour, but I do not believe these motivations are as important as Brown's greater frame for the issue of capital gains. He innovated a “new structure” that would “explicitly reward long-term investment” by reducing by as much as 75% the taxes paid by investors on investment that remained invested on a time-scale of a decade. In following years Brown would change capital gains taxation further to make this tapering more generous and gratifying on a shorter time-scale. Two budget statements later he lowered the standard rate for business assets from 40% to 35% after the asset was held for one year, 30% after two, 20% after three, and 10% after four years, not ten, and said he was doing so “to remove more of the old barriers to new investment” (UK Parliament 21 Mar 2000c), and again two years later he reduced the rate for business assets held one year to 20%. With this progression Brown illustrated a ongoing tension between his desire to encourage assets to remain (financially) invested and his recognition that the capitalist urge to take profits needed also to be satisfied if (financial) investment was to look attractive in the first place. In the face of this tension, he decided to satisfy investor desire for profit, and accept lower tax receipts. Brown was intent on communicating this decision clearly, year after year.

Housing

With the rise of worldwide debt markets and the surge in house prices in the UK, housing became a significantly financialized category of ownership, indeed 'investment' by Brown's chancellorship. Brown was three times more likely to speak about housing than Lawson (0.313% ± 0.038% vs. 0.110% ± 0.028% at the 95% CL). Figure 5.10 shows the housing n-grams that Brown used more often than Lawson:

Figure 5.10: Housing N-grams that Brown Used Relatively more often than Lawson

(all N-grams pass a 95% confidence-interval threshold)



Brown also used the term "housing market" 9 times in his budget statements, whereas Lawson never did. This category had clearly risen in prominence in the budget statements, concurrent with the financialization of housing in the UK, but what was the qualitative tone of Brown's constructions?

Brown's rhetoric on housing was a game of two halves – one played when the housing market was roaring, and another once it had begun to cool-down (but before the reversals that would occur on Alastair Darling's watch). In 1997, 1998, and 2000 Brown made changes in stamp duties on housing, raising them from 1% to 3% on property transactions over a quarter-million, and from 1% to 4% on property transactions of over half-a-million pounds. Likely he was motivated in part by the chance to take some additional revenues from a booming trade, but he expressed other motives in his first budget speech when he made his first stamp-duty hikes:

> For most people, the acquisition of a house is the biggest single investment that they will make. Home owners rightly expect their investment to be protected by sensible policies pursued by Government. I am determined that as a country we never return to the instability, speculation and negative equity that characterised the housing market in the 1980s and 1990s. Volatility is damaging both to the housing market and to the economy as a whole, so stability will be central to our policy to help homeowners. We must be prepared to take the action necessary to secure it. I will not allow house prices to get out of control and put at risk the sustainability of the recovery (UK Parliament 2 Jul 1997b).

This long and detailed explanation was clearly a defence of higher taxation, and could be interpreted as just that alone, were it not for (a) Brown's reluctance and refusal to raise taxes elsewhere and (b) Brown's persistent fixation with stability, about which I will say much more in the next section. Buying a house fit Browns definition of investing, he singled it out as “the biggest single investment that they will make,” one in which they deserved to “be protected.” In 1997, when the housing market was ascendant but not yet as vigorous as it would become, Brown warned of its dangers, how it could be a violent arena for “volatility,” “risk,” “instability” and “negative equity” when “house prices get out of control.” But nowhere in this list of evils and dangers can one find an explicit mention of “mortgages,” which surely are linked to negative equity and instability. They are absent from this construction of danger.

Nearer the housing boom's apex, in 2003, Brown's construction changed, admitting mortgages:

> I want to say something about the housing market. I can now report that since 1997 an additional 1.1 million British families have become homeowners for the first time—home ownership, benefiting from the lowest mortgage rates for 40 years, is rising in all parts of the UK to 70 per cent of all households. It is the highest level in our history, and it is higher now than in America and Europe. But while most mortgages elsewhere are fixed rate, most UK mortgages—64 per cent. of new mortgages—are at short-term variable rates with most of the rest fixed for just one to five years. And with housing demand at historically high levels, housing supply has remained low. And this has contributed not just to, over 30 years, a greater growth in house prices, three times that of Europe, but to the volatility and inflexibility of the housing market—an issue on which we will publish a background study as part of the Treasury's five tests assessment on the Euro. Most stop-go problems that Britain has suffered in the last 50 years have been led or influenced by the more highly cyclical and often more volatile nature of our housing market. Housing finance needs to become more certain and planning more flexible (UK Parliament 9 Apr 2003a).

This passage is a description. It is personal in the beginning, but soon all personal pronouns disappear, as Brown presented 'reality' in empiricist detail. Brown began by praising the growth in home-ownership, characterizing it as unequivocally a good thing. And homeownership “benefited” from mortgage availability, creating 1.1 million first-time buyers. The problem he described is the supply of houses and the quality of mortgages, it is those two things that he said has lead to a growth in prices, while he positively characterized the availability of mortgages. In other words, everyone should have debt, should become financially enrolled in the mortgage market, it is only a matter of making sure the terms of their commitment are correct. Culprits creating instability now are short-term variable interest rates, not the volume of mortgages themselves, or their easy availability. Historically-high demand, low supply, inflexible planning, and (somehow by fuzzy association) Europe and/or the Euro are all implicated, but this presentation is somewhat confused. There is also an attempt at a artful dodge here, as Brown said house prices have risen for “30 years” when surely it was the swift and sudden rise during his chancellorship that had created problems with affordability. Brown remained faithful to his theme of stability, but he was uncomfortable about this contentious issue, unwilling now to cite high house prices as bad or wrong. There was no use of the word “affordability” or any allusion to unaffordable housing, instead the problem of “volatility” was framed in terms of flexibility and the need for certainty over the cycle. While house prices were making those who owned homes feel rich, and while more people looked forward to joining homeowners in their windfall, Brown avoided a construction in which house prices were problematic, and constructed mortgage availability, the financialization of homeownership, as beneficial.

Brown's constructions changed again as the housing market in the UK began to cool, as prices peaked and activity inevitably slowed and looked as if it would slow more. It became altogether more cheer-leading:

> A record 18 million people now own their own homes in the United Kingdom. But we want to do more to help young people buy their first home. So the Government proposes to match the stamp duty cut with two important public investments to encourage more homeowners. First, we propose in a new partnership with the Council for Mortgage Lenders – together typically financing 25 per cent of the purchase price – a shared equity scheme that will raise the numbers eligible for low cost homeownership schemes to 100,000 new homebuyers. Second, starting with nine pilots across the country we will build new private homes in council estates. Where once all were tenants we will offer new opportunities to own your own home (UK Parliament 16 Mar 2005).

Brown put himself close to the action, “we want to do more,” “we propose,” and “we will build.” He cited 18 million homeowners as a successful outcome to which “we” want to add, through not only stamp-duty reductions but “partnerships” with mortgage lenders, and a New Labour re-launch of Thatcher's right-to-buy scheme. This was state-aid to mortgage lenders in a cooling market, described as help for “young people.” Brown claimed he wanted to “encourage more homeowners” with a shared equity scheme that is defined by how it brings new homebuyers, lenders and the Government “together,” cosily. Brown did not explicitly identify the barriers of affordability and the perceived risks of unaffordable debt, but he must have recognized them, because he reassured potential first-time buyers, that they would not be alone but in partnership with a bigger, safer entity (i.e. the state) who could offer them "low cost homeownership schemes." This construction leads me to believe that Brown understood the misgivings of potential buyers in 2006, but he dared not speak their names, instead he skipped that step and went straight to the remedy. In a direct, second-person address Brown told council estate tenants that "we will offer new opportunities to own *your* own home," as if he were presenting an advertisement on television. And it was a sales pitch.

The rate of year-on-year house-price inflation peaked in the UK in the first quarter of 2003 at 25.8%, and while prices continued to rise until the second quarter of 2008, they did so more and more slowly (Nationwide 2011). They had risen just 4.9% in the first quarter of 2006 when Brown gave this speech, in which he repeated his offer of the year before, even sweeter. And as the UK housing market slowed he added a fresh scapegoat, one which was certainly neither mortgage lenders nor central government:

> We are well on our way to meeting our objective of 2 million new homeowners since 1997. After 160,000 hew homes built last year there are now an additional 1.8 million homeowners – possible because of low mortgage rates. But Government must also help balance supply and demand. Our priority, as Barker recommended, has been: first, new laws to speed up planning; and second, to release more public sector land now and in the future, to build 100,000 more houses. To attract more capital into house building we will legislate to introduce for Britain real estate investment trusts that are so successful in the USA. And to help finance necessary new infrastructure our policy is that local communities should retain more of the planning gains generated in their area. Britain is pioneering shared equity to bring homeownership within the reach of first time buyers. The Deputy Prime Minister is today announcing the allocation of £970 million for shared equity to help 35,000 new homeowners get their first step on the ladder of homeowning in our country. And the Housing Minister is inviting housing associations, local authorities and builders, as well as building societies, to offer shared equity. And we will now pilot minimum holdings as low as 25 per cent. We will pilot a new scheme so that instead of tenants using housing benefit cash to pay their rent, the same money is used to bring sites back into use and to build new homes (UK Parliament 22 Mar 2006c).

Brown was adamant again that it is a supply problem, and the solution to "speed up planning" and "release" more public-sector land to housing development. With these easier claims of supply and demand made, Brown moves to financing, at first bypassing mortgages to talk about successful American-style investment trusts, and taking a detour of sorts into infrastructure funding. When he arrives at shared-equity, these are characterised as being "pioneered" in order to "bring homeownership within the reach of first time buyers," with nearly a billion pounds so that "new homeowners get their first step on the ladder of homeowning in our country." "Our country" is for homeowners, and the Housing Minister collaborates with the chancellor and corroborates his account by "inviting" civic associations, builders and "building societies" (note: not banks) to "offer" shared equity. Just as traditional prospective first-time buyers are invited to this offer, tenants *on housing benefit* are told that they should want to own a new home on a site that is brought "back into use," (i.e. on a reclaimed brown-site) rather than pay rent. There was nothing subtle about Brown's attempts as the housing market cooled to enrol more people (including poor people) and more institutions into the financialized ownership of housing.

Section Five: Brown's 'Soft' Financialization Rhetoric

Quantitative Overview

In this fifth section, I focus on those new categories that Brown emphasized, and I argue that they subtly but powerfully propagated financialization through a softer rhetoric. Many of these themes we have already encountered in Brown's quotes, but I want now to talk about them more specifically, and about why I think they construct a pro-financialization rhetoric. They do this together, through a set of themes: stability, safety and risk, forecasting, cycles, and rules. Table 5.3 shows Brown used many-fold more times than Lawson:

Table 5.3: 'Soft' Financialization Categories that Brown used more often than Lawson

N-gram Category	**Factor increase**	Lawson		Brown	
		Relative total	95% CL	Relative total	95% CL
stability	**3.0**	0.140	0.032	0.424	0.044
risks & safety	**2.3**	0.047	0.018	0.107	0.022
rules & regulations	**2.1**	0.081	0.024	0.167	0.027
forecasts & cycles	**3.4**	0.063	0.021	0.215	0.031

All of these n-gram categories Brown used between two- and four-times more frequently than Lawson, and all these categories work together and interlock heavily, forming a cohesive narrative of which Brown could be quite proud. That narrative, I argue, supported financialization in the expansionary period of the Brown chancellorship. Its cohesiveness created a kind of theatre, in which all the inherent instabilities, precarity, unpredictability and lawlessness of finance were replaced by myths of stability, safety, soothsaying, and inviolable rules.

Stability and Risk

At three times the relative frequency compared to Lawson, there can be little doubt that Brown intended his constructions of stability to be a focus. Brown said "stability" 115 times to Lawson's 8 times, which is slightly greater than a nine-fold relative increase after adjusting for their corpora sizes, (807% ± 590%, 95% CL). Brown also innovated in the rhetoric of stability (Table 5.4):

Table 5.4: Stability N-grams that Brown Used but Lawson Never Used (All n-grams significant past a 95% confidence-limit threshold)

N-gram	**Absolute Frequency**
Long-term (or long term) investment	13
Economic stability	11
Stability	13
Stability and growth	9
Long-term (or long term) stability	8
volatility	6
sustainable investment rule	5

The numbers illustrate the intensity, but qualitative analysis is still required to assess what the word "stability" was doing in Brown's accounts.

The connotations of "risk" in Brown's budget statements are alternately positive and negative, as Concordance Table 5.5 shows:

Table 5.5: “Risk” in Brown's Budget Statements				
Line	Concordance Text			Year
1	gap is close to zero, and there is a	risk	that output could already be	1997
2	at its current pace without the	risk	of more inflation. That is why	1997
3	to get out of control and put at	risk	the sustainability of the	1997
4	and on the other, the domestic	risk	that an unaffordable rise in	1998
5	linking rule so that they do not	risk	losing benefits as a result of a	1998
6	incentive scheme to reward the	risk	-takers. When we came into	1999
7	next a tax reform that will reward	risk	and stimulate new enterprise at	1999
8	motivate and reward Britain's	risk	-takers-- the innovators capable	1999
9	flow of finance to high-	risk	companies, I am allocating £20	1999
10	circumstances, they would	risk	a return to boom and bust. I	2000
11	economy was once again at	risk	of repeating the old all too	2001
12	on interest rates and would	risk	, but also because Britain must	2001
13	and put hospitals and schools at	risk	, resolute in our commitment to	2001
14	economic leadership, vigilant to	risk	lower growth and higher	2003
15	working time directive, should	risk	British job creation. To break	2003
16	allowances; to cut the cost of	risk	capital, community investment	2003
17	neglected: helping children at	risk	, led by the Chief Secretary; and	2003
18	stop-go past and would put at	risk	Britain's stability and growth. I	2004
19	stability and never put it at	risk	; and to strike the right balance	2005
20	intervention for young people at	risk	of offending in their school	2005
21	delivery of front line services at	risk	. I turn to the fiscal figures.	2005
22	not carried out, the best practice	risk	-based regulation now means	2005
23	only where there is more	risk	and a light and limited touch	2005
24	limited touch where there is	risk	. Adopting, in full - and	2005
25	recommendations for this	risk	-based approach, for consumer	2005
26	Union we will propose the same	risk	-based approach for Europe and	2005
27	and stability of our economy at	risk	. Mr Deputy Speaker, our aim	2005
28	stage of the Parliament would	risk	a return to the high inflation,	2005
29	and put long term stability at	risk	. It is right to chose the prudent	2005
30	that Britain would pioneer	risk	-based regulation. And today	2006
31	inspection only where there is	risk	. But risk based regulation will	2006
32	only where there is risk. But	risk	-based regulation will work best	2006
33	tomorrow to adopt the same	risk	-based approach in the interests	2006
34	of the Tote. To further diversify	risk	and after the energy review has	2006
35	today, the further extension of	risk	-based regulation - into	2007

While the word “risk” was occasionally used to describe social problems (such as “children at-risk”) it is most often used in the context of economic matters. In the first few years, Brown described his desire to reduce risk for the overall economy while rewarding risk-taking individuals and firms. And from 2005 forward Brown most often used the word in the context of risk-based regulation, i.e. in the context of assuring his audience that there will be more care taken to insure safety where there is more risk.

The idea of “stability” was one of Brown's first and most persistent ideas, and it meant economic stability, of which financial activity was in substantial part. Brown began his first budget by saying "I turn first to stability, because without stability all plans for investment, employment and education founder" (UK Parliament 2 Jul 1997c). In 2004 he was more specific: "Our long-term stability and strength depend on avoiding the two great economic mistakes of the past; so there must be no weakening of anti-inflation discipline and there must be no neglect of investment in our wealth-creating base" (UK Parliament 17 Mar 2004). In this one sentence "our long-term stability" is paired with "strength," and the requirements of both are explicitly defined by Brown: a disciplined approach to inflation and investment in "our wealth-creating base." Whether in the housing sector or the City, financial services were central to wealth-creation in the UK in 2004, yet for that Brown offered not simple specifics but an encoded "our wealth-creating base." This is an impression I could not avoid while reading Brown's budget statements: how many *veiled* references one finds to financial interests, how many times Brown effectively talks about finance, the financial sector and the City without actually saying the words. As was true for Denis Healey, this is good evidence that Gordon Brown was actually uncomfortable with making direct and obvious constructions about finance in his budget statements, as if to do so would shine light into dark corners and illuminate something unpleasant to view. Yet in veiled form the constructions are there. He addressed finance in substance if not in name, and his frequent citation of "stability" is one way in which he does this, and one reason that this category is important, and is a financialization category.

Stability is also important because it is part of a larger narrative of economic safety and security, i.e. risk. Brown claimed, "it is that steady economic leadership, vigilant to risk, resolute in our commitment to stability, that is essential for a post-conflict world economy that while still fragile has the potential for renewed growth" (UK Parliament 9 Apr 2003b). The combination of finance, stability, and the mitigation of risk is particularly clear in this quote, which Brown delivered in March of 2006:

> Last year our stability enabled us for the first time in a generation to issue bonds with maturities of up to fifty years. I can announce that in the next issue, long dated gilts will increase from just under half to up to two thirds, reflecting the benefits we now gain from long term stability. Today I am also publishing the detailed proposals, modelled on Bank of England independence, for official statistics to be the responsibility of an independent board, and for enhanced accountability to parliament. And I am publishing a new memorandum of understanding agreed between the

> Treasury, Bank of England and Financial Services Authority, so that Britain has in place the most up to date early warning and response system to deal with risks to economic stability (UK Parliament 22 Mar 2006d).

This speech act announced actions explicitly and described Brown's economic stewardship in terms of stability. The point of the description is to publicize how he was united in action with the Bank of England and the FSA, and in improving accountability to Parliament. Brown constructed himself as personally close to "our stability" as it was serving gilt sales. He also wanted to be seen as revolutionary here, with the "first time in a generation," and "enhanced accountability" and most up to date" systems, he described himself as an activist. To improve the veracity of his description he listed numbers, but more importantly he presented these new measures as if they were already universal and standardized. These measures did not yet exist, the whole point of his speech was that he was creating them, and yet these are to happen through "detailed proposals," a "memorandum of understanding," and an "independent board." This announcement was framed by promises of stability, the promise that Brown could and would "deal with risk." So, why the detail in the middle about official statistics? Because this narrative assumes that honest information and a up-to-date warning and response system will eliminate risk and ensure stability. The point of this passage was to assure the audiences that Brown has stability and risk mastered, and Brown's speech is intentionally constructed so.

Looking back, an aspirational claim to "the most up to date early warning and response system to deal with risks to economic stability" eighteen months before the run on Northern Rock and two-and-a-half years before the collapse of AIG, seems tragicomic. Why did Brown feel the need to make this claim at all? This sentence is quite good evidence that Brown understood that there was a need at the top of markets to address stability and give reassurance. The ongoing claim to stability spread evenly throughout Brown's budget statements was an answer to an ongoing need of a financialized economy. As Hyman Minksy (1977; 1982) articulated years ago, and as the world has witnessed many times since (Kindleberger and Aliber 2011), financial markets are inherently unstable. I interpret Brown's fixation on stability as an answer to this inconvenient truth, a construction deliberately crafted to calm nerves, including nerves inside the Treasury, and as such it is a financializing construction. Just as Brown's rhetoric of investment encouraged individuals and firms to place assets in financial markets, his rhetoric of stability encouraged them to keep them there.

Rules and Regulations

Regulations, and, more importantly, rules, are another important rhetorical element in this ensemble, and Brown talked about them twice as often as Lawson. Brown used the word “rule” three times as often as Lawson, “rules” 28% more often (both significant to the 95% confidence interval), and innovated with all the rule-and-regulation n-grams in Table 5.6:

Table 5.6: Rule & Regulation N-grams that Brown Used but Lawson did not Use
(All n-grams significant past a 95% confidence-limit threshold)

N-gram	**Absolute Frequency**
Fiscal rules	35
Our fiscal rules	22
Fiscal rule	18
Golden rule	16
regulations	9
Meeting our fiscal rules	8
First rule	7
Second rule	6
First fiscal rule	7
Second fiscal rule	6
Investment rule	5

The most infamous of these now is Brown's “golden rule,” which he clearly articulated from the start, in 1997:

> Therefore, as with our approach to monetary policy, so in fiscal policy: we will now establish clear rules, a new discipline, openness and accountability. My first rule—the golden rule—ensures that over the economic cycle the Government will borrow only to invest, and that current spending will be met from taxation. My second rule is that, as a proportion of national income, public debt will be held at a prudent and stable level over the economic cycle. To implement those rules, I am announcing today a five-year deficit reduction plan. Those rules and that plan will ensure an historic break from the short-termism and expediency that have characterised the recent fiscal policies of our country (UK Parliament 2 July 1997d).

This was an explicit announcement of the Golden Rule, its accompanying five-year plan, and the mini-rules on which the two were based. I believe that the mini-rules are listed first, explicitly and in great detail, because they make this new “golden rule” appear more real and solid, as well as characterizing it as transparent and accountable. Brown wanted to be close, agentive and active here in a description loaded with first- and second-person pronouns, introduced with “accountability,” and closed with a disparaging shot at his irresponsible Opposition. Brown routinized a new thing and standardized his innovation. By their nature, rules routinize, as do words and phases like “discipline,” “ensures,” “only,” “held,” and “we have a plan.” This established a rhetorical balance, between the new and the routine, the active and the automatic. The narrative was that these rules about stability over the economic cycle would guarantee stability. It is telling that there is no corroboration here, despite the fact that this Golden Rule is so very much like Lawson's MTFS. Brown wanted to look innovative, when he really is not, not even within the limited scope of budget-statement history. The vivid detail indicates that this is an important pitch, because just like the MTFS this pitch was meant to reassure financial markets. In this exemplar of his good governance, Brown promised markets that he will keep spending, taxation, and debt to a minimum.

The golden rule is, of course, logically nonsensical: the criteria contain neither a definition of the beginning and end of an economic cycle, nor does it define investment. As far as the first rule goes, Gordon Brown tended to declare public spending an “investment,”, meaning anything connected in education, infrastructure or enterprise was called an investment, and so he could borrow for it. The second rule also meant little, as it was left to Brown himself to decide what amount of public debt was prudent and stable. In my judgement these rules are meaningless as rules – instead they were display, intentional rhetoric about stability, prudence, and the long-term. They were Brown's talismanic guarantee, his promise of “ discipline, openness and accountability,” meant to define his “historic break” from “recent fiscal policies of our country,” which might be interpreted as Conservative, or (Old) Labour. Like Lawson's MTFS (see this Chapter) or Osborne's OBR (see Chapter Six), the Golden Rule operated like the chorus of a song, a theme to which Brown could return, and recapitulate throughout the speech. It is also a short, catchy philosophical explanation to which he can refer, and like the promise of stability, and risk-based tools, it it a rhetoric that created a the illusion of a rock-solid economy in the UK, not a speculative bubble ready to burst. Brown's rhetoric was the rhetoric that described the decade preceding the incredible financial crisis of 2008, and it retrospect it looks to have been, if not suspicious of financialization, certainly anxious about it.

Forecasts and Cycles

There was a fundamental assumption (and it has appeared already in some of these quotations), that Brown made within his arguments, namely, that his forecasting was accurate and that over time the economy would exhibit cyclical behaviour. Brown was almost three-and-a-half times as likely to talk about forecasts and cycles than Lawson. Not once did Lawson say “economic cycle,” or even “cycle,” but Brown said the former 36 times and the latter 65 times. Curious, I ran a simple diagnostic test on the two corpora, to obtain some estimate of how often the two men spoke about 'the future' in general in their budgets, in order to see if Brown had a general tendency to talk about the future more often. I compared the two chancellors' uses of “will,” “will not,” must,” and “must not” and found that Brown did indeed use these n-grams 28% more often than Lawson (± 9%, 95% CL). To me, this indicates that Brown was more given to speaking about the future, yes, but the factor increase by which he talked about forecasts, cycles, certainty, predictability and guarantees was 3.43, compared to 1.28 for this generalized tendency. In other words, Brown was two-and-two-thirds more likely to talk about forecasting and cycles in particular than he was to talk about “the future” in general. This discrepancy is both marked and interesting, and indicates that there was something special about cycles and forecasts in his narrative. Brown was over two-and-a-half-times as likely to talk about a “forecast” or “forecasts” than Lawson (153% ± 88% to 95% CL and 183% ± 143% to a 68% CL, respectively). He was more than five times as likely to talk about a “guarantee” (404% ± 215% to a 68% CL). Brown chose to speak about the economy in terms of cycles and forecasts in a way that Brown never did. But why?

There are at least three reasons why Brown liked forecasts and cycles. Firstly, a forecast could be used as a justification for an action to which the Opposition would likely object:

> In the past, investment incentives were introduced during recessions, when companies are least able to consider new investment. At this point in the economic cycle, an investment incentive should encourage companies considering future investments to bring those investments forward. I have, therefore, decided, with immediate effect, to double for one year the level of first-year capital allowances on plant and machinery for small and medium-sized firms (UK Parliament 2 Jul 1997e).

This is the (partial) return of Healey's capital allowances in 1997, an ante-financialization measure that would resound with many Labour supporters, and which

Brown introduced here as a pro-cyclical, pro-investment move, instead of something that the Opposition could characterize as a sop to unproductive manufacturing. Secondly, forecasts sound scientific, and fit well with other techniques of the empiricist repertoire. Budget speeches since 1976 have tended to begin with a retrospective of the economy, but Brown accentuated the economy's prospects, and did so with numbers and percentages for inflation, manufacturing, trade, and GDP expectations. Thirdly, and I think most importantly, forecasts were Brown's guarantee of good governance, because a foreseeable future was potentially a controllable future. In the quotation below we can see almost all of Brown's favourite constructions: long-term commitment (twice), financial discipline, uncertainties, risks, economic cycle, forecasting, prudent, sustainable. Brown used them together to show his audiences that the economy was in a safe pair of hands, invest-'til-you-drop, nothing can go wrong:

> Based on the fiscal tightening that I have announced today, I can give full details of our five-year deficit reduction plan. That plan is aimed at reducing the structural budget deficit. It is made possible by a long-term commitment on our part to financial discipline. It takes into account the uncertainties and risks involved in the economic cycle and forecasting it. It is underpinned by our comprehensive review of the way in which Government spend their money; and it matches rigour today with a long-term commitment to prudent and sustainable public finances (UK Parliament 2 Jul 1997f).

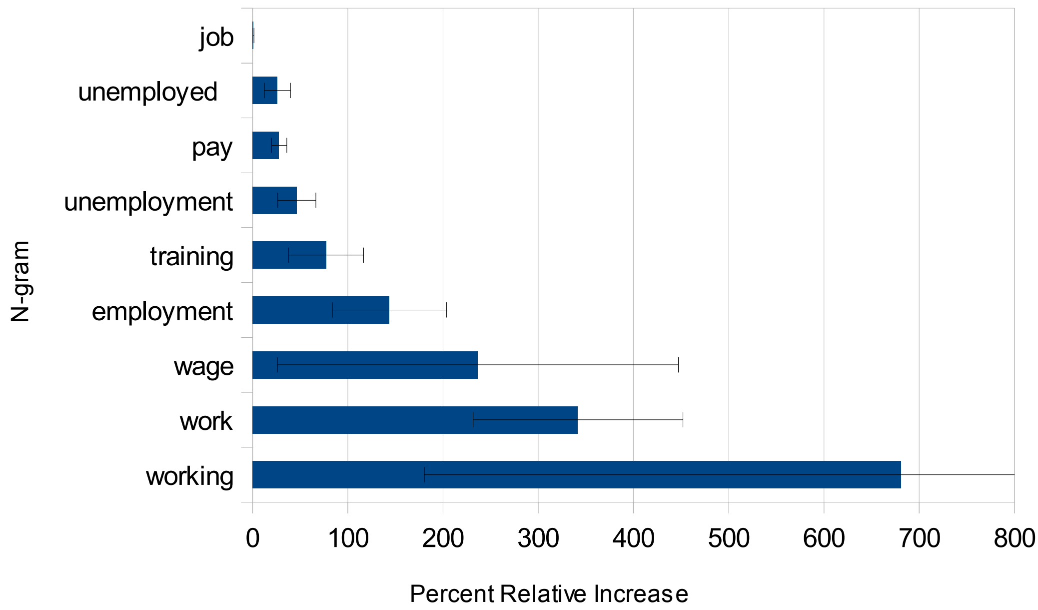
This was complete description, telling the audiences how to see the world. The economy was cyclical, Brown understood the cycle, and this is how he could guarantee stability and risk-based assessments of safety, and why he knew his rules would work. Brown gave “full details” based on a “comprehensive review.” He constructed himself as thoughtful, thorough, trustworthy, and transparent. Brown did not promise to tame markets (he would have little credibility if he did), but he claimed to have tamed the Government's finances, which may now radiate stability outward. Nowhere here did he tell his audience to buy shares, or houses, to take out mortgages and personal debt, but he told them that nothing could go wrong with the economy. “Uncertainties” and “risks” were a known and understood part of the economic cycle and its forecasting, on which Brown constructed himself and the Treasury as expert. This entire production, this narrative of stability in what we now know was actually a deeply unstable time, in underpinned by Brown's narrative of an understood and tamed economy that could never do what it subsequently did: crash.

Employment and Industry

Brown constructed working more than any other chancellor, including Lawson. Although Lawson said the word “taxation” twelve times more often than Brown (a relative percent increase of 1111%, significant at the 95% CL), Brown said “tax credit” 81 times, compared to the one-and-only instance that Lawson said it, which illustrates the extent to which Brown intended to redistribute wealth downward. Brown talked about working families and working tax credit (37 combined mentions), child and children's tax credit (28 combined mentions). Similarly, Brown spoke of “child benefit” 35 times, and the “benefit system” 8 times, where neither was ever mentioned by Lawson. I report these results for completeness, and because they support my previous contentions, but neither monetary nor fiscal categories hold great surprises, nor great reversals for financialization rhetoric. Brown actually resurrected Healey's term “full employment,” saying it fifteen times in eleven budget statements, which is far less than Healey's rate, but infinitely more than Lawson's. Brown talked a great deal about worker's “skills,” saying the term 75 times to Lawson's 2 times (this difference is striking, but because Lawson's frequency is so small it is statistically significant to one-sigma, 68%, only). This focus on skills was part of a larger construction about the economy in which technology and R&D was the best way forward (a narrative that is also reflected in the “industry” category (see below)), and in which workers' deficiencies were characterized as the prime problem for employment. A comparison of employment n-grams between Brown and Lawson, significant to a 95% confidence-limit threshold, are shown in Figure 5.11.

Fig. 5.11: Employment N-grams that Brown Used Relativelymore often than Lawson

(all n-grams pass a 95% confidence-limit threshold)



Brown talked more about generic terms “working” (almost an eight-fold increase) and “work” (more than a four-fold increase), but also more about “unemployment” and being “unemployed.” Brown also talked more than three-times as much about a worker's“wage,” typically in the context of what the state could do to subsidize it through minimum income guarantees and working tax-credits. This is indicated below in Table 5.7, Brown's employment innovations, all of which pass a 95% significance test:

Table 5.7: Employment n-grams that Brown used but Lawson Never Used (All n-grams pass a 95% confidence-limit threshold)	
N-gram	Absolute frequency
Working families	42
working families tax	17
minimum wage	16
Full employment	15
Hard-working families	11
Education and employment	9
Make work pay	9
Reward work	8
Work will pay	8
Working tax credit	8
Employment opportunity	7
Productivity gap	7
Want to work	5
Work and family	5
Employer training	5

I draw two interpretations from this data. In the first place, I am sure that Gordon Brown was more keen to discuss employment again, to revitalize it after Thatcherism had essentially abandoned it, and in my opinion this resurgence was both intentional and commendable. In this sense, Brown is hearkening back to Labour, Old Labour, before the neoliberal turn, and just as I argued that the abandonment of an employment agenda was financializing under Thatcher, I accept this reinvigoration is a push-back. But I think that this stance illustrates one of financialization's key problems, a problem which Gordon Brown recognized and tried to mitigate without explicitly challenging it. One of the socio-economic features of financialization has been the redistribution of wage-share, income-share and wealth-share from lower to higher deciles of wealth distribution (Duenhaupt 2012). Data specific to the United Kingdom also indicates this pattern (see Atkinson, Piketty and Saez 2011; Atkinson and Leigh 2010). Brown's talk of minimum wages, working tax-credits, and making work pay responds to the mal-distributive effects of financialization through state-subsidy, and avoiding topics more sensitive for economic elites, such as income tax. I shall show in a few pages how

Brown did very little to change the fiscal constructions around tax that he inherited from Lawson. I interpret this employment n-gram data as illustrating how Brown attempted to mitigate some of the adverse socio-economic circumstances associated with financialization. While this may be admirable, it also shows how Brown had no intention of challenging the accomplished facts of financialization with his rhetoric, or the tax-distribution rhetoric that supported them. I read Brown's rhetorical employment efforts as acceptance and compensation, not reform.

The relative volume of words devoted to industry is nearly indistinguishable between Lawson (0.273% ± 0.044% at two sigma) and Brown (0.262% ± 0.034%), and moreover their error-margins overlap. The only n-gram that Brown uses many more times (at the 95% confidence limit) is "innovation," which sees a three-fold increase over Lawson. In contrast, Lawson talked about "exports" more than twice as much as Brown, at 111%, CL 95%. Brown made one interesting overture to manufacturing in 1997 by doubling first-year capital allowances, one of the few tax concessions left to industry, but this is essentially a lone offering in Brown's budget statements. The description of the British economy has simply changed in the decade that separates these two men, and physical manufacturing is no longer where economic action takes place. Rather, new technologies are constructed as the way forward. Brown said "research and development," "R&D," "high-tech," and "IT" a combined total of 24 times, whereas Lawson never used any of these terms. Brown constructs the dynamism of British industries very differently now:

> First, science, innovation and enterprise. With the right long term decisions Britain can lead in some of the fastest growing and highest value-added sectors - City and business services, education and health, creative and science based industries - once small, now one third of our economy and exports, soon a much higher share of jobs and wealth. And in each one of these growth areas I propose that we do more to support the dynamism and enterprise of business – and I start with the importance of Britain leading in scientific invention and discovery (UK Parliament 22 Mar 2006a).

Manufacturing and industry, in the traditional sense of plant assembly lines, were no longer part of the construction. Brown has alternative examples to give, the first of which is the UK's financial heart, "the City and business services," means finance and banking, yet without actually saying "finance and banking." It is "scientific invention and discovery" that will carry the day in Brown's description, and he will "support" its "importance" in his budget statement. Employment may have returned in Brown's speeches, but not the manufacturing with which is had traditionally been so strongly associated. The very fact that Brown described it thus, took time to make the high-tech construction, meant he was conscious of having an “old way” to turn from.

Conclusion

Lawson's contribution to financialization rhetoric is more the transmission of an inheritance from Howe than a legacy of Lawson's own. Like Howe, Nigel Lawson's description of manufacturing, industry, and employment was minimal. He penalized industry with the withdrawal of capital allowances as part of an explicit argument for lower corporate tax rates, and he sent a very public signal to his audiences about the relative worth of industry. Howe had talked openly about the benefits, of the necessity, of removing “controls on pay, prices, dividends and foreign exchange which can now be used freely to acquire productive assets overseas to the benefit of our exports and invisible earnings alike” (UK Parliament 26 Mar 1980i). Lawson wanted to publicly promote the City of London as *the* financial centre, to boost financial activity in London, to boost individual acceptance of and participation in finance, and promote a public expectation that pro-financialization policies were crucial polices for the nation. He put more emphasis than Howe on the democratization of finance, not necessarily with any new ideas, but with a greater volume and enthusiasm. And yet, Lawson's most effective fuel for financial markets may well have been the change he made most stealthily – quietly and without fanfare he drastically reduced the amount of corporation taxes paid by all companies, while simultaneously removing tax support for manufacturing concerns. Lawson may have promoted small shareholding and cheered the City, but his best financialization moves were probably also the quietest.

It was with New Labour that language changed, not in a return to Old Labour's ante-financialization constructions, but to a new and more subtle framework that I argue supported finance. Gordon Brown did talk much more about employment, and was keen on new technological industries, but he was no more interested in traditional manufacturing than Lawson, and his explicit mentions of the City were relatively similar in number to Lawson's as well. What he mentions much more often that Lawson is housing, which rises in prominence in the budget speeches as it becomes a significant – and financialized - part of the economy. As the housing market slowed Brown worked to enrol new first-time buyers, but had to tread carefully around his constructions of mortgages, mortgage affordability and high house prices. Brown did not encourage small investors as much Lawson did, but he did express consumer guarantees of the safety of their assets. He privileged the City by encouraging investment, and by adjusting capital gains taxation so that investment flowed into the City and stayed there.

The City was something of a shadow in Brown's account, not often directly mentioned but rather alluded to with proxies like "investment" and the need for "stability." In the final section of this chapter I described how stability, safety, risk, rules, regulations, forecasts and cycles all worked together in Brown's narrative to create an illusion of stability in an inherently unstable financialized economy. Lawson had been chancellor in a different world, in which most people had no direct contact with financial markets. Brown inherited from him high levels of financial participation, and high levels of awareness of how risky financial participation can be. His decision in the face of this open secret is to argue persistently and intentionally that the UK's financialized economy was stable and predictable, that investment was not only desirable but safe, that the Emperor had clothes.

Lawson and Brown both worked in economically buoyant circumstances to create rhetoric that was not only amenable to finance, but which gave financialization the things that it needed. Lawson propagated Howe's legacy, making changes to wealth redistribution through tax law, and also spreading the gospel of financial participation more widely, helping to make financialization not just a top-down organizational change but a new set of widely understood ideas about how the economy should work. Brown did not need to do what Lawson did, although it matters very much that Brown did not attempt to reverse it, and that he reacted to the housing market and its slowdown in 2005 the same way that Lawson reacted to the LSE and its crash in 1987, by trying to re-inflate it. Brown's more subtle contribution to financialization rhetoric was the way in which he compensated for it (through minimum wage guarantees) and reassured everyone that it would not fail (through his 'soft' rhetoric for stability). When money could be attracted into the British financial sector, both Lawson and Brown gave public performances that supported this expansion. In the next chapter, I describe what happened when capital flowed in the opposite direction.

CHAPTER SIX: MAJOR, DARLING, AND OSBORNE PROTECT FINANCIALIZATION

Section One: Introduction

What Major, Darling, and Osborne have in common is that they saw financialization through lacklustre economic periods when enrolment and profitability stalled, and in Darling's case through an outright crisis in which financialization as a socio-economic change came under very direct public criticism. An historical description of financialization and the state must to take into account not only financialization's establishment, and when the good times rolled, but also answer the question, why was financialization sticky? Financialization's charms are obvious when people are making money hand-over-fist, and one can understand the argument that the establishment of financialization was a matter of solving the macro-economic challenges of the 1970s, not any conspiracy. But why has this regime of accumulation ticked along through recessions, crashes, and just plain sluggish periods, when financialization seemed to deliver so much less? In this chapter I offer a small contribution to the answer, by arguing that 'bust' chancellors did rhetorical work to ensure the line was held for financialization.

In this chapter I argue that chancellor rhetoric shows us one of the ways in which financialization has been able to survive its own periods of disappointment. John Major held steadfastly to Thatcherism from 1990, in obstinate insistence that the private ownership, individual shareholding, tax cuts, and deregulation that propelled the boom of the 1980s would bring prosperity back. In an era of very high interest rates, Major chastised the nation not for borrowing too much, but for failing to save. Amidst the financial crisis of 2008 Alastair Darling championed finance as crucial to Britain's economic health and wealth, and avoided not just talk of taxing finance, but talk of taxing almost anyone or anything. Financial markets were also central for Osborne's rhetoric, the rationale behind his entire fiscal programme and the genuine arbiter of recovery. Where Darling protected the banks, Osborne redeemed them by suggesting that the penalties they had already paid had taught them their lessons, and that finance was rewarding the UK once again. Both Major and Osborne offered deeper debt relationships (i.e. more finance), now mediated by the state itself, as the answer to the economic frustrations of small- and medium- enterprises and those aspiring to home-ownership in a new age of tight credit. None of these chancellors brought industry back into their budget statements in a meaningful way. What I have found is a combination of obstinacy, avoidance, sheltering, and (most especially in Darling's and Osborne's cases) a complicated attempt to keep finance in its central place by insisting that it remained the answer to problems, not the problem itself.

The plan of this final 'data' chapter is as follows. In the next section I give a very simple political and economic context for the periods in question, 1990-1 and post-2007. In Section Three I briefly describe my analyses of Major's budget speech in order to show how he protected finance by trying to describe his troubled economy as on the cusp of success. In Sections Four and Five I illustrate how the Darling and Osborne budget statements show how they rhetorically dealt with finance when it was not providing what it had before, and worse, was being accused as the epicentre and creator of the economy's woes. Darling championed finance in his pre-Crash March 2008 budget statement, and in 2009 and 2010 he defended it fiercely. He could not help but respond to the financial crisis with state-intervention, yet still he could also not help but construct the state's response as, contradictorily, free-market. In Section Five I describe how, as a moribund economy dragged on, Osborne constructed his economic narrative as if low interest rates were the only sign of economic health, and kept the logics of free-markets and debt central. I close this final 'data' chapter with a summary conclusion.

Section Two: Political-economic Context, 1990-1991 and 2007-2013

Lawson stepped down in 1989 (after disagreeing with Thatcher about taking the pound into the European Exchange Rate Mechanism (ERM)), leaving John Major to deliver Thatcher's last budget, the only budget he would deliver before becoming Prime Minister for six years. On the whole it was thoroughly Thatcherite in tone and ideas, but it was also a 'busted-budget,' delivered mid-recession, with a background of high inflation, high interest rates, and the debt-hangover after consumption boom of the mid-to-late-1980s. Major was in the middle of an economic slump. There had been barely any GDP growth since 1988, and this year of his budget was in the depths: GDP would fall 3.5% between 1990 and 1992. By 1991 home repossessions would be five times their rate in 1989, with a quarter-million mortgage-holders in six-month arrears. Inflation peaked at 10%, just as Major left the chancellor's office to become Prime

Minister (Gilmour and Garnett 1997). But as tough an economic situation as Major faced, chancellors Darling and Osborne would probably look back on it with some envy.

In 2007 the US mortgage-securitization market, which had grown to be the core of the American financial market over the fifteen years previous, came unglued. There have been different explanations offered, of varying complexity, as to exactly why this event happened at this time, and why it had such dramatic consequences. I offer here Fligstein's and Goldstein's (2011) summation: by 2007 the mortgage industry was a system that connected nearly all financial institutions to the real economy in such a way that all were dependent ever-increasing house-prices, but when this rise halted in mid-2006 the system and its interlocked dependants came under severe stress, and the results of this stress triggered a financial cascade. According to Bordo (2008), by August 2007 interbank lending was frozen and the US Federal Reserve was injecting emergency funds. In March 2008 the US government rescued Bear Stearns via JP Morgan, and loosened collateral standards for receiving short-term funds from the Fed. In July 2008 the US government bailed-out and partially nationalized Fanny Mae and Freddy Mac, but in September decided to let Lehman Brothers fail. This shook markets too much for Federal Reserve nerves. When American International Group (AIG) was threatened on markets the following day, it was rescued, and soon the Fed (via the $700 billion Troubled Asset Relief Plan (TARP)) was buying very illiquid securities from US banks in order to keep them afloat (Bordo 2008).

This tumultuous financial background dominated the chancellorship of Darling, who was Prime Minister Gordon Brown's only chancellor, from his assumption of office in June 2007 until Brown's defeat in May 2010. The American crisis began to spread to Europe, and in Septmeber of 2007 the UK government rescued Northern Rock in the face of a bank run, first by granting it emergency funds, then by nationalizing it in February of 2008 (Shin 2009). This episode proved to be a template. By September 2008 the UK government was rescuing buy-to-let bank Bradford & Bingley and (via the Bank of England and HM Treasury cooperation) was guaranteeing all UK interbank deposits. On 8 October Chancellor Alastair Darling announced the availability of a £25 billion recapitalization fund for UK banks (UK Parliament 8 Oct 2008). Soon the Government was bailing-out Royal Bank of Scotland (RBS), Lloyds TSB, and Halifax Bank of Scotland (HBOS). In January of 2009 Darling authorized the Bank of England to establish the Asset Purchase Facility (AFP), with the aim of creating liquidity by exchanging gilts for bank assets (Bank of England 2010). In line with many other countries, the MPC also cut the UK Bank Rate from 5% in October 2008 to 0.5% by March of 2009 (Joyce et al 2010). At the time of Osborne's latests budget (March 2013) the Bank Rate remained there still.

Although there were widespread calls for financial-sector reforms after the crisis, fundamentally very little changed in terms of the Government's macro-economic policies, the structure and governance of financial institutions, or the the instruments those financial instruments were permitted to sell (Froud et al 2010; Hodson and Mabett 2009). Arguably, the most significant consequence of the Crisis was the effect it had on state balance sheets, including the UK state. By late 2009 the Coalition Government estimated that least £850 billion had been spent by HM Treasury to support UK banks, a tally which *did not* include QE activity at the Bank of England (National Audit Office 2009). By February 2010 the Bank's MPC had spent £200 billion purchasing (mostly) UK government gilts from UK banks (Joyce et al 2010). By the time Osborne became chancellor, therefore, over a trillion pounds had been extended by the UK government to the financial sector, in one form or another. According to Cross, Fisher and Weeken (2010) by the spring of 2010 the BofE's balance sheet was three times its pre-Crisis size, as a proportion of GDP.

Osborne was the chancellor of the aftermath. As of 2013 his chancellorship has not seen the dramatic upheavals of Darling's, more a slow and painful unwinding, with quarterly GDP numbers that have 'bumped along the bottom.' The Eurozone has at times seemed very unstable, as sovereign debt crises threatened several states, but Britain has so far remained above that particular fray. Closer to home, the Occupy Movement, thwarted from residency at the LSE, set up their camp in front of St. Paul's Cathedral from the autumn of 2011 until the spring of 2012. Among other causes, this high-profile occupation publicized a narrative about the mal-distribution of wealth that the crisis had laid bare (Graeber 2013; Mason 2010). In office, Osborne has established the Office for Budgetary Responsibility (OBR), and a review of public-sector spending, for which he announced deep funding cuts. He has also initiated programmes to encourage bank-lending, and promised that nationalized and part-nationalized banks will be re-privatized as market conditions for selling their shares improve. But Osborne may be best remembered for a word he never used in his budget statements between 2010 and 2013: Austerity. With banking debts added to Government debts and a paucity of tax receipts, HM Treasury's response has been reductions in government spending, much of which is scheduled but yet to be enacted by Autumn 2013.

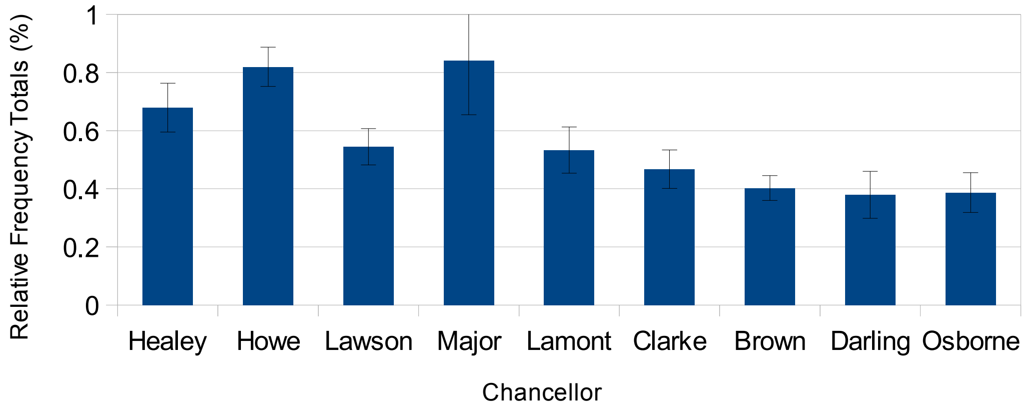
Section Three: Major's Awkward Recession

Quantitative Overview

Quantitatively speaking, Major used shared n-grams about monetary matters, finance, the future, growth, investment and housing more than the other chancellors. That said, what one must also appreciate is that, as the chancellor who contributed the fewest number of words to the budget-statement corpora, his 95% confidence-interval error bars tend to be larger than anyone else's. Major used shared monetary uni-grams more than everyone but Healey and Howe (see Figure 6.1), reflecting a similar level of concern with inflation, which after becoming subdued in the second-half on the eighties had again reared its head.

Figure 6.1: Total Percent Relative Frequency of Shared Monetary Uni-grams

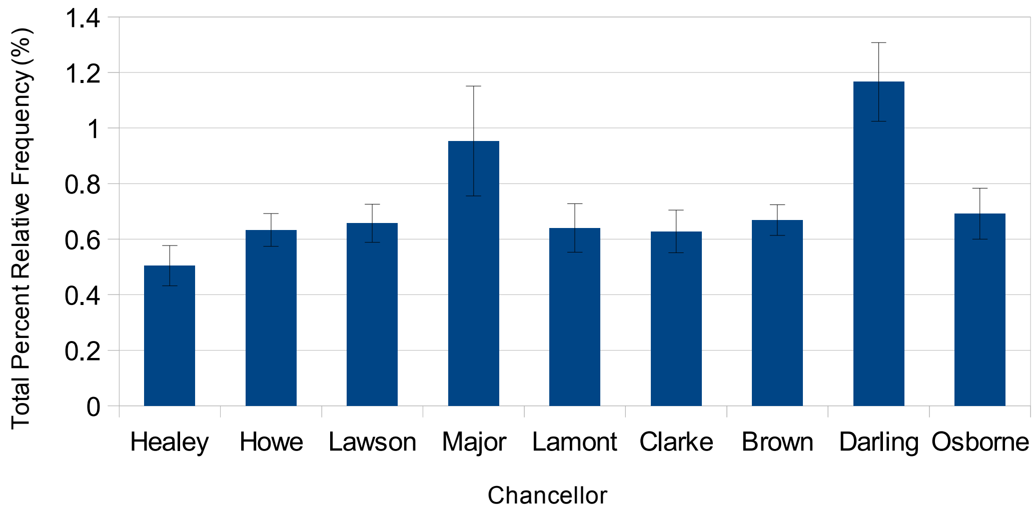
(error bars indicate 95% confidence interval)



Major used more shared finance uni-grams than anyone but Darling (see Figure 6.2).

Figure 6.2: Total Percent Relative Frequencies
of Shared Finance Unigrams

(error bars show 95% confidence interval)



Even with the small sample size for Major, there is clear evidence in Figure 6.2 that Major spoke about finance relatively more often than the three chancellors on either side of him in the temporal order.

In most cases the error bars associated with Major are simply so large as to make me unable to say with confidence that he is markedly different from his peers, but unequivocally he talks about saving the most of any chancellor (see Figures 6.3 and 6.4).

Figure 6.3: Total Percent Relative Frequenciess
for Shared Saving Unigrams

(error bars indicate 95% confidence interval)

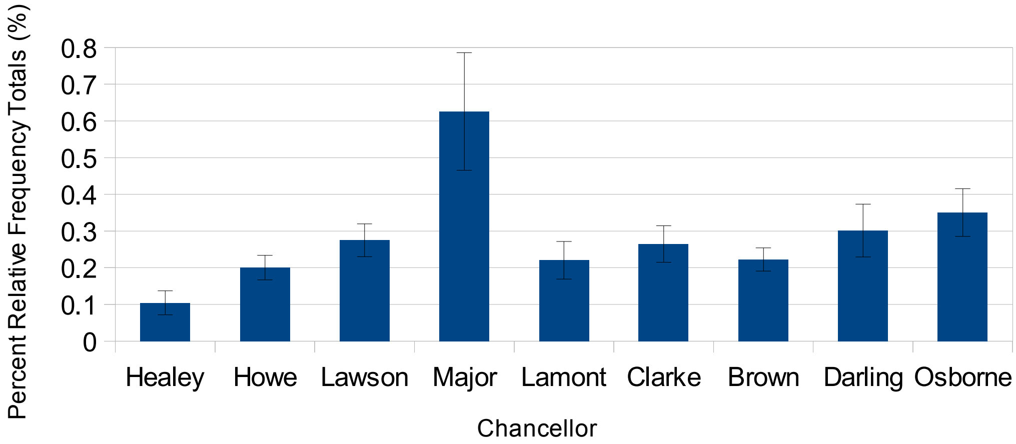
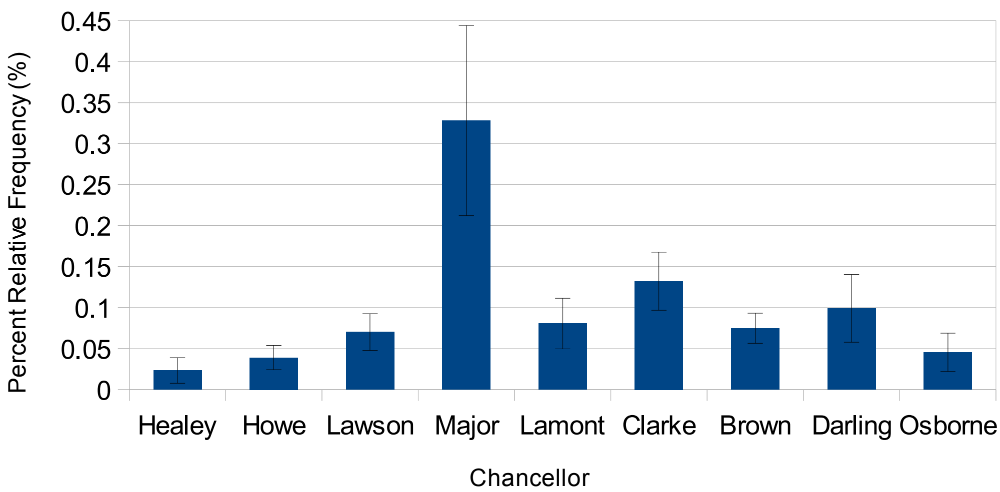


Figure 6.4: Percent Relative Frequency for "savings"

(all error bars indicate 95% confidence interval)



Next, I discuss Darling's construction of monetary matters, finance and saving in my qualitative rhetoric analysis.

Major Constructs a Financialized Recession

After a decade of service, monetarism can still be seen in Major's rhetoric, although monetarism had become more implicitly rather than explicitly expressed:

> Squeezing out inflation is always difficult, but there is now clear evidence that demand is slowing down. High street sales are now only 2 per cent. up on a year ago. The housing market has cooled off noticeably. New car and vehicle registrations are down, and import growth has been sharply reduced. As demand has fallen back, so has output growth, to just over 2 per cent. in 1989. No one likes to see the economy slow, but it is inevitable if we are to push inflation downwards. I now expect the economy to grow by only 1 per cent. this year, compared with the above-trend growth of 4.5 per cent. in 1987 and 1988. The size of this slowdown shows the extent of the downward pressure on inflation. But growth should return in 1991 towards its sustainable rate of around 2.75 per cent. I am confident that the period of low growth will be short-lived--not least because of the permanent improvements in in the underlying economy in the 1980s. For example, investment has grown more than twice as fast as consumption over the last eight years. As this additional capacity comes fully into use, inflationary pressures will lessen and more growth will resume. No one need have any doubt about that (UK Parliament 20 Mar 1990a).

This description implicitly solicited ascent, as Major listed in sequence all the reasons why this recession must be ending, and the fact that it was such a thorough list illustrates how hard he felt he had to work at being convincing. And it is a bizarre list: Major cited slowing retail, home, and vehicle sales, and a general decrease in demand as a triumph, proof of his competent economic stewardship. This is a public admission that the key to the monetarist response to inflation is high interest rates that stifle economic exuberance, not any control of a money supply, which is nowhere mentioned. So clear was this realization, that the quickest way a chancellor could kill inflation was via high interest rates leading to the death of real-economy demand, that Major explicitly presented a deliberate choking of real-economy vitality as a small price to pay for a return to single-digit inflation. Having an economy that will "grow by only 1 per cent. this year, compared with the above-trend growth of 4.5 per cent" is a good thing, and he must work hard because it is a such a counter-intuitive argument. He twice described the recession as necessary medicine for inflation, as "the size of this slowdown shows the extent of the downward pressure on inflation." In the first-half of the quotation Major attempted to distance himself from what would seem his natural interest, an interest in a buoyant economy: "no one likes to see the economy slow, but it is inevitable if we are to push inflation downwards." Yet this position is also unnatural and awkward, and so in the second-half of the description he returned to promising that soon "inflationary pressures will lessen and more growth will resume. No one need have any doubt about that." The first half of the description is most empiricist, listing features of the moribund economy, and Major keeps himself personally unrepresented in this half, only to appear in the second half, with the statements "I expect the economy to grow," and "I am confident that the period of low growth will be short-lived." This is a detailed narrative in which Major worked hard to build a counter-intuitive account of what a good economy looked like. It is a very strange thing to do. Why do it?

I argue that one of the reasons, and perhaps the main reason, that Major constructed the economy as he did here was to protecting financialization, to avoid criticizing the financial bubbles in the stock and housing markets that preceded his recession. I do not argue this is the only reason; it is true that after Major had no chance to blame the Opposition after a decade of Conservative Governments, and had to find some other way to describe the economic slowdown. One of the options was to declare failure to be victory and hope desperately that the audience would accept this, but there were other rhetorical choices that Major did not embrace, specifically criticizing the growth of finance in the UK economy and recommending some to return to industry.

Major talked a great deal about "savings" in his budget statement, saying that "the United Kingdom's savings and investment need to come closer into line and we must ensure this occurs through a rise in savings rather than a fall in investment" (UK Parliament 20 Mar 1990b). Talking of a need for "savings" is a way of avoiding too much talk about excessive borrowing, one of the outcomes of the growth of finance and financial products. Major tied inflation not to excessive borrowing that had allowed bidders to drive costs upward (think of the UK's last housing bubble) but to a decline in savings: "investment has been rising but the savings to finance it have not. This has led to excessive growth in domestic demand, a revival of inflationary pressures and a current account deficit, a good deal of which itself represents suppressed inflation" (UK Parliament 20 Mar 1990b). Major skipped a step in his description: it is not under-saving that drives prices upward nearly so much as excessive spending, especially with newly-created (i.e. borrowed) money. But to criticise debt would be to criticise finance, and Major was loathe to do this, so he chose to characterise the problem as a savings problem, and in this he is greatly aided by his own high interest rates. In this economic environment, arguing that everyone should save more sounds sensible simply because returns are nominally high (although not necessarily in real-terms). It is an advantage that Alastair Darling and George Osborne would sorely miss post-Crash. I argue that this is why Major was the "savings" chancellor: it is a reasonable-sounding way to talk about inflation and high interest rates without implicating finance and debt in the rhetoric. This is an example of a bust-chancellor protecting finance and financialization in his descriptive account, working implicitly, subtlety, counter-intuitively to protect finance from accusations of harm.

Which is not to say that borrowing escapes criticism entirely, in fact, Major protected finance and the freedom upon which it flourished even when he was prepared to implicate debt:

> I know that high interest rates are unpopular. They are generally most unpopular as they become most effective. They discourage spending and borrowing. They act directly on the things we have to control if we are to get inflation down. Interest rates are also the most flexible way of responding to what can be a rapidly changing situation. They can be raised quickly when necessary, and they can be reduced just as quickly when it is safe to do so. In recent months, I have looked carefully to see whether there is any effective alternative to interest rates. I have done so because I am very conscious of the burden they place on business and on individuals purchasing their own homes. I know that many people favour direct controls on lending, hire purchase and consumer credit. I understand that. In particular, I understand the distaste many people feel for the widespread marketing of credit that is so evident today and that is characterised by indiscriminate mail shots encouraging people to borrow. I believe that the financial institutions would be wise to reconsider their policy, and I hope that the subject will be covered in the code of practice the banks and building societies are currently preparing following the Jack report. However, having looked at the matter, I have concluded that it is extremely unlikely that credit controls would work in the modern world in anything other than the very short term. They were becoming less and less effective even before exchange controls were abolished over 10 years ago. Their main impact now would be to replace domestic borrowing with overseas borrowing. These days it would, for example, be a simple matter for any high street bank to arrange its lending through an overseas branch. That, of course, applies to other countries too, and it is for that reason that Governments of all persuasions throughout the western world are abolishing credit controls and are relying on interest rates to control money, and thus inflation. The same is true of those countries in eastern Europe which are seeking to adapt to the market system. In recent years, financial markets have become more open to competition, and their behaviour has changed enormously. As a result, monetary conditions have become more difficult to judge. This is one of the problems of financial deregulation, but one that must be set against the benefits that it has brought (UK Parliament 20 Mar 1990c).

So many words devoted, so many reasons supplied to defending this position, it could only have been a contentious one, as Major took the pro-finance position. Clearly he felt pressure to lower interest rates and more tightly constrict lending and finance instead. And clearly he was not able to simply dismiss this suggestion as irrational, or ignore it, but felt compelled to respond to it at length in his budget statement. The quotation truly speaks for itself as a pro-financialization argument, but I will still draw attention to some of the tried-and-trusted techniques that Major used to support an argument that is open to challenge, because this supports my argument of intentionality.

He began by once again empathizing with pain of interest rates for the real-economy, and especially with the "burden" high rates place on "business" (which one may read as 'industry,' as opposed to 'finance') and home-buyers. But "unpopular" rates " act directly on the things we *have* to control" (emphasis mine). He recommended interest rates as a simple and simply pragmatic solution, easily put up-and-down, characterizing the raising of rates as a no-fuss answer. He has "looked carefully to see whether there is any effective alternative" because "many people favour direct controls on lending, hire purchase and consumer credit" and "I understand that."

When financial institutions enter the account, Major says they "would be wise to reconsider" how they market "credit" (not debt) and he hopes that a specific, impending, named report will also recommend such a "code of practice." Major reached the heart-of-the-matter: there will be no additional regulation around the borrowing and lending of financial institutions, even though his speech indicated that he was under pressure to do so. This was not presented as his personal choice, but rather, "having looked at the matter, I have concluded that it is extremely unlikely that credit controls would work in the modern world." Major represented reality for his audiences, and in a way that meant the option would not be further considered, let alone attempted. It had been ten years since exchange controls were removed, this boat had sailed, money simply flowed too freely around the globe, and "Governments of all persuasions throughout the western world are abolishing credit controls and are relying on interest rates to control money, and thus inflation." The vagaries of money were simply "one of the problems of financial deregulation, but one that must be set against the benefits that it has brought." Major employs all the techniques of intentional persuasion: rich detail, a thorough and stepwise narrative, consensus and corroboration from other countries, an appearance of impartiality for 'the facts,' and an appearance of partiality toward those who are most likely to object to the account and it's implications. Major works hard in this recession to protect finance, an active, intentional choice.

Not only did Major protect finance from accusation, but he even promoted it with tax-breaks. In 1990 the LSE was about to launch “a new share-dealing system, affectionately known as TAURUS. This will cut costs, eliminate paper forms, and provide a modern computerised system for transferring shares” (UK Parliament 20 Mar 1990d). This TAURUS system would eventually flop, but in 1990 Major described it “affectionately” in his budget speech, drawing attention to the record 11 million people, one-in-four UK adults who now owned shares:

> As we approach 1992, we can expect even sharper international competition in financial services, much of it from other European centres. Competitive and practical arguments point in the same direction. I have therefore decided to abolish stamp duty on securities late in 1991-92 to coincide as closely as I can manage with the introduction of paperless trading. Stamp duty reserve tax will also be abolished at the same time. Both the abolition of the tax and the introduction of a more modern dealing system will help to secure the United Kingdom's position as a leading financial centre in an increasingly competitive world market. They will also reduce transaction costs and permit higher returns for 11 million holders of occupational pension schemes, over 3.5 million personal pension holders, and the many millions of people who hold life assurance policies or unit trusts. It will also be of considerable benefit to small shareholders (UK Parliament 20 Mar 1990d).

Major presented an explicit argument that paperless trading and small-shareholdership were two good reasons to exempt securities from stamp duty, along with the importance of making “secure the United Kingdom's position as a leading financial centre in an increasingly competitive world market.” Again, it was presented as pragmatics, good common sense, for the Treasury to forgo this revenue during a recession, precisely because it protected Britain from “even sharper international competition in financial services.” Major's descriptions about interest rates, inflation, saving and borrowing were contorted and counter-intuitive, and his refusal to control borrowing and lending by financial institutions was detailed and well defended. But he described the importance of financial services in a very forthright and declarative way, with little nuance or fuss. Even in this recession, finance is unequivocally good for Britain.

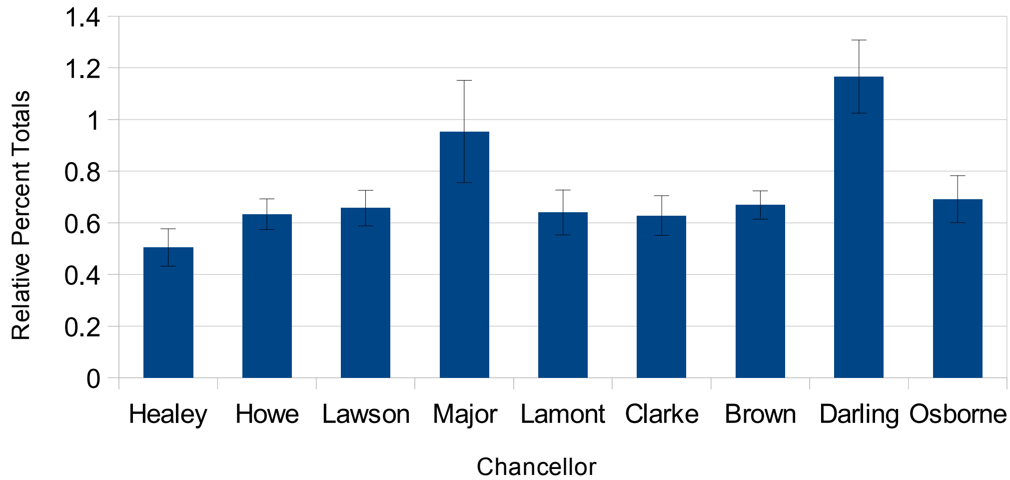
Section Four: Darling's Defensive Budget-Statement Rhetoric

Quantitative Overview

Other pieces of curious and compelling evidence arise from the quantitative analysis, which shows large spikes in talk about finance, banks, markets, housing, mortgages and credit, a large drop in talk about the fiscal situation, debt, deficit and taxes, and part of the growing trend in talk about fairness. In the wake of the financial crisis, and despite calls for a return to manufacturing to "balance the economy," the total frequency of industry uni-grams experience only a squeak of an increase in Darling's budgets statements compared to Brown's, which is to say they have remained unchanged since the time of Lawson. Employment uni-grams under Darling return from their Brown surge back to typical levels. Curiously, monetary uni-grams show no great change, despite the unusual monetary policy being enacted at this time - quantitative easing and rock-bottom interest rates - which one might think would merit mention. Perhaps less curiously, Darling finds himself speaking of finance more than anyone, in fact, and clearing all error margins except John Major's (see Figure 6.5).

Figure 6.5: Total Relative Percent Frequencies of Shared Finance Unigrams

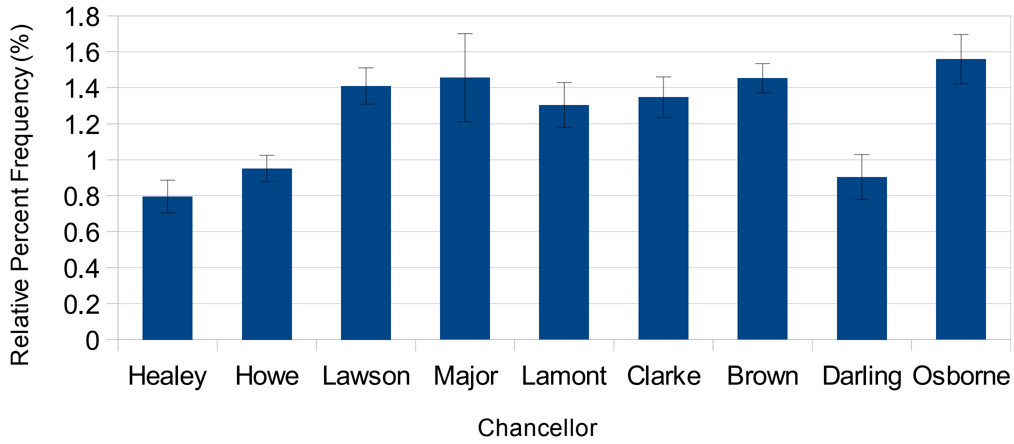
(error bars show 95% confidence interval)



A great deal of my qualitative analysis for Darling will involve banks and finance, and Figure 6.5 shows that this focus is not misplaced. Related to this, and I believe the most compelling of all my quantitative evidence, is how fiscal uni-grams plummet for Alastair Darling (see Figure 6.6).

Figure 6.6: Total Relative Percent Frequencies
of Shared Fiscal Unigrams

(error bars indicate 95% confidence interval)



This precipitous can be largely accounted for by the drop in tax talk. Not since Healey has a chancellor talked so little about taxation (see Figures 6.7, 6.8, and 6.9):

Figure 6.7: Relative Percent Frequencies for "tax(es)"

(error bars indicate 95% confidence interval)

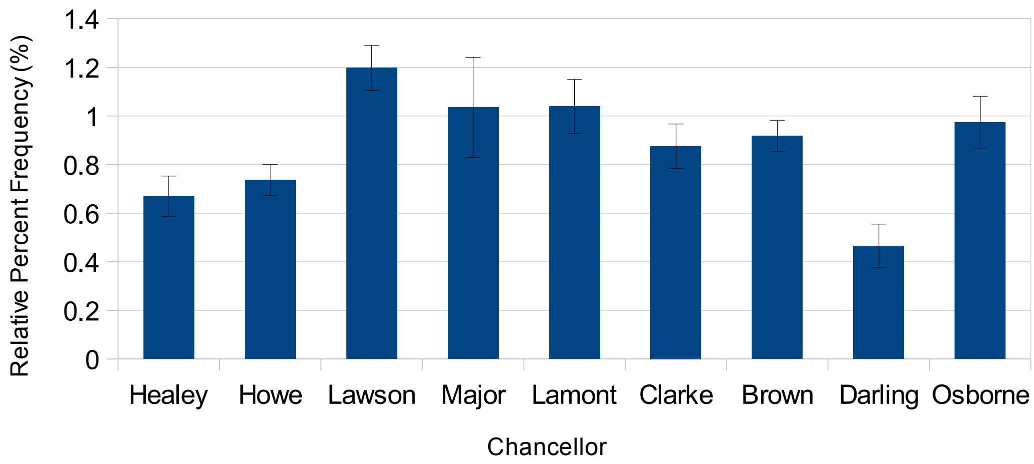


Figure 6.8: Relative Percent Frequencies for "tax-free"

(error bars indicate 95% confidence interval)

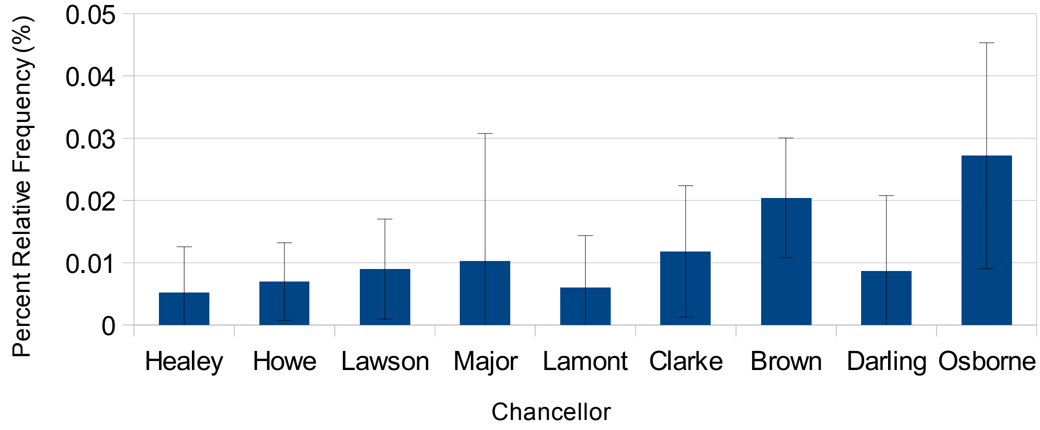
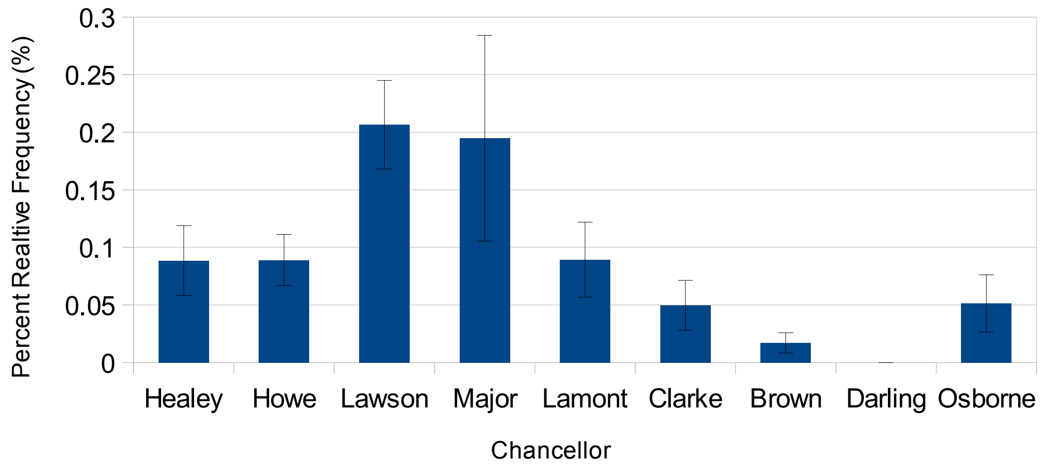


Figure 6.9: Percent Relative Frequencies for "taxation"

(error bars indicate 95% confidence interval)

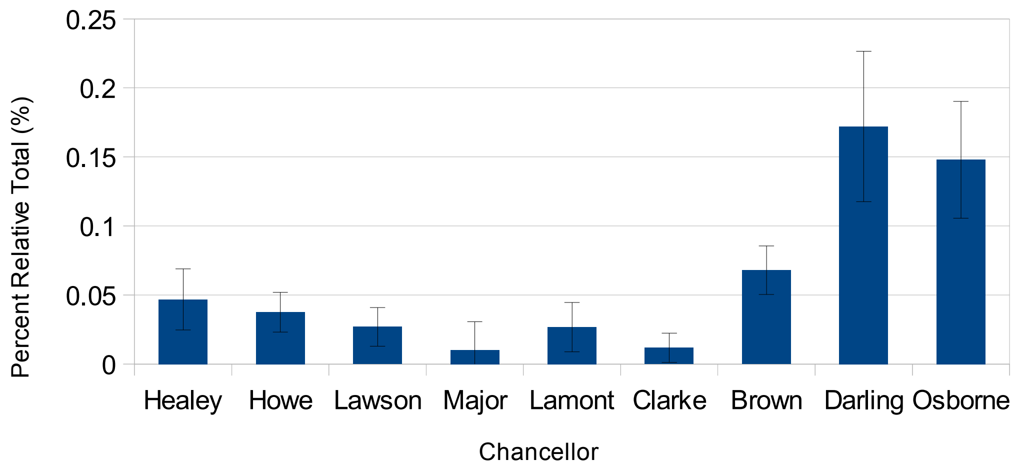


These three graphs illustrate how little Darling said "tax," "taxes," "taxation" and even the relatively finance-friendly bi-gram "tax-free," compared to the other chancellors. Alastair Darling was very, very reticent to speak about taxes at all in the wake of the financial crisis, not only saying "tax(es)" less, but "taxation," which is a very common word in budget speeches, not once in three years. My interpretation of this quantitative data, one that I explore further in the qualitative analysis, is that while Darling could not avoid talking about banks, he determinedly avoided talk of taxation, of banks or anyone else. There was a crisis, but higher taxes were not the answer.

Of course, Darling's use of language built on the legacy left by Brown, too. Darling used stability n-grams as much as Brown, relatively-speaking, and he used shared security and risk n-grams slightly more than Brown, although the 95% confidence-intervals do overlap with Brown as well as Osborne. Darling liked to talk about cycles, investment and growth almost as much as Brown did. Darling made the most use of the word "forecast" of all the chancellors (see Figure 6.10), even more than the great forecast popularizer, Brown, and despite not talking about the future in general more than anyone else.

Figure 6.10: Percent Relative Frequency of "forecast"

(error bars indicate 95% confidence interval)



Darling also talked about housing more than anyone, although Darling's 95% confidence interval overlaps with those of his three predecessors (see Figure 6.11).

Figure 6.11: Total Percent Relative Frequencies of Shared Housing Unigrams

(error bars indicate 95% confidence interval)

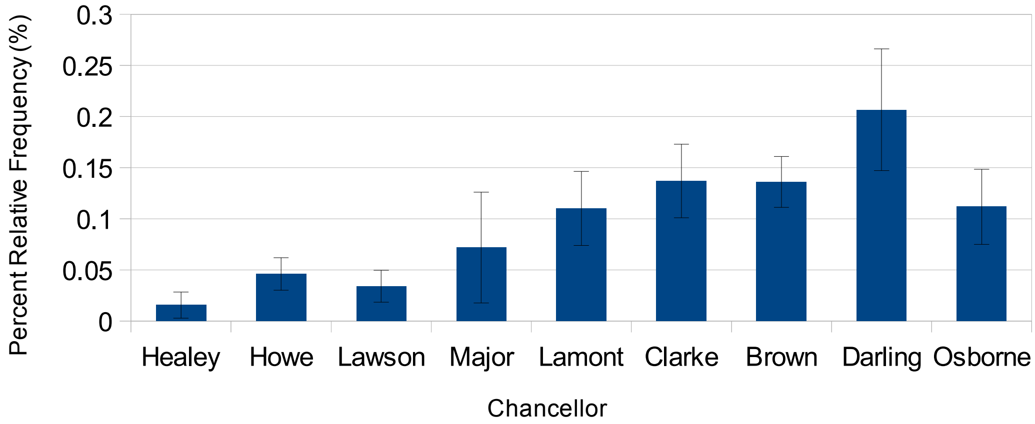
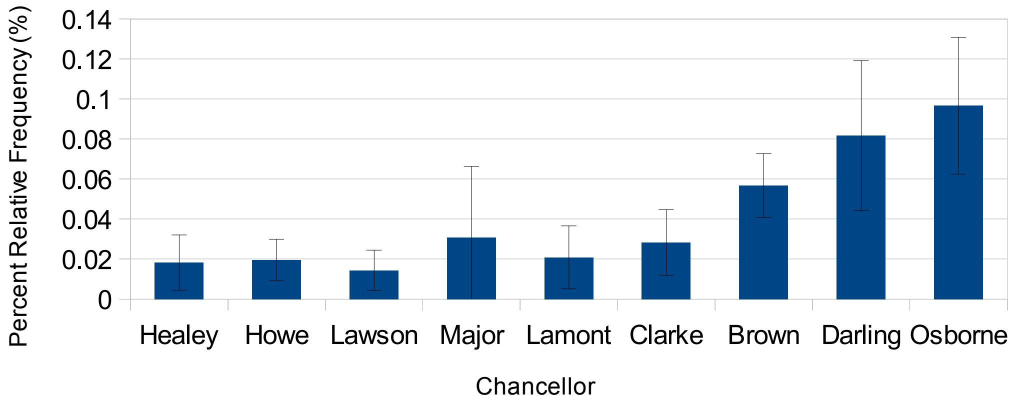


Figure 6.12 shows that Darling increased his relative use of terms associated with fairness in comparison to Brown's rate, but still far less than Osborne, part of a stepwise climb since Lawson (if one disregards Major, who has a very large error associated with his relative frequency).

Figure 6.12: Percent Relative Frequencies for "fair," "unfair," and "fairness"

(error bars indicate 95% confidence interval)



Darling distinguishes himself with talk about “bank(s),” “market(s),” “mortgages,” and “credit” (see Figures 6.13, 6.14, 6.15 and 6.16):

Figure 6.13: Relative Percent Frequencies for "bank(s)"

(error bars indicate 95% confidence intervals)

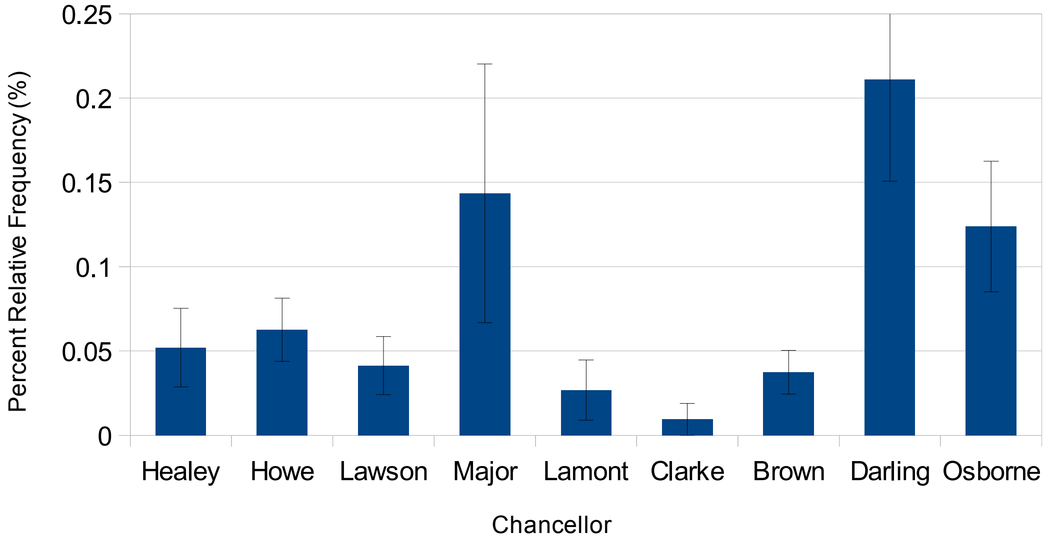


Figure 6.14: Percent Relative Frequencies for "market(s)"

(error bars indicate 95% confidence interval)

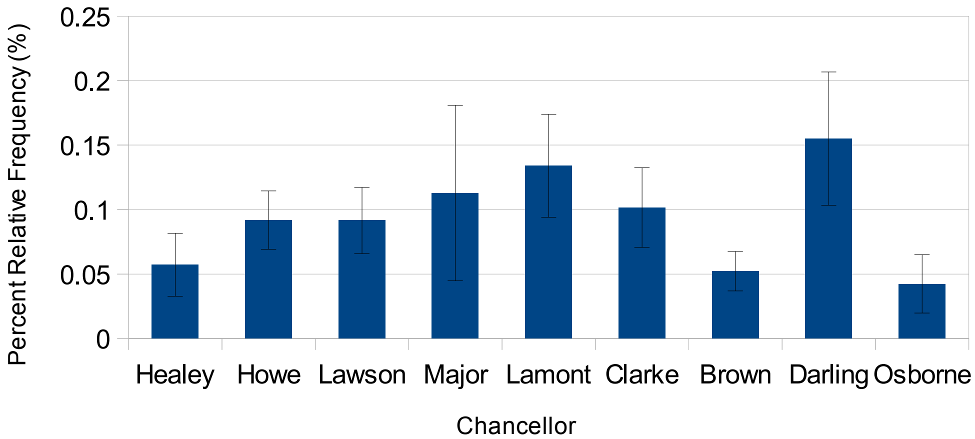


Figure 6.15: Percent Relative Frequencies for "mortgage(s)"

(error bars indicate 95% confidence interval)

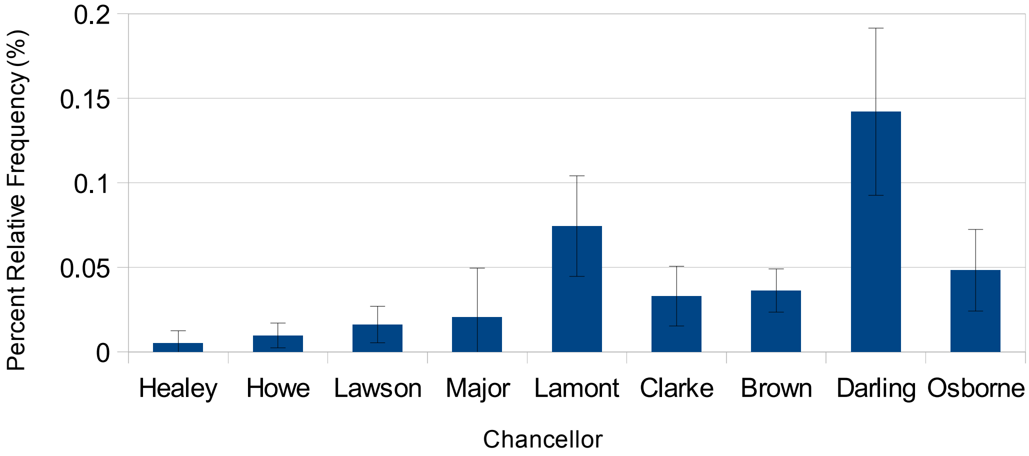
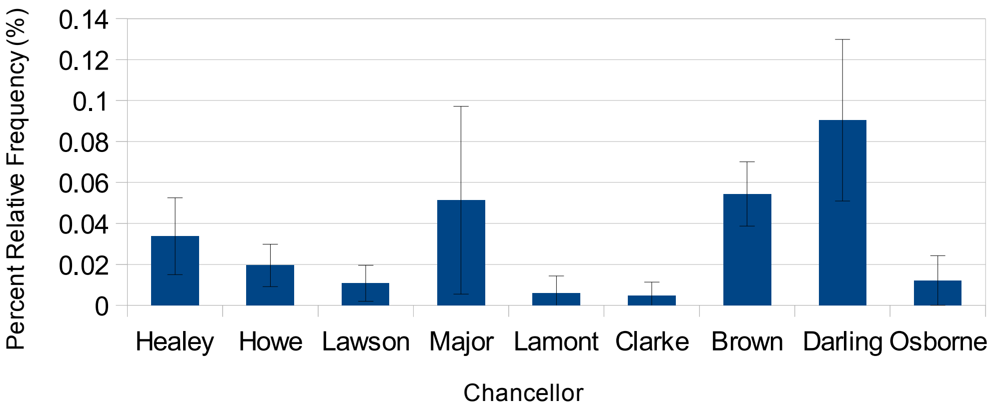


Figure 6.16: Percent Relative Frequencies for "credit" (not "tax credit")

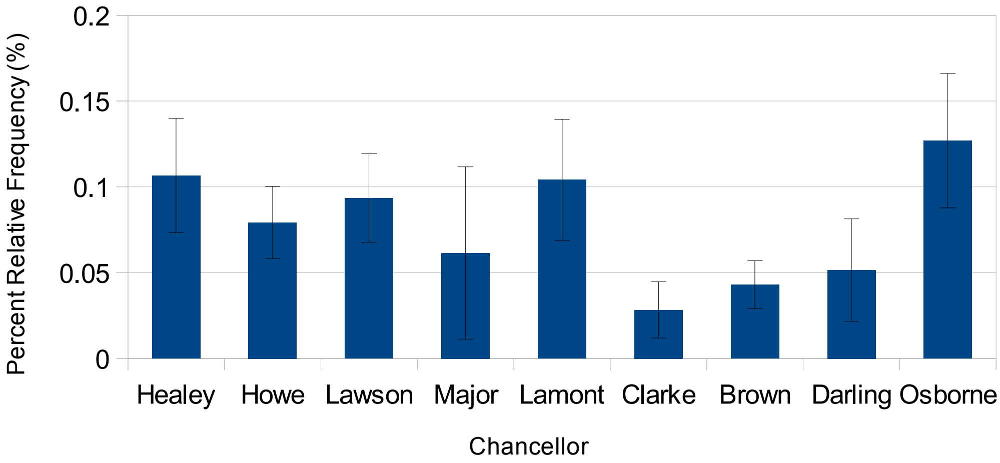
(error bars indicate 95% confidence interval)



Yet he distinguishes himself not at all for debt and deficit, both of which have ballooned on his watch (see Figure 6.17).

Figure 6.17: Percent Relative Frequencies for "debt" and "deficit"

(error bars indicate 95% confidence and interval)



The Financial Sector

In this brief quotation from his 2010 speech Darling summarized the account of the banking crisis that stands behind his three budget statements:

> Governments of all political colours acted to stabilise their banking systems and to use fiscal and monetary policy to boost demand and protect jobs. Not everyone here supported the action taken. But with hindsight, it is even clearer that the right calls were made. Economic disaster was averted. Growth has begun to return across the major world economies. The prospects for the global economy are much more positive than a year ago. There is nothing pre-ordained about continued recovery. There are still uncertainties. Financial markets are febrile. Oil prices have increased by over 50 per cent. Bank credit, while improved, still remains weak in many parts of the world. Confidence has not fully returned to either businesses or consumers (UK Parliament 24 Mar 2010a).

While this description of the economy is explicit, audience agreement that it describes 'reality' is also sought, implicitly. The fact that Darling felt a need to construct this description of the crisis and the Government's responses to it is, firstly, good evidence that he understood both to be contentious, and, secondly, good evidence that he felt a need to reaffirm publicly a construction of his own authority and involvement in the economic narrative, post-crisis. The chancellor might be assumed to have a vested interest and be intimately involved, but this is not constructed explicitly here, either:

“the action taken” was a passive-voice construction (as opposed to saying, “I took action”), just as Darling said passively and with some distance says that “the right calls were made.” Darling described the problem as a crisis, in which “disaster was averted,” and described the resolution as vaguely positive yet characterized by “uncertainties,” in which “financial markets are febrile,” “bank credit...remains weak,” and “confidence has not fully returned.” The entire account has an impersonal grammar that both made it look more impartial (and thus factual) but also left the chancellor (and his predecessor, now Prime Minister) safely outside the description, and rhetorically beyond accountability. Darling delicately constructed his own agency (and therefore accountability) as weak in the face of a clear and significant problem that had resolved unsatisfactorily, rendering an account that was very politically careful, and very deliberate. Similarly, his footing was distant in the description, and not only did he fail to appear personally with an “I,” his Party and Government fail to appear with a “we,” only the corroboration and consensus of “governments of all political colours” existed. The objects of this narrative were clearly stated in common-sense order: “governments” acting to “stabilise their banking systems” and using “fiscal and monetary policy” in order to “boost demand and protect jobs” such that “economic disaster was averted,” and thus “growth has begun to return across the major world economies.” This causal description of the financial malaise of 2007-2010 was completed in just a few sentences, moving from who, to what, how, and where, but it did not include any mention of *why* it happened. Such a description would have been hard to provide credibly without implicating, if not blaming, finance. Instead the financial system was portrayed as a victim to be rescued and protected, and a patient to be cared for and pitied, for in the crisis moment the banking systems needed to be “stabilised,” and even now in 2010 financial markets are “febrile” and (financial) credit “weak.” While Chancellors Darling and Brown are absent from the description, the weakened financial sector is ineffectual and victimized, and so causation remains shallow, and is not even alluded to beyond bank instability. The main thrust of Darling's account was that he did the right thing to preserve growth and jobs, that other governments and the fullness of time prove him right. To make sure that the audience registers this proper conclusion with him, he presents the narrative in vivid detail, with chronological stepwise progression, intentionally. My quantitative results show that Darling talked about finance, banks and credit often, but this type of qualitative evidence shows how Darling's account carefully, delicately, and deliberately protected his position, Gordon Brown's position, and the financial sector's position, characterising them all as blameless.

More than that, in 2010 Darling constructed financial services as vital for Britain's future, as a retail service and as an economic sector:

> Since 2003, the number of people without a bank account has been halved. I can announce today we will do more to combat financial exclusion, through a guarantee that everyone can have a basic bank account. This will mean, over the next five years, up to a million more people will have access to bank accounts – something essential in the modern world. We must be careful that, as banks begin to return to profit, the sense of urgency around reform is not diminished. There can be no return to business as usual for the banks. But we also must remember that their success is vital not just for the global economy but for Britain's future. London is the world's leading financial centre. Across the country, the sector supports over a million jobs including in Edinburgh, Leeds, Manchester, Cardiff and other cities. A healthy, strong financial services industry is essential for our long-term prosperity (UK Parliament 24 Mar 2010b).

"I can announce today," said Darling, proudly, "we will do more," although "we must be careful" and "we will be careful," these close constructions persist this time right up until the final, contentious conclusion. Darling would "combat financial exclusion" because inclusion for "everyone" is "essential." and furthermore the success of the sector is "vital," because a "leading financial centre" is also "essential for our long-term prosperity." Here he is emphatic, clear, and close to the account, happy to construct agency and accountability for himself in light of the imminent return of "healthy, strong financial services" and wider participation through the most benign of financial products, basic bank accounts. Again, the reasons for the crash are absent from the description, although Darling did hint obliquely "at the sense of urgency around reform." "There can be no return to business as usual for the banks," was a nod to how finance precipitated the crisis, "but we also must remember that their success is vital not just for the global economy but for Britain's future." This was an immediate 'but,' swiftly applied to soften the criticism and protect finance in the construction. Darling built this account as factual with some numbers at the outset, "since 2003, the number of people without a bank account has been halved," and "over the next five years, up to a million more people will have access to bank accounts." But as he moved on to describe the financial sector, numbers are replaced by the names of regional cities that Darling claimed have been supported by the financial sector, arguing against an implicit counter-claim that finance primarily benefits London. The naming of these cities was a form of corroboration, as Darling implied that people in these cities agreed with his assessment. This qualitative evidence shows another aspect of Darling's protection of finance, that he defended finance from the potential accusation that it concentrated wealth rather than spread it, whether to the poorest people or regions. Darling's protection of finance is quite calculated and thoughtful, not haphazard, here, and deliberate, and he defends it not only as vital for Britain but also from circulating charges that it is elitist.

In 2010 Darling spoke only of "improved global financial regulation" but in 2009 he was more specific about what the UK might do in this arena:

> A successful economy needs a strong financial sector. We don't want to throw away the many advantages that have come from our position as a world centre for finance. I intend that we retain that position. Hundreds of thousands of jobs across the country depend on it. We need to build trust in the banking system, and harness the strengths of the financial services sector for the benefit of society. Crucial to this is financial regulation. I will shortly publish a Treasury paper with my recommendations for wide-ranging reform. They will propose action to reform corporate governance and remuneration at banks to avoid undue risk taking. To improve regulation of capital and liquidity so banks do not over-extend themselves. To increase transparency, to achieve a single set of accounting rules - so that we can see the risks banks are taking. And to regulate all important institutions including hedge funds. It will also propose action to reduce the impact of the failure of financial firms; protect and support consumers; improve efficiency and competition in financial markets; as well as strengthening regulators' powers. And all these steps will, in turn, complement the G20 agreement to restore trust in the global financial system. Strengthening the banking system is crucial to the recovery and to the economy (UK Parliament 22 Apr 2009a).

As with the last example, the first third of this excerpt was an explicit defence of the financial sector as necessary, as an employer of hundreds of thousands, as something too good to lose, making it clear that there would be no discussion of allowing finance to shrink as a sector, let alone to effect its shrinking. Instead, Darling's "recommendations … will propose action" to (1) "reform corporate governance and remuneration," (2) "improve regulation of capital and liquidity," (3) "increase transparency," (4) "achieve a single set of accounting rules," and (5) to "regulate all important institutions including hedge funds." It sounds like a complete list, but in substance it is quite general, "recommendations" for "action" does not actually promise what action, or indeed any action, will be taken. As Darling continued, recommendations for (6) "action to reduce the impact of the failure of financial firms; (7) protect and support consumers; (8) improve efficiency and competition in financial markets; (9) as well as strengthening regulators' powers," also sounded good, but were also very general. Darling made suggestions that sounded reasonable, that many people would agree with, in principle, as principles, but they were just principles and ultimate goals, not concrete 'actionable items.' They were couched as pending "recommendations" for which he and "the Treasury" shared responsibility. Still, the selection of these items as the bulk of the description shows that Darling was keen to look to be active on these matters, and to be seen to be amenable to regulation and reform in the financial sector. It was also something of an admission that the financial sector had done wrong – a position that is is largely absent from Darling's constructions elsewhere, and so it is important for me to acknowledge it. There was corroboration here from the G20, who would work with Darling to "restore trust in the global financial system." This list of reform principles was framed by Darling's insistence that "strengthening the banking system is crucial to the recovery and to the economy," the reason for all of this was to keep finance at the heart of the British economy. In the centre of this excerpt, surrounded by these frames was a brief acknowledgement of the criticisms made against finance: of extreme banker "remuneration" (not "pay") of banks "undue risk taking," of banks that "over-extend themselves," and of banks that lacked "transparency." Darling knew what the loudest criticisms of the City were, and here he acknowledged them and tried to answer them, but only within a tightly-constricted boundary of protection and preservation for finance. It was cleverly done.

Arguably, the financial-stance that Darling had the greatest call to defend was the state purchase of UK banks in 2007, 2008 and 2009:

> The crisis in the world economy started with the banking sector. So improved global financial regulation must be the key priority. Our first test in the UK came with the problems of Northern Rock. This Government intervened to protect savers and underpin the financial system. The unprecedented decision to nationalise a high-street bank was controversial, as was our action later that year to recapitalise the banking system. Other governments, right across the globe, also acted to stabilise the financial system. I believe this judgement has been proved correct. In the UK, the latest figures from Northern Rock show it is returning steadily to normality. RBS is now being restructured and is rebuilding. Last week Lloyds predicted a return to profitability this year. We will sell our shares in RBS and Lloyds, as well as Northern Rock, in a way that maximises value for the taxpayer and recoups the money we invested. We intend to get all taxpayers' money back. In the meantime, I can tell the House that the Treasury has already received over £8bn in fees and charges from the banks, in return for our support. At the Pre-Budget Report I put in place a one-off 50 per cent tax on the excessive bonuses of bankers. I made it clear that

> banks had a choice of whether to pay bonuses or not. But if they did, given the amount of support the taxpayer had provided, I believed it was right that the country as a whole should benefit. I can tell the House that this tax has raised £2 billion, more than twice as much as was forecast. This is money paid by the banks. Those receiving the bonuses will also, of course, have to pay income tax at their highest rate (UK Parliament 24 March 2010a).

In this account the crisis started "with" (again, not "by") the banking sector, and Northern Rock was "a test" for the UK, which sounds somehow heroic, or biblical, or fateful, like a test of fortitude, or faith, or confidence. The Government "intervened to protect savers and underpin the financial system." As a characterisation, this first description is gentler than others that could have been proffered: by another possible account, the Government offered unlimited guarantees of bank debt in return for non-voting shares to preserve financial institutions and protect their shareholders, many of whom are not UK taxpayers. Such a guarantee was much more generous than a simple guarantee of deposits, even of all deposits, but Darling's characterization implied that his intervention was first-and-foremost a deposit guarantee, and that this specific guarantee of deposits was what underpinned the financial system. He came to this "controversial" recapitalisation of banks next, and defended his action through a claim to consensus, for "other governments, right across the globe, also acted to stabilise the financial system." But better than consensus is hindsight, which Darling argued had proven him right. He looked forward to the rebirth of named banks that would surely turn a profit any day now "in a way that maximises value for the taxpayer and recoups the money we invested." Darling listed other good things that had come to the Treasury from all of this: "over £8bn in fees and charges from the banks," "a one-off 50 per cent tax on the excessive bonuses of bankers....this tax has raised £2billion," and "those receiving the bonuses will also, of course, have to pay income tax at their highest rate." Again, this shows that Darling was aware of where the banks, and the Treasury's dealings with them, had been publicly criticised, because he constructed an argument around the criticisms, listing how money had returned through fees and taxes. This was an exercise in descriptive fortification, countering counter-arguments that are unspoken in the immediate sense but expected by the speaker to be lingering in the minds of at least some in the audience, whether a small group of influential people or a large proportion of listeners. But I argue here that Darling was not only fortifying the argument, he was fortifying the City, protecting it from counter-claims and attacks, and reassuring people with large amounts of money placed or leveraged in Britain's financial sector that the rules would not be changing substantially. Darling presented these returns as if they were large (in comparison to state largesse toward the sector, they were very, very small) and as if he had truly 'gotten tough with the banks, "in return for our support." But 'getting tough' amounted to this: "a one-off 50 per cent tax on the excessive bonuses of bankers. I made it clear that banks had a choice of whether to pay bonuses or not....the tax has raised £2 billion." There was a widespread dissatisfaction with the financial sector's place in the UK economy, and Darling addressed it - he was clearly aware of it and felt compelled to respond to it. But one can see in this excerpt that he did not answer it in the construction beyond small tokens, creating an illusion of a larger action. It is not even especially 'tough talk' for banks, and the actual measures were small. This protected finance.

Darling's position as Treasurer was particularly challenged by how little the rescued UK banks were lending to small- and medium-sized businesses (SMEs). He recognised that weakened banks needed to "repair their balance sheets" yet in return for "support during the financial crisis" he said he had "made banks accept their obligation to lend more," and that they had (UK Parliament 24 Mar 2010c). Because some companies that were "being unfairly denied credit" felt "powerless," Darling announced a fast-track complaints adjudication with "legal powers" to enforce "judgements" in the case of credit "wrongly denied" (UK Parliament 24 Mar 2010c). He constructed credit as a right, something not just necessary for the economy but something that business should expect to be available to them in all circumstances, and which the state would act to restore to them if such justice be denied. The restoration of easy-credit post 2007 is a tough problem, to which Darling explicitly offered market-based solutions: "to boost competition," "restructuring of Lloyds and RBS," "bring new entrants into the market," and "even more competition" (UK Parliament 24 Mar 2010c). But behind the free-market was state support. Darling reminded the House that the "Government already offers a wide range of support for businesses, to help unlock additional private investment" (UK Parliament 24 Mar 2010c), at a time when it was quite unclear where additional private investment would come from. Rather than increasing banking regulation, Darling promised that "the Financial Services Authority will improve and speed up the licensing process for new banks (UK Parliament 24 Mar 2010c). So free-market competition remained the solution to these problems, even though credit was a right. This is something of a mismatch. Surely it would be easier, more sensible, to describe free-market competition and reward for risks taken, or alternatively state-supported rights and guarantees. Here Darling's construction struggled to match what he and others want (easy-flowing credit) with the free-market philosophies of that have accompanied financialization, because only the state seems to be able to generate effective lending. As awkward as financialization is, it will stay, and so will financial markets, or at least their *façade*.

These solutions that Darling constructed were all market-based, and yet there was a sense that it was not enough:

> But we have listened to business when they have told us that the wide variety of options can be daunting. So we are bringing together all these initiatives under a new national investment corporation, to be called UK Finance For Growth, which will streamline and improve our offer to SMEs. The new body will oversee the Government’s £4bn range of finance support for business. This will also include a new Growth Capital Fund, which will have a specific role in providing fast-growing companies with the private capital they need. Commercial banks have so far agreed to contribute over half of the £200m committed to this fund. It will eventually provide £500m of finance (UK Parliament 24 Mar 2010c).

This is an explicit things-to-do list, put forward to communicate that the Government and the Chancellor were doing something, and in a sense it settled the question of free-markets or intervention, as Darling decided that the state would intervene to ensure and insure finance, rather than criticise it. The very name “UK Finance for Growth” suggested that the former caused the latter, that finance could bring growth into existence. It is the state that will provide here, if the preferred, market-based solutions prove inadequate, which they have. The “finance support” is £4 billion, not a great sum, only twice the bank levy, but the most interesting numbers come in the last sentence of the quotation, and have to do with the smaller Growth Capital Fund. Darling said that “commercial banks have so far agreed to contribute over half of the £200m committed to this fund. It will eventually provide £500m.” To glance at these numbers quickly, it looked as if banks will provide half the funds capital, but they will not, the “over half” of less-than-half actually means the proportion will be closer to £100m, or one-fifth. Darling left the door open for more donations from banks who “have so far agreed,” but the commitments here are loose and approximate, and I have two comments to make about this. Firstly, Darling was playing with the disclosure of numbers in such as way as to make banks look more generous and compliant than they truly were, and to me this looks like a deliberate misdirection. Secondly, Darling kept private investment and investment banks central to his plans, even when those plans involved state guarantees and public investment bodies. Darling constructed the description in order to keep the state in the background, to better foreground finance as the saviour of SMEs, even where the state, and Darling, could quite easily take credit for a popular 'rescue' of small investors. This was more deliberate protection and promotion of finance where it did not even make sense, where it was hard to do, in the face of an admission that finance has not been friendly to small businesses during the crisis and aftermath. Once again, Darling went out of his way, rhetorically, for finance.

Housing

Darling also addressed the ailing housing sector:

> But the strength of our economy, and health of our society, also depends on meeting long-term demand for housing. I have two measures to help achieve this. First, we want to work with the industry to tackle the restraints, which house-builders have told me, could prevent them from acting now to increase housing supply. This will give construction firms more certainty and help them meet housing demand more effectively. Second, lack of finance now is affecting house builders and preventing the long-term investment that we need. So today I can announce £500m of extra financial support. It will kick-start building on housing projects, stalled because of the credit crunch, delivering thousands of new homes. As part of this support, we are providing £100m for local authorities to build new energy-efficient housing. I have one further announcement to make about housing for a particular group. The whole country is united in admiration for the courage and professionalism of our Armed Forces. I want to ensure this admiration is reflected in the quality of their accommodation. I am bringing forward £50m to accelerate the modernisation programme for this housing to ensure this happens (UK Parliament 22 Apr 2009b).

This quotation is a mix of a description of the housing sector as important to the economy (with which Darling would like his audience to agree), and an announcement of explicit measures that support the sector in the face of tight credit conditions and widespread anxiety about house prices. The explicit announcements of state aid for builders were nested inside Darling's description of the house-building sector as key to "the strength of our economy, and health of our society," and an announcement of some modernisation for Armed-Forces housing, a small segment of housing that is actually outside of housing markets altogether, yet put into service here, trailing Darling's "two measures." Closeness and explicitness are in contrast across the two measures, evidence that one is more contentious that the other. For the first measure, Darling says that "we want to work with the industry" because "house-builders have told me" that circumstances “could prevent them from acting.” These phrases each have subtle distancing techniques in them: using “we” and not “I,” being told by someone else, as opposed to knowing oneself, and the modifying, hedging “could.” But most distancing of all was the general obfuscation at work here: Darling wanted “to tackle the restraints” in order to “give construction firms more certainty and help them meet housing demand,” but what this meant was left to the listener's interpretation. My interpretation is that Darling's first measure was either a phantom measure, or a measure he encoded because it was so contentious (such as relaxing planning laws with respect to green-space, and/or in the face of local or local-authority opposition). His second measure, for which he proudly said,” I can announce £500m of extra financial support,” was clearly communicated, indicating how much more comfortable Darling was with his agency and accountability here. The last part of this second measure betrayed Darling's sensitivities about his first measure, as he earmarked £100 million “for local authorities to build new energy-efficient housing.” Darling presented an ever-increasing housing supply as the norm, and “long-term investment” in housing was what “we need,” while “stalled” housing projects were an exception, and so “acting now” is needed to return to the state in which builders can “meet demand.” There are other characterisations of the situation available, having to do with over-supply, over-borrowing, and market correction, but Darling's constructions bypassed these to centre on the need to return to an increasing supply of houses and of the credit conditions that this required. In Darling's construction, finance and widespread financial participation continued to be the answer to problems. He even attempted to associate his activism for finance with an “admiration for the courage and professionalism” of the Army, by placing one description cheek-by-jowl with the other, although materially one had little to do with the other. Again, in this excerpt there is evidence that Darling chose his words carefully, and chose them to support finance.

Not only the housing sector, but the issue of mortgages had to be specifically addressed:

> I am also determined to do more to help families take that crucial first step on the housing ladder. We have introduced new help through shared equity schemes. In 2008, we also brought in a Stamp Duty holiday on all transactions under £175,0000, which ended in December. By helping 260,000 home-buyers, it supported the entire housing market when it needed it most. The housing market has now stabilised and has begun a slow recovery. But many first-time buyers, particularly those without large deposits, still find it hard to get a mortgage. I want to help them, but do so

> in a way that is properly funded. I can announce I will double the stamp duty limit for first time buyers from midnight tonight – from £125,000 to £250,000, for this year and next. This means 9 in 10 first time buyers will pay no stamp duty at all. To ensure this measure does not burden the public finances, this relief will be funded through an increase in the stamp duty to 5 per cent for residential property over £1m, from April next year (UK Parliament 24 Mar 2010d).

As with the housing industry in general, this passage about mortgage holders was a mix of description and explicit action, each supporting the other. Darling kept himself close as an “I” and as part of a “we,” and he took clear measures to create an impression of activism and agency, by taking credit for helping “260,000 home-buyers” and supporting “the entire housing market.” He described this success for a righteous cause by removing stamp duty for “9 in 10 first time buyers,” and paying for this “help” with “an increase in the stamp duty to 5 per cent for residential property over £1m.” This is a Robin-Hood construction, explicitly linking one stamp-duty relief to the other stamp-duty rise. Both this move and the earlier “stamp duty holiday” were presented as maximal and exceptional measures that showcased his activism and accountability. The increased taxation of the top 10% of house sales is an attempt at what Potter (1996) has called an “inoculation of stake,” a distancing of the speaker from interests who might be 'under suspicion' for some important audience segments. In any event, the entire description rests on a characterisation of mortgages as benign, and an assumption that the best advice for “families” was that they take “that crucial first step on the housing ladder” to buy in a market that could alternatively be described as over-valued and stagnant. The construction of “shared equity schemes” as “help” was an interpretation that was arguable, as such schemes by definition leave mortgagees holding debt on properties that are worth very little more than the debt, and in real danger of being worth less than the debt in the near future. But again, as before, more finance was the answer to the problem, and if that must be state-sponsored finance, so be it. The passage was filled with positive and altruistic words and phrases like “do more,” “help,” “new help,” holiday,” when it needed it most,” “recovery,” and “relief,” as if what Darling was describing, and indeed offering, was a guarantee of safety and rescue through proper restoration of credit. The “offering” here was for the “many first-time buyers, particularly those without large deposits,” whom have been offered credit they could not otherwise secure, and lower market-entry taxes to entice them into a shaky market. The repeated use of the term “help” constructed this initiative as part of the state's duty-of-care, rather than as an incentive toward risk, a push to enrol the most vulnerable house-purchasers into financial participation after the 'smart-money' had exited the market.

The Taxation of Non-doms and Higher-Earners

As my quantitative results show, Darling talked far less about taxation than any of the other chancellors. It was a topic which he chose not to broach, despite the fact that it was very much in the remit of the chancellor, and the budget, and despite the fact that the deficit was high. But there was one issue of taxation that Darling addressed directly, that of 'non-doms':

> We welcome the contribution made by people born outside the UK who choose to come and work here. They are an important and central contributor to our economy's growth and prosperity. They pay taxes on their earnings here and also pay tax on money they bring into the country from abroad. But for those non-domiciled individuals or families who have chosen to make Britain their home, I believe that it is right and fair that they should, after 7 years, pay a reasonable charge to maintain the right to be taxed differently from other UK residents. Beyond that, as I have said before, we will not seek to charge UK tax on offshore income or capital gains that is not brought into the UK. This new charge will be implemented from April. There will be no further changes to this regime for the rest of this Parliament or the next (UK Parliament 12 Mar 2008a).

This description was a description, an action, and a defence of inaction. Both the action and defence of inaction are made explicitly, as Darling stands close to both with repeated declarations of the personal "I" following a preamble characterized by the communal "we." There is something surprising about this, because it was a tax-the-wealthy measure, the sort of measure that had been steadily avoided by chancellors for the thirty years previous, and on the rare instances in which a chancellor has levied taxes on wealthier citizens, they have done so with rhetorical techniques that negotiate contention. But these are not necessarily citizens, and this is precisely the basis of their special status: they are 'non-doms,' a very small but wealthy group who are not considered UK residents for purposes of taxation. Paying a "reasonable charge" after seven years residency, in order to " maintain the right to be taxed differently from other UK residents," specifically that they are not charged "UK tax on offshore income or capital gains that is not brought into the UK," may be a regrettable but acceptable tax-position from the perspective of the non-doms. The lack of any of the typical hallmarks of contention within the measure-half of this except (with perhaps the exception of the fact that Darling did not name the monetary value of the charge) suggests that this was the case. Darling was on solid ground, able to present a 'tax-the-rich' initiative, which should be popular, without actually taxing the rich in a meaningful way. As supporting evidence for my interpretation, see how the preamble, the defence-half of this excerpt made Darling's overall position on non-doms clear: “we welcome the contribution made by people born outside the UK,” “they are an important and central contributor to our economy’s growth and prosperity” and “they pay taxes on their earnings here and also pay tax on money they bring.” And at the end, after this one measure has been announced, “there will be no further changes to this regime for the rest of this Parliament or the next.” The non-doms, whether “individuals or families” may now relax, and the rest of the country can stop debating the issue, as Darling has declared the matter closed. It was clearly important to Darling to give the impression that he was taxing non-doms, but it is also important that he not tax them significantly; in fact, this allowed him to present a more forceful and explicit statement. Had his measure itself been more punitive against non-doms in actuality, I am confident that he would have had more difficulty delivering it. In that case, he would have used the typical rhetorical techniques of contention: more words, a more contorted narrative, removing himself personally from the account, exceptional categorization, inoculations of stake, empiricist repertoire, corroboration, consensus, narrative and detail. These are largely absent within the measure-half, although within the defence-half, which defends non-doms as valuable, Darling felt he had a case to make. Of the 150 words in this short passage, Darling spent the first 66 defending why the UK needs non-doms, complete with positive exceptional categorizations of the “contribution made” by people “who choose to come and work,” “an important and central contributor to our economy’s growth and prosperity.” He spent the last 18 words declaring the end of the matter. These wealthy, investing non-doms were promoted and protected in the rhetoric, as is their retention of tax-free gains, many of which were made in financial markets. The possibility of taxing the financial institutions that hold the assets is no where to be found.

The rich paying taxes was a more pressing issue in terms of conventionally-taxable UK residents:

> For people with incomes over £100,000 a year, the top 2 per cent, we will gradually remove the value of their personal allowances. Tax relief on

> pensions will be restricted from next year, but again only for those with incomes above £130,000 a year. Looking across all the tax rises since the beginning of this global crisis, 60 per cent of them will be paid for by the top 5 per cent of earners. We have not raised these taxes out of dogma or ideology. We are determined to ensure our overall tax regime remains competitive. But I believe those who have benefited the most from the strong growth in incomes in past years should now pay their fair share of tax. I have no further announcements on VAT, on income tax, or National Insurance rates (UK Parliament 24 Mar 2010d).

There were 136 words in this segment of the speech, the last 62 of which defended the measure as (1) not ideological, (2) still competitive in the market, (3) fair, and (4) final. The first half, the measure-half, was technical but straightforward, a clear and explicit declaration made at a medium-distance and becoming more distant. He started with "we" rather than the closer "I," but then delivered a description without personal pronouns, full of numbers, most of which made explicit that it is the top-earners who would be paying. Yet still he softened the blow for this important group in his rhetoric, for whom "we will gradually remove the value of their personal allowances" and restrict tax relief, "but again only for those with incomes above £130,000." Darling was keen to look active and effective when it came to top-earner taxation, and he did not seem to worry about inoculating himself against the possibility that he is in league with the rich in this instance. But clearly he did feel a need to inoculate himself against the charge that he was tax-and-spend Labour, and this was the purpose of the defence-half of this excerpt. His declaration that "we have not raised these taxes out of dogma or ideology" was perfectly explicit, as was his reassurance that "our overall tax regime remains competitive," that he would remain faithful to New Labour's economic policies about markets, including financial markets. He then repeated his stance that those "who have benefited the most from the strong growth in incomes" should "now pay their fair share of tax," an explicit repetition of his preferred interpretation of the tax rises. Again, he definitively, narrowly defined the terrain by saying, "I have no further announcements on VAT, on income tax, or National Insurance rates." Why such an abrupt and sharp piece of closure, just as before with the non-doms? I interpret these qualitative instances as corroboration of the quantitative data, which shows that of all the chancellors (and when the Treasury cupboard was truly bare like it had never been under financialization), Alastair Darling talked less about taxes than anyone else. There is a clue as to why in this passage, the simple fact that Darling did not want his New-Labour self to be confused with Old-Labour, Healey-Labour. That said, Healey was thirty years past at this point, so the answer is not likely as simple as a fear of looking too little like Gordon Brown. Darling, after all, was very much an echo of Gordon Brown.

Instead, I argue that Darling's aversion to discussing tax was an expression of his aversion to taxing finance, whether because he truly believed he could not, or because he would not try. I believe that he is so fearful of the debate, a debate spurred-on in public by groups that complained about the uneven distribution of wealth, like Occupy, that he steered well clear of any talk of taxes for anyone, tax talk was simply off-the-table for the Darling chancellorship. I shall refrain here from another full rhetoric analysis, but this excerpt shows the tendency again:

> I am also going to make it more attractive for wealth-creators and innovators to set-up their own businesses. To do this, I am doubling entrepreneurs' relief for Capital Gains Tax. At the moment, the first million pounds of lifetime gains are taxed at a lower rate of 10 per cent, rather than the main rate of 18 per cent. This threshold will now increase to £2m, enabling entrepreneurs to benefit more from their effort and investment. And I can also confirm today that I am not increasing the main rate of Capital Gains Tax (UK Parliament 24 Mar 2010e).

This was a Lawsonesque, Brownesque example of lowering capital gains tax, and it contains some familiar terms: "wealth-creator," "innovators," "entrepreneurs" "effort and investment." As eager as Darling was to appear to be taxing higher incomes, here he doubled the amount of money an "entrepreneur" would have taxed at a preferential rate, and bolstered this special status, with a construction of "wealth-creation" that must be innovated, or else it will not be. But look again at the last sentence: "And I can also confirm today that I am not increasing the main rate of Capital Gains Tax." The debate was declared closed – capital gains, heavily a matter of financial gains, would not see any increase in tax. In Darling's budget statements, banks paid a one-off levy, and that was all; non-doms paid a flat-rate after seven years, and the matter was closed; higher earners lost pension tax relief, and that would be the end of it; the threshold for the lowest rate of capital gains tax was doubled, and the matter was settled. Darling talked about tax less than anyone else, and when he did he firmly sets the boundaries, effectively saying that we will talk about this now and then no more. The elephants in the room during his tenure are the banks, who have been rescued with taxpayers' funds, and the 'one percent' of the population, whose assets comprise so much of the financial markets. Darling's budget statement rhetoric worked to keep their taxation off the discursive table.

Section Five: Osborne's Budget Statements for Responsibility

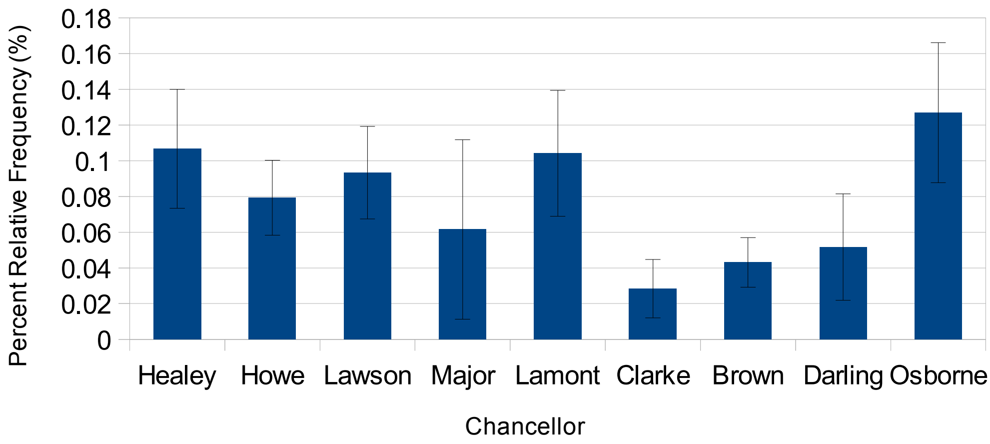
Quantitative Overview

Among the five main n-gram categories, it is only fiscal n-grams that markedly stand-out for Osborne. He talked about industry not significantly more nor less than anyone since Lawson, and about employment not significantly more nor less than anyone else, other than, of course, Brown. While this is what one comes to expect for industrial n-grams, it is a finding that contradicts Osborne's public avowals that he is especially interested in a manufacturing-led, employment-led, export-led recovery, or a rebalancing of the economy toward industry. Another interesting finding is that Osborne spoke no more about monetary matters than anyone else, despite the fact that monetary measures had been key to the Government's response to the crisis, and that Bank of England Asset Purchase Facility (i.e. QE) and years of rock-bottom interest rates are so highly unusual. Also, despite the role of banking in the 2007/8 crash that precipitated Osborne's challenges, he fell back to the norm when it came to talking about finance, in terms of frequency, which is a great drop from the spike in finance-talk seen under Darling. With the crisis having died down to the low-rumble of Austerity, Osborne returned to talking about finance no more than Brown or the other Conservative chancellors.

But Osborne talked about fiscal matters a great deal (See again Figure 6.6, p. 209). Osborne spoke more about fiscal matters than anyone else (although within the 95% confidence limit one cannot be sure he meant to do so more than Lawson, Major, Lamont, Clarke or Brown). More strikingly, he talked about fiscal matters much more than Darling did in the years immediately before him. Osborne talked about the deficit more than the other chancellors, and much more than any chancellor since Lamont (see Figure 6.18).

Figure 6.18: Percent Relative Frequencies for "PSBR" and "deficit"

(error bars indicate 95% confidence and interval)

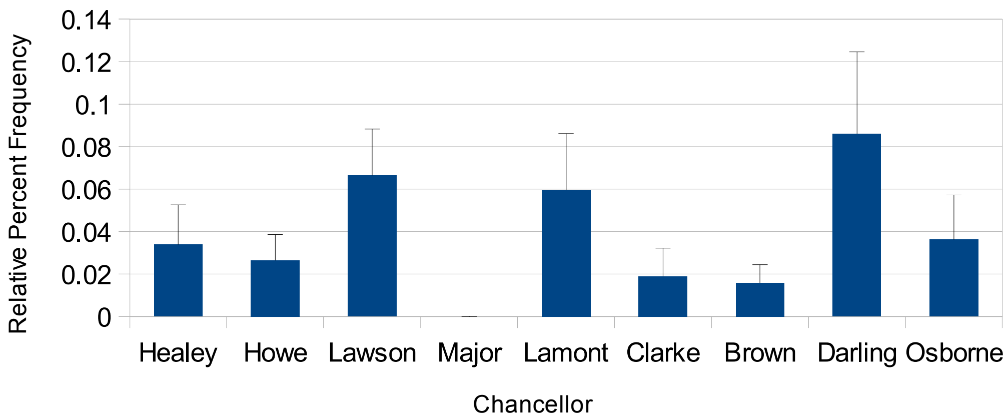


Even when the deficit suddenly spiked with bank bail-outs, Darling chose not to speak about the deficit much more than Brown, relatively speaking, whereas Osborne clearly made a choice to re-introduce a focus on the deficit into his budget statement constructions, as much as was last seen in the 1980s and early 1990s.

There is a great variability in how much a chancellor chooses to speak about GDP, but clearly Osborne chose not to speak about it very much at all (See Figure 6.19):

Figure 6.19: Percent Relative Frequency Totals for "GDP" and "gross domestic product"

(error bars indicate 95% confidence)

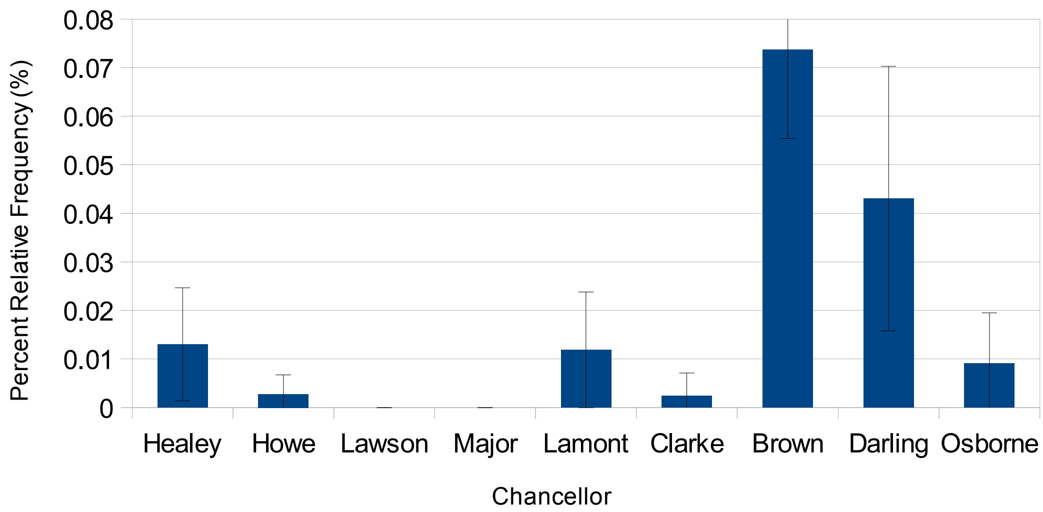


Again, where Darling was more keen to talk about GDP than any other chancellor, Osborne is less than half as likely to do so.

When it comes to the use of n-grams relating to stability, safety and security, cycles, growth and investment, Osborne's use of them drops by half or more from the peaks established by Brown and Darling, back closer to the norms established of earlier Conservative chancellors. This is a clear break in rhetoric, just as Howe and Brown made clear breaks with the past when they began to deliver budgets. Although no more likely to talk about the future, Osborne does keep New Labour's fondness for forecasting (see again Figure 6.10, p. 214): Quantitative evidence also suggests that Osborne's forecasts did not rest on the predictability of an economic cycle (see Figure 6.20):

Figure 6.20: Percent Relative Frequency for "cycle"

(error bars indicate 95% confidence interval)



Instead, the qualitative analysis will suggest that they rest on the authority of the OBR and so represent a modification of rhetoric.

Unsurprisingly, Osborne speaks far less about housing, or saving, and especially about mortgages (see again Figure 6.15, p. 217). Osborne said “bank(s)” a little more than half as much as Darling, but still much more than most chancellors (See again Figure 6.13, p.216). And Osborne declined to say “market(s)” (See again Figure 6.14, p. 216), showing a precipitous drop from Darling, dropping to the lowest of the chancellors, even lower than Brown. This illustrates two different made choices by Darling and Osborne, whether to engage with the market-failures that led to the crash, and whether to cite markets are reasons, vehicles or authorities now after the crash. Osborne talked about credit much more rarely than Darling, even though credit conditions were similarly tight (See again Figure 6.16, p. 217). This is nearly an eight-fold drop from Darling (0.090% vs. 0.012%), and shows again a clear choice made between whether or not to address tightened credit conditions. Lastly, Osborne continues and strengthens a trend of constructing economic situations as fair, or not fair (see again Figure 6.12, p. 215). There is a clear and (still) growing tendency to construct fairness in the budget statements, about which I say more in Chapter Seven.

The Office for Budgetary Responsibility

I begin my qualitative analysis of the OBR, firstly how Osborne explicitly constructed it, and secondly how he used it implicitly by association. Both streams have consequences for Osborne's financialization rhetoric. Osborne established the OBR upon his arrival in the chancellorship, and defined its key attributes just a few weeks later, as radically new and apolitical. Its key function in rhetoric was one of prediction. In his first budget speech Osborne promised that, "the power the Chancellor has enjoyed for centuries to determine the growth and fiscal forecasts now resides with an independent body immune to the temptations of the political cycle (UK Parliament 22 Jun 2010a). It was not until 2011 that the OBR had figures for Osborne to report, and before he did so, he repeated his description of the OBR as setting a new precedent for honesty that would become a legacy of his own tenure: "instead of Chancellors [sic] fixing the figures to fit the Budget, they now have to fix the Budget to fit the figures" (UK Parliament 23 Mar 2011a). The OBR's role is one of "assessing the Government's performance against their stated Budget goals in an open and independent way, so that we avoid repeating the disastrous experience of the so-called golden rule" (UK Parliament 23 Mar 2011b). By 2012, it was clear in the budget speeches that within the rhetoric the OBR would be explicitly used to confirm targets the Government had set for itself, and to forecast the Government's domestic success on output growth, and employment-growth, as well as inflation-, deficit- and debt-reduction. In 2012 Osborne said, " I set the Government the fiscal mandate of achieving a cyclically adjusted current balance by the end of the five-year horizon, and the OBR confirmed today that we are on course" (UK Parliament 21 Mar 2012a). A new use was found for the OBR in the 2013 budget: forecasting external failure, and thereby managing domestic expectations. The 2013 budget statement contained a litany of negative numbers from the OBR, both reported retrospectively and also forecast, about Europe, the United

States and Japan. Osborne went so far as to quote the OBR, saying that “in their words, the 'underlying situation remains very fragile'. I will be straight with the country: another bout of economic storms in the Eurozone would hit Britain’s economic fortunes hard again (UK Parliament 20 Mar 2013a). These were explicit uses of the OBR, as an honest-broker, apolitical actor, guarantor, authority, clairvoyant, knowledgeable expert at home and abroad, and a favourably-disposed judge.

But an analysis of the way the OBR itself is explicitly constructed does not tell the whole story, and appreciating how the OBR is used in the rhetoric requires an appreciation of its implicit associations. Osborne began to use the OBR as a basis for other, contentious arguments right from the Coalition Government's inception:

> We have announced, established and received the report of the independent Office for Budget Responsibility. The power the Chancellor has enjoyed for centuries to determine the growth and fiscal forecasts now resides with an independent body immune to the temptations of the political cycle. And we have examined, decided on and in some cases halted the mass of unfunded commitments, IOUs and overcommitted reserves that greeted us on entering office. This early, determined action has earned us credibility in international markets. It has meant that our promise to deal decisively with the deficit has been listened to. Market interest rates for Britain have fallen over the last seven weeks, while those of many of our European neighbours have risen. Those lower market interest rates are already supporting our recovery. But unless we now deliver on that promise of action with concrete measures, that credibility – so hard won in recent weeks – will be lost. The consequence for Britain would be severe. Higher interest rates, more business failures, sharper rises in unemployment, and potentially even a catastrophic loss of confidence and the end of the recovery. (UK Parliament 22 June 2010b).

The action-orientation at work here is the solicitation of agreement and acceptance from his audiences, establishing the appropriateness of the OBR to the construction. Osborne then drew on the OBR's appropriateness to support the other economic argument, connected to it not only by its place in the narrative flow but also by the use of the connecting-word, “and.” The “and” connected the authority of the OBR to Osborne's programme of prioritizing deficit reduction and the maintenance of financial market confidence over growth- and social-service targets. I argue that the OBR is actually primarily meant for this – its existence is not just an immediate matter of guaranteeing the Government's honesty and trustworthiness, but that the larger reason that Osborne needs the OBR is to support other, more contentious agendas. The OBR stands between Osborne and 'Austerity' (a word he has never used in his budget speeches!) in the post-crash narrative; specifically, the OBR's wisdom about economic conditions and financial markets supported Osborne's positions. This mediation allowed Osborne himself to appear divested of interests and less responsible for any ineffective treatments and unwelcome side-effects of the economic plan, while retaining an option to come closer to the management of the economy in his rhetorical constructions should news become good. The OBR was introduced as new, yet already normal and routine, all in one fell-swoop: “We have announced, established and received the report.” The characterization of the crisis was maximal, in ways that the OBR could adjudicate, with a “mass of unfunded commitments, IOUs and overcommitted reserves,” and failure to act upon these will be “severe,” including “higher interest rates, more business failures, sharper rises in unemployment, and potentially even a catastrophic loss of confidence and the end of the recovery.” The response was similarly maximized in its merit, as “early, determined action has earned us credibility in international markets.” This credibility on financial markets was presented by Osborne as the ultimate and undeniable reason why action was needed, because, “market interest rates for Britain have fallen over the last seven weeks, while those of many of our European neighbours have risen. Those lower market interest rates are already supporting our recovery.” This good news comes with a warning, however, that “unless we now deliver on that promise of action with concrete measures, that credibility – so hard won in recent weeks – will be lost.” The narrative proceeds as a description of (1) excessive state spending (2) “action” that deals with the deficit (but is not described in detail) (3) (financial) market rates for the UK and her neighbours as the only marker of “recovery,” (4) the importance of maintaining “credibility” with “concrete measures” and (5) the dire consequences of losing credibility. Left out of the description was any mention of GDP growth, or any state interventions which might support GDP growth, or indeed the particulars of “action” and “concrete measures.” The OBR was used purposefully here to justify (unnamed) Austerity in order to please financial markets, a means of justifying deficit-reduction through spending-cuts while keeping Osborne a step-removed, and bolstering his credibility.

The epistemological orientation of Osborne's description reveals it to be calculated, and reveals the implicit hierarchy over which financial markets still preside. The OBR served to inoculate the Chancellor, protecting him against appearances of stake and vested interests by removing him a step away from finance as a sector. It decreased his appearance of accountability for economic performance, as well as agency and activism with respect to unpopular cuts to public services. In this way the OBR served to obfuscate the sorts of rhetorical links between the chancellorship and finance that I have tried to make clear in this PhD thesis: now the chancellor and finance have a relationship mediated by the OBR. After the disgrace of the financial Crash of 2008 this distancing was handy for Osborne, especially as he had no intention of abandoning the privileged position of finance in his rhetoric now (see below). The footing of this excerpt is mostly middle-distance, constructed with "we" and "our," but in two places Osborne distances himself from "the power the Chancellor has enjoyed for centuries" and the economic circumstances "that greeted us on entering office." Blame-the-last-guy is a standard tactic of new-Party chancellors, but he also constructed his position as both more honest but also less powerful, and thereby less accountable for the Recession. The 'reality' of his description was supported by some use of empiricist repertoire, and by the relatively impersonality of his description of markets as agentive, but mostly through the corroboration of the "independent" OBR and, ultimately (financial) markets. The narrative and detail do a great deal of work here as well, drawing a clear, causative path. And at the top of the pyramid, just as they were for Denis Healey, are financial markets.

Interest Rates

The primacy of interest rates was also a theme that could be expressed independently of the OBR, and I argue that it was a convenient theme for many reasons. Discussing interest rates was useful for Osborne's greater arguments about the deficit, certainly. Low rates for retail borrowers meant it was not a topic he needed to avoid. Higher rates from other EU countries made a dramatic comparison. Interest rates also allowed Osborne to talk about financial market imperatives while remaining once-removed from financial markets in his rhetoric:

> In recent months, many other countries have seen their ratings downgraded and their borrowing costs soar. Our country's fiscal plans have been strongly endorsed by the International Monetary Fund, by the European Commission, by the OECD, and by every reputable business body in Britain. For anyone who questions whether this matters in the real world, to real businesses and families, they should consider this. Market interest rates in Greece are at 12.5%, in Ireland they are close to 10%, and in Portugal and Spain they are 7% and 5%. Today our country's market interest rates have fallen to 3.6%. We have a higher deficit than Portugal, Greece and Spain, but we have virtually the same interest rates as Germany. This is our powerful monetary stimulus to our recovering economy. Stability,

> credibility, lower interest rates—that is what we have achieved (UK Parliament 23 Mar 2011c).

Again Osborne worked hard to construct and defend a version of events, to make his version seem real and significant. He began by stating why his argument was important, because of the possibility of a state being down-graded and finding borrowing expensive, and proceeded through a description of how he would see the UK spared from the frightening prospect. The chancellor's plans have been "strongly endorsed" by so many corroborators as to look like a consensus, and their good sense should be obvious "for anyone who questions whether this matters in the real world" because of the numerical data that Osborne quotes. He made the UK sound exceptionally successful by listing the market rates of Portugal, Ireland, Greece and Spain, and by not listing other European nations who had similar or better rates at this time. Also, the comparison is made through interest rates, not economic growth, or employment, or inflation, all legitimate measures of economic prosperity and health, instead it is the interest rates determined by financial markets that matter. Osborne worked hard to create a credible account, and his choice of objects kept finance central to the arguments to the exclusion of other perspectives, of which he is aware and against which he means to defend himself. The best evidence of his awareness of alternative descriptions is his insistence in "our powerful monetary stimulus to our recovering economy. Stability, credibility, lower interest rates." Osborne's most obvious antagonists were Keynesians calling for economic stimuli, and he answered them with the "monetary stimulus" of low interest rates. His most obvious political antagonists are what is left of New Labour, who have been lead by Gordon Brown's mantra of stability. Across the House and in the press Osborne saw both, and used their own words in his construction of his actions. After years of economic crisis and malaise, Osborne took pains to deliberately reaffirm financial markets as the ultimate authority, and complying with their interests as the measure of success for Government economic policy. Talk of interest rates stands in place of more contentious talk of satisfying financial markets, which had come under so much public criticism.

Access to Credit

Much that Osborne said in his budget speeches echoed the pro-finance rhetoric of Darling, including constructing a demand for credit, and a right-to-credit. His construction of his First-Buy scheme for first-time home-buyers was uncanny in its resemblance to Darling's Help-to-Buy, arguing again that more credit is the answer to the slowed housing market, the ailing construction industry, and “social mobility” (UK Parliament 23 Mar 2011d; UK Parliament 20 Mar 2013b). Osborne also extended Darling's mortgage-interest scheme for the unemployed (UK Parliament 23 Mar 2011d), and innovated with his Mortgage Guarantee Programme, “available to lenders to help them provide more mortgages to people who can’t afford a big deposit,” which is “ a good use of this Government’s fiscal credibility” (UK Parliament 20 Mar 2013b). Like Darling, Osborne described credit (the positive construction of debt) as if it was still the answer, and the banks as beneficent, even where they were ineffective:

> We are also passing on our low interest rates to small businesses, through the national loan guarantee scheme, which started operation yesterday. Barclays, Lloyds RBS, Santander and the new business bank, Aldermore, are all involved, and £20 billion of guarantees, in total, will be available. In the autumn statement, I also allocated £1 billion to invest in funds that lend directly to the mid-cap business that are the backbone of our economy. This is an alternative source of finance to the banks. The response has exceeded our expectations; 24 funds have submitted proposals. I am today short-listing seven of them and, such has been the quality of the bids, I have also decided to increase the size of the finance partnership by 20%. I am also today expanding the enterprise finance guarantee (UK Parliament 21 Mar 2012b).

At first glance, I find this a bizarre construction. Osborne began by taking credit for low interest rates that allowed small business to borrow more cheaply, but through new a government scheme, which could not possibly yet show results after just one day. He immediately named high-street banks who he said “are all involved” in the state programme, although, again, it must yet remain to be seen to what extent they will participate. With his next sentence he reminded his audience of a further billion pounds that the state would “lend directly” as “an alternative source of finance to the banks,” and he concluded by increasing the size of the “finance partnership” and a pre-existing “enterprise finance guarantee.” The description was something of a muddle, blurring the lines between state-initiatives and retail banking, although all monies announced are state guarantees. In other words, some banks have had their names included in this description of largesse when they have not themselves contributed, or even yet participated. As with Darling, I interpret this muddled narrative to reflect the fact that Osborne was trying to marry disparate elements: the idea of free-markets sorting the allocation of credit wisely, and a state frustration at free-markets failing to allocate credit wisely. And so the awkwardness of this narrative is only bizarre in isolation: understood as part of a long-standing pattern of 'bust' chancellors protecting finance at all costs, it makes sense. This description was intentionally and deliberately constructed to protect finance, this speech-act is full of narrative detail that make it, and its main point about the generosity and civic use of banks, appear more real. It is a happy story about finance for business, one in which “response has exceeded our expectations.” The moral of the story is that just as the Government is helping in the Recession, so are banks. Osborne constructed this description to protect financialization, to rehabilitate and restore the reputation of banks.

Banks

In the wake of the Crisis of 2008, and amidst popular disquiet about banks and finance, these issues had to be approached gingerly by George Osborne. In his first budget statement of June 2010 he announced action on finance:

> Our reforms today will also mean a greater contribution from the banking sector, one that far outweighs any benefit they receive from the lower tax rates I have just announced. In putting in order the nation’s finances, we must remember that this was a crisis that started in the banking sector. The failures of the banks imposed a huge cost on the rest of society. So I believe it is fair and it is right that in future banks should make a more appropriate contribution, which reflects the many risks they generate. Such an approach has already been recommended by the International Monetary Fund. We are exploring the costs and benefits of a Financial Activities Tax, on profits and remuneration, and we will work with international partners to secure agreement. But today the British Government takes the initiative in this global debate about the appropriate risks and rewards in international banking. From January 2011, we will introduce a bank levy. It will apply to the balance sheets of UK banks and building societies, and to the UK operations of banks from abroad. There will be deductions for Tier One capital and insured retail deposits, and a lower rate for longer maturity funding. Smaller banks with liabilities below a certain level will not be liable for the levy. Once fully in place, we expect the levy to generate over £2 billion of annual revenues. There are those who have argued that we should wait until every country in the G20 introduces a bank levy. I believe that is not reasonable or fair. Indeed I can tell the House that the French and Germans have joined the UK today in committing to introduce a bank balance sheet levy. In a joint statement, our three governments have pledged to ensure our banks make a fair contribution to reflect the risks they pose (UK Parliament 22 Jun 2010c).

Explicitly, Osborne announced the £2 Billion bank levy, described it as a “contribution” from the banks "which reflects the many risks they generate," and explicitly connected it to "a crisis that started in the banking sector." Implicitly he sought agreement from his audiences that this was the right penalty for the banks, that it was enough of a penalty, and that it was a measure that would prevent a repeat of the last banking crisis, indicating that he realized these elements of his speech are more politically contentious. This was a chance for Osborne to appear to have less vested interest in banks than might be presumed by his critics, and he made use of the opportunity by elaborating his description of the harm banks have done. To that end he points out explicitly that what he is demanding of the banks "far outweighs any benefit they receive from the lower tax rates I have just announced," that it is justified because "we must remember that this was a crisis that started in the banking sector. The failures of the banks imposed a huge cost on the rest of society," and that it is "fair and it is right that in future banks should make a more appropriate contribution, which reflects the many risks they generate." He did not shy away from associating finance with the country's economic problem, and so embraced the dominant wisdom. I expect that to do otherwise would have been an unreasonable denial that would have left him open to much public ridicule, had he attempted it. But Osborne maximized the banks "greater" contribution as one that "far outweighs" what they received, just as he maximized their culpability as having "imposed a huge cost" through "the many risks they generate." But here at the beginning of the construction the maximizations stop. Osborne wanted to appear as an activist doing something new, impressive and needed with "reforms" with which the Government "takes the initiative" even though "there are those who have argued that we should wait." He is ready to be held accountable for the £2 billion annually that "we expect the levy to generate." Osborne used the first-person singular twice in the beginning and twice at the end, and otherwise used "we" and "our" often, although he was careful to say that "the British Government takes the initiative" to impose the levy that "reflects the risk that they impose," distancing himself from these elements.

The narrative terrain of this description is carefully circumscribed. The objects that Osborne selects for this description are chosen to steer agreement that the bank levy is a sufficient sanction for banks and that this is a measure that will prevent future catastrophe. He opened by talking about the importance of banking making a "contribution" in response to its cost to society, that this was an "appropriate contribution" that "reflects the many risks." Then he prescribed this appropriate contribution, which he reckoned to be £2 billion annually from all banks and large building societies. He defined the problems for his audience, did so on terms with which many people were likely to agree, and then he presented his levy as a sufficient solution to this problem, one that he described as more punitive and exacting than those other countries were proposing. He worked hard to control the narrative tightly, deliberately constructing his account to lead the listener from problem to solution and in doing so accept that this solution of £2 billion annually was enough, and would have modifying influences on banking practice in future. (By comparison, in the fiscal quarter before this speech the Coalition Government acknowledged that it and its Labour predecessor had spent at least £850 billion to support UK banks so far (National Audit Office 2009)). Nowhere in Osborne's description is there mention of greater regulation for "the risks they generate" and "the risks they pose," these risks are the business of others and not the business of the Treasury. "Risk" is constructed as a natural feature of banks, something they "generate" and "pose", something intimately associated with "rewards," and there was no hint that anything could be done about that risk. There is a hint at a "Financial Activities Tax," but it is only a hint, an association, and Osborne implied that he could not impose it unilaterally without "international partners." So that possibility was acknowledged and swiftly dismissed, steering the audience toward the bank levy as the only solution. This account also used one of Osborne's favourite adjectives: fair. Osborne's philosophical stance is that "it is fair and it is right that in future banks should make a more appropriate contribution," that waiting for other countries to announce their own banking levies "is not reasonable or fair," and that the UK, France and Germany will "ensure our banks make a fair contribution to reflect the risks they pose." Three times in 300 words Osborne described his action as "fair," and I interpret this as no co-incidence, but a carefully chosen word that reflected the political pressure of mass movements like Occupy, as well as popular sentiment and economic commentators in the press. There is no hiding here, this is a flagship initiative that Osborne delivered in order to appear activist, to appear "fair," yet strictly contain the activity.

The way the account was built to seem factual shows how deliberately Osborne constructed it, how contentious his solution was, and how intent he was on delivering his version of events carefully. He placed himself close to the framing sentences, the problem described and the solution interpreted, but distanced himself from banks and their risk. He made a show of accountability by predicting the revenue from this measure, he seemed sure of that, but his purpose here was not to speculate on revenue but to argue that the measure itself was a great sanction, and was enough. By chastising the banks at the outset Osborne distanced himself from them in the account, a device which worked to improve the credibility of his solution. His credibility was what was most at stake here, not the description of banks, as that was a matter upon which most of the audience would have already made up their minds. The interior of this description is full of technical detail, impersonal language, a promise of standardized procedures, all devices that make the account sound factual and impartial, as well as making the bank levy sound arduous and its application sound like a matter of law, not people. There was a great deal of corroboration described, as this is part of a "global debate" with "international partners" and specifically the G20, and Osborne's solution is "recommended by the International Monetary Fund," all independent corroborators who collectively suggested consensus. This account was full of narrative detail, in terms of the problem, in the way it interpreted the appropriateness of the solution for the audience, and especially in terms of the technical manner in which it described the levy, making it appear more solid, more onerous, more real. Osborne worked hard here to present his account of the problem and the solution, to make it credible and to steer the political debate.

The Financial Sector

There may have been tough-talk on banks in 2010, but in the budget statements following Osborne gave more conciliatory, more positive, more protective accounts of the place of finance in the UK economy:

> Britain has a reputation as a remarkably open and welcoming place for investment. We must never allow protectionist rhetoric to creep into our political system. Instead, we are actively seeking investment from overseas pension and sovereign wealth funds, and working to develop London as a new offshore market for the Chinese currency. We also want investment from British pension funds in British infrastructure, and we are now working with a dozen of the large pension schemes specifically on that (UK Parliament 21 Mar 2012c).

After a few years of careful silence on the issue, the chancellor has returned to form. "Protectionist rhetoric" has had little chance in the UK political discourse for some decades, but in 2010 and 2011 questioning the role of finance in the UK economy had become more popular. I interpret Osborne's warning to actually be a response to this popular challenge. In 2012 Osborne also announced " new controlled foreign company rules” intended to “stop global firms leaving Britain, as they were, and encourage them to start coming here” (UK Parliament 21 Mar 2012d). In 2013 he reminded the country that “financial services are about much more than banking” and extended outside of London as well, then abolished a tax on UK domicile funds and stamp duty on “growth market” shares such as those traded on the Alternative Investment Market. He justified this elimination of stamp duty by saying that “many observers of the British tax system complain that it has long biased debt financing over equity investment.” He set his initiative against other countries by highlighting the fact that “in parts of Europe they’re introducing a financial transaction tax. Here in Britain we’re getting rid of one,” in support of jobs and investment, according to Osborne. **(**UK Parliament 20 Mar 2013c**).** And with a purifying sacrifice he helped make clean the scandalous bankers who cheated by manipulating the LIBOR rate:

> And I can also announce that further awards from the LIBOR banking fines have gone to good military causes, with money for Combat Stress to help veterans with mental health issues and funds for Christmas boxes for all our troops on operations this year and next. Those who have paid fines in our financial sector because they demonstrated the very worst values are paying to support those in our armed forces who demonstrate the very best of British values (UK Parliament 20 Mar 2013d).

Osborne's construction was presented as if it were a punishment, but it was actually a description of bankers making amends. Osborne has no parliamentary need to remark upon the fine, which has already been issued, and certainly no parliamentary need to associate it with mental health care or Christmas boxes, but he chose to make the association in a protective, restorative construction, intended to show the kinder face of banking. This explicit rhetoric goes some distance to contradict Osborne's firm hand with the banks in 2010.

Industry

But what of industry? Was this not supposed to be an export-led recovery? Osborne proudly stated that “our policy is to raise from the ruins of an economy built on debt a new, balanced economy where we save, invest and export (UK Parliament 22 Jun 2010b), and that “manufacturing is crucial to the rebalancing of our economy (UK Parliament 23 March 2011d). Furthermore:

> Prosperity must be shared across all parts of the UK. Yes, we want the City of London to remain the world's leading centre for financial services, but we should resolve that the rest of the country becomes a world leader in advanced manufacturing, life sciences, creative industries, business services, green energy and so much more. This is our vision for growth. Difficult decisions and major reforms are needed to make it happen, but the alternative is to accept Britain's economic decline and a continuing fall in living standards for our population, and that is not an alternative anyone in this House should be prepared to accept (UK Parliament 23 Mar 2011e) .

This quote matches much of the political rhetoric from all the main political parties after the Crisis of 2008, which argued that the UK had become too dependent upon finance during the boom years and a 'rebalancing' was needed. But did Osborne support this rhetoric with other explicit and implicit constructions about industry?:

> There will be a small reduction in the rates for capital allowances, which will remain broadly in line with economic depreciation. For the majority of plant and machinery assets, the rate of allowance will fall from 20 to 18 per cent, while the allowance for longer-lived assets will fall from 10 to 8 per cent. In other words businesses will still receive full tax relief on their qualifying expenditure, but over a longer time-frame. I have also decided to reduce the Annual Investment Allowance to £25,000 a year, to ensure support is focused on investment by smaller firms. Over 95 per cent of businesses will continue to have all of their qualifying plant and machinery expenditure fully covered by this relief. Manufacturing as a whole will pay less tax. And I have listened to the argument that changing these crucial allowances during the early stages of the economic recovery could be disruptive. So I will delay the reductions in capital and investment allowances to April 2012. This will give businesses the extra early advantage of the tax cuts, which start to come in from next year.(UK Parliament 22 Jun 2010d).

Copying Lawson in his first budget statement, Osborne had just announced corporate tax cuts before announcing reductions in relief for physical machinery and plant, and argued that one would compensate for the other. To be clear, what Osborne announced here is the withdrawal of the limited support that industry had received through the tax code: here now are reduced plant and machinery allowances that will take longer to redeem, and reduced investment allowances. But the text does not read easily, it is confusing, and this is because Osborne tried to announce this withdrawal of help for physical manufacturing as if it were help, which it is not. The "small reduction" was described as being in-line with "economic depreciation," by which I assume he meant there had been a two-percent reduction in annual inflation as well, although this is not clear; businesses will receive "full relief" but "on a longer time-frame," by which I assume he meant that keeping old equipment for longer would be a good strategy;

reducing the annual allowance would "ensure support is focused on investment by smaller firms," by which I assume he meant that fewer firms would qualify than before. This is not help - it is constructed as help when it is actually hindrance. Osborne continued with reassurances: "over 95 per cent of businesses" would continue to qualify, and "manufacturing as a whole will pay less tax." Yet he conceded a delay in the measures because he has heard "arguments" (i.e. vested interests were unhappy), and then constructed this delay as giving "businesses the extra early advantage." The entire passage is an exercise in Double Speak, deliberately constructing a misleading description in an attempt to match the political rhetoric to the fiscal policy.

Taxation of the Wealthiest

Went it came to the taxation of the wealthy, it was hard to see a difference between Darling and Osborne. Osborne repeated Darling's announcement about non-doms and their taxation almost word-for-word, right down to a closing "I will be making no further changes to the taxation of non-domiciles in this Parliament" (UK Parliament 23 Mar 2011f). One of Osborne's longest soliloquies on a single topic has been about the elimination of the 50p tax rate, announcing its elimination in the budget speech of 2012 (UK Parliament 21 Mar 2012e). The care he took with this matter is especially noticeable when one considers that he prepared the country for it a year previous, in 2011, by reminding the House that Darling saw it as temporary when he instigated it (UK Parliament 23 Mar 2011g). In 2012 Osborne was interrupted several times during his delivery (almost as vehemently as Alex Salmond interrupted Nigel Lawson in 1988), and it took 566 words for Osborne to make his point, that it was right for him to reduce the 50p rate to a 45p rate. He argued he was doing so because other countries taxed their highest earners less, because the 50p rate harmed the economy, and because the OBR told him it was the right thing to do (UK Parliament 21 Mar 2012e). And so too corporation tax, Osborne reduced it each year (UK Parliament 22 Jun 2010e; UK Parliament 23 Mar 2011h; UK Parliament 21 Mar 2012f; UK Parliament 20 Mar 2013c), often in association with a mention of the revenues from the bank levy. On all these important measures Osborne need invent nothing, he simply repeated New Labour, and Thatcher.

The only anomaly from Osborne's budgets was CGT. To raise revenue, Osborne raised CGT to 28% for higher rate-payers:

> I asked the Treasury to examine what would happen if we had increased the rate much further beyond 28 per cent, and their dynamic analysis showed that this would have resulted in smaller total revenues. I also considered in great detail the options presented to me for introducing tapers or indexation allowances, and concluded that the complexity and administration involved would have been self-defeating. The changes I have made mean that the capital gains of the majority of taxpayers are protected, we have a top rate that is in line with our international competitors, we keep the system simple and easy for any taxpayer to understand, and we reduce the incentive to convert income to capital gains. It is revealing that the great majority of the almost £1 billion of extra receipts we expect to see as a result of this change will come from additional income tax payments. I believe this is the right way to reform the taxation of capital gains (UK Parliament 22 Jun 2010f).

Osborne went to some lengths here to explain this tax rise, including exploring higher-tax options, which he said he rejected. He was not happy or proud to be increasing capital gains tax; he was apologetic, sorry, and reassured the House that the change would not harm international competitiveness. But there is the £1 billion of additional revenue expected, for one simple change, and this change can be associated with taxing top earners, giving it some small amount of mass appeal. Still, he apologized.

Section Six: Conclusion

In this chapter I have looked at the 'bust' chancellors, the three financialization chancellors who have suffered through the aftermath of financial booms, and had to decide how to construct, the hangover. Major held steadfastly to Thatcherism, insisting that the private ownership, individual shareholding, tax cuts, and deregulation that propelled the boom of the mid-1980s would return the country now to the mid-1980 conditions. He chose to characterize economic failure as success rather than admit that the financialization of the UK in the 1980s had left the economy ailing. During and after the Crash of 2008 Darling protected finance fiercely in his rhetoric, insisted that the City was necessary for Britain's wealth, while he shied away from discussing almost any kind of increased taxation. Darling found himself caught between a long-standing rhetoric about free markets being the best adjudicator of resources, and the frustrations of individuals and firms that could no longer access easy financial credit. In his speeches he tried to reconcile free-market competition in banking with a right-to-credit. The contradiction was settled in favour of the right-to-credit, as he used state intervention to secure the level of finance upon which the economy and dominant economic philosophy. Osborne worked hard to convince his audience that the very new Office for Budgetary Responsibility was a quantity they already knew and trusted, a watchdog that would guarantee Osborne's integrity and competence. Establishing a new guarantor, one not tarnished by the Crisis, allowed him to avoid directly citing international markets as authorities, yet be sure that he was arriving at the right answers for finance in his constructions, as adjudicated by an independent, competent and impartial authority. Osborne's tough-on-banks rhetoric was largely that, rhetoric, and he used it not only for public chastisement but also for public rehabilitation, with a narrative that finance had seen the error of its ways and would sin no more. At the same time, Osborne insisted as much as any chancellor has that finance was necessary, was good for Britain, and that credit (i.e. debt) was still the answer. In effect, he argued that financialization was still the answer.

These three men all maintained incredible loyalty to the pro-finance ideas, choices, and predilections that came before them, despite contrary evidence and circumstances. I argue it is what unites them, and it is one of the reasons why financialization is sticky. One of the ways that financialization has remained strong under adverse conditions is that state elites have been unwilling to abandon its past success, or their role in creating it. Their previous rhetorical investments, the logic of economic precedent, and most probably a degree of lobbying by vested interests (about which my study can say nothing, empirically) has meant that chancellors were prone to carrying on stubbornly even when financialization was delivering less. These chancellors were holding-the-line for finance, making sure it was still respected in the rhetoric, attempting to lead the audience toward agreement with them that serving the imperatives of finance remained necessary, even when it was not clear what was 'in it' for the state, or the general population. Bust-chancellor rhetoric helped to maintain the enrolment that boom-chancellor rhetoric helped to secure.

This stubborn steadfastness in the face of contrary facts (as well as competing, and far more negative, constructions of finance) is more evidence for the deliberate nature of state-elite preferences for financialization. If there were ever a time to question finance, to shift away from it, these were the moments, but that simply did not happen, quite the opposite happened. Major undertook incredible logical contortions to avoid blaming finance. While Darling and then Osborne specifically addressed some of the challenges to finance in their rhetoric, but they did so to attempt to control and constrain the debate. None of this looks accidental to me. In the next chapter, my 'discussion' chapter, I compare rhetorics across chancellors, and review the arguments that I have found in my three 'data' chapters about the establishment, promotion, and protection of financialization. I will also reflect on how my thesis, now supported with evidence, is in dialogue with the political economic literature about financialization.

PART THREE: CONTRIBUTION

CHAPTER SEVEN: DISCUSSION

Section One: Introduction

My main conclusion is that successive chancellors have actively and publicly supported financialization in creative and adaptive ways that show not only a persistent favour for finance, but also a persistent intention to favour finance. This is the strongest long-term trend I have found in the budget statements, and although there are others, I do not believe any are as strongly indicated by the data as my key conclusion. Chancellors established pro-financialization rhetoric in their budget statements as financialization was being itself established in the UK. With their rhetoric they encouraged acceptance of and enrolment in financialization when it delivered profits. When it delivered losses they protected it fiercely with rhetoric, too. The chancellors expended time, energy, and words doing these things, even when they were hard to do.

My findings contribute to political-economic histories and to live debates in political economy. In the field of political economy, the efficacy and agency of the sovereign state and her elites in financialization is not always fully appreciated. I show how state elites have faithfully continued to support capital in an age of finance, and my findings sit comfortably with established studies about the relationships between HM Treasury, the City, and British industry. My findings complement some very recent studies of financialization and the state, which assume that the state must work as some sort of coordinating site for financialization, recommending its legitimacy and encouraging participation in it. I illustrate a specific channel through which this occurs, namely, the public communication of the chancellors, and what rhetorical mechanisms chancellors have used. My findings also suggest that this state-elite support for financialization throughout its history has been much more intentional than at least one prominent study would have it. These results are complementary to work already extant in the field, and are a contribution to unsettled questions about the state and financialization.

My findings also contribute to political-communication methodology. Investigating rhetoric across time rather than contemporaneous discourses has thrown the political communication of elites into a different relief than a discourse analysis would have done. It has yielded findings that speak more to history and economics than would otherwise have been the case, and I have been able to venture a finding about the persistence of state-elite activism and homogeneity of state-elite intentions across political parties. The addition of quantitative methods to my qualitative study has produced empirical findings that are more robust. The use of rhetoric at the core of my study has allowed me to say something about intentionality, a feature of social relations which is notoriously difficult to ascertain empirically, even (perhaps especially) through first-person accounts.

This 'discussion' chapter proceeds as follows. In the next section I give an overview of the few clear trends of budget statements since 1976, across chancellors, describing some of the financialization-related topics that have risen and fallen, and how they have done so. I also speculate why there are not more, and stronger, trends to be seen; the answer, I think, is because economic circumstances are a stronger influence than chronological time. In Section Three I summarize my empirical findings with respect to the development of financialization, according to establishment, propagation and protection. Section Four is devoted to pairing my original research question and its rationale with my empirical findings, in order to discuss how, and how far, these findings answer that question. In Section Five I show how my findings complement the existing academic literature, discuss the strengths and weaknesses of my interpretations, and explore some implications of my findings for theory and practice in political economy and in communication studies. Section Six is a summary conclusion.

Section Two: Quantitative Historical Trends in Budget Statements, 1976-2013

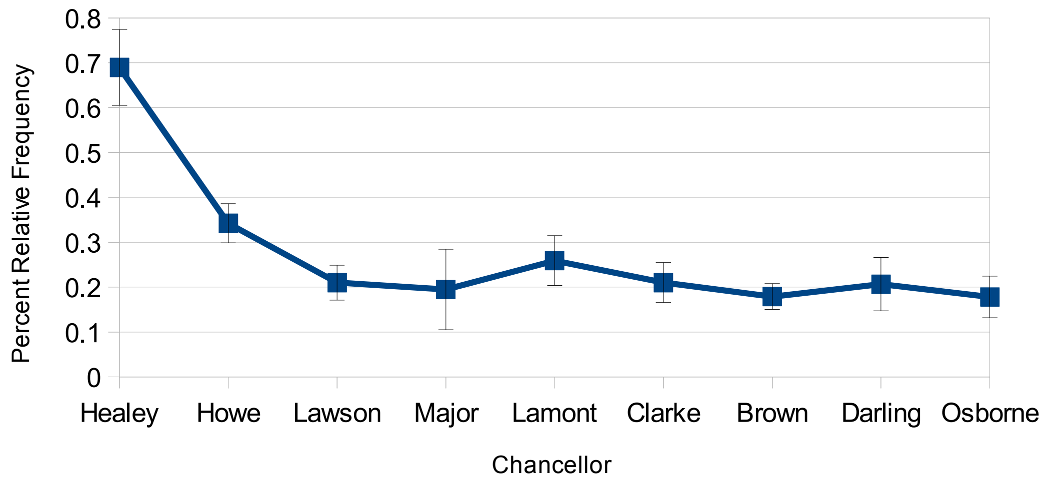
This section is the first of two 'summaries' in this chapter. In the next section I summarize my chancellors in the order in which I presented the data, according to establishment, propagation, and protection. But here I give a different kind of overview, one that is more straightforwardly historical in the sense of the march of time. First, I describe what kinds of financialization talk have dropped away over the last thirty-seven years, the death of chancellor engagement. Next are the matters that go from strength-to-strength, as chancellors have become steadily more interested in talking about them. I even speculate how the increasing trends and the decreasing trend may be related. Next come topics that have come and gone, or slipped away from representation only to return again later, in discernible U-shaped curves. Next are the spikes and the plunges, those chancellors who for one reason or another did something odd, that their brothers did not do, by speaking, or not speaking, about a subject in a way that was extra-ordinary. I close this section by addressing the highly-variable category, where the long-term trend is not a trend, it is a mess. Many of the words that are most fundamental to what the Treasury and the chancellor do are here in this final list, a smorgäsbord from which a chancellor may pick-and-choose, taking what is most expedient and leaving the rest. These kinds of n-grams actually dominate the budget-statement corpus.

Words that Went Away

The words that went away are industrial words, as Figure 7.1 shows:

Figure 7.1: Percent Relative Frequency of Shared Industry Uni-grams

(error bars indicate 95% CL)



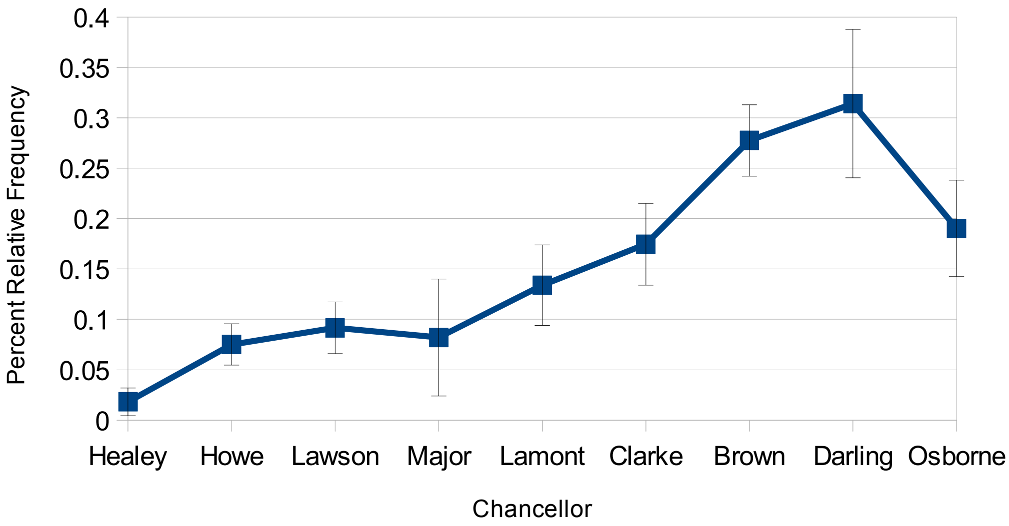
The uni-grams used to make this graph were said by all nine men at least once: "industry," "industrial," "trade," "manufacturing," "export," and "exports." The long-term trend is quite clear, graphically. Constructions about industry have dropped precipitously from the budgets since Healey's time, falling almost four-fold by Lawson's. Judging from the graph this decline happened relatively smoothly with little noise in the data once the trend line had become asymptotic, and after which scores are close and error bars overlap. Healey constructed industry, so did Howe, but less, and then for the last thirty years each chancellor paid industry the little bit of due he must, and then moved on to other matters about which he actually cared. This decline mirrors the decline of British industry itself.

Words that Steadily Grew

A mirror-image of the disappearing constructions, there are constructions that steadily grew in the chancellors' budget statements. The first of these is housing, which I illustrate using the following shared unigrams: “housing,” mortgage,” “property,” “home” (meaning dwelling, e.g. not “Home Office” or “Home Secretary”), and “homes”. Figure 7.2 shows the upward trend, interrupted by an inflection-point at Major and a sharp drop at Osborne:

Figure 7.2: Percent Relative Frequency of Shared Housing Unigrams

(error bars indicate 95% CL)

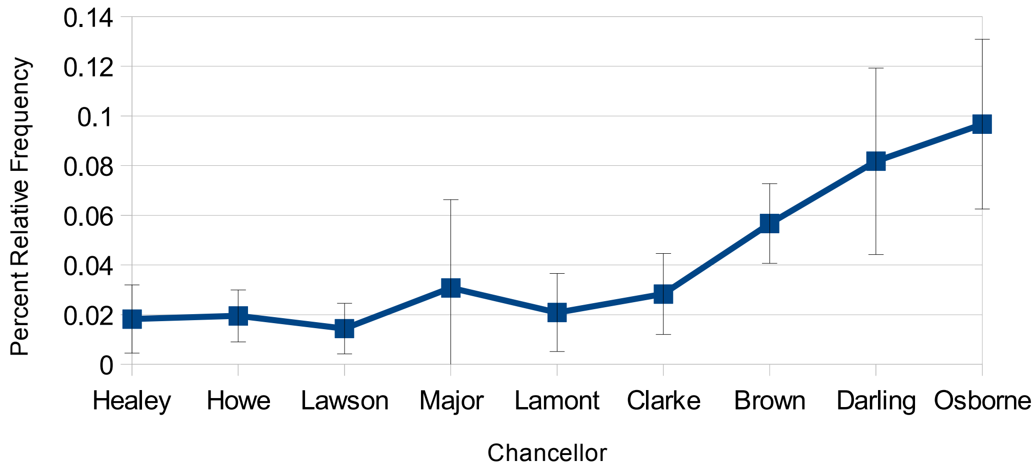


Major, who only delivered one budget speech, has large error bars, and so the inflection-point that he creates may not be worth scrutinizing much. As for Osborne, after more than three decades of steady upward trend, it is clear that he talked about housing less, and so perhaps the trend has peaked. House sales may have lost their feel-good factor for now, and the words may go quiet like the market itself, but both may only be sleeping. Osborne's relative aversion may be because housing is quite possibly a dangerous time-bomb of debt, and perhaps this makes him reticent to draw attention to it. But Osborne likely has budget statements still ahead of him, it would be premature to dismiss housing yet, after thirty-seven years of increased construction. For now, his relative percent frequency score sits between Brown and Clarke. But the long-term trend is clear: as mortgages and housing became more important to the overall economy, they featured more in budget statements.

Another consistent winner over the last two decades, but not so much the two before, has been constructions of fairness (see Figure 7.3):

Figure 7.3: Percent Relative Frequency of "Fair," "Unfair" and "Fairness"

(error bars indicate 95% CL)



The words “fair,” “unfair,” and “fairness” have experienced an uninterrupted rise since Lamont, and the trend continues unabated, with Osborne having used them the most so far. The construction of fairness was comparatively low throughout the 1980s, which is a bit curious. The 1980s saw the first upheavals of neoliberalism, but this evidence suggests that the construction of fairness had little place in state-elite discourse during that decade. Thatcherism may have entailed a discourse in which opportunities implied (un)fairness, but state elites did not talk about it that way. Since 1997 fairness is something addressed directly, perhaps because popular discourses about economic fairness grew in strength and needed to be answered. It would certainly seem so since the Crisis of 2008, but even in Brown's time, which was much less economically troubled, fairness was being constructed more in budget statements.

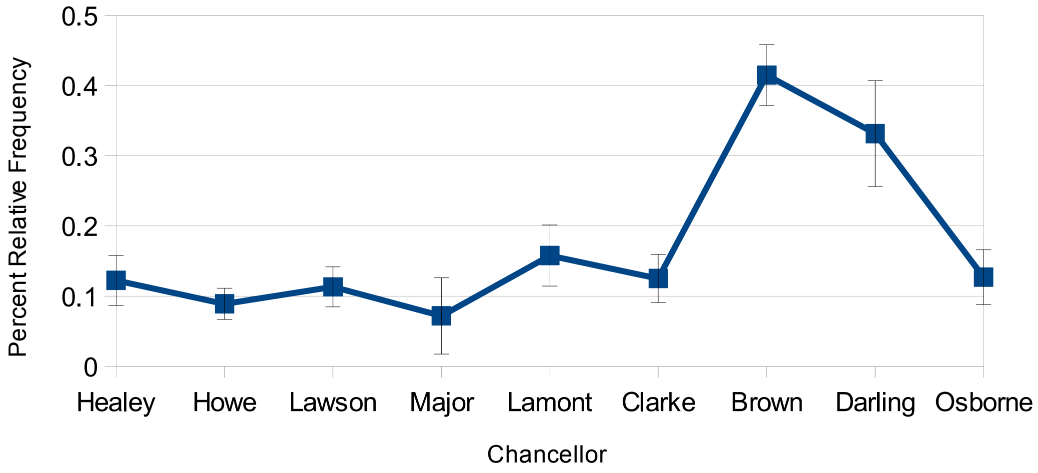
Is the mirror-image metaphor I use relevant beyond the shapes of these lines? Is there a connection between industry n-grams declining and housing n-grams becoming ascendant? In my opinion there is, and what connects them is financialization. Working hard, and receiving more money that hard day's work, is widely considered a fair way to 'get-on' in life. The de-industrialization of financialization, with its accompanying unemployment, underemployment, and casual and precarious employment, has been criticised as unfair, and for creating a larger non-working class, and for depressing wage-share at the lower percentiles. The surges of the UK housing market also reflect of some of the disparities in wealth-accumulation, which in turn have been emblematic of financialization. Arguably, industry and housing n-grams reflect a growing *unfairness* that chancellors felt more and more pressure to address as the years went by with constructions (and assertions) of fairness.

Words that Came and Went

Figure 7.4 shows the 37-year trend for the stability uni-grams "sustained," "long-term" (or "long term"), "medium-term" (or "medium term"), "sustainable," "stability," and "stable."

Figure 7.4: Percent Relative Frequency of Shared Stability Unigrams

(error bars indicate 95% CL)

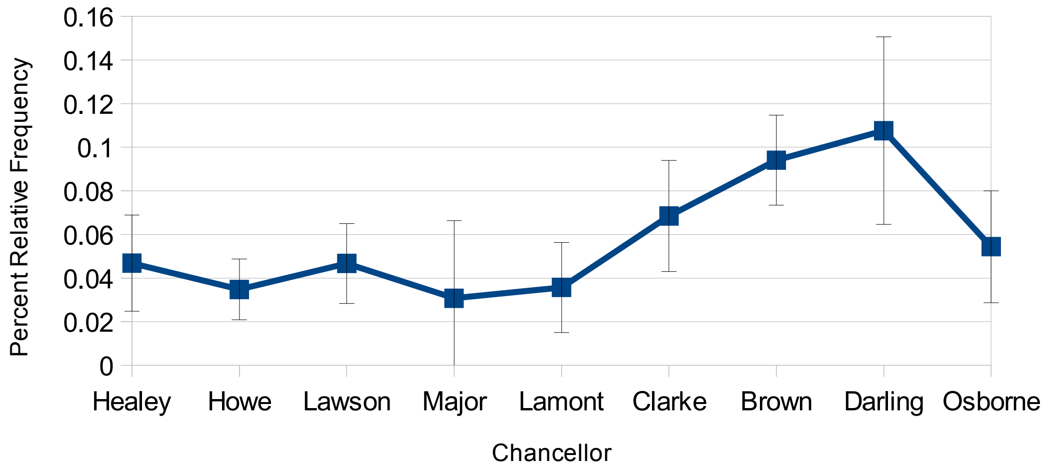


This is the rise, and then the fall, of stability talk. Stability and its markers have never been ignored in budgets, but with New Labour they surged, only to fall again with Osborne back to pre-Brown levels. Stability was something guaranteed, championed and emphasized by Brown, at a time when incredible *instability* was actually building within the financial system. Stability was a New Labour fashion, come and gone. This rise and fall is why I wrote in Chapter Five about the soft financialization rhetoric of Brown, how with some retrospect it seems that he built something bespoke for his financialized boom: the promise that it would not end in tears.

The security and risk uni-grams display an almost identical graph, although admittedly it is shallower from peak to trough (see Figure 7.5).

Figure 7.5: Percent Relative Frequency for "security" and "risk(s)"

(error bars indicate 95% CL)

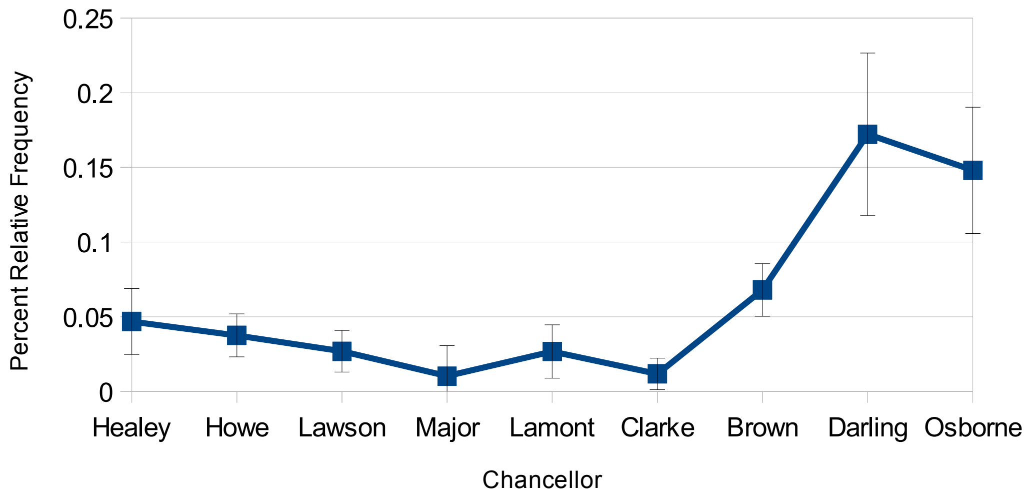


Talking about security and risk also looks like a fashion, always present but at a low level until picking-up with Clarke, even more with Brown, peaking with Darling but now again back at sub-Clarke levels with Osborne. It looks as if, along with stability, there was a matching, and completely logical, fashion for the construction of risk-assessment and risk amelioration. Again, Figures 7.4 and 7.5 make Brown's 'soft' rhetoric look special. It also makes it look as if no one believes this rhetoric any more, not even the chancellor.

There is also a U-shaped curve in the data, indicative of words fallen from grace and now returned, and such a trend is associated with the word “forecast” (see Figure 7.6).

Figure 7.6: Percent Relative Frequency for "forecast"

(error bars indicate 95% CL)



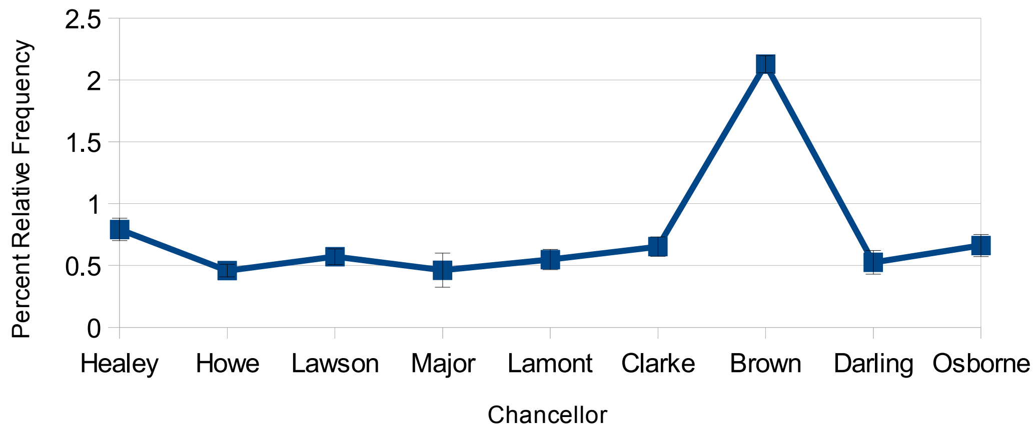
"Forecast" was never an incredibly popular word, but it had its uses, and then went into a steady decline, nearly becoming extinct under Major and Clarke. I interpret this downward-sloping trend as reflecting the Government moving away from a planned-economy model to a free-market model, where the future was supposed to be unwritten. But then, even though the neoliberal model remained, a very strange thing happened - under Brown "forecast" surged, and has stayed strong ever since. This is despite the fact that the future-denoting words "will" and "shall" did not show matching behaviour (i.e. Brown, Darling, and Osborne were no more likely to talk about the future than Major or Lamont). Forecasting was, of course, how Brown could be so sure that he had stability locked-in, because he could see the future. But even once stability and risk-control were no longer being constructed by Osborne, forecasting still was. Osborne remained very much a practitioner of forecasting in his budget statements, but not in order to construct stability and security with forecasts. Instead, he used forecasting to reassure audiences that his stewardship was sound in straightened economic times, as guaranteed by the OBR. Just as Howe relied on some of Healey's rhetoric, Osborne has kept what he could from Darling's repertoire, and of this forecasting is the best example.

Words that Spiked!

There were a few curious blips in the line over the last 37 years, and two of those are to be found in main n-gram categories. Figure 7.7 shows the most impressive of all the spikes:

Figure 7.7: Percent Relative Frequency for
Shared Employment Uni-grams

(error bars indicate 95% CL)

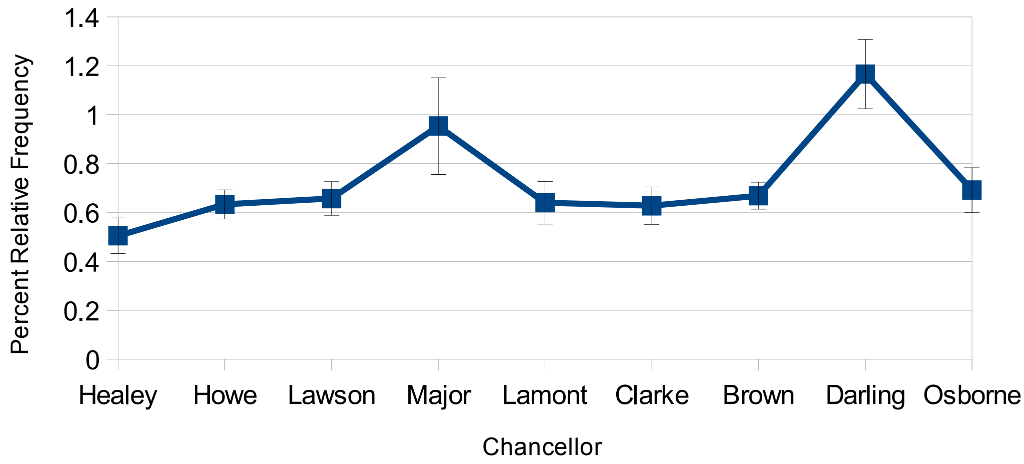


Brown chose to talk about employment more than any other chancellor (including ante-financialization Healey). Part of this was undoubtedly his focus on working tax-credits, but the impression he left me as a reader was that employment mattered to him. The words that make this data are “employment,” “unemployment,” “employee,” “employees,” “employers,” “work,” “working,” “pay,” and “training.” Brown said “employment,” “work,” and “pay” each 112, 308, and 148 times, respectively. Looking at the graph, Brown looks quite singular in this.

The next two data spikes are also in a main financialization n-gram category but have nothing to do with Brown, and those are the two clear spikes for finance (See Figure 7.8):

Figure 7.8: Percent Relative Frequency of Shared Finance N-grams

(error bars indicate 95% CL)



Major's spike is difficult to be sure about, because his error bars are so large, it is possible that this is not a spike at all, even within a 95% confidence-interval. But Darling's spike is more certain. The finance n-grams are: “interest rates,” market(s),” “bank(s),” “shares,” “investors,” mortgage,” “debt,” “credit (not tax credit),” “capital,” “equity,” “finance” (not “Finance Bill”), and “financial” (not “Financial Year”). In particular, Darling said “financial,” “bank(s)”, and “mortgage” more, comparatively, and this is a great example of a chancellor responding retrospectively to a catastrophe he cannot easily ignore.

What I think is more interesting than Darling's spike is the steadiness of the baseline. Besides Major's one speech, which may well be an anomaly, I do not see much variation since 1976, it is a very straight line. Even Healey, the ante-financialization chancellor, constructs finance (albeit more international than domestic). Spikes and plunges are as instructive in drawing our attention to the norm as they are in-and-of-themselves. Perhaps the biggest lesson is this: finance we shall always have with us.

Words to Pick and Choose

The sad truth is that most of the words in my sample were highly variable. I say sad because it would have been a great result to crack a hidden code, but this was not the case for my PhD research. The truth is that a whole host of very important n-grams trace a wiggly line over 37 years, whether alone or in groups. N-grams related to monetary measures and policies, markets, debt, deficit, GDP, growth, and investment are all quite variable. A chancellor may talk about them, or not, depending on what is expedient for him, his constituencies, his audiences, and his message. Inclining trends, declining trends, and baselines made obvious by aberration are the exceptions; most of the thirty-seven-year graphs one might draw are simply uninformative. It seems that state-elite rhetoric, like the state itself, is highly contingent. This quantitative finding matches the impression I formed as a qualitative reader: chancellors have a wide range of concepts and arguments which they may choose to take or leave, and they do.

The best trend to be drawn from the budget-statement data is the one around which I have organized my thesis: chancellors have promoted finance from the beginning, propagated it in the good times, and protected it in the bad. This is the dominant trend, and it is the thrust of my thesis.

Section Three: UK Chancellor Rhetoric and Financialization, 1976-2013

Healey and Howe Established Financialization

I began my first 'data' chapter by arguing that Healey and Howe each helped to establish financialization in chancellor rhetoric, but in very different ways. Healey's rhetoric was staunchly ante-financialization in terms of industry, trade, and employment, which he talked about very often, and the rhetorical techniques that Healey employed are ones of explicit comfort and conviction. Yet in terms of international markets, sterling, inflation, wages and unions he was already recommending proto-financialization ideas and arguments, and the rhetorical techniques that he employed on this terrain suggest not ease but stress. Healey seemed to struggle to make these arguments, strongly suggesting that either he was personally uncomfortable with them, or that he understood them to be contentious among important audiences, or that he understood that they were contrary to other stances that he had taken. In any event, he made them anyway, despite this stress, and this is part of my argument for intention. He made these constructions more implicitly than explicitly, in a contorted or evasive manner, distanced himself to appear less accountable, carefully managed the appearance of interests of himself and others to appear more honest, controlled the narrative to steer audience opinion, and used empiricist repertoire, corroboration, and consensus to appear more neutral and share the blame. Howe's arrival with Thatcher was a radical break in rhetoric, as he drastically reduced the prominence of the topics of employment (by more than two-fold) and industry (by almost three-fold) in his budget statements, yet increased the prominence of finance (by almost 60%). Howe built on Healey's proto-financialization rhetoric about inflation, pay-policy and unions to explicitly blame industrial action for the national economic decline in a way that Healey had not done (although Healey had implied as much). And Howe brought rhetorical innovations for financialization, explicitly making arguments for wider home-ownership (and thereby wider mortgage-purchase) and share-ownership, the deregulation of trade and the privileging of the domestic banking sector. By contrast, Healey had shown almost no interest in discussing domestic finance or capital gains taxes, two subjects that subsequent chancellors have addressed much more frequently. Howe's rhetorical style also suggested that he anticipated political resistance to his pro-financialization ideas, and made special efforts to overcome this opposition through rhetoric, such as offering detailed descriptions of moral laxity amongst striking workers, or a detailed defence of his decision to apply a once-for-all tax on banks. Howe built a strong edifice on top of the broken rhetoric of Healey, but together they helped to make this first shift toward understanding the British economy, and its best future, differently.

Even though neither man would have understood himself as ante-, proto- or pro-financialization at the time, there are several reasons why I interpret my findings in terms of a deliberate rhetoric for financialization. Healey presented himself as proudly pro-industry, but he also implied that industry and its workers were causing a crisis in inflation. The fact that he was so uncomfortable doing so, yet did so regardless of his discomfort, is good evidence of intentionality. After the IMF crisis, Healey chose to construct the currency markets as authorities for his Government and for Britain as a whole, a choice that could not be expected to help industry. These were some early financializing instances of rhetoric, and they helped lay the groundwork. That said, this was only the beginning, and Healey was in many ways the last of the industrial chancellors. Howe was the first of the financialization chancellors, and I describe him as such because of the way he innovated for finance. These pro-finance constructions are clearly intended to convince audiences of a new, better way forward, not just through free-markets in general, but through financial products in particular. His dismissal of industry, his exclusion of it from the official economic narrative is also intentional. And it is a conspicuous silence amidst union unrest and the collapse of manufacturing, in favour of a “firm monetary and fiscal policy” with lower industrial output and industry-crippling interest rates being, by his own public admission, “an inevitable immediate result” (UK Parliament 26 March 1980i). Howe's very good use of the anti-union and anti-inflation platforms Healey left him also strongly suggests intention. Howe is like a journeyman searching for available tools, using what comes to hand to get the job done. Financialization, as we now apprehend it, was not consciously chosen by these two, but finance was, in public and from the beginning. Finance would continue to be chosen over the next three decades, industry forever being allowed to slip away, until financialization becomes as clear to the social observer as any landscape.

Lawson and Brown Propagated Financialization

Lawson was the first chancellor in my study who was in office during a financialized boom. He inherited a strong pro-finance legacy from Howe, which Lawson expanded through radical taxation changes, further explicit championing of the City, and the democratization of finance through wider home- and share-ownership. Lawson not only continued to disparage industrial relations but also removed capital allowances, a measure which he took pains to defend in his speech. He significantly lowered corporation taxes, from 52% to 35%, but he did so quickly, so quickly that the measure appeared in the 1984 budget statement as a stealth measure, mentioned once and never again. Lawson described his fiscal and monetary framework as that of the MTFS, a strategy for bringing the PSBR down lower as a percentage of GDP. This communicated to all audiences, including actors in financial markets, that the Government was committed to a tight monetary policy, low deficits, and low inflation. Lawson was a great booster of personal shareholding and home-ownership, and his budget statements show how keen he was to enrol citizens into these markets. This was especially true where people had not been so enrolled before, and Lawson particularly encouraged people to think of mundane activities like pension contribution and working as part of a new (and financialized) ownership culture.

Brown's financialization rhetoric was a combination of 'hard' constructions that characterised finance and enrolment in positive terms and 'soft' constructions that characterised the overall economic climate, which had already become heavily financialized, as secure and stable. Brown displayed 'hard' financialization rhetoric as he reduced taxes on financial transactions in the City, cut corporation taxes, called for capital reinvestment, and reduced capital gains taxes from 40% to 10%. He constructed home-ownership very positively, and assured his audiences that retail debt such as mortgages had state-guarantees of trust-worthiness via the FSA, another inducement to financial enrolment. Although wary when the housing market roared, as it started to slow Brown offered shared-equity and reduced stamp duties as inducements to potential buyers. Brown's 'soft' financialization rhetoric constructed all in the economy as safe, and all risks as if they are bound to prove 'upside.' Although finance was not often explicitly named, I argue that "investment" was essentially a proxy term for financial investment. Brown brought a new emphasis on investment, capital gains, consumers and their housing, and he innovated with talk of stability, safety and risk, forecasting and cycles, and rules and regulations. He offered constructions of security, guarantees, a Golden Rule, and repeatable cycles that reassured all that the economy was not just growing but stable. He was verbose on the subject of employment, guaranteeing minimum benefits for people who now worked for lower and lower wages in the financialized economy. Arguably, this is compensation for those who have lost-out under financialization's declining wage share.

Similar as they were, these men responded slightly differently to financialization, because for each financialization was slightly different. Lawson's rhetoric was for wider and deeper enrolment of the newly established regime of financialization. Brown's was in favour of a more mature financialization, for the maintenance of confidence through a sense of security and predictability, and for a communal faith in the finance-driven economy of Britain at the turn of the century. Lawson and Brown tailored their rhetoric in favour of what financialization needed in their own time, from them. While there may have been a myriad of sources of pressure on them to do so, they still chose to say what they said, voluntarily, and without anything like the duress Healey suffered on the eve of the IMF bailout. Lawson and Brown illustrate how enthusiastic boom chancellors have been for finance, of their own accord.

Major, Darling, and Osborne Protected Financialization

When the financialized economy disappointed, chancellors were faced with choices about how to respond, publicly. Should they re-evaluate these past enthusiasms in the light of new evidence, should they defend the *status quo*, or should they find some new equilibrium between those two poles? The dilemma was, in fact, how to respond to an unpleasant situation that the state had helped to make, while constrained by the fact that the profit-motive would be of little assistance in arguments, at least in the short-term. Major responded to his recession by naming inflation, interest rates, and a widespread reluctance to save as the culprits, rather than admit that finance, and especially debt, had made the UK economy vulnerable. Major explicitly argued against any return to credit controls, and further relaxed taxation in the City in order to preserve its place as a financial centre. Darling defended finance more vigorously than any chancellor, protecting banks with explicit descriptions of their worth, value and irreplaceable nature. And he went quieter than any chancellor on the issue of tax - not for banks, not for firms, not for most citizens (with the exceptions of the wealthiest, who were singled-out). Darling made no attempt to sell shares, but did attempt to sell debt by advertising state-subsidies for it. Osborne did the same: although he disparaged public debt with his rhetoric he re-announced state guarantees to secure debt for families and firms. He tightly controlled his construction of tax on banking so as to show that finance and financiers were now paying the appropriate amount of tax and contributing to the UK once again without repeating the risks of the past. In other words, he worked to convince his audiences that what penalties banks had paid had redeemed them now. He used a new apolitical guarantor in his rhetoric, the OBR, as a mediator between his deficit-reduction programme and the financial markets, which remained ultimate authorities for Britain, but by proxy, through the OBR. All three of these men paid lip-service to manufacturing, but there was no significant state support, and Osborne even cut capital tax allowances again. None of these men responded to their respective crises and slumps by entertaining the possibility, publicly, that the financialization of the UK was (1) in any way an historical responsibility of the state or (2) a trend that should be rethought, if not reversed.

This constitutes strong evidence that chancellors have habitually protected financialization during its times of trial. Darling's blatant pro-finance rhetoric is perhaps the best evidence of all of how thoroughly wedded and embedded the relationship between chancellor and City had become. He defended the virtues of finance vehemently, in the face of overwhelming evidence to the contrary, and loud counter-argument in the press and in the streets. Major and Osborne did much the same, through less-interesting times. If financial markets could not explicitly be called into service as authorities, something that led to them and protected their interest must be instead, and Osborne used the OBR for this. Even more so than boom-chancellors, bust-chancellors exerted themselves to give financialization what it needed – a public defence, the benefit of the doubt, constructions of contrition and reform, public forgiveness and redemption.

What do all of these findings indicate about thirty-seven years of chancellor rhetoric and financialization? Financialization was first established with a radical change in chancellor rhetoric, one built on deliberate public choices for finance over industry, for pleasing financial markets, and for convincing audiences that these choices were the right ones, the only reasonable ones, for Britain. During the subsequent exuberant periods chancellors chose to renew financialization rhetoric, first to enrol more individuals into liberalized financial markets, later to remain so enrolled with arguments that enrolment was safe, stable, secure, and guaranteed. But it has been during depressed periods and crises that chancellors have shown their financialization colours most strikingly: praising finance still, protecting it from blame and aiding its public rehabilitation; extending state-support for financial enrolment through even more debt; refusing to increase tax remittances sufficiently to deprive finance of the asset-levels to which it has become accustomed; and keeping financial markets in a place of ultimate authority. This has been a thirty-seven-year-long show – a comedy of errors, a tragic drama, a morality play - in which we have watched finance ascend not just through the logics of profit and the initiatives of corporate elites, but with the constant and adaptive aid of state-elite rhetoric.

Section Four: My Findings Answer My Research Question

Answering My Research Question

My research question is two-pronged: how, and how intentionally, did UK chancellors publicly support the historical development of financialization with their rhetoric? On one level, the rationale for asking this question is pragmatic, and simple. Based on published literature, I began by assuming that the state in general, and state elites in particular, had likely helped to establish and subsequently support financialization. But the scant scholarly literature published about the history of financialization and any sovereign state (typically the US) has almost always scrutinized economic measures alone. Some researchers have focussed on privately conducted political decision-making, but this tells us little about the public discourse of economic leadership. Where state elites have been scrutinised as actors, often it has been in relation to transnational imperatives and pressures, rather than domestic relationships of power and persuasion, and the domestic 'actors' are often interpreted as being more acted-upon by finance, but showing little initiative or intention themselves. Recognizing these as potential 'gaps,' and simply being curious about what role the UK state has had in financialization, I undertook this study.

My research question is two-pronged, and so my answer has two parts. Firstly, in terms of *how* it was done, I have found that the chancellors publicly supported the historical process of financialization through:

1. establishment: privileging economic measures desired by financial markets over those required by industry;
2. propagation: encouraging the enrolment of individuals and firms in finance (where industry was now a depressed sector), freeing assets for enrolment through tax reductions, and reassuring investors that financial investment was safe; and
3. protection: insisting, even when it had disappointed widely, that finance was vital to the British economy, that markets remained the ultimate authority, by reassuring all audiences that the state would not compete for funds through tax remittance, and by attempting to re-enrol citizens and firms in more debt via state-guarantees.

Secondly, in terms of *how intentionally* chancellors did this, I have argued throughout my analysis that the chancellors' financialization constructions were:

1. explicit: chancellors have often explicitly constructed pro-financialization positions in rhetoric, which is strong evidence of intentionality;
2. implicit: where they have implicitly constructed these positions, the implied nature suggests that they were uncomfortable with a contentious position, yet had chosen to take it regardless, which is also evidence of intentionality; and
3. aptly-timed and adaptive: offering pro-finance and anti-industry rhetoric as financialization was establishing, recommending financial enrolment and

commitment as it rewarded, and then offering protection of finance when it failed – this is also very strong evidence of intentionality.

This is my detailed answer to the question of how, and how intentionally, chancellors supported the historical development of financialization with their public rhetoric? But even in its detail, is it a full answer? Or, are there ways in which it is only partial, or is missing key expected elements?

Confidence in My Answer

In terms of how each individual chancellor used public rhetoric in his own time to support financialization at that particular stage, I feel confident in my answers and their level of detail. I recognize that budget statements are a sample of public rhetoric, not a complete population of everything the chancellors said and did, or everything state elites said and did. But they provide a representative sample of the contemporary public rhetoric of state elites, a sampling method which showed each chancellor's best, widest effort at setting an agenda and creating an official narrative about the economy. In this sense, I believe my results to be broadly, if not perfectly, generalizable from budget statements to public rhetoric, with implications for political discourse. The Conservative chancellors in my sample make many explicit rhetorical constructions in favour of finance and financial imperatives, ones which often set them at odds with industrial preferences, and I think the case for all of them is quite clear. It would be hard to argue that Lawson was pro-industry, or that Osborne did not care to please financial markets, based on what they explicitly said. With the Labour chancellors my results are more heterogeneous. Healey created proto-financialization descriptions about unionised wages, inflation and currency, and while he chose to create them this way, he can hardly be accused of understanding a move toward finance that is yet to happen. He certainly still constructed industry and employment in his budgets, if not always in a flattering light in terms of unionized wages. So Healey stands as a proto-financialization chancellor, with one foot in and one foot out, and perhaps most crucial for the foundations he provided Howe. Brown created descriptions and undertook measures that privileged financial and financial concerns, very much as Lawson did, but he also innovated with a rhetoric that I argue was important to maintaining a sense of confidence in financial markets as their risks grew. I admit that this is a matter of interpretation, because Brown did not explicitly associate financial markets, products or activities with investment or stability, but I think my conclusions are reasonable. Darling was the most vehemently and persistently pro-finance, a reflection of the collapse of finance in 2008 and 2009 more than of his political party, and he more than any of them proved the rule: chancellors do what they can to establish, promote, and protect financialization through rhetoric. I feel confident that all chancellors, Labour and Conservative, have supported financialization very actively, and it is striking how little political-party affiliation mattered.

In terms of how intentional each individual chancellor's public rhetoric shows him to be in his support for his stage of financialization, I remain confident, but recognize that this aspect of my research is more open to alternate interpretations and challenge. As I wrote above, Healey knew nothing of financialization as a socio-economic change, and I extend this to all of the chancellors, to progressively lesser degrees: the earlier a chancellor speaks, the less consciously aware he necessarily must have been about the historical arc of financialization, as we can now see it. But all of them chose finance over industry, and chose to support finance over and over again. Healey more sheepishly, Lawson with greater gusto, Brown more obliquely, but the march was always in that direction. Howe trumpeted the liberation of financial markets and declared industry's decline inevitable, Lawson reduced corporation taxes so they might be "invested," and with industry depleted, where else would they be invested but financial markets? Where were Brown's relinquished CGT-receipts to go but financial markets? All men after Healey championed the individual investor and new home-buyer. If they did not mean financialization, they meant pro-finance, and were not particularly bothered about the decline of manufacturing. From Howe onward they all released tax remittances to go where those assets might, and if those assets stayed in Britain at all, they went more and more into the City. With Darling and Osborne, so many of their constructions are explicitly protective of finance that I feel quite confident that their budget statements, support my answer.

The chancellors with whom I feel the least confident are Major and Brown, for different reasons. The first problem with Major is a small sample, less that 10,000 words, although I have done my best to describe the strength of Major's evidence, mathematically. Substantively, I argue that Major blamed low savings rates and high inflation in order to avoid blaming the financial surge of the 1980s for his recession, and I admit that this is an interpretation on my part; I find it logical, but others may prefer alternate explanations. It is probably Gordon Brown for whom I found the weakest textual evidence for pro-finance intentions: many of his innovations that I interpret as supportive of financialization are not explicitly made that way. I still contend that it is unlikely to be a coincidence that the sitting chancellor made stability, security and the taming of risk key descriptions of his budget statements as financial markets were becoming more and more unstable. Others may argue that this evidence is circumstantial, and I accept that it could be, but on balance I believe the two are connected, and that fears of mounting instability provoked the stability rhetoric.

Likewise, the evidence for intentionality is partly a matter of timing: I do not believe it likely that all of these elements arose of coincidence, and if they did not, then there is design, and somewhere, somehow, intention. Using the tools of rhetorical analysis and quantitative analysis, and reflecting upon the needs of financialization at the time, I have done my best to offer insights into the chancellors' frames-of-mind, and I recognize that these are interpretive. I cannot know a man's mind, I can only know what he tells me. But just because social scientists cannot mind-read, this does not mean we should not speculate about intentions, even motivations, when it comes to power relationships. Being unwilling to argue about intentions means that intentions are left out of the analysis, and before long the researcher has herself constructed an argument where everything is externally determined, not because this is true but because she was made too nervous by the lack of iron-clad empirical evidence to risk saying otherwise.

Limitations of My Study

Finally, there are limitations, ways in which I cannot fully answer the question of how, and how intentionally, chancellors supported financialization through rhetoric. I cannot understand financialization and its antecedents so well that I can unequivocally say that I found all the constructions would have been effectively 'financializing,' and that I missed none. Financialization is an incredibly complex social change, a construct itself, and my understanding of it is that of a non-specialist in the sense that I have no formal training in economics. I believe that I have found the most obvious instances in my budget statements. As far as rhetoric goes, my imagination has been limited to the explicit, the first-degree relatives of the explicit (i.e. the implicit), and the clearly financializing. I may have missed a few tricks, but I stand by the weight of my evidence, and by its simplicity. Finally, there is not a doubt in my mind that a host of pressures and influences, material, ideological and social, were exerted over each of these chancellors as he wrote his budget statements; these are beyond the scope of my study. Chronological time is another obvious limitation, as this study can say nothing about chancellor rhetoric prior to 1976.

My study is limited to budget statements because they are emblematic, but they are also a very simple distillation of chancellor thinking and Treasury direction, and they are limited largely to matters of economic performance, taxation, benefits, and an odd assortment of pet initiatives. I recognize that the budget statements are but one sample of the public rhetoric of chancellors, and it is possible that had I sampled others, which have different contexts and audiences, I may have uncovered different trends, or understood them as having different relative importances. The budget statements have a particular blend of context, genre, and audience(s) that means they provide some types of information, but not others, and may even display significant differences between years yet within chancellors (such as just before a general election vs. just afterwards). Aspects of financialization that do not figure prominently in budget statements do not figure in my thesis, either, including privatizations, pensions, and financial-market regulation. After 1997 monetary matters decrease markedly in budget statements as the Bank of England takes responsibility for setting interest rates, so again there are intra-corpus changes that may be significant. These are some of the limitations of scope for the project as I have conducted it.

There are also limitations of method, as conducted. I constructed my own methods of rhetorical analysis based on Potter's (1996) study of rhetoric in everyday conversation, and one of the limitations of this adaptation lies in the fact that carefully composed and rehearsed speeches are not perfectly analogous to everyday conversation. In particular, Potter (1996) understands the speaker as a sole author, whereas it is more right to say for budget statements that the chancellor is a primary animator who carries ultimate public responsibility for the text even though there has likely been input by others in Treasury and the Prime Minister's Office. Potter (1996) discusses animators vs. authors in his book, but only briefly, and similarly he largely understands the audience as a unity (although he does discuss the possibility of audience differentiation), rather than the collection of audiences, and overlapping audiences, that budget statement audiences in fact are. As a result of this mismatch, I have inevitably compressed some of the internal diversity to be found with the author and especially with the audience.

Another limitation of my rhetoric-analysis methods is that I infer intention from a series of explicit and implicit constructions, and this is simply very interpretive; alternate explanations for these constructions will always be available. Similarly, my application of economics and history is largely a matter of stylized facts and simplified logic, and no doubt there are live debates within economics and within political history that make some of these "facts" and logics contestable. Lastly, I admit that I use very simple population measures, crude even, and that I have never viewed the corpus-linguistic element of my thesis as core, rather it is in a supporting role. Essentially, my statistics give a magnitude tempered by overall volume of output, and a basic measure of uncertainty based on the magnitude alone. I am confident that I understand counting and can report it reliably, but counting is not the most sophisticated kind of mathematical correlation to which a corpus may be subjected, nor does it settle all questions of interpretation.

The practical constraints that limit this thesis, besides the obvious 100,000-word limit of a PhD thesis, are largely a matter of my own limitations. The budget statements are a corpus of approximately four-hundred thousand words (396, 328, to be exact; see Appendix A) and I primarily processed them with repeated readings, employing human pattern-recognition and a list of ten rhetoric categories (see Appendix B). This method requires me to be alert, sensitive, thorough, conscientious, imaginative, and fairly indefatigable. While I did my level-best, I cannot swear that I have found every best instance of financialization rhetoric available. Just as I am not a mathematician, neither am I an economist, nor an historian by training. I have relied on a rudimentary understanding of an incredibly complex subject, financialization as an historical socio-economic change, and I recognize that this will have meant over-simplifications and compromises that a specialist in financial economics or British political history would not abide. Much as I might cringe at one of these specialists typing "ideology" or "hegemony" or "propaganda" in their texts without a detailed exploration of what that means, how it might work, or what the evidence for it might be, I accept my limitations as I employ their terms. These are the perils of interdisciplinary research.

Section Five: My Findings and Conclusions Contribute to Scholarship

My Contribution to Political-communications Methodology

At its core, my method is a longitudinal comparative textual analysis of rhetoric, supported by quantitative measures, and interpreted in terms of political economy. As I reported in Chapter Three, part of the inspiration behind my research programme was Boltanski and Chiapello's (2005) *The New Spirit of Capitalism*, in which they similarly sampled text across decades, but for clues about how capitalism itself had changed. My aims, and now my claims, are far more modest than theirs. I only hope to understand, through changes in rhetoric, how chancellors changed the way they publicly presented finance and the role it should have in the nation's economic life, and to interpret from this how intentional their support for financialization was. My conclusions are more circumscribed than theirs, but my empirical investigation of rhetoric is more thorough and more detailed, too, and I contribute knowledge about how, and how eagerly, elites aided finance and financialization.

One practical implication of my results for communication studies is as an example of what can be achieved through a synthesis of rhetoric and history by these modified methods. Traditional discourse frameworks, such as Norman Fairclough's (1995) CDA, or Ruth Wodak's (2001) DHA, are justifiably popular because they provide a way to connect a text to social practices and thereby to the world. I myself found Fairclough's (1995) CDA to be a helpful starting point, with its focus on a social problem with a semiotic aspect, its appreciation of a background of social practices in which the analysis of discourse is embedded, and its insistence on a wider purpose for undertaking the analysis. Wodak's incorporation of corpus-linguistic methods within DHA was similarly helpful (see Baker et. al. 2008).

But I consciously decided to forego an examination of the interplay between multiple discourses. Had I engaged in a fully-fledged CDA or DHA by sampling other discourses, two problems would have arisen that would have thwarted my best intentions. Firstly, the complete budget statement corpus of 1976-2013 is approximately 400,000 words in size, already on the edge of what I can read, retain, organize, and synthesize, and of what I could present in a detailed way in a PhD thesis. Therefore, I would have had to jettison many budget statements in order to incorporate other contributions to the network of discourses. I did not want to do that, because I felt that financialization was a continuous, steady march, and I wanted my investigation of chancellor rhetoric to follow it in the same way. Secondly, engaging with a network of discourses would have displaced my focus, and as my gaze moved deeper into communicative mechanisms, especially linguistic ones, I would have lost sight of economics, sociology and history. I wanted instead to contribute a finding about the course of rhetoric through history, the ever-shifting shapes it took as it pushed and was pushed by socio-economic change. But also I wanted to understand what remained constant, the common imperatives of chancellors. I believe that my results show that a rhetoric analysis across time can be as productive and edifying as contemporaneous CDA.

There was another widely-acknowledged problem of discourse studies that I hoped to avoid by these modified methods, namely the problem of studying the discourse that is not there! Michael Stubbs (1997) has listed this limitation in his general criticisms of critical discourse analyses, arguing that the focus on text and conversation means that researchers are often simply miss the chance to make comment on what is *not* in a text or conversation, but could or should be, what is conspicuous by its absence and why. Fairclough's (1995) focus on paradigmatical choices in the production of the text, which considers the range of alternative possibilities available, is one way to address this problem, but it leaves the researcher imagining counterfactuals, and this in turn brings in methodological problems with selection criteria. My continuous sampling of all the budget statements allows me to compare the chancellors to one another across time and political party. This is based on comparison, not to a generic library of external corpora but internally with a meaningful and closely-related sample, i.e. to other chancellors. My results show that engaging with communication change across time can be fruitful, and show us things we would not otherwise have seen.

Another strength of my research programme is the incorporation of very simple quantitative measures of frequency in a corpus. This I did primarily to defend myself from the charge of “cherry-picking” the data. I may still be challenged on my conclusions, which are necessarily interpretive, but these quantitative measures of words and phrases help make my qualitative claims more robust. Quantitative searches also allow me to draw comparisons across time, to illustrate change and to illustrate *plus ça change...*, so that I am less dependent upon imagining counterfacutals (although I do this, too). My quantitative methods have also provided me with some very helpful measures of magnitude and uncertainty, perhaps the greatest contribution such a method makes to qualitative arguments.

Lastly, my study recommends a closer study of rhetoric to the field of political communication. Both politics and economics are about rhetoric in so many ways - description and argument and the representation of reality is at the heart of these two broader activities. There have been recent advances in understanding "practical reasoning" in political-economic discourse using CDA methods (see Fairclough and Fairclough 2011, 2012), but this is not quite rhetoric as Potter (1996) has conceived of it. Rhetoric as described by him is not about practical reasoning alone, but also about trying to build convincing realities by all sorts of more subtle means, offensively and defensively, often having little to do with logic. Rhetoric is about things said and things said sideways, explicitly describing reality perhaps, but also implicitly encouraging a view of the world as one thing and not another, not just by hard arguments but also by soft suggestions. In my mind, both go to the heart of intention, and the implicit doubly so, as a politician must contort himself around a bone-of-contention, or a dodgy argument, or a foolish cause, in a bid to try to sway his audiences. Rhetoric, as opposed to practical reasoning, unlocks the explicit and the implicit both, and I believe that my study shows how a close reading of rhetoric can help us to approach the fraught and uncertain matter of human intention in situations of political power. Indeed, some of the most interesting instances of rhetoric in the budget statements were the ones that made the least sense in terms of practical reasons.

My Contributions to Political-economic Histories

In terms of the specifics of HM Treasury and the City, my findings about chancellors and financialization reaffirm much of the literature. My findings show that state elites maintained a steadfast pro-finance position, and at best an ambivalence toward industry, across decades, across economic circumstances, and across political parties. Ingham (1984) has observed how the Treasury, the City and the Bank of England have long had similar interests, and worked together to the exclusion of industrial concerns to create a pro-finance climate in Britain which they could each better use and control. More recently, Gamble's (2004) history agrees with Ingham, that the Treasury was and is firmly on the side of finance, and that at the centre of Government, that departments chardged with trade and industry simply never rated. Strange (1988) has argued that the world's financial structure is constructed by the mechanisms of credit allocation (administered jointly by finance and states) and currency exchange (determined by financial market trading but heavily influenced by states' policies and central banks). HM Treasury never could be divorced from the financial system because the Treasury *is* the financial system, in partnership with private finance, the Bank of England, and their global counterparts. Therefore it should surprise no one that the City, the Bank and the Treasury so coordinate, faithfully promoting one another's interests. Ingham (1984), Gamble (2004), and Strange (1988) would tell us that the relationship between financialization and the state is no aberration, it is the recapitulation of a well-known theme, it is past form come again in barely new form, utterly recognizable. At their simplest, my findings provide empirical evidence that this preference for finance in Treasury, already established when this most recent phase of financialization began, continued unabated, and in public. What Strange and Ingham saw in the 1980s has only become more the case.

My Contribution to Live Debates about Financialization and the Sovereign State

My most important contributions to knowledge are, like my findings, specific to financialization and the sovereign state. Most students of financialization have stayed close to financial markets proper, but a few of these have already made a strong case for the importance of the state in the history of financialization, if primarily the American state. Previous contributions from the field of international political economy focus on the history of capital flows across borders, and make arguments about American imperialism. Very often, these accounts assume some hegemonic role for the [US] state in establishing public legitimacy for finance at home and abroad, without actually investigating its character, or even empirically verifying its existence. A few have constrained their analyses to the borders of a state, but none have investigated political communication and the construction of public ideas about the economy. And beyond the question of state agency and efficacy, there is the question of state-elite intention. Most studies do not, and indeed cannot, address it, because they stay in the stratosphere of macro-economics. One recent study has addressed this issue, in terms of financialization's establishment, and concluded a lack of intention. My study of financialization and state elites takes issue with this conclusion.

Besides having contributed some solid macro-economic arguments, Martjn Konings (2009; 2011) has drawn on the theoretical constructs of 'hegemony' and 'neoliberalism' to describe how important the US state was for financialization. But this leaves open the question of exactly how ideas are disseminated, propagated, reinforced, and defended. My findings contribute a detailed account of how financialization was 'sold' by the chancellors as a set of ideas, sometimes bluntly and with enthusiasm, sometimes more covertly and with some level of desperation. Herman Schwartz (2008) has argued that the everyday-economics of financialization became a vehicle for making marginal voters more conservative in their voting patterns. While my findings cannot say that Schwartz is right or wrong, they do offer the possibility of a second, complementary route. Perhaps marginal voters became more fiscally and monetarily conservative not only because they had personal financial incentives to become so, but also because their economic leadership publicly encouraged them to be so. Leonard Seabrooke (2006) has argued that when the US state privileged not only *rentier* interests but gave enough support for non-*rentiers* to build wealth through housing, shares and lower taxes, it reaped domestic political rewards as well as international financial influence. Again, like Schwartz, Seabrooke's conclusion rests very much on the everyday finances of people, and nothing in my findings suggests that these mechanisms are not effective. I add another communicative dimension, and suggest that public ideas also added to the financialization of the nation. There is little in my thesis to contradict their arguments, but my findings do suggest complementary channels.

As well as contributing to the literature about how state elites propagate ideas, my research question aims to participate in the debate around an unsettled matter: how intentionally have states (or, more to the point, state elites) encouraged financialization? Schwartz (2008) and Seabrooke (2006) both have argued that the US state's pro-finance policies yielded political benefits, but they base their conclusions primarily on analyses of macro-economic data, government action and subsequent social trends. Konings is explicit in his 2009 article that the US state's deregulatory, fiscal and monetary moves reasserted its power with respect to private finance, making firms and individuals alike more sensitive to both the US Treasury and Federal Reserve Bank's decisions; in effect, financialization was the state's fight-back. Konings (2009) has described the establishment of financialization as an accident and the beneficial effects for the US state as a surprise to state officials, but he finds the US state soon coming to understand how it stood to benefit from financialization, and working then to forge new institutional linkages with and through finance to serve its own political needs. So these scholars not only know that the state was crucial for financialization, but they are also suspicious that state elites took intentional steps to create financialization, at least once it had been established. But even where intention may be easy to imagine, even strongly suggested, their studies illustrate correlation better than causation. One cannot yield strong arguments for pre-meditated intent, short- or long-term, based only economic policy, macro-economic trends and institutional linkages.

The reason that Greta Krippner's (2011) book, *Capitalizing on Crisis*, can make arguments about this is because she adds first-person accounts from key individuals to her documentary data. Krippner's book is excellent in many ways, and it was well-received by some very well-regarded economic sociologists (see Boyer 2012; Streeck 2012; Swedberg 2012). Krippner (2011) and I agree that state elites were active and important for financialization – her book argues that US policy-makers were the path-finders of financialization, because the [US] state turned to markets first, in the 1970s, leading the rest. This is perhaps a stronger case for the *agency* of state elites than any made by Konings, Schwartz or Seabrooke, and I am very open to agreeing with it, but when it comes to *intentionality*, my conclusions diverge from hers quite markedly. Recall (from Chapter Two, this thesis) Krippner's conclusion:

> the turn to finance allowed the [US] state to avoid a series of economic, social and political dilemmas that confronted policymakers beginning in the late 1960s and 1970s, paradoxically preparing the ground for our own era ... policymakers improvised solutions to various difficulties .... they constructed a policy regime that deepened and extended the turn to finance in the US economy. Thus financialization was not a deliberate outcome sought by policymakers but rather an inadvertent result of the state's attempts to solve other problems. (Krippner 2011 p.2).

My strongest objection to Krippner's conclusion is akin to the one offered by Bill Sewell:

> This is an important corrective to the rather vulgar Marxist accounts of, for example, David Harvey (2005) or Gerard Duménsil and Dominique Lévy (2011), who assume that it was capitalists who drove deregulation from the beginning. But granting Krippner’s point, it seems clear to me that once the initial deregulation got under way, the capitalists who benefited from it used some of their rising wealth to increasingly rig the political and regulatory system in such a way as to further reinforce their advantage (Sewell 2012, p10).

While I never claim conspiracy, my evidence, running from 1976 forward to 2013, looks much less haphazard to me than Krippner interprets her evidence from the 1970s and 1980s to be. While I do my best to avoid a "vulgar Marxist account," based on class-warfare and flawed by instrumentalism, my empirical results still show state elites acting purposefully, adaptively, sometimes even awkwardly, as they take initiative and take pains to promote and protect financialization. Sewell has suspected that "capitalists" became wise to financialization early, and looked to "rig the political and regulatory system." My study cannot say that they did, but I do find that political elites actively and intentionally maintained a pro-financialization rhetoric, which would seem a logical accompaniment if Sewell's suspicions are indeed correct.

There are some good reasons why Krippner and I disagree about this. I conducted my study as a continuous march of annual sampling, beginning with financialization's beginnings, continuing with its rise in the UK, sweeping forward through its greatest crisis to our present dilemmas. Krippner has traced the same situation in the US farther backward in time, instead of forward, to its roots in ante-financialization problems, and has described discrete instances of deregulation and retreat as key in creating financialization. This discrepancy in scope is liable to create a discrepancy in conclusions. Indeed, Isaac Martin has criticized Krippner for offering her readers ".... a turbulent and eventful narrative explanation of what appears to be a more or less continuous trend" (2012, p. 7), and this is a methodological criticism as much as general one. Not only has Krippner not followed financialization through its development to its present state, but the narrative she has provided focuses on the dramatic turns that were pregnant with crisis, with less analysis of the quieter moments. My account tracks the rise and rise of financialization more evenly, in good times and bad, and up until our present time, contributing an account of the UK state and financialization that goes beyond its blossoming to include its ripening, over-ripening, and rot.

Finally, I suspect that Krippner and I have deeper, more theoretical disagreements. Krippner's institutional account has prioritized structure over agency, and her path-dependent narrative about the birth of financialization imbues it with an 'aura of inevitability,' (see Jessop and Sum 2006, specifically for criticisms of the Regulation Approach), as if history had to happen this way. My account sees more elite choice at work, because there is evidence of it, but also because a history of rhetoric assumes some degree of agency from the outset. My study is by nature anti-deterministic because powerful men can and do choose their words. Personally, I also think that Krippner's account also suffers from some small degree of technocratism.

She sees the US state's turn to finance as a stop-gap that suspended capitalism's contradictions for a little while, until the next crisis, but, like Sewell, I am suspicious that there were other forces at work. But my objection to this stance runs deeper than her focus on technocratic solutions at the expense of social influences. As far as I can tell from her 2011 book, Krippner believes that capitalism is best described as inherently unstable and crisis-prone. This seems to me a dangerous assumption - there is as much evidence for capitalism's robustness, its adaptive and more-or-less automatic self-reproduction, as there is evidence that capitalism is inherently unstable, the the vein of the Parisian Regulation School. I agree that state elites do capitalise on crisis, but I suspect that this is not evidence of capitalism's weakness but rather, as Boltanski and Chiapello (2005) argue, the secret to its success. My thesis narrative of socio-economic change and the adaptations of state-elite rhetoric suggests once again that capitalism is robust, stable, and very hard to kill.

Section Six: Conclusion

I began this chapter with a conventionally-historical quantitative survey of budget statement rhetoric. The consistent trends that the budget statements provide in terms of financialization are not very numerous, as political rhetoric is such a varied and contingent practice. This realization supports the choice that I have made for the design of my 'data' chapters, that the clearest trend to showcase is how chancellors' financialization rhetoric has been sensitive to the needs of finance. In the middle of this chapter I summarized my empirical findings, and explicitly matched them to my original research question and rationale. Chancellors have intentionally supported finance, and thus financialization. My interpretation of my empirical findings is that there was intention behind the historic privileging of finance, and cumulatively this became support for the development of financialization.

My findings and conclusions support previous literature about the close relationship between the City and the Treasury, extending study of this relationship into the public realm, and updating it to 2013. My choice of investigating rhetoric across time and using quantitative methods to support this makes my study unusual in the field of political communication, and I think this novelty also can make a contribution. In my judgement, the most significant contributions I make are to the field of financialization-state studies. I add my voice, and a UK-based history, to those who argue for the importance of the sovereign state in financialization. I offer those other scholars, most of whom suspect that the state plays an important 'hegemonic' or 'ideological' role in financialization, in both high and low places, empirical evidence that such is indeed the case. I strengthen that case by investigating not 'the state' as an abstraction but key state elites in particular, the very agents who create the state. I argue that these agents first established, and then especially propagated and protected financialization with their rhetoric. This confirms the suspicions of many scholars before me, who have argued that the state works through economic policy and regulation to set public agendas, and likely does so by other means of communicating 'ideology.'

More than that, I argue from my rhetoric analysis that there was little accidental or haphazard about the public support for finance since 1976, but that an examination of chancellor rhetoric makes this aid look intentional. This conclusion is a counter-argument to a prominent study of state elites and financialization, and I do not make it lightly. I make it because no matter the circumstances, finance always wins. It is uncanny to look through the budget statements and see pro-finance positions being taken so consistently, and often so awkwardly, with such pains. Privileging finance was not always easy over the last 37 years, but it was always done. Elite intention is not easy to ascertain. High-ranking politicians are notoriously difficult to interview, having busy schedules, and immediately pragmatic reasons to be careful what they say, as well as having legacy on their minds. I doubt any chancellor or ex-chancellor would look any investigator in the eye and tell him or her that he not only would privilege finance at almost any cost, but that he wanted to. In that sense, my research is a contribution of hidden knowledge, but knowledge hidden in plain view.

CHAPTER EIGHT: CONCLUSION

Section One: Introduction

In this very brief, closing chapter I offer a recapitulation of my study, my main conclusion, its place in scholarship, and some recommendations for future work. As the much-longer Chapter Seven was devoted to a detailed discussion of my key findings and main conclusion, what is here is summary in nature, and distilled to a narrow selection of published works with which my findings and conclusions can most directly interact. This conclusion chapter focuses on aims, conclusions, and contributions. In this chapter I argue that my research, while only a small contribution to our understanding of financialization, rhetoric, the state and its elites, is still a scholarly contribution with the potential to extend into a larger programme of research.

My conclusions answer my research question and fulfil my study's aims, participate in live debates, and used by other researchers to build more knowledge. Since 1976 all UK chancellors have intentionally supported the stepwise process of financialization with their public rhetoric, in turns employing strategies that aided financialization's establishment, propagation, and protection. This kind of detailed examination of the historic role of state elites in financialization in the UK did not previously exist. But more than this, my study illustrates how chancellors were active, reactive, adaptive and strategic when it came to finance, and ultimately financialization. The question of state-elite intention is very hard to examine, and I know of no other study that has argued for it as such a key part of financialization in the UK. My methodological cross-pollination of rhetorical analysis, corpus-linguistic techniques, political history and economics is novel for political communication studies to the best of my knowledge, and stands as an example of how mixed-methods can probe new objects of study, especially historical ones. These are my contributions to scholarship.

The plan of this 'conclusion' chapter is as follows. In the next section I argue for the implications of my conclusions for political-economic theory, financialization-state studies and communication research. In Section Three I make suggestions for future work. Section Four closes this chapter, and this thesis, by making the summary case for my contribution to scholarly knowledge.

Section Two: My Findings are a Contribution to Knowledge

My research aims are to understand state-elite agency in financialization, as expressed through rhetoric, and to contribute to the academic debate about how purposeful this agency was. Financialization is a socio-economic change in which chancellor's found themselves increasingly immersed, just as the rest of us have done, and this study is about their reactions, and their activism, as financialization has itself changed. My findings suggest that they were not purely reactive creatures, but also took initiatives themselves, to construct reality in ways that supported finance and consequently financialization. Discovering these things requires a comprehensive research programme, in terms of history, and samples of rhetoric that show the chancellors at not only their best, but at their most intentional. This study of budget statements since 1976 is designed to make these contributions.

My conclusion is that since 1976 all UK chancellors have intentionally supported the process of financialization with their public rhetoric, in turns employing strategies in aid of financialization's establishment, propagation, and protection. The establishment is largely a matter of privileging finance over industry and inflation over employment; the propagation was largely a matter of encouraging asset enrolment in finance and reassuring investors that these assets once enrolled were safe; the protection was largely a matter of insisting on the necessity, authority and righteousness of finance. The evidence for intentionality is largely a matter of explicitly constructing pro-financialization positions, implicitly constructing pro-financialization positions despite the awkwardness of doing so, and adapting this rhetoric to finance's needs and financialization's stage of development.

My conclusion, that all UK chancellors have intentionally supported the process of financialization with their public rhetoric, answers my research question and fulfils my study's aims. It was no surprise to find that the chancellors had supported financialization, as this is what the scholarly literature had lead me to expect. The discovery was in the 'how?,' which I had hoped to find, and the 'how intentionally?,' which was an unexpected bonus of my method. Discovering how chancellors supported financialization was a matter of reading and re-reading budget statements until I realized how the text seemed to respond throughout history to the needs of finance. This in itself was a hint toward intentionality, via uncanny timing, but that alone would not have made a strong case for the contentious issue of intention, because as evidence it was too diffuse and circumstantial, too loose a correlation. It was only when I applied my method of rhetorical analysis based on Potter (1996) that the case for intention, as understood through explicit and especially implicit constructions, became sufficiently strong that I was confident enough to include it in my main conclusion. In the end, I have answered the question of not only how chancellors supported financialization, but how intentionally, too.

My study is a mixture of methods, and this *a la carte* approach creates a particular example of how qualitative textual analysis and quantitative measures together can examine historical change in public rhetoric. Comparing chancellors across history made me less reliant on imagining counterfactual scenarios, and more able to see the similarities that traversed time and political persuasion. Some simple quantitative techniques helped to bolster my more interpretive claims by providing measures of magnitude and uncertainty in a very large set of corpora, and highlight conspicuous absences. Finally, my study shows how a close reading of rhetoric, in terms of explicit and implicit description, can help approach the difficult matter of human intention in history. I do not, of course, claim that any of these methods, or their combination, means that my arguments here are iron-clad, but I do think they are stronger for the interplay between them. A contribution that my study makes to the field of political communication is as an example of what the investigation of change in public rhetoric, mapped to socio-economic change through history, and bolstered by large-corpora quantitative methods, can reveal.

My conclusion complements the existing theoretical literature on state-capital relations, as well as more empirical studies about national treasuries and finance, updating the story in the UK case with empirical data that extends right up to the present day and present chancellor. In agreement with the seminal studies of state and capital of mid-century, my conclusion says that, into the twenty-first century in Britain, it is still the case that key state elites support (financial) capital. Specifically, chancellors have been very actively supporting financialization over the last thirty-seven years, constantly adapting their economic narratives, arguments, and norms to establish, propagate and promote financialization in all weathers. It was active, adaptive work undertaken to create, propagate and protect something of value, something precious, something that 'worked' for them. Financialization 'worked' not only for financial capitalists but the more 'ordinary' people, and this can be glimpsed in the budget statements, too. The audiences included, after all, voters who bought homes and shares, and to a greater or lesser extent accepted the pro-financialization logics of the chancellors' rhetoric. If this had not been the case then the rhetoric would not have persisted as it did. What can be seen in my study that is not present in foundational work undertaken decades ago is the presence of the democratization of finance, and the conundrum of such intensive debt and debt relationships. Although my conclusion stresses the service of chancellors to finance, there is nothing in my findings that disallows state elites to respect their own political imperatives and bases of power, along with the needs of capital, and to work to accommodate both. I see my contribution to broader state-capital theory to be primarily one of renewing the data, documenting the UK case, and emphasizing the democratization of finance.

My conclusion complements some of the recent academic literature focusing on the state and financialization, by showing that chancellors have aided financialization historically through their public rhetoric. Many previously published accounts assert or assume that the state must be an important coordinating site for a discourse for financialization, encouraging it more widely as well as making it more profitable. My conclusions support these assumptions and assertions, and my findings suggest at least one mechanism, the budget statements, by which such coordination might be achieved and such support enacted. To the best of my knowledge this is a new contribution to the political-economic field of financialization and the state. Konings (2009) implies that state leadership of public discourses must have been key to a developing “hegemony” of finance, in addition to the economic means that the state made use of in order to propagate an American imperialist financial order. My study shows one way this happened, historically, how the most elite of the state established, propagated and protected financialization through rhetoric, volunteered these accounts into a larger discourse. Schwartz (2008) has argued that the American state's global pro-financialization policies helped sway domestic voter patterns, implying that the state could use financialization as a channel for mass political influence. Similarly, Seabrooke (2006) has argued that the US state was able to improve its own political legitimacy at home and abroad through financialization as domestically experienced by Americans. Putting the case most strongly for the importance and efficacy of the state and its elites is Krippner (2011), who argues that the US state was an early, if inadvertent, convert to financialization, and should be appreciated as a necessary establishing agent. My conclusions are complementary to Konings (2009), Seabrook (2006), Schwartz (2008), and even Krippner (2011) to the extent that we all argue in different ways that the state was not a passive bystander of financialization. We agree that states have been an active site for financialization, with a history of taking different sorts of initiatives, and that the state had both economic and extra-economic reasons for doing so. My contribution to this broadly-shared conclusion is to provide more supporting data, this time in the UK case rather than the US, of the active role of not just the state in general, but very high-ranking state elites in particular.

Arguably, my most ambitious contribution is to the question of how intentionally state elites supported financialization. Konings (2009) and Krippner (2011) agree that the establishment of financialization was largely accidental, and that the beneficial effects for the US state was initially a surprise to state officials. There is little in my investigation of Healey to argue with that view, although even Howe begins to look more purposeful when it comes to his orientation toward domestic finance. Krippner (2011) has concentrated her investigations very much in financialization's establishment, and has concluded that it was an accident into which the US state fell. But Konings (2009) has argued instead that the US state soon came to understand how it stood to benefit from financialization. My conclusion, that over the last thirty-seven years UK chancellors have intentionally supported financialization with their rhetoric, supports Konings arguments and is some small challenge to Krippner's. Although Healey was likely under-appreciative of the rise of finance that was beginning, from Howe onward pro-financialization rhetoric becomes more coherent, very persistent, and to me looks intentional. Schwartz (2008) and Seabrooke (2006) both argue that the US state's pro-finance policies yielded political benefits, but they could not have made strong arguments for state-elite intent easily with macro-economic and policy data. But my arguments for intention do not jar with their analyses at all: if the state as an institution could benefit, perhaps chancellors recognized this and acted accordingly? So here I contribute an alternate interpretation of how intentional state elites were, and although my suggestion contradicts Krippner's (2011) thesis, it sits quite comfortably with the other accounts that I have described.

Section Three: Suggestions for Future Work

My study could be extended in various ways. It became clear to me while analysing Healey's budget statements that his rhetoric was a proto-financialization rhetoric, i.e. rhetoric that would seem clearly pro-financialization under Howe was already present in a nascent form. This suggests to me that an extension backward, perhaps even to the 1967 sterling devaluation, might be sensible. Konings (2009) and Krippner (2011) both argue that changes in capital flows, including swelling London Eurobond and Eurodollar markets, were important fundamental changes for financialization, and again this recommends extending backward in time. Another simple extension would be to simply widen and deepen the population from which chancellor data is drawn: Autumn Statements, spending reviews, Mansion House Speeches, more ordinary Parliamentary debates, policy papers or even media interviews. I believe that the chancellor is the best state elite to scrutinize on economic matters, but certainly he is not the only one. In particular, the Secretaries of the Department of Trade and Industry, or Work and Pensions, might give their views on topics that are under-represented in budget statements, such as privatization, industrial relations, and pension reform. Or, to return to finance, Governors of the Bank of England speak publicly, and while they have always been important they became more *publicly* so after the interest-rate shift of 1997. An obvious triangulation of method would be one-on-one retrospective interviews with some of the principals working in these governmental bodies at the time in question, including the past in question chancellors (all of whom, in the autumn of 2013, are still alive, the oldest being 95). These men have also published memoires, which may be of some value. To explore rhetoric created by and for financial interests, one might approach documents or conduct interviews that originate from financial lobbyists or bankers, or perhaps even specialist publications or the pseudo-specialist *Financial Times*. Finally, perhaps the extension that could have the most impact would be that into investigating discourses by investigating other voices: Opposition replies to the budget statement, press coverage, press commentary, lobbyist reaction, activist reaction and protest. This would be a chance to understand how competing rhetorics influenced the order of discourse. My study could extend in several directions depending on what research questions one might be interested in.

And there are several interesting questions lingering. The first is what chancellor rhetoric looked like pre-1976, when the country was in successive inflation and currency crises and the Eurodollar and Eurobond markets quietly overtaking the London Stock Exchange. My suspicions are that proto-financialization rhetoric pre-dates Healey 1976, but I have not tested that hypothesis. I have also made no judgement in this thesis about how influential the chancellors' budget statements are, in an agenda-setting sense, but the question is an obvious one. This is where a wider and deeper examination of shifting discourses in history is needed. Another interesting question is, does chancellor rhetoric lead or follow financial-elite rhetoric? Do they show evidence of coordination, of building on one another? This requires an investigation of specialist media output and lobbying materials, but it could be productive to look for coordination over the long-term. And what does the Governor of the Bank of England do for financialization? It became clear to me during my research that the Bank of England is the great silent partner is so much of state-capital relations, yet its role in financialization seems to me under-appreciated, as are the consequences of the *ménage à trois* that is Bank, Treasury and City. These are only some of the directions future research, by myself or someone else, could take.

These suggestions are all still centred on communication, but another possible route for further investigation is to move away from rhetoric and deeper into policy studies and economics. I am not specialist in either, but it was clear to me as I read the budget statements that chancellors not only *said* a lot of things for finance, they *did* a lot of things for finance. Tax change, pension reform, the great reductions in capital gains and income tax all, I believe, had financializing consequences, and this could be worked-up more thoroughly with a different expertise than I presently possess. And nearly unmentioned in these budget statements are some very talismanic programmes of financialization: privatizations, the ERM *débâcle,* and financial market deregulation. These have been studied already, of course, but they have not been brought together in service of historical questions about the role of the UK state and financialization, in particular. So my final suggestion for an extension of my research programme is to divert attention from rhetoric, or discourse and focus instead on the long list of things HM Treasury and other departments did to support financialization.

Section Four: Conclusion

What have I accomplished with my thesis project that is new, and can be used by others? I have provided an historical study of the UK chancellor rhetoric and financialization since 1976, and to the best of my knowledge it is the only such study to have been conducted. Previously, anyone interested in the UK state and financialization as an historical socio-economic development would have had to look to the globalization literature, or other countries, particularly the United States, and extrapolate those findings to the UK case. While chancellors have been the subject of histories before, the focus on financialization and rhetoric produces a completely different kind of history, one that makes economics, and the public discourse of economic ideas, central. I have also made chancellor rhetoric the focus, rather than the state as a whole, or even the Treasury in particular, and this specificity is what has allowed me to say what I have about state-elite activism and intentionality over *la longue durée*. Other studies of financialization and the state, even when looking over the long-term, have been institutional and/or macro-economic. While those studies are interesting and valuable, they have not been the kinds of studies that could easily claim to see state-elite intention without a closer focus on principal actors as individuals. A study conducted via retrospective interviews with participants can make that claim, but I treat with suspicion interview with principals who have legacy on their minds. The combination of chancellor rhetoric, history, economics, and corpus-linguistic techniques has yielded a unique study with detailed findings that to the best of my knowledge have not been previously argued. These are novel contributions to our understanding of financialization, in terms of both political economy and political communication.

How might my thesis project make a meaningful contribution to debates in which other scholars are engaged? I offer to them a detailed answer as to how actively chancellors have supported financialization with their rhetoric, which should be of use to those scholars who have already speculated that state elites have lead a discourse for financialization. I also offer a detailed and empirically-laden defence of the argument that key state elites, namely chancellors, supported financialization not only publicly but with intent, which is a contribution to a disagreement among political economists about how intentionally state elites brought financialization about. The matter of intention is difficult to assess by the types of research methods that are typically used by those studying financialization. That the state was involved in financialization is relatively uncontroversial in political economy, but exactly how, and to what degree they intended to be involved, and to propel change by privileging finance, are questions that have not been settled. I do not claim to have settled them here, but I do believe that I have made a contribution to that debate.

In my introduction I asked my formal research question, but I asked another, simpler and more informal question, too: 'how did we get here?' Financialization has been stealthy and sweeping, and has become so ingrained in the social landscape now we hardly need notice it most days. The Crisis of 2008 made us notice it. There are many ways to ask 'why financialization?': Who started it? What problems does it solve? How does it distribute its gifts? What means of entrenchment does it have? Whom does it serve? Who serves it? These are difficult questions to answer, and I am only a student, so I ask a simpler question still. If I look back at history, can I see what the UK chancellors had to do it? I believe that I can, and I contribute that answer, partial in both senses of the word, to the question. 'how did we get here?'

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APPENDIX A: Budget Statements 1976-2013

Year	Chancellor	Prime Minister	Day & Date	Duration (minutes)	Words
1976	Healey	Callaghan	Tue 6 April	130	18,412
1977	Healey	Callaghan	Tue 29 Mar	83	11,103
1978	Healey	Callaghan	Tue 11 Apr	68	8,929
1979	Howe	Thatcher	Tue 12 Jun	73	10,310
1980	Howe	Thatcher	Wed 26 Mar	121	18,272
1981	Howe	Thatcher	Tue 10 Mar	92	13,735
1982	Howe	Thatcher	Tue 9 Mar	109	17,053
1983	Howe	Thatcher	Tue 15 Mar	84	12,516
1984	Lawson	Thatcher	Tue 13 Mar	100	10,413
1985	Lawson	Thatcher	Tue 19 Mar	75	9,516
1986	Lawson	Thatcher	Tue 18 Mar	76	9,519
1987	Lawson	Thatcher	Tue 17 Mar	61	7,319
1988	Lawson	Thatcher	Tue 15 Mar	not recorded	9,439
1989	Lawson	Thatcher	Tue 14 Mar	not recorded	9,109
1990	Major	Thatcher	Tue 20 Mar	85	9,753
1991	Lamont	Major	Tue 19 Mar	78	10,109
1992	Lamont	Major	Tue 10 Mar	71	8,977
1993	Lamont	Major	Tue 16 Mar	113	14,511
1993	Clarke	Major	Tue 30 Nov	76	10,226
1994	Clarke	Major	Tue 29 Nov	86	12,166
1995	Clarke	Major	Tue 28 Nov	70	9,446
1996	Clarke	Major	Tue 26 Nov	78	10,536
1997	Brown	Blair	Wed 2 Jul	63	7,670
1998	Brown	Blair	Tue 17 Mar	64	8,455
1999	Brown	Blair	Tue 9 Mar	69	9,097
2000	Brown	Blair	Tue 21 Mar	52	7,608
2001	Brown	Blair	Tue 7 Mar	54	7,756
2002	Brown	Blair	Tue 17 Apr	60	8,819
2003	Brown	Blair	Tue 9 Apr	62	8,919
2004	Brown	Blair	Tue 17 Mar	55	8,355

APPENDIX A: Budget Statements 1976-2013 (continued)

Year	Chancellor	Prime Minister	Day & Date	Duration (minutes)	Words
2005	Brown	Blair	Tue 16 Mar	52	6,561
2006	Brown	Blair	Tue 22 Mar	63	8,378
2007	Brown	Blair	Tue 21 Mar	51	6,627
2008	Darling	Brown	Wed 12 Mar	52	7,427
2009	Darling	Brown	Wed 22 April	52	7,311
2010	Darling	Brown	Wed 24 Mar	60	8,498
2010	Osborne	Cameron	Tue 22 Jun	56	8,681
2011	Osborne	Cameron	Wed 23 Mar	59	8,681
2012	Osborne	Cameron	Wed 21 Mar	60	8,227
2013	Osborne	Cameron	Wed 20 Mar	54	7,513
Total					396,328

APPENDIX B: Qualitative Rhetorical Analysis Questions
(As derived by Catherine Walsh from Potter (1996))

<u>**Action-orientation?: Does this description suggest an action?**</u>

1. Explicit vs. implicit

Is an action explicitly requested, declared, or commanded by the chancellor? Of whom? Who are the audience(s)? What does this suggest about the relationship between chancellor and audiences? Is an action implicitly requested or foreshadowed (i.e. can one be inferred)? If so, is this because the action is a sensitive one for the chancellor? Would an explicit request, declaration, or command reflect badly on the chancellor? Would an explicitness suggest accountability or betray a discounting vested-interest of the chancellor? What does this suggest about chancellor expectations of audience capacity? About chancellor capacity?

2. Interest management

Does the chancellor try to discount a vested-interest that the audience might perceive as a reason to decline action? Does the chancellor try to establish distance from a vested-interest that the audience might perceive as a reason to decline action?

3. Categorization

Does this description normalize, routinize, maximize, minimize, or exceptionalize an object in a way that supports action? What modals, detail, or narrative indicate this? Does this obscure, or draw attention to chancellor agency, accountability, or activism with respect to an object? Does normalization or routinization hide a change that is sensitive for relations between the chancellor and audience? Alternatively, does maximization, minimization, or exceptionalization draw attention to change that the chancellor wants the audience to recognize?

4. Ontological Gerrymandering

Are objects of description selected to steer action? What objects, terms or terrain seem to have been omitted from the description? How do I know (i.e. general expectations, comparison with other parts of the same account, or other accounts?) Where does the narrative start and stop?

<u>Epistemological Orientation: How is this description built as factual?</u>

5. Chancellor construction

How is the chancellor constructed as a vested interest? How does the chancellor construct others as having vested interests? How does the chancellor discount perceived interest? Is there a confession of stake, or an inoculation against stake, or is stake disavowed? How explicitly or implicitly is stake managed? What does this suggest for how contentious this description is? What does this suggest about agency, accountability, or activism? What does this suggest about audience expectations?

6. Category Entitlements

How is chancellor entitlement and status constructed and/or validated? Is chancellor category entitlement made vague? How might chancellor category entitlement influence agency and accountability, or their 'deniability'?

7. Footing

How close is the footing of the chancellor and does it shift? Is the chancellor the principal, author, or animator? Some combination? Does the chancellor claim that others say X, or that X is true? Do people or things have agency? What does chancellor footing suggest about the chancellor's desired perception of accountability? Does a footing shift suggest the chancellor knows the audience knows he has lots of control or very little? Does a shift in footing suggest that a description is more or less contentious?

8. Empiricist Repertoire

Is impersonal grammar used? Are data given primacy in argument or exposition? Are data or measurements characterized as having agency? Are data characterized as having more agency that the chancellor? Are procedures constructed as universal and standardized? Does an empiricist repertoire reduce the appearance of agency or accountability?

9. Corroboration & Consensus

How is corroboration or consensus used? Who is a valuable informant for the chancellor? Are informants constructed as being independent from each other? From the chancellor?

10. Detail & Narrative

Are more details provided than is necessary? How do I know? What is the focalization (zeroth, external, internal)? Does the focalization work to distance the chancellor or make his account more vivid? Does vivid detail or intimate focalization suggest that the account is contentious? Are details left vague? Does this distance the chancellor or resist challenge of the account? Does the narrative order suggest causation? Is this causation contentious?

APPENDIX C: FORMULAE FOR QUANTITATIVE CORPUS-LINGUISTIC ANALYSIS

Where:

sample frequency = the frequency of the n-gram in the corpus of interest
sample size = the size of the corpus of interest
reference frequency = the frequency of the n-gram in a comparison corpus
reference size = the size of the comparison corpus

Percent Relative Difference:

The percent relative difference (which I often report as percent relative increase where it is positive) is the change in the frequency of an n-gram, adjusted for differences in size (number of words) between the corpus under investigation and a comparison corpus.

$$\text{Percent Relative Difference} = \left(\frac{\frac{\text{sample frequency}}{\text{sample size}} - \frac{\text{reference frequency}}{\text{reference size}}}{\frac{\text{reference frequency}}{\text{reference size}}} \right) \times 100\%$$

Estimation of Error for N-gram Frequencies

I apply confidence-limit thresholds of uncertainty to my empirical measurements throughout my quantitative analysis.

For the 68% confidence-interval, I tolerate a variance of one standard deviation from the expected mean:

$$68\% \text{ confidence limit} = \sigma_{frequency} = \sqrt{\text{sample frequency}}$$

For the 95% confidence-interval, I tolerate a variance of two standard deviations from the expected mean:

$$95\% \text{ confidence limit} = 2\sigma_{frequency} = 2\sqrt{\text{sample frequency}}$$

Propagation of Uncertainty through the Percent Relative Difference Calculation

When measurements with uncertainty estimates are used in calculations, such as a percent relative difference calculation, those errors propagate through the calculations in known ways, too, and must be calculated with the results. In its simplest terms,

$$\text{Percent Relative Difference} = \left(\frac{\frac{\text{sample frequency}}{\text{sample size}} - \frac{\text{reference frequency}}{\text{reference size}}}{\frac{\text{reference frequency}}{\text{reference size}}} \right) \times 100\%$$

is equivalent to:

$$\left[\frac{\left(\frac{\text{sample frequency}}{\text{sample size}} \right)}{\left(\frac{\text{reference frequency}}{\text{reference size}} \right)} - 1 \right] \times 100\%$$

or

$$\%\text{ Rel Diff} = 100\% \times \left[\frac{\left(\frac{\text{sample frequency}}{\text{sample size}}\right)}{\left(\frac{\text{reference frequency}}{\text{reference size}}\right)} \right] - 100\%$$

which is a function defined by the ratio of two uncertain measurements (the sample frequency and the reference frequency), and so the propagation of uncertainty through this function may be calculated using the formula appropriate for products and ratios. For a function defined by the product or ratio of real variables A and B, with known standard deviations and no anticipated co-variances:

$$\left(\frac{\sigma_{\text{function}}}{\text{function}}\right)^2 = \left(\frac{\sigma_A}{A}\right)^2 + \left(\frac{\sigma_B}{B}\right)^2$$

which, for the relative percent difference in n-grams between two corpora means:

$$\left(\frac{\sigma_{\%\text{ Rel Diff}}}{\%\text{ Rel Diff}}\right)^2 = \left(\frac{\sigma_{\text{sample frequency}}}{\text{sample frequency}}\right)^2 + \left(\frac{\sigma_{\text{reference frequency}}}{\text{reference frequency}}\right)^2$$

$$\frac{\sigma_{\%\text{ Rel Diff}}}{\%\text{ Rel Diff}} = \sqrt{\left(\frac{\sigma_{\text{sample frequency}}}{\text{sample frequency}}\right)^2 + \left(\frac{\sigma_{\text{reference frequency}}}{\text{reference frequency}}\right)^2}$$

and so the formula for calculating the uncertainty of a percent relative increase for n-grams is:

$$\begin{aligned}
\sigma_{\%\text{ Rel Diff}} &= \sqrt{\left(\frac{\sigma_{\text{sample frequency}}}{\text{sample frequency}}\right)^2 + \left(\frac{\sigma_{\text{reference frequency}}}{\text{reference frequency}}\right)^2} \times [\%\text{ Rel Diff}] \\
&= \sqrt{\left(\frac{\sqrt{\text{sample frequency}}}{\text{sample frequency}}\right)^2 + \left(\frac{\sqrt{\text{reference frequency}}}{\text{reference frequency}}\right)^2} \times [\%\text{ Rel Diff}] \\
&= \sqrt{\frac{\text{sample frequency}}{(\text{sample frequency})^2} + \frac{\text{reference frequency}}{(\text{reference frequency})^2}} \times [\%\text{ Rel Diff}] \\
&= \sqrt{\frac{1}{\text{sample frequency}} + \frac{1}{\text{reference frequency}}} \times [\%\text{ Rel Diff}] \\
\sigma_{\%\text{ Rel Diff}} &= \sqrt{\frac{1}{\text{sample frequency}} + \frac{1}{\text{reference frequency}}} \\
&\quad \times \left[100\% \times \left[\frac{\left(\frac{\text{sample frequency}}{\text{sample size}}\right)}{\left(\frac{\text{reference frequency}}{\text{reference size}}\right)} \right] - 100\% \right]
\end{aligned}$$