

All our yesterdays

The Land Where Nothing Works
How Britain Lost The Plot

A. G. Hopkins

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Professor Hopkins is an old-school social democrat.

. . . our relatively prosperous country has produced a society that exemplifies, in J. K. Galbraith's celebrated phrase, 'private affluence and public squalor', and in doing so has created a dystopia for huge sections of the population.⁸²

The citation of Galbraith is apposite because part of the explanation is that Britain has followed the United States closely not only in foreign affairs but also in domestic policies. We have absorbed the ethos of unfettered individualism and accepted uncritically a definition of economics that studies growth but omits welfare. (p. 27)

I was wondering how to write about this when then would-be Labour MP Andy Burnham made a speech in early May in which he referred to '40 years on the wrong path, a path that has damaged communities across the north [. . .] 40 years of neoliberalism that have not been kind to the north of England [. . .]'.¹ In essence, this book explains those 40 years and the events leading to them. It says a great deal about the dominance of neo-conservative thinking in this country that a banal statement by Burnham, making a point which has been obvious for decades, caused a minor furore. But then our politicians and attendant media have been living through decades of denial about the nature of economic reality in this country.

This denial rests on three big lies. The first is that the Labour

¹ The Cityam website headlined the speech as 'Burnham calls for UK to abandon 40 years of neoliberalism'. <<https://www.cityam.com/burnham-calls-for-uk-to-abandon-40-years-of-neoliberalism/>>

governments of the 1970s were a disaster. Former *Sunday Times* editor Andrew Neil wrote recently in the *Daily Mail* of Burnham 'promoting the same dreary socialist agenda that brought this country to its knees in the 70s'.² *Au contraire*, Prof. Hopkins writes:

By the close of the 1970s, inflation and unemployment were falling, the economy was growing, living standards were rising, and the balance of payments was in surplus.¹¹ By then, too, North Sea oil was helping to support Britain's fiscal position, and membership of the EEC was improving Britain's competitiveness. Other indicators of progress, from expanded education to improved opportunities for women, continued to make their way through the difficulties of the time. The swinging sixties did not become the sombre seventies. (p. 92)

But reality mattered not. The Conservative Party and attendant media told us we were in decline under Labour. Prof. Hopkins:

What became known as 'declinism' was then codified and popularised by Thatcher's supporters in the 1970s for electoral purposes and specifically to justify abandoning Labour's interventionist policies. The political image of Britain's 'wasted' years before deliverance has stuck, despite compelling research to the contrary.² (p. 57) [. . .] Adherence to these beliefs prevents us from seeing what other countries have seen and acted on: investing in people is the necessary precursor of a healthy society and a dynamic economy. Our achievement is to have recreated poverty last seen in Britain in 1900.⁷⁸ (p. 25)

The second big lie is that neo-con economic policies have been a success. Yes, the City of London boomed and with it London as a whole.

The result was not that the City re-conquered the world with new investment, but that the world conquered the City. The revival of its fortunes was based substantially on its role in handling the Eurodollar in association with its principal agents, investment banks in New York, which began to treat London as their offshore island. (p. 71) [. . .] by 1983, 351 foreign banks were established in the City.⁴⁷ (p. 104) [. . .] The City became a fully fledged, offshore tax haven run increasingly by firms whose affiliations lay outside the United Kingdom. (p. 108) [. . .] By 2009, nearly half of the world's bank assets were held in Britain's tax havens. (p. 133)

² *Daily Mail* website 30 May 2026.

However:

The upheaval in economic policy produced few benefits for the nation as a whole. The rate of growth of GDP during the 1980s was lower than it had been under Labour and Conservative governments during the 1960s and 1970s. Manufacturing continued to decline; unemployment was higher in 1990 than it had been in 1979. The productivity gap with Britain's main comparators in Europe widened. Regional economic and social differences increased; the rate of child poverty rose. (p. 124) [. . .] Without London, per capita GDP in Britain would rank behind Mississippi, the poorest state in the United States. (p. 19)

The third lie, of course, is that There Is No Alternative (TINA).

Mrs Thatcher was central to all this.

Margaret Thatcher's time as prime minister, though confined to little more than a decade, had momentous consequences. Her policies re-shaped the face of Britain. The communitarian ethos was banished and replaced by a new moral economy of individualism. There was a bonfire of regulations; the rights of trade unions were curtailed; privatisation was unleashed; higher rates of tax were cut to stimulate entrepreneurship. Thatcher's counter-revolution borrowed enthusiastically from the United States and particularly from what became known as Reaganomics. Previously, the alliance between the two powers had been confined to foreign policy. After Thatcher's time, US economic policies and the American way of life became installed in Britain and are now routinely and fully reported in the press and by the BBC. Europe, by contrast, has become a distant continent that appears only when the gravest of events compel momentary attention. (p. 198)

After Thatcher:

The governments that followed Thatcher's defeat accepted the basic tenets of her policies: low taxes, limited regulation, privatisation, unqualified support for the City of London, and qualified support for the EU.³ The economy of the South became an enclave with only weak links to the rest of the country. (p. 199)

And so, under the 'light touch' financial regulatory regime of Gordon Brown:

³ I discussed this in 'How Labour embraced the City' at <<https://www.opendemocracy.net/en/how-labour-embraced-city/>>.

Irresponsible lending on a global scale culminated in the financial crisis of 2008. Excess was followed by austerity, a choice that met the needs of the City and its associates but shrank public services and increased poverty. The culprits, the big banks, were bailed out; the politicians who favoured them emerged unscathed; the victims, the general public, were denied restorative justice to ameliorate their losses. Far from stimulating recovery, austerity caused the economy to stall. Labour productivity and real wages stagnated; household incomes fell behind comparators in Germany and France. Only the incomes of the top 10 per cent kept pace with their equivalents in Europe. (p. 188)

[. . .] The free hand given to the big banks and other lending institutions in Britain, the United States, and elsewhere encouraged competitive lending that depended on continuing boom conditions. The Age of Excess, floated on a raft of optimism, sank when the credit market could no longer be sustained. The Age of Misery that followed embraced everyone except the bankers, who were rescued and taken to safe (tax) havens. The Conservative government that replaced Labour in 2010 added distress to disaster by imposing austerity to reduce the public debt, which had been swollen by the cost of bailing out the big banks. (p. 200)

Amen to all that.

I have presented one of Prof. Hopkins' central theses but he is a historian and there is much, much more than these paragraphs contain. He describes the book in his preface as 'an introduction to the last eighty years that have formed the Britain we live in today'. So it is. And he is a very good writer. Recommended.