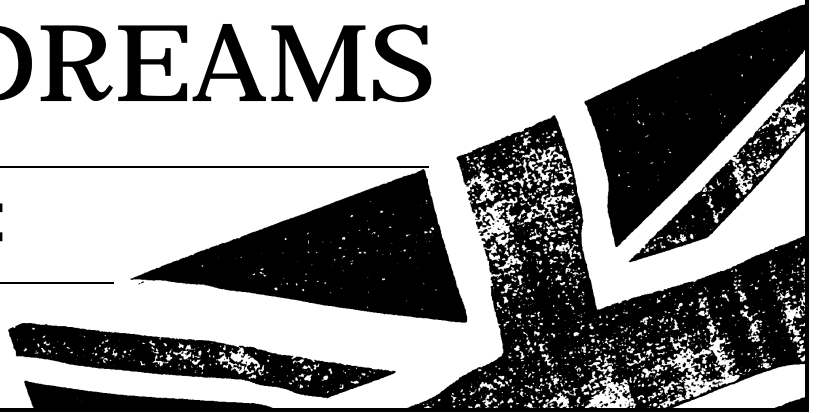


# EMPIRE AND OTHER COSTLY DREAMS

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 **Libertarian Alliance**



In *The Pride and The Fall: The Dream and Illusion of Britain as a Great Nation* (The Free Press, New York, 1987), the leading British military historian, Correlli Barnett, has produced a familiar thesis, albeit here amply documented, and both elegantly and forcefully argued. This time Barnett is talking about economic history and education. The British economy has declined in the twentieth century because British society gives insufficient attention to the imperatives of science, technology, and innovation. There is a sort of anti-practical, anti-industrial ethic in British life. This is true not only of the educated and managerial classes, but also, and indeed especially, of the educational system at all levels. Barnett shows in detail the British neglect of modern engineering and business methods. Compared to the economies of her competitors, so Barnett alleges, the economy of Great Britain picks up the latest productive thought and adaptations only with painful slowness, fundamentally because the labour force is insufficiently trained. The people are obliged, therefore, to live unjustifiably restricted lives, way below the level of affluence and economic freedom that could be achieved.

The origin of the malaise goes back to Victorian dogmatism and moralistic posturing. Barnett quotes the influential nineteenth-century romantic John Ruskin, who held that university education should attune young men to “the perfect exercise and knightly continence of their bodies and souls”. He finds a similar indifference to material and economic questions in the life and work of the socialist William Temple, Archbishop of Canterbury at the time of his death in 1944. Temple was a classical scholar with virtually no knowledge of the real world.

Above all, these men - and they were typical of upper-class Britons for a century or more - were deeply convinced that they knew what was good for *other* men. Such attitudes were expressed internationally in the folly of empire - that insatiable guzzler of resources that could otherwise have been invested at home. Domestically, such conceits worked their harm through the dissemination of stuffy and effectively anti-capitalist values, which eroded the spirit of initiative, innovation and risk-taking that in the early decades of the nineteenth century had made Britain the world's workshop. The Victorian period was in fact an unhappy watershed, a time when the admirable successes of the first Industrial Revolution were gratuitously reversed.

A long period of complacency set in during the late nineteenth century. Coal is a good case. Compared to its foreign rivals, the British coal industry was primitive in 1914 and its drastic under-capitalisation remained until very recent times. Much the same was true of the steel industry, which in the first half of the twentieth century was decades behind its American and German rivals. And what was true of coal and steel was true of much of the nation's economic life. It is as if the legacy of an earlier period of preeminence was to be a many-faceted sloth from which the British have never since extricated themselves. The British have, as it were, a radically misconceived notion of themselves, one constantly projected by their senior decision makers and opinion formers.

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**FOR LIFE, LIBERTY AND PROPERTY**



Our upper-class intellectual elite, typically represented by men like Temple or Clement Attlee, the Labour prime minister in the great, innovative government of 1954-51, which bequeathed the British their expensive welfare state, have most arrogantly assumed for more than a century that they possess the secret of the earthly Jerusalem, an administrative Utopia. They would decide what was good for people, both at home and in the imperial possessions. The domestic aspiration, alas, has fully survived the demise of empire. A central thread running through Barnett's book is the idea that the welfare state which Britain's intellectuals have created is an extravagant and intolerable drain on national resources.

Equally crippling in terms of Britain's performance in the international economic league has been the widespread belief that everything British is all right. Sometimes this has taken absurd forms, such as the idea, common among Britons in the 1950s, that there was something manifestly superior about British motorcars, when it was already becoming apparent that the world did not want them. In fact, almost the whole nation has colluded in a kind of ostrich economics, whereby the British collectively stuck their heads in the sand and pretended not to notice the world going by. Moreover the *socialist* intellectuals are the worst offenders. It is they who tend to assume that there is no economic problem, that the world owes the British a living, and that the state is a kind of endlessly provident milchcow.

The telling character of some of Barnett's blows is such as to make the honest reader wince. By the 1970s the huge moral capital of British heroism in the Second World War had indeed been largely squandered. In the late 1970s inflation was nearly 30 per cent. The country had become an international cuspidor, a strikebound, increasingly ungovernable, near-bankrupt semi-slum. In the winter of 1978-79 litter and refuse lay uncollected in the streets.

The central focus of Barnett's book is the influence of the illusions the British built up for themselves during World War II, the myths of national unity and economic health. Emerging, however badly bruised, on the victorious side in 1945, the British have ever since been in thrall to a mythology that is as destructive as it is comforting. It was widely held that the war effort showed the underlying strength of the economy and that the welfare state and postwar commitment to full employment flowed from the national consensus and fundamental unity that the war had generated.

For Barnett these ideas are self-indulgent nonsense. The economy was in reality backward, inefficient, and shamefully under-capitalised, especially in coal, steel, shipbuilding, and textiles. Even worse than the neglect of the physical capital and infrastructure, however, was the appallingly under-educated labour force. The distinction between German skills and expertise and Brit-

ish neglect of these essentials reaches far back into the nineteenth century and the difference widened during the Nazi period. Very few British industries performed well during the war. Some, like coal and steel, had especially bad track records. Only one large-scale industry - chemicals - distinguished itself. The brilliant breakthroughs in radar and computers that enabled the British to win the Battle of Britain and to crack the German intelligence networks were highly significant and Barnett does not downgrade their historic importance. But they reveal in summary form the very essence of the British economic problem. Intellectual brilliance was dependent on tiny numbers of scientists and not subsequently translated into economic growth. It was to be other economies like the United States and the rebuilt industrial systems of defeated Japan and Germany that were to apply these innovations to peace-time use.

Barnett shares the common view that the British problem is essentially a class problem. He never quite says so, but his book nevertheless suggests that the wrong class has been in charge. Despite the Industrial Revolution, the upper class in Britain has not really been capitalist. It has remained mostly a gentry-aristocratic class, deeply hostile to science, innovation, and overt moneymaking. This class produced quite early in the nineteenth century, a set of ideas which grew progressively stronger with the passing of the years. At their core is a hostility to exacting intellectual reasoning, except the discursive and impractical kind. There is the myth of the practical man who does not stand in need of theoretical instruction. This was why British coal and steel fell behind their rivals. There is a kind of romantic idealism whose notion of engineering is more concerned with processing the souls of other people than producing goods and services for their consumption. This was typical of British Christian socialism in the nineteenth century and today. And there is the profound British dislike of coherent organisation, especially if centralised, especially if under the aegis of the state, and especially if publicly financed. Barnett stresses this political disposition strongly, obviously believing that Britain would have benefited from a dirigiste system like Germany's.

These are all the attitudes of an upper class secure in its moral rightness and disdainful of the imperatives of trade and technology. Nor will anyone with experience of the British upper classes doubt the broad accuracy of Barnett's characterisation - the snobbery and scorn for practicality - even, alas, to this day. During the war-time this particular frame of mind was enormously in evidence. It summoned up from the past its most absurd myth - the myth of the united British - and puffed it up to absurd proportions. Far from the organic unity that the British upper classes postulated, the Second World War anticipated precisely the lack of purpose and togetherness that for more than thirty years afterwards kept the British economy bumping

along at the bottom of the advanced league. The coal miners praised in 1985 by the late Lord Stockton as “the men who beat Hitler” were in fact in a reserved occupation. They did not have to go to war at all. Their wartime record of strikes and obstructiveness flatly contradicts the theme of national unity. The suspension of normal international financial accounting arrangements during the war allowed many workers (clever or obstructive according to taste) to take advantage of an artificial full employment; this irregular situation survived the post-war years partly through government policies aimed at full employment and partly through huge subsidies to dying industries that successive governments made available until Margaret Thatcher began courageously to reverse the process in the 1980s.

Just as bad were the effects of wartime interventionist controls. The idea that these both reflected the nation’s cohesion and were an essential tool of economic management supplied much of the rationale for postwar attempts, Conservative as well as Labour, to manage, indeed even to “fine tune” the economy, with disastrous results. Government interference during the war had adverse effects on productivity, establishing, in fact, a most unhelpful precedent.

The British educational establishment has usually been indifferent to questions of economic success. Barnett’s claim is correct. Even a brilliant parvenu philosopher like Roger Scruton has a deep and conscious attachment to a culture of uselessness, that is to say, deliberately rejecting anything instrumental or banal, as his frequent essays on education in the London *Times* make clear. As early as 1809, Sydney Smith had claimed, as Barnett points out, that uselessness is an intellectual habit, and that when a university had been doing useless things for a long while, it was bound to appear degrading at first to embark on anything useful. John Henry Newman’s attitude summed up the problem perfectly. The ideal was the liberally educated gentleman. As Barnett puts it, there occurred “the capturing of the future of British education by religion and the classics”.

It is a well-known paradox that having failed to execute their nobility, like the French, or to arrange for a national birth without one, like the Americans, the British, though they had achieved history’s first industrialisation, had an archaic upper class. In Barnett’s words: “The values and the world-view of the British governing classes were ... profoundly pre-industrial, conservative, nostalgic.”

This in Barnett’s mind was the case in the nineteenth century and still disastrously the case during the Second World War. All the major political parties have been in varying degree affected by it. The Labour Party from the beginning, the Liberals from the early twentieth century, and the Conservatives since the Second World War - all have subscribed to the paternalist

or socialist notion of the welfare state and remained strangely indifferent until recently - and even then it is only the Conservatives who have changed - to the question of how to finance it. The desperate circumstances of the war enabled the welfare-state architects to get their projects through. No matter that they had appeased Hitler, flattered and encouraged Stalinism, and put their trust and the fate of millions in fiascos like the League of Nations. Romantics like Arnold Toynbee, socialists like R. H. Tawney and Archbishop Temple, Soviet apologists like E. H. Carr and fantasising administrators like William Beveridge took advantage of the fearful uncertainties of the war to tie their Jerusalem-Albatross around the British economy’s neck. Neglect of both science and expertise and the proliferation of moralistic and expensive public welfare - that in a nutshell is Barnett’s brilliantly argued thesis. How well does it stand up to examination?

### MYTHS ABOUT MYTHS

Overall, Barnett’s book is strange. No one could doubt the author’s penetrating intelligence, energy, enormous knowledge, and critical love of his subject: Britain, her history and her fortunes. Yet Barnett seems to be attacking one incapacitating legend while his text is busy installing some others. Barnett deplores Britain’s failure to modernise as fast as her competitors. He turns a ruthless glare on the creaking system - parts that constitute the sorry British whole. Yet there is a striking lack of modernity in his very argument. He regales us, indeed, with two signal dust-coated economic myths. The first is the myth of the industrial base; the second is the myth of the planned enterprise or scientific culture.

In the second sentence of his preface Barnett informs us that:

“industrial strength supplies the fundamental factor in total strategy, the essential basis of a nation’s power and its material well-being alike.”

Could a free society have, or even aspire to, a “total strategy”? Indeed, what does this ominous phrase mean? In any case, however, there is no *fundamental* “base” in economic life. Different varieties of production predominate in different areas and eras. The Marxist conception of a productive base in socioeconomic life, a set of fundamental economic activities on which everything else depends, though on the face of things a more common sense one than most in Marx’s baroque schema, is, in fact, plain wrong. Common sense is at times a misleading guide to the social sciences and if common sense unites the practical businessman with the Marxist in believing that producing a truck is somehow more “basic” than giving someone a haircut, then they are united in error.

Economic science knows no way of demonstrating what is basic and what a mere luxury. Today we live, as we did not in the years covered by Barnett, in an

ideas-led, human-capital intensive economy. From the 1940s to the 1970s, the development of unprecedented affluence in the capitalist world, by contrast, was governed by the successful spread of relatively long-established technologies - of the internal combustion engine, for example. Such familiar technologies were the dynamo of industry and in a purely arithmetic sense "basic". Today it would make more sense statistically to speak of the service base of the economy, since services by long-known economic evolution tend to loom progressively larger in employment.

Much of the "decay" of the British industrial economy should not be adversely interpreted. We make way for Third World economies. They need markets. The demise of traditional British industries - textiles, for example - has in fact given opportunities to developing economies that now enjoy comparative cost advantage. Thus and only thus can they exit from the Third World. The tragedy is not that there was in the crude sense an industrial death, but that in Britain the reallocation was too slow. Labour was not switched sufficiently swiftly into the new - often service - lines of production.

However, there is no need for a "planned" response to change, as envisaged by Barnett. British production was in some degree frozen by subsidies into an antiquated mold. Thus when Mrs. Thatcher's government opened up the economy during the recession of the late 1970s and early 1980s, there was bound to be heavy unemployment at first. But the whole process captures the essence of world economic development, which is the ceaseless opening up of markets.

### THE MYTH OF PLANNED CULTURE

The British have long suffered from a myth of planned culture, successive waves of reformers wishing to plunge us all into this or that New Jerusalem. Barnett's error is that he does not quarrel with the conceit substantively; he merely wishes to substitute his own version. In any case, he misconceives the educational culture Britain now has. He is right that it is anti-capitalist. But it is no longer the paternalistic and self-congratulatory ethos of yesteryear that dominates. Now it is the Marxisant elite who are in the way with their horrible doctrines of race and gender, their promotion of strife and their shameful devotion to national self-denigration. The educational system is, indeed, crucial. It has passed from one kind of anti-capitalist, anti-practical bias to another. The present Conservative government is ill advised, however, to try to insert into it a planned, scientific-technological curriculum.

It is simply not open to governments to plan the future in this way. The surest way to modernise the labour force in Britain would be to change the system of educational finance, bit by bit introducing private expenditures. Only in this way can the destructive effects of an inappropriate, supplier-led curriculum be terminated. We need to establish a more direct link between

schools and the imperatives of employment. In my view precisely the same will have to be done eventually in the United States though at present the ugly reality of America's schools is hidden by America's vast wealth.

An interesting light on the inadequacy of Barnett's these is cast if one reflects on his endless (and to Britain invidious) comparisons between Germany and the UK in the 1930s and the 1940s. Hitler's Germany, along with Stalin's Russia and Pol Pot's Kampuchea, is about the last model I would aspire to emulate.

### MIXED CRITIQUES OF BARNETT

An assortment of criticisms remains. Barnett's Little Englandism, that is, his disdain for imperialism, looks distinctly like a period-piece today. The destruction of the great European empires, in particular the British, has been a nearly unqualified disaster for countless millions of people. In Africa, especially, most countries are denied the advantages of economic development because "anti-imperialist" policies have handed them over to political gangsters and incompetents.

Nor will all readers share Barnett's scorn for religion. It is conceivable that Japan may pay a heavy price for her frantic secularisation. It is noteworthy that the United States, the most successful economy of all time, by most conventional standards at least, remains a highly religious society.

Most theses are, of course, relative. Barnett refers to the British working class as "coolies" - an offensive and exaggerated term that has crept into the literature on the British working classes since Paul Johnson first employed it in his tirade against the unions in the mid-1970s. Britain has not been a place where one has seen the poor dying in the streets at any time in the last eighty years. And if history does have definite economic corners, perhaps we British have now turned one. Certainly, the "sick man of the West" lament is not much heard today. Theses have a habit of passing into history almost as soon as they are articulated.

Sometimes a better thesis than Barnett's lurks in the interstices of his argument. Thus he argues that nationalisation politicises the decision-making process that would otherwise be taken by the market and its ruthlessly impersonal forces, an "aperçu" that Barnett does not allow to spill over into his discussion of education, science and culture.

Maybe a publicly financed education system could function satisfactorily in a society where the rest of the economic structure had not been rotted for decades by creeping statism. In the British case, the schools and colleges need a strong dose of private enterprise as much as any other part of the economy does. What they do not need is an injection of "planned" modernisation. Alas, Mrs. Thatcher appears, in this matter at least, to agree with Mr. Barnett.