

The future's not ours to see.....

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Going South

why Britain will have a third world economy by 2014

Larry Elliott and Dan Atkinson

London: Palgrave MacMillan, 2012, £14.99

The authors – Elliott of the *Guardian* and Atkinson until recently at the *Mail on Sunday* – present this work in 3 parts: an imagined description of the UK in 2014, a how and why of the journey to that position and a discussion of the alternatives that could have been adopted (and presumably might still be) to avoid the ghastly scenario they sketch out. Much of their material on our envisaged future – the UK in 2014 – is presented, with some relish, under the heading 'Lagos-on-Sea', a description that will appeal to *Daily Mail* readers (and UKIP supporters) everywhere. It's entertaining, up to a point; but also curiously small-minded. Hosting the Olympic Games was a waste of money, apparently. (Why? Other countries do.) They also repeat the popular myth about the country 'running out of money' and 'needing an IMF bailout' in 1976, assertions long since shown to be false. In general terms, though, they give a largely accurate overview of the UK economy today; and, unsurprisingly, it doesn't make happy reading.

As to how this all came about, they write at length about the failure to set up a sovereign wealth fund to invest the income from North Sea Oil and remind us (p. 189) of the casual spite of the Thatcher years by quoting Nigel Lawson's 1984 Mansion House speech in which he admitted that most jobs created in the future in the UK would be 'no tech'. (Up until then the line had been that 'low tech' employment was a temporary tactical manoeuvre to recover competitiveness in

the global economy.) This is all fine; but amidst this the authors also lurch off into weaker territory when they state that Britain 'couldn't afford' its role in the world after 1945. Is this true?

Take, for example, 1952, the year our current head of state, Queen Elizabeth II, ascended to the throne. Britain had full employment, an NHS with proportionally much lower prescription charges, a huge public transport network, a 100% government-funded housing programme that built 250,000 new homes per year (allocated as permanent tenancies and at a very low rent)¹ and maintained much larger armed forces, together with a completely independent UK manufactured nuclear deterrent. Britain also had a huge ship building industry, a huge motor vehicle industry (much of it geared to producing valuable exports) and was, much more than the US, a world leader in aviation and jet technology. So was Britain 'bankrupt' in 1952? No. It simply lived with a higher national debt and paid for everything with higher (some might say normal) levels of personal taxes, as most European countries do today.²

Sweden or Freeport

Discussing the alternatives to our current destination of Lagos-on-Sea, the authors propose two models: Sweden and Freeport. The Swedish option (high(er) taxes and excellent social provision – hardly unique to Sweden) gets a couple of pages before being smartly knocked to one side on the basis of a single statement made by BBC journalist Evan Davis: 'Personally, I suspect that most of us would not be willing to pay a very high price for universal provision.' Whether or not

¹ Britain built 212,000 council houses and flats in 1952, rising to 262,000 in 1953, during the time Harold MacMillan was Minister for Housing in the Churchill/Eden government.

² The standard rate of income tax was 47.5% in 1952 compared with 23% today. Between 1947 and 1955 National Debt was stable at £25bn-£26bn (twice GDP). The amount of National Debt fell below annual GDP during the Wilson period (1964-1970) and has been so ever since. Debt is not, in itself, a problem for the UK: the problems today are caused by borrowing to cover the mismatch between spending and an artificially low level of taxation.

any government should volunteer a referendum asking if people would 'like' to pay higher taxes, or base important matters on the opinions of journalists is not considered. Nor is the acceptance of the philosophical approach that the state should only do what 'people' (meaning what, a majority? some?) are 'willing' to accept. The possibility that a responsible government would take a long term view, show leadership and get on with the job for the greater good is not broached. A little more time is spent ruminating over the Freeport option, the UK as a sort of giant version of Singapore or Hong Kong, a free trade paradise off the coast of a larger continental bloc. Eventually this is dismissed, too, with the lame conclusion: 'Whichever model is chosen, the way ahead will be tough.....'

The book concludes its grim narrative of terminal national decline by taking swipes at an alleged huge expansion of the public sector in the UK in recent years, the amount of bureaucratic meddling that this creates and the delusional thinking of our politicians, while slowly burying the reader beneath an avalanche of facts and statistics. With some of this, one wonders if Elliott and Atkinson can see the wood for the trees; and much of their text reads rather like being stuck in a saloon bar after closing time with UKIP's Nigel Farage.

Two comments at this point: firstly, describing the UK of the near future as Lagos-on-Sea is clearly overegging the pudding. With endemic, grinding poverty and exploitation, an infrastructure that is rudimentary in many places and astonishing, commonplace levels of corruption, Nigeria is unlikely to be where we end up in the next 18 months. Secondly, their explanations of how we have arrived where they say we have arrived fail to discuss in any detail what the alternatives might have been in the last 60 odd years and what they still might be now. As noted, they also make some glib assertions (and repeat some myths) about the recent political past. So: although containing much of value, and being an interesting opinion piece, the authors have produced a sort of non-fiction alternative future.

Alternative futures

The alternative future *literary* genre – in our computer-orientated era known as either steampunk or cyberpunk – was founded almost single-handedly by H.G. Wells, a writer and commentator of the left, whose works tended toward the utopian rather than the dystopian. Largely abandoned as a format by the '20s, when the world struggled with very real practical problems, the use of the 'alternative future' as a narrative device was revived from the '60s onwards by a diverse array of writers: Philip K Dick, Michael Moorcock, Philip Roth, Len Deighton, Christopher Priest, Robert Harris, Michael Chabon and C. J. Sansom. Today books of this type are now relatively mainstream and in their works the authors listed above explain in some detail why the future they represent is so different from the world we actually live in today. Elliott and Atkinson simply don't do this. By presenting a narrative in which the last 70 years of British history becomes a kind of gigantic and mysterious exercise in wrongheaded muddling through, the authors do themselves and the reading public a disservice. It might have been more interesting – and topical – if, as well as going over the usual ground of strikes + inflation + Winter of Discontent + high taxes they had sketched out a few instances, or 'tipping points' (to use contemporary parlance), at which, had different counsel prevailed, the UK we live in today would be a very different place. People will have their own views about what such 'tipping points' might have been, but the four below spring to mind. In them I sketch alternative courses of action which were available to the actors at the time, and which would have changed British history had they been followed.

The dollar loan (1946)

Anxious to introduce a huge programme of social reforms that can be fully funded – and with bitter memories of Lloyd George's abortive 'Homes Fit for Heroes' pledge of 1919 – Britain considers asking the US for a dollar loan. The cabinet takes advice from John Maynard Keynes who points out that

their reasoning for this request is flawed.³ Unlike 1919, European and Japanese industry (in 1945) has been completely destroyed and therefore the UK will not face any competition in foreign markets for at least 10 years from these areas. As a result UK earnings from exports are expected to increase quickly and significantly, producing sufficient income for the extensive programme of social spending being rolled out by the Attlee government. In addition it soon becomes clear that the US terms are harsh: to get the loan the UK needs to allow US access to its protected markets within the Commonwealth (particularly Africa, the West Indies and the Far East) thus lowering UK manufacturing exports to those areas. The cabinet narrowly decides against the dollar loan and maintains instead the policy of Imperial preference adopted in 1932. The US are politely told that Britain has already paid the highest price proportionally of the Allies in winning the war and is declining to repay future 'Lend Lease' monies, writing off all such debts on the basis that the value of the radar, jet engine and nuclear technology freely shared with the US makes such payments unnecessary.⁴

Keynes advice turns out to be correct. UK exports recover very quickly in the absence of foreign competition. Full employment is maintained. Although the '40s are indeed an

3 On Keynes and the request that he seek a dollar loan see Scott Newton's paper 'A Visionary Hope Frustrated - JM Keynes and the Origins of the Post War International Monetary Order' (2007). It remains unclear as to whether Keynes was instructed to pursue this by the government, or whether the initiative came directly from him. Newton concludes that Keynes followed instructions in the hope that the US would respond generously, and was on the verge of strongly opposing the deal when he died in April 1946. The loan was not approved until July 1946; would the required legislation have gone through Parliament had Keynes lived? In defence of those making the request to ask the US for a loan we should perhaps remember that after the huge level of assistance given to the UK by the US after 1940 few in UK political life could have imagined the US pursuing its own national interests quite so abruptly after 1945.

4 Proportionally the UK paid the highest cost of any of the Allies between 1939 and 1945: £150bn with a population of 48m against the US (population 140m) paying £288bn. A shorthand way of looking at the contribution of the various Allies would be that the UK paid the price of winning the war, the US provided the materiel and the USSR and China shed the blood.

austere decade, an extensive Welfare State is created. Britain maintains a distinct identity in the world and is not anxiously gauging its financial relationship with the US when making future decisions. Because of the way their original request for the loan was dealt with by the US, it also avoids uncritical support for the US during that country's ramping-up of the Cold War later in the decade. In the medium and longer term the UK economy does not experience the 'stop-go' features that characterised the '50s and '60s.

Suez (1956)

After Egypt nationalises the Suez Canal, Britain and France attack Egypt, with the aim of re-establishing a Suez Canal Zone (that they will control), taking the canal back into their ownership and, directly or indirectly, removing President Nasser from power. President Eisenhower, seeking re-election and angered at being seen by the US electorate to have no role to play in this, threatens Britain and France with the US withdrawal of financial support for the pound and the franc on the world money markets, unless they desist immediately. Britain and France ignore this, put an immediate block on US deposits and assets in their countries and continue their military action for the additional 48 hours needed to secure their position militarily. The Suez Canal is taken back into UK/French control and a pro-western government installed in Egypt by elements of the Egyptian opposition. Both Britain and France make it clear publicly that they regard Eisenhower's attitude as an electoral device and are offended at the inconsistency between US rhetoric in the Middle East and US actions in Latin America (particularly with regard to the Panama Canal) and the Far East.

Suez is popular with the public, Eden is vindicated and re-elected Prime Minister in 1959. Close co-operation with France continues and is strengthened and the UK/French axis emerges as a counter balance to both the US and USSR in world affairs. Britain retains its independent nuclear deterrent and does not conclude the 1958 agreement to 'share' this with the US. Britain maintains significant overseas interests for

many years afterwards and domestically retains a high-spending 'Gaullist' style economy. In time the verdict of history on the morality of the action against Nasser is softened as intervention in the Middle East becomes more common.

In Place of Strife (1968)

Dismayed at the lack of a legal and strategic framework within which UK industrial relations can take place, and annoyed at the ability of relatively minor disputes to escalate into national stoppages, the Wilson government puts forward modest proposals (*In Place of Strife*) to address this. They recommend a system of arbitration, statutory co-operation and legally binding agreements similar to that used in Germany and France. A considerable argument develops in the cabinet about these, led by James Callaghan who, by appealing to the trade union bloc vote and trade union-nominated MPs, sees taking an oppositionist stance as his opportunity to destroy the chances of Barbara Castle (who is promoting the proposals) succeeding Harold Wilson in any future leadership contest within the Labour Party. It soon becomes clear that Callaghan and the trade unions have mobilised a majority against Castle and Wilson. Although considering *In Place of Strife* to be much less comprehensive an approach than would be taken by a Conservative government, Edward Heath decides against a purely party political opposition to the scheme. An admirer of the West German industrial relations system,⁵ of which *In Place of Strife* was a pale imitation, he offers Wilson his support in a free vote in the Commons. *In Place of Strife* is duly voted through and becomes law.

Although beset with many other difficulties, and unpopular for reasons other than its failure to establish a clear industrial relations strategy, Labour narrowly wins the 1970 general election, though with a substantially reduced. Exhausted by 25 years in front line politics and worried about his health, Harold Wilson resigns in early 1972. In the bitter contest that follows, Barbara Castle succeeds him, becoming the first woman to lead a UK political party and the first to

⁵ Which was created by a delegation from the British Trades Union Congress after WW2.

serve as Prime Minister. Despite bringing the Conservatives much closer to office, Heath is quickly replaced by William Whitelaw. In a subsequent election in 1974 Barbara Castle – and Labour – are re-elected again.

The election that never was (1978)

With the economy recovering and Labour – at last – ahead in the opinion polls, James Callaghan ponders about whether to call an election in the autumn of 1978. After taking a wide range of advice he does so. Labour run a competent campaign and are returned to office with a small majority. Margaret Thatcher is discredited and removed as leader of the Conservative Party. Callaghan retires in the early '80s and is replaced as Prime Minister by Roy Hattersley. The schism that created the SDP does not take place. UK manufacturing avoids the deliberate hollowing-out of the Thatcher years. The 1981 defence cuts do not take place and there is no Falklands War.

It is easy, of course, to engage in retrospective armchair politics. However none of the above episodes requires hindsight. In each case there were prominent and well informed public figures whose arguments were not heeded.⁶ Other examples of 'tipping points' could be given; and it is a pity that *Going South* isn't a sufficiently comprehensive study to consider the alternatives that existed as well as highlighting the errors that have been made.

APPENDIX

Alternative future fiction

Much of the recent alternative future genre concerns different outcomes emerging from World War Two. The pioneering work, in this respect, appears to have been Philip K. Dick's *The Man in the High Castle* (1961) which has the Axis emerging

⁶ Lord Beaverbrook was the principal figure opposed to the dollar loan. Keynes may have been inclined against it too, but his early death makes it difficult to be precise about his view on the matter. The strangest and most difficult to justify of the four instances listed is Callaghan in 1978 – an entirely private decision made against all the advice tendered, by a man who was never called on to answer for the consequences. (Rather like Gordon Brown in 2007).

triumphant on all fronts. In the US more recently other works of this type have included Philip Roth's *The Plot Against America* (2004) which has a President Lindbergh introducing fascism and keeping the US neutral and Michael Chabon's *The Yiddish Policeman's Union* (2007) in which the Jewish population of Nazi-occupied eastern Europe and Russia have been settled as refugees in Alaska while the US, again, remained neutral in the wider conflict.

In the UK the initial reappearance of alternative future fiction arose, as in the US, from authors working in the science fiction genre. Michael Moorcock, in *The Warlord of the Air* (1971) recast the plot of H.G. Wells' *The War in The Air* (1908), interpreting it from a point of view that readers in the counter culture of the time (the early '70s) would be familiar with. Moorcock also edited two collections, *Before Armageddon – An Anthology of Victorian and Edwardian Imaginative Fiction Published Before 1914* (1975) and *England Invaded* (1977), which republished works that appeared pre-1914 in which UK writers anxiously imagined a future in which the British Empire had been defeated and subjugated, usually by Germany. Christopher Priest in *Fugue for a Darkening Isle* (1972 – and a very prescient prototype for the Lagos-on-Sea option) had Europe and the UK being overwhelmed, at some point in the future, by a tidal wave of immigration from Africa, as that continent implodes due to environmental and political instability. Priest would later publish *The Separation* (2002) which has a plot where Rudolf Hess successfully brokers a peace treaty between Germany and the UK in 1941. Len Deighton's *SS-GB* (1978), Robert Harris's *Fatherland* (1992) and C. J. Sansom's *Dominion* (2012) are all bleak and plausible stories in which Britain is either invaded and defeated after Dunkirk, or sues for peace, with the appeasers ousting Churchill from power. Hitler winning seems a particularly popular story line today; but a clear inference to be drawn from all of this, whether in the UK or the US, is that writers are now actively thinking about what type of future we might be living in, had events in the past turned out slightly differently. What if Roosevelt had lost the election in 1940? (Or had been

assassinated by a fanatical neutralist?) Or the Japanese attack on Pearl Harbour caused greater destruction? Suppose Halifax had succeeded Chamberlain, and not Churchill? Or Hitler had been very slightly more consistent in his commands and the German army had captured Moscow in November '41? What would 2013 look like today? In contrast Elliott and Atkinson provide a grim destination for us all but little real consideration of alternatives.

Farewell

During the writing of this article Margaret Thatcher died. This produced a dominant media narrative of her career that contained much that was arguable or simply wrong. Claims that she was 'inevitable', that 'she allowed people to buy their own houses', that 'she made Britain great again' and that 'she was a great war leader'⁷ all seem delusory and avoid some simple questions: (1) What if Callaghan had called the election in '78? (2) Or a few more Argentine bombs had hit British ships in 1982? (3) Or the IRA bomb had been an inch nearer the rafter in the hotel in Brighton?

Despite all the debate that followed Thatcher's death no one put out a programme asking what type of country Britain might be today if she had never made it to No. 10. Is the British state deliberately propagating an imaginary past to stop people thinking about an alternative future?

⁷ Thatcher as a great war leader seems particularly odd. She committed 10,000 troops to take back control of a British dependency, but was prepared (with her cabinet) during the conflict to agree to a proposal for joint administration and lease back put forward by the US. Only Argentine intransigence stopped this being pursued. (See *The Sunday Telegraph* 21 April 2013.) By contrast in 1964-1966 the Wilson government committed 60,000 UK troops to preventing Indonesia taking control of large parts of Malaysia and at no time considered a territorial compromise. Harold Wilson was not considered a great war leader because of this and did not receive a state funeral.