

## THE ENGLISH DISEASE, 1945–79

by Paul Johnson

Speaking at Zurich University in 1946, Winston Churchill called for “something that will astonish you . . . a kind of United States of Europe” based on a French-German “partnership.” They “must take the lead together.” With Britain, “America, and I trust Soviet Russia . . . must be the friends and sponsors of the new Europe.”

Churchill’s condescension reflected an odd view: Britain could still be an independent power, retaining the role bestowed by an empire. He saw Britain as the intersection of three overlapping circles: the Anglo-American world, the Commonwealth, and Europe. That idea was barely plausible after World War II. It made no sense at all after the 1956 Suez Crisis, which showed that neither the Commonwealth nor the “special relationship” with Washington could help Britain protect what she saw as a vital interest.

To others, the reality was plain. “England,” wrote West German chancellor Konrad Adenauer, “is like a rich man who has lost all his property but does not realize it.”

Postwar delusions, however, would not shape Britain’s foreign policy as much as its domestic affairs would. Prime Minister Clement Attlee, under whom the Labour Party won its first long lease on power (1945–51), faced up to Britain’s inability to sustain the Empire. In 1947–48, independence was granted to India, Pakistan, Ceylon, and Burma. But grand schemes would continue—at home, and with unintended, indeed un contemplated, consequences.

After World War II, Continental Europeans put the rebuilding of their battered economies ahead of social reform. The West Germans undertook the renovation of their manufacturing base and their unions, which would produce the *Wirtschaftswunder* (“economic miracle”). The core of French technocrats who devised the Monnet Plan modernized their shattered country’s agriculture and rebuilt industries. Britain’s priorities were different.

The island nation needed exports. Old sources of “invisible” trade income were gone; among the assets that Britain lost in the war was half of its merchant shipping, a key source of revenue. The country had a huge foreign debt (£23 billion) and, for the first time, almost no reserves of gold and dollars. Allied help (including more than \$2 billion in U.S. Marshall Plan aid) was still required. So was wartime austerity; rationing of food, clothing, motor fuel, and other necessities continued until 1954.

---

But instead of a plan for Britain to begin earning its way in a competitive postwar world, what Attlee's ministers produced was a broad expansion of the role of government.

With scant debate—the sharpest exchanges in Parliament concerned the “un-English haste” of the legislation—the Attlee regime fulfilled a campaign promise by nationalizing major industries. Coal, power, gas, transport companies, and the Bank of England were bought out, at high cost, in 1946–47; iron and steel firms followed in 1949. Meanwhile, Labour inaugurated the Welfare State.

### ‘White Heat’

The origins of the Welfare State lay in the 1930s, when British industry grew more efficient as Free Trade was abandoned, firms grew larger, and science and technology played a larger role in education, business, and government. Yet high unemployment and its associated miseries persisted. Slowly, a consensus—mainly middle-class, tied to no one party—formed around a policy of state action to promote social justice. In 1935, the blue-ribbon Liberty and Democratic Leadership Group issued a plan for broad public ownership of the economy. The old debate about the virtues of “a wholly . . . capitalist system and one of State ownership,” said the group, was “wholly beside the mark.” The economy would be “mixed” for “years to come.”

Thus the unity that the English found during World War II inspired not merely resistance to Hitler but a yearning for social justice. Churchill's wartime coalition made a contract with ordinary Britons: Along with the quest for victory, the creation of an equitable society would proceed. The machinery required to win the war was equally the instrument of welfare economics.

The 1941 budget (whose philosophy was based on John Maynard Keynes's new pamphlet, *How to Pay for the War*) was the first to deal with the national income as a whole, marshaling all resources to meet goals fixed by political decisions. The postwar goal—in effect, the Welfare State—was outlined in a government study by the social reformer Sir William Beveridge in 1942. The Beveridge Report proposed a national insurance scheme, and called for reforms in health, education, and housing, and for the creation of jobs. The means to these ends were outlined by wartime measures. Rationing and war taxation ensured

---

*Paul Johnson, 59, is a former editor of the New Statesman. Born in Barton, England, he received a B.A. from Stonyhurst College, Lancashire, and attended Magdalen College, Oxford. Among his books are A History of Christianity (1976), and A History of the Jews (1987). This essay is drawn from Modern Times: The World from the Twenties to the Eighties, copyright © 1983 by Paul Johnson, and A History of the English People, copyright © 1985 by Paul Johnson. Reprinted by permission of Harper and Row Publishers, Inc., and George Weidenfeld and Nicholson, Limited.*



*Labour Party leader Clement Attlee—age 62, an Oxford-educated socialist from a coal merchant family—after Labour's 1945 victory. "After the long storm of war," said one of his ministers, "we saw the sunrise."*

equality of consumption; national service and allocation of manpower ensured equality of sacrifice. The Emergency Hospital Service foreshadowed public support of health care. A 1943–44 White Paper committed the government to the maintenance of "high and stable" employment.

Although the ideas behind the Welfare State were essentially the product of a consensus, its strong endorsement by Labour and the suspicion it aroused among many Conservatives pointed to Attlee's victory over Churchill in 1945. After power thus fell into Labour's lap, the legislation followed in a rush.\* And for a while, the expense seemed bearable. Britain's economy had performed relatively well during and after the war. In 1950, Britain's gross national product (GNP) was \$47 billion against only \$90 billion for West Germany, France, Belgium, the Netherlands, Luxembourg, and Italy combined—the six countries who would, in 1957, form the European Economic Community (EEC).

There was, to reiterate, a problem, as in earlier decades: lack of export income. Churchill, regaining No. 10 Downing Street at age 77 in 1951, inherited what would be recurring troubles—red ink in the balance of payments, and depleted reserves of gold and currency. Even so,

\*The National Health Service, National Insurance, and Industrial Injuries Insurance acts all passed in 1946. So did the National Assistance Act (1948), which replaced the old Poor Laws by having government assume care of the indigent. Housing acts (1946, 1949) spurred low-rent projects. A Town and Country Planning Act (1947) provided for the building of entire new towns.

---

the Tories embraced the Welfare State. They raised family allowances, unemployment benefits, and old age pensions, and plunged into housing, building 300,000-plus residences a year.

Thus arrived "Butskellism." The term, combining the names of Churchill's lieutenant, R. A. Butler, and the Labour Party leader Hugh Gaitskell, stood for the assumption that the two major parties shared common ground. The Conservatives, as Britain's quasi-governing party, had sometimes initiated reforms (e.g., repeal of the Corn Laws in 1846). But most often they merely civilized the radical changes introduced by others. And so the Tories co-opted and even extended the Welfare State. If the costs were high, they would not be borne by propertied Britons so much as by those who lived on highly taxed salaries and wages.

A consumer boom developed. Churchill's successor as Tory leader, Anthony Eden, won on a "peace and plenty" platform in 1955. Yet by 1959, when Conservative Harold Macmillan managed to persuade voters that they had "never had it so good," the boom was already fading, and in the arts Britain's "angry young men" were following the lead of playwright John Osborne, whose *Look Back in Anger* dealt with the career frustrations of even the educated working-class Britons. By the Swinging Sixties, Britain was struggling with "stop-go" inflation and recession—and with growing radicalism in its unions.

This radicalism had begun during the mid-1950s, when the largest union, the Transport and General Workers (1,434,000 members today), created by Ernest Bevin in 1922 as the sheet-anchor of a politically moderate labor movement, shifted to the Left. Wages climbed; indeed, during 1964–66, pay rose twice as fast as productivity. Partly as a result, by the mid-1960s British exports were being priced out of world markets. Harold Wilson, the pipe-smoking economist who in 1964 led Labour's return to power after 13 years of Tory rule, promised change—a new British competitiveness in trade forged in "the white heat of the technological revolution."

### **I'm All Right Jack**

But Wilson was soon in combat with the unions, and forced to impose an economic austerity program that included a wage-price freeze. Recalled the secretary of the cabinet, Sir Burke Trend: "We were fixing things once again, horribly inefficiently, at the last moment."

By 1970, Britain was overtaken by the Six in GNP per capita and much else. And after Britain finally joined the Common Market in 1973, the gap continued to widen. Some industrial giants stumbled. Rolls Royce, the maker of aircraft engines and luxury cars, went bankrupt in 1971; British Leyland, maker of trucks and buses, collapsed in 1975. In 1976, with the treasury bare and inflation as high as 23 percent, Britain had to seek a \$3.9 billion bailout from the International Monetary Fund (IMF), at that time the largest IMF loan ever approved for an industri-

alized country.

There was plenty of blame to spread. The wartime spirit of shoulder-to-shoulder sacrifice had been succeeded by a "get-mine" mentality that ran from boardrooms to the shop floor, brilliantly satirized by the 1959 Peter Sellers film *I'm All Right Jack*. Rather than sell abroad, British managers piled up perks and pressed a merger mania. Newly minted London millionaires built fortunes, as one of them remarked, by "making money, not things." So low was the entrepreneurial spirit that when oil was discovered in the North Sea (eventually making Britain an oil producer on the scale of Kuwait), British Petroleum and other drillers had to go to foreign suppliers for oil rigs, and other equipment and services. Not until the late 1970s, when the drilling had peaked, had British firms won even two-thirds of the North Sea equipment business.

### Turning Yellow

Some of the roots of Britain's postwar economic woes ran deep into the country's unique history.

During the 200 years after Britain became the first nation to industrialize, it was the only major industrial power that had not suffered the convulsion of revolution, civil war, or foreign conquest. Oddly, this was no blessing. That is, Britain had not suffered those fundamental breaks with the national past that, in France and Germany, for instance, promoted social and economic dynamism. The nation had no bill of rights to protect the many assumptions of a liberal society. It had instead the Common Law tradition, arbitrated by judges, which upheld rights of liberty and property—the legal framework within which the first modern industrial society was created.

But in 1900, Britain's trade unions created the Labour Party, to promote "legislation in the direct interest of labour" and oppose "measures having an opposite tendency." Unlike other Western socialist movements, Labour was not primarily Marxist or even socialist, but a form of parliamentary syndicalism. The unions owned it. They sponsored Labour MPs, paid Labour's election costs, and, under the party's charter, dominated Labour policy. Thus Britain's unwritten constitution, revised and shaped by parliamentary acts, began to tilt toward the unions. The 1906 Trade Disputes Act, for example, granted unions immunity from civil actions for damages "alleged to have been committed by or on behalf" of them. This was unique in the West, a privilege that even the Fabian socialists Sidney and Beatrice Webb found "extraordinary."\*

On this legal plinth rose a structure of union privilege—a counter to that of the upper classes. The Trade Union Act of 1913 legalized the spending of union funds on political objectives (e.g., the Labour Party); it

\*The Webbs, playwright George Bernard Shaw, and others, founded the Fabian Society in 1884 to promote an evolutionary socialism that rejected Marxism and the need for class struggle. The Society helped to create the Labour Party, and is affiliated with it today as a research arm.

---

also required union members to “contract out” of their political dues if they did not want to contribute to Labour. The courts upheld Common Law protection for individuals against unions. But the unions could lean on Labour-dominated parliaments to plug holes in their umbrellas. Thus the House of Lords in *Rookes versus Barnard* (1964) held against unofficial strikes in breach of contract; the next year, Harold Wilson’s government legalized such strikes.

### The Easy Way

Growing union power was exerted in a variety of ways. In 1969, Wilson proposed “In Place of Strife” legislation designed to reduce the number of strikes. But when unions put pressure on Labour MPs, even Wilson’s own cabinet, as he later explained, simply “turned yellow” on the issue. New forms of strike action appeared: “Mass picketing” tactics used at Saltley Coke Depot in 1972 overwhelmed police trying to keep the pits open. In a rash of 1973–74 strikes—led by coal miners seeking to use the OPEC oil price increase to win 40 percent pay raises—such techniques helped destroy Edward Heath’s Conservative government.

Heath, who attempted to introduce a statutory code of union conduct, called an election on the issue of “Who Governs Britain?” Labour won, and soon not only repealed Heath’s code but extended union privileges; in “closed shops,” an employee could be dismissed for declining to join a union. As Lord Denning, supreme justice on the Court of Appeals, noted, the unions could now “do as they will.” Unionization moved above 50 percent of the work force for the first time, compared with 25 percent or less in the United States, France, and West Germany.

Union power contributed to slow economic growth in three main ways. First, it curbed profits and productivity growth—hurting capital investment, which in 1950–75 was the lowest of any major industrial power. Second, it greatly increased the pressure of wage inflation, especially from the late 1960s on. Third, union demands on government tended to increase the size of the public sector. Between 1790 and 1910, the share of Britain’s GNP accounted for by public spending averaged 13 percent; after 1946 it was never under 36 percent. It passed 59 percent under a Labour government in 1975.

But Labour was never an efficient instrument of reform. Labour governments, for example, took no steps to tax wealth, or even capital gains, until the boom of the 1950s and early 1960s was already over. What Britain’s working classes won from the post-1945 expansion was the illusion of affluence, in the form of cars, televisions, and other “consumer durables.” Real wealth remained in roughly the same hands.\*

---

\*Despite war and postwar taxation, the top five percent of the population owned 75 percent of the wealth in 1960, down only slightly from 79 percent in 1936–38. Just one percent received 58 percent of all investment income, and held 81 percent of stocks in companies. Estate duty, the one form of tax on wealth, did not effect a redistribution of property. During 1956–59, this levy yielded 3.5 percent of central government tax revenue. The figure today: .01 percent.



*A British export: The Beatles—John Lennon, George Harrison, Paul McCartney, Ringo Starr—in New York, 1964. U.S. films (e.g., Rock Around the Clock) and musicians had brought rock to Britain during the 1950s.*

One reason why Labour could not effect change in society's rewards was the low priority the party and its union backers accorded to educational progress—the great failure of both 19th- and 20th-century England. The Whig Henry Brougham had advocated a comprehensive state school system as long ago as 1810: The English have yet to establish such a system.

Primary education was available to all by 1900, but only a tiny proportion of the working class got the equivalent of a U.S. high school education, and virtually none went to universities. Secondary education for all was not made a reality until the late 1940s. The Newsom Report of 1963, *Half Our Future*, told a dismal tale of failure to cultivate the potential of children between 13 and 16 years with no more than average ability. As for higher education, between 1890 and 1910, six universities were created in England and Wales, none at all in the 1920s, and only three university colleges in the 1930s. In 1962, total student enrollment was not much over 200,000, and a huge spending program merely doubled this figure by the mid-1970s.\*

Educational failures were at the heart of Britain's decline as a dy-

\*While 50 percent of U.S. high school students, and 22 percent of those in West Germany, go to college, only 14 percent of young Britons do. More than half enroll in Britain's 42 universities; the rest enter other institutions, including the nation's 30 polytechnics, colleges of technology, commerce, and art. British students are beset not by a lack of ambition or money (in essence, all tuition is state-paid), but by a lack of facilities. Last year there were 7,200 applicants for 2,800 places at Oxford, and 1,400 for 95 places in the electronics department at Plymouth's polytechnic.

---

namic society. High economic growth cannot be sustained without high investment in education—in technical skills and in social responsibility via the liberal arts. The Establishment, including the Labour leadership, fobbed off the working class with a minimum education. The country has had minimal growth in consequence.

Education also provides a typical example of the English timescale of reform. The pioneers make a proposal; a quarter of a century later it is generally accepted by enlightened opinion; chance and accident, financial cuts and economic crises, the churches, the Lords, and other obstacles to progress delay it for another quarter century; implementation takes 10 years or so. By then the reform is universally accepted as obvious common sense, and pious regret is expressed that it was not accomplished sooner. Meanwhile, the rest of the world has moved on, usually faster.

In buying stability at the cost of change, the British risked being forced to take drastic steps. Education and labor are two examples. Britain's 1973 entry into the Common Market is another.

A century ago, by choosing empire-building as the easy alternative to industrial efficiency, Britain's leaders became the prisoners of hubris and, in leading a Europe-wide competition for colonies and resources, set themselves up for one world war followed by another. By the 1970s, having wasted a quarter century of peace and economic buoyancy, they found themselves pushed unwillingly into a Continental system of the sort their predecessors had always wished to avoid.

### Leaving a Prison

It is not clear whether the English elite ever grasped the notion that if Common Market membership would stimulate Britain's rapid economic growth, the jealous French would not permit "les Anglo-Saxons" to join. But then the English enthusiasts were not noted for clarity of thought. Britain's aims were at times said to be economic, at times political. Neither could be quantified. But if Common Market membership would weaken Britain economically, how could it strengthen her politically? The enthusiasts had no answer. "The inescapable need," one of them wrote in the *Sunday Times* in 1971, "is for an act of faith."

Britain's net economic returns from Common Market membership since 1973 remain debatable. But it is hard to ascribe to that membership the fact that Britain's growth long lagged behind that of its Continental partners (and any calculations are clouded by the fact that Britain's growth rate is now higher than that of the Common Market). More clearly positive to Britain has been a stroke of fortune: North Sea oil, which gave her economy a lift, provided a (temporary) boost to export earnings, and put needed cash in the Treasury. The oil would come to seem an almost tangible reward for the privations that Britain had suffered in two world wars.



---

But the oil did not rekindle the old optimism. During the mid-19th century, educated and enlightened people, most notably in Britain, felt strongly that an age of reason was dawning. They believed that mankind would progress toward a style of life in which each individual would obtain, by inalienable right, not merely a rising standard of material comfort, but intellectual, cultural, and spiritual fulfillment. This was the liberal ideal. There was rising confidence that the ideal could be realized.

Such confidence did not imply hubris. John Stuart Mill, for instance, wrote modestly not of "progress," or even of "reform," but of "improvement." There would, in the decades and centuries to come, be countless marginal "improvements" in all aspects of life, which would bring about a true, but gradual and peaceful, revolution in the human condition.

This was an essentially English concept, reflecting the empirical optimism that the English experience seemed to justify.

But postwar events dimmed that optimism. The position in which the English found themselves as they approached the 1980s was a dangerous one. They felt they had lost their greatness, and feared they were losing their self-respect.

In fact, the English predicament was not as serious as many of them supposed—indeed, were taught to suppose by their harassed and nervous leaders. The "greatness" the English relinquished—their role as a world power—was more a source of weakness than of strength; it inhibited rather than liberated. The notion that the English, having given birth to the modern world, became in the true sense effete, is misconceived. The English did not step down from a throne: They left a prison. They became freer than at any time in the last hundred years, free to decide on the direction in which they wished to go, without regard to the wishes of imperial partners and subordinates. Their responsibilities to others were handed over gracefully, or snatched from them: they could now make their own choices, as a self-governing, independent island people. They eased off the burden of a bankrupt estate, and now had to make their own way in the world.

### **Milton's Message**

The death of an empire should be the rebirth of a people. But this was not the way the postwar English saw it. And herein lay a danger. The English suffered bitterly. They felt they had forfeited caste and status. They resented a world in which their high, authoritative tones were no longer heeded, or even heard. They watched, in bewilderment and some anger, as humanity ordered its affairs without their supervision, often in the face of their advice. The loss was felt as keenly on the Left as on the Right. If the longing of the English to rule was frustrated, so was their equally eager desire to do good. There was still, among the English, a hunger to be significant. They wished to count as they once did; the knowledge that they did not bred a certain despair, which in turn

---

provoked a quest for remedies that may have proved to be desperate.

For a while, during the exhaustion of the 1970s, it seemed that the English ought to sit quiet for a time, to invoke a national mood not, indeed, of repose, but of concentration and introspection. But they are activists: They suspect the process of thought unrelated to practical decisions. They feel they must deploy their energy; the risk was that they would deploy it in the wrong direction, pursuing false solutions (e.g., Common Market membership) to nonproblems (e.g., concern for international "status"). In my view, for the English to lose an empire is no great matter: To lose their judgment is serious.

The English have worried themselves throughout history. Lamentation recurs in fact and myth. Arthur is a figure of tragedy, Alfred the Great an often bewildered statesman, nobly exhausted by what must have seemed insuperable difficulties. *The Anglo-Saxon Chronicle* (circa 890) is a narrative of distress: Wailings at the Danes, at the Normans, at the depredations under Stephen, sustain one theme—"God Almighty have mercy on that wretched place!"

The Magna Carta (1215) was drawn up by men who believed themselves not on, but over, the brink of catastrophe. A staunch reformer like Thomas Brecon might have rejoiced at the Reformation; but he reported, as Henry VIII neared his end, that "the state of England was never so miserable as it is at present." Worry, worry was the Elizabethan theme. "Never was there, my Lord," wrote Samuel Pepys in 1659, "so universal fear and despair as now."

What distinguished the modern chorus of self-doubt was a nagging anxiety about Britain's performance in the league-tables of material prosperity. The English, who invented modern competitive sport, have been obsessed by the statistical evidence of their decline in the world economic championship race. This has touched their pride, with reason.

### Why Worry?

From the dawn of recorded history, their island provided a generally high standard of life for those fortunate enough to inhabit it. The English have been good providers for themselves, making industrious use of the modest resources nature placed at their disposal. But for more than a century, Britain was in relative (and, until recently, pronounced) decline by comparison even with audacious newcomers. That Britain should be overtaken by the United States was bearable, had indeed been predicted as long ago as the 1840s. More galling, in the 1960s and '70s, was the astonishing recovery of a truncated Germany from her terrible adversities. France, long the object of English hostility or condescension, enjoyed a higher standard of living; so did Switzerland (once the mere holiday home of the upper-middle class), Holland (a former economic satellite), and Belgium (a Foreign Office creation). Italy did just as well.

Only 123 years ago, Lord Palmerston, airily justifying the destruc-

---

tion by the Royal Navy of the Japanese port of Kagoshima, commented: "I am inclined to think that our Relations with Japan are going through the usual and unavoidable stages of the Intercourse of strong and Civilised nations with weaker and less civilised ones." As early as 1970, Japan was already the second largest industrial state in terms of real GNP, and was turning the British dominion of Australia into an appendage for her raw materials.

Why should the English have worried? Were they not, in the long view, better off than ever before in their history? The answer is irrelevant. To the highly competitive English, honestly acquired wealth is the reflection and reward of moral probity: "Virtue" said John Locke, is "much the best bargain." To admit failure in the race to affluence was to confess a collapse of national character.

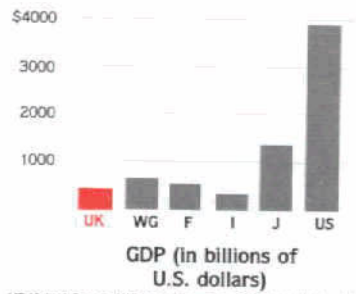
The English have always strived for the paradox of motion within a framework of stability: The stability remains, the motion falters. Thomas Hobbes generalized from English attitudes to propound a Galilean theory of politics in *Leviathan* (1651): "I put for a generall inclination of all mankind, a perpetuall and restlesse desire of Power after power, that ceaseth onely in Death." Substitute "standard of living" for power, and we have an accurate observation both on the acquisitive world today and on the fear of the English for their place in it. Angry and bewildered, especially during the Sobering Seventies, the English suffered from an acute reinfection of the disease they had transmitted to the world.

The English have been—still are—one of the most active races in history, with an enormous capacity for good, and evil. On balance, they have performed useful services to humanity. As the 1970s ended, having lost their hubris and survived, they were poised for a fresh experience, "a nation not slow and dull, but of quick, ingenious and piercing spirit; acute to invent, subtile and sinewy to discourse, not beneath the reach of any point that human capacity can soar to."

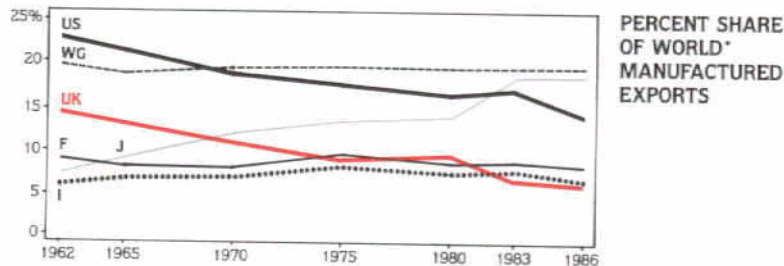
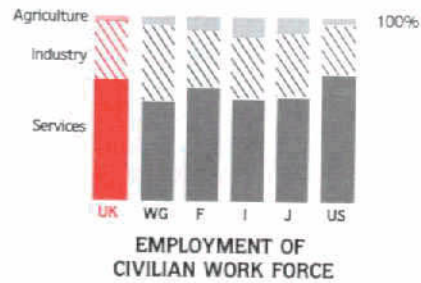
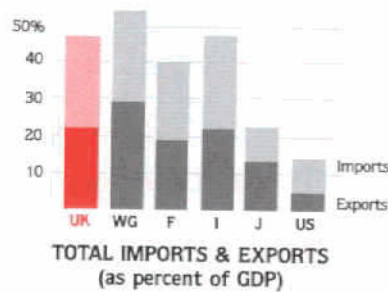
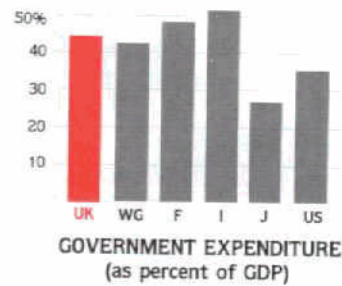
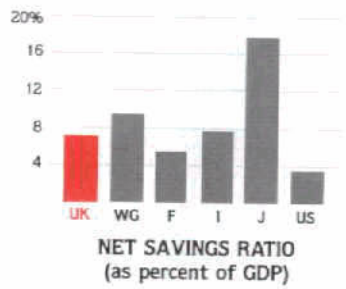
The words are those of John Milton, the great English poet of renewal and recovery.

---

HOW BRITAIN STACKS UP



US—United States, WG—West Germany, F—France, I—Italy, J—Japan, UK—Britain



\*Represents 14 leading industrialized countries. Source: OECD, Department of Commerce—International Trade Administration. Statistics are for 1985.