

*Modernization Frustrated:
The Politics of Industrial Decline in Britain Since 1900*

Scott Newton and Dilwyn Porter
Routledge Revivals,¹ £103.99 h/b, £50.14 ebook.

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In 250 pages this covers a frequently neglected aspect of British economic policy and the politics it generated in the 20th century up to the mid 1980s. (This was first published in 1988.) The authors' thesis is that British relative economic decline since WW2 is the result of the inability or unwillingness of the players in the British economy – capital, labour and the financial arms of the state – to 'modernise'; by which they mean to create an alliance between the domestic economy and the state, what the French refer to as concertation.² Put another way: it details the attempts to get the interests of producers taken seriously by a political system which was dominated by the City of London. If you are going to read one economic history of the UK in the post-WW2 period, this is the one. (Pity it is so stupidly expensive.) Our authors are good, clear writers, though the story is complex in places.

The authors write in their preface:

In writing it our intention was to produce a history which attempted to explain the occurrence of a specific problem. This was why, over the best part of a century, the British experience of the shift away from manufacturing had been extreme and atypical, going a long way beyond what had happened in comparable countries, with disturbing implications for the nation's long-term social cohesion and stability. . . . The decline of manufacturing has been unrelenting. We noted the acceleration of this process at the start of the 1980s, manufacturing's share of GDP falling from 28 per cent in 1972 to 21 per cent in 1984.

¹ Routledge Revivals offers 618 screens of titles.
<<https://www.routledge.com/Routledge-Revivals/book-series/REVIVALS>>.

² Sometimes referred to as corporatism or neo-corporatism.

Since then it has continued to slide, falling to just under 9 per cent in 2023.³

That 8–9% is still significant: it is more than the City's overseas business. But given our political and media systems' obsession with the City and services more generally, you would never know that manufacturing mattered.⁴

The origins of concertation date back to the 1920s and 30s when what the authors call 'the progressive centre', some sections of domestic capital, intellectuals and some politicians

shared the view that reliance on market forces had been discredited and were convinced that the national economy could be managed beneficially by the state, often on lines which were later recognized as distinctively Keynesian.

When WW2 broke out, that 'progressive centre' helped create a *de facto* producers' alliance, which was slowly abandoned as 'normal' – i.e. finance-dominated – slowly conditions returned at the war's end.

The story since the 1950s is familiar in outline. In the 60s and early 70s Harold Wilson and Edward Heath tried and failed at concertation. Capital didn't trust Labour (the fear of nationalisation in the background) and the unions suspected it as being about wage control. Wilson tried again in his second period in office but failed again to get the support of domestic capital or the trade unions. His successors, PM James Callaghan and Chancellor of the Exchequer Denis Healey, were largely preoccupied with the inflation inherited from the Heath government and were fatally infected by the ideas of monetarism which had just appeared. Finally Mrs Thatcher abandoned the whole thing and let Nigel Lawson make economic policy to benefit his friends in the City of London.⁵

The authors put it like this:

³ I can't do pagination for quotations. I got the book as a computer file which took some fiddling to access and I have no idea if the page numbers I have are the same as the publisher's original.

⁴ I asked Google AI about UK manufacturing and it stated

Exports: It drives 34.5% of all UK goods and services exports (and roughly 90% of standalone goods exports).

Research & Development: The sector is responsible for nearly half (49.1%) of all business R&D spending in the UK

⁵ Manufacturing gets one reference in his memoir.

Industrial modernization as a policy objective had been abandoned by the government in 1976. By 1979 it had been rejected by private industry. During the 1979 general election union leaders continued to stress their commitment to modernization but it was not easy to see what this would mean in practice, given their determination to substitute the return of free collective bargaining for an incomes policy of any description. No consensus existed to sustain tripartite consultation.⁶ Broad agreement between industry and labour on the desirability of growth and full employment had lasted since 1940. The persistence of politico-economic crisis after 1973-4 had eroded practically all this common ground. While the common ground remained it had always been possible for the producers' alliance to re-form after it had been undermined by conflicts of interest between its members. Its disappearance in 1950-1 had been temporary; its demise in 1968-70 had merely been partial. Disappointing as the 1974-9 Labour government had been it is hard to criticize it too fiercely for failing to resolve a crisis which it had only been elected to manage. Nevertheless its defeat in 1979, rejected by industry and deserted by many trade unionists (only 47 per cent of all skilled workers supported Labour at the general election), formally marked the end of an era which had unofficially closed in 1976.

And here we are: after nearly 40 years of 'freedom', deindustrialisation and the sale of perhaps half what's left of the UK economy to foreign owners, many of them American, we no longer have enough of a domestic economy to sustain the living standards of many of the population, let alone fund the armed forces and the NHS, build houses or fix the pot-holed roads. This is the Great Unsayable of British politics.

After the banking crash of 2008/9, the British political system talked of rebuilding manufacturing.⁷ Such talk has disappeared. Now we get constant calls for 'growth'.⁸ Leader of the Conservative Party, Kemi Badenoch, as the *Telegraph* headline of 18 June had it, 'vows to axe ring-fencing rules to

⁶ Chapter 14 of Ted Heath's memoir, *The Course of My Life*, is titled 'Tripartism on Trial'.

⁷ Discussed in my 'Everybody now loves widgets!' at <https://www.lobster-magazine.co.uk/article/issue/63/everybody-now-loves-widgets/>.

⁸ I am old enough to (just) remember E. J. Mishan's pioneering 1967 *The Costs of Economic Growth*.

unleash the City'.⁹ Liberated from all those nasty government restrictions on their lending/gambling, they will give us growth. (Never mind the financial crash created by the banks the last time they were let off the leash.)¹⁰ Chancellor of the Exchequer John Healey has announced his backing for the third runway at Heathrow: 'We have given the go-ahead to this project quite simply because the economic case stacks up and will help bring growth.'¹¹ Also in the pursuit of growth, we will get a profusion of data centres in inappropriate places where water and/or energy supplies are short. After all, we can't refuse data centres can we? They're the future . . . growth . . .

The closest we have come to anything like concertation in recent years is what Andy Burnham was apparently doing in Manchester when he was its mayor. Perhaps he will try to introduce something similar at national level. If so, this book's detailed account of the failures of the 60s and 70s shows just how many obstacles he will face.

⁹ <<https://archive.ph/0iwYA>>

¹⁰ Google AI tells us bailing out the banks cost the UK 'between £31 billion and £35.5 billion'.

¹¹ <<https://www.standard.co.uk/news/london/heathrow-airport-third-runway-expansion-flights-pollution-climate-change-b1296152.html>>

Healy is ignoring or is unaware of the updated Draft Heathrow Expansion National Policy Statement (HENPS) published in June 2026, which concludes that in the longer term the *costs* of a new runway – i.e. economic, climate and social costs – outweigh possible economic *benefits* by somewhere between £23 billion and £63 billion. <<https://assets.publishing.service.gov.uk/media/6a7c9c2574a4ffff664d0c3/heathrow-expansion-appraisal-report-hear.pdf>> See p. 6.

Mind you, that £40 billion gap between £23 and £63 billion tells you this is guesswork.