

Christopher Harvie, *Broonland*,

version of 12.2.2007

Broonland Three **Endgame**

The taxman's taken all my dough
 And left me in this stately home
 Lazin' on a sunny afternoon
 And I can't even sail my yacht
 He's taken everything I've got
 All I've got's this sunny afternoon
 In the summertime ...

Ray Davies, 1966

I Out of the blue

2006 was the Chancellor's annus horribilis. Yet it had started well. Blair, bogged down in Iraq, faced mounting opposition from his back-benchers to further market-driven reforms. He was defeated over home security and only got his way over education with Tory support. Revelations about peerages for loans, a device which subverted the law on party funding, made him look as sleaze-ridden as Major, or worse, as the boys in blue came closer, month by month, to fingering his collar. Brown did not directly challenge him on those issues, but took policy initiatives which went far into Blairite territory: over British identity, foreign aid and security. The handover seemed only a matter of time. Then, out of a more-or-less blue sky, the first disaster struck.

There was a tendency, marked in the last decade of the twentieth century, for 'things to go pear-shaped'; for some hitherto unquestioned institution suddenly to fall apart: Thatcher's rule, and then the Tory party, the monarchy, British agriculture, fast food, Marks and Spencer, British football. We have explored the shaky economics behind this. It was as if the carapace of permanence (or at least confidence) created by a complicit publicity machine suddenly became

overstretched by real expectations. The machinery, usually somewhere in the computer-into-technology sequence, gave way, exposing the void within: like buying a bargain luxury car and finding it had a duff engine.

Under all his policy initiatives and his 'British' musings, Brown had neglected his constituency and its problems. His Dunfermline West had become Kirkcaldy and Cowdenbeath. The other Dunfermline Labour MP Rachel Squire, had suffered for years from cancer and died early in 2006. Her 11,500 majority seemed unchallengeable. But there were no recent Scottish polls and, like the rest of the party, down 50% from the 400,000 members of 1997, Scottish Labour was shrinking; its local government and trade union partners were at a low ebb. (John Harris, *Guardian*, 7 April 2006) Its tabloid the *Daily Record* may have monopolised Scottish Executive advertising (£ 4 million a year) but had got rid of its political commentator the previous autumn. Outside of crime and football the half-million circulation rag was dire, but the post had once been, under the trusty Tom Brown, (no relation) a functioning speaking-tube between No 11 and the grass-roots: the Scottish Labour 'family' celebrated, at the time of Granita, in Brown and Naughtie's *John Smith: the Life and Soul of the Party* (1994) was one member the less.

Only a few weeks before, brown had been schlepping Federal Reserve chair Alan Greenspan around Kirkcaldy, appointing him, Bill Gates and Thierry Gaultier as advisors to the government. But Labour's by-election candidate was an obscure bag-carrier turned MEP Caroline Stihler, hastily 'evolved' and heavily pregnant. And the voters' weren't happy. Cheap lorry competition cut the sailings of the Superfast ferry to Zeebrugge. There was wrangling over local factory closures, over the hoodie-haunted 'ghost town' the malls had created in central Dunfermline, and the deteriorating condition of the Forth Road Bridge,

over which (too many) locals commuted to work (it was carrying double its design weight). Brown promise a new bridge, treading on the feet of the Scottish transport minister Tavish Scott, who was a Liberal. When the Lexmark computer-printer factory closed, he promised a technical university, another Scottish Executive responsibility. Scottish First Minister Jack McConnell turned up in town to campaign, was ignored, and sulked. The seat was lost catastrophically to the LibDems. Brown's command of Scotland was exposed as an illusion, although the real gainer over much of Scotland, as the later Moray by-election showed, was the SNP, which by July 2006 was seen by the polls as beating Labour in both constituency and list seats. By its tercentenary, in January 2007, the Anglo-Scottish union would be on the line.

II Old Adam

What did Greenspan make of Kirkcaldy? Promising site – only seven miles from the lights of Edinburgh, which had three times its growth – but nearly an hour away by car, its centre hammered by the malls of the John Smith Retail Park, severed from the sea by a drab dual-carriageway.

In 1733 it had been the birthplace of Adam Smith, who had evicted Gramsci and Maxton from the Brown pantheon. Brown registered the importance of Smith, though for all the wrong reasons. Smith asked far more questions than he ever managed to answer. His failures were in many ways as decisive as his successes. He didn't really explore the 'nations' bit of *The Wealth of Nations*, and unfairly criticised his mercantilist rival, Sir James Steuart, a Jacobite exile in Tübingen, who did. But Steuart would be taken up by Hegel, Friedrich List and later American Republican economists because of his economic nationalism. He asked how any nation could get the chance to create the technology that

economic equilibrium (let alone expansion) required if its resources and plans were continually disrupted by free market competition?

Smith wasn't fundamentally concerned with development but with a stability rooted in a predominantly agricultural order. Yet the issues of stability and co-operation remained as important in the age of satellites and the web as they had been in 1776, and Smith was the sort of northern *literator* who grounded his economics in tangible societies and cultures. In his *Human Nature* (1759) and *Wealth of Nations* (1776) he had counted on the private, but learned, drive of 'sympathy' to sustain trust within civil society. Others, more fascinated by the prospective impact of carbon power – the steam engine was scarcely a toddler when Smith died – called for a far wider range of state instruments to promote and control growth, and in particular to discriminate between 'social' and 'asocial' investment and, when in doubt, to promote the former. Smith wasn't a growth man, so the divergence didn't occur to him, although it had important consequences for the promotion of 'sympathy' – suppose overmuch reliance on the invisible hand produced investment patterns which negated long term, prudent *individual* investment? John Ruskin was writing thus in *Unto this Last* (1861), influential notably on J A Hobson and Patrick Geddes, and most of the first Labour MPs. and the idea had reasserted itself in recent years, though not it seems within earshot of the Chancellor. (Ruskin, 2006)

It is difficult to make cross-nation comparisons and to establish national peculiarities (not least because Eurostat, the relevant body, was done for corruption). But, as we have seen, by 2006 the British economy had registered a decline in social capital, when one deducted from growth the negativities of drinking and gambling, gas-guzzling private transport, mall-dominated retail, overvalued but low-grade housing, crime and fraud, defective computer programmes, a defence system overstretched by middle eastern commitments,

and the sort of dysfunctional government which in Brown's own fiefdom caused unending crises over tax credits. All of these showed large sums sloshing about but also great waste dragging down modest social welfare gains.

When the sums of 'social capital' were added up, New Labour's aggregate performance lagged every comparable state in Europe. Some of this could be laid at the door of the Premier – wars lightly undertaken in Afghanistan and Iraq, endless tinkering with education and health, dishonest use of patronage, the tackiness of his public culture. Blair made old Ramsay MacDonald in 1931 look a paragon, but at every stage his Chancellor had dutifully rattled the taxation tin and raided the budget till to keep him going. By early 2007 'real' government debt was reckoned at double the official figure. (*Observer*, 4 February 2007)

III 'It's the younger generation, knockin' on the door.'

Was longevity in office any good? Mrs Thatcher claimed in her latter days that she had occupied Downing Street longer than anyone since Lord Liverpool (1812-1827). Considering that Disraeli always referred to Liverpool as 'the Arch-Mediocrity' this wasn't exactly a compliment. Likewise Stanley Baldwin always seemed to be in power when not actually Premier between the wars, only to be abruptly and rather disgracefully disremembered by his own party. And after her extraordinary run of luck nemesis – in the shape of the Poll Tax and the European Union – would shortly sink the Iron Lady. Did a similar fate threaten Brown?

The soap-opera account of life in Downing Street would take up much of 2006. Even in happier times, it had been nagging away. Remember, of course, that in 1997 Gordon and Tony had effortlessly succeeded Fear and Loathing among the Waleses? Brown had marked out his territory at Granita, and had thereafter

relied both on Blair's vulnerability, and on his own popularity among the Labour rank-and-file, to defend his position. He used Blair's tactic of 'triangulation' expertly against the Premier's power, something that explained – as well as Cabinet weakness – both Brown's resilience and the increasingly risky tactics deployed by the Premier to protect his own position.

But after the Christmas break of 2005-6, and quite unexpectedly, the Conservative party cleaned up its presentation. The PR professional David Cameron challenged Blair (now deprived of *his* PR guru, Alastair Campbell) and – against the previous political trend – both he *and* Blair went ahead of Brown in the polls. On the precedent of New Labour's own rise in the 1990s, was it only a matter of time and a 40% share of the poll before big business switched sides (or simply cleared off and left the switch to a new generation)? Would Sir Alan Sugar again be found bellowing 'Who is Gordon Brown?' The image of integrity and austerity that the Chancellor had radiated were dissolving along with his policies. Did his political chances also evaporate? Was the Age of Broon doomed to become a *fata morgana*?

The Broonite years were now tending to generate the same retrospective critique as hit the later years of Thatcher: subtract the luck of the central actor, and what was there? What had Prudence been up to in 1997-2000? Brown had amazed Ken Clarke by sticking to the fiscal limits that the Tories in pre-election sackcloth-and-ashes mode had set themselves. Yet he had done this through raids on tax relief on mortgages and pensions which beefed up government income, at the cost of later discomfort. Fat cats were made to pay for job creation programmes by the Windfall Tax, though this only just made good the losses on privatising the railways. This austerity quickly showed up in the country's inadequate infrastructural investment, and led to the collapse of

Labour's transport strategy in autumn 2000, when the motorists and their media backers refused to pay for it.

Brown bounced back, profiting from the stock-market and exploiting the get-rich-quick idiocy of the City during the dot.com boom with his £ 22 billion auction of G3 phone licences. Could he *really* present himself as a sound financier and debt-reducer, when in fact behaving like a superior receiver of stolen goods? He could. This sleight-of-hand enabled him counter-cyclically to inject investment into the public sector to combat the post-2002 downturn.

He couldn't have done this within the Eurozone, subject to the exaggerated austerities of the European Central Bank. But he couldn't invest in 'real' technology either, because the research and development and infrastructural investment wasn't there. His 'welfare into work' job-creation programme, while it didn't add much to net public expenditure, didn't add much to productivity either. Call centres came cheap, and public sector 'Broon jobbies' accounted for much of the additional expenditure targeted on the National Health Service. The Milk Development Board's School Milk Facilitators sounded like a bureaucratic version of Marie Antoinette's Trianon dairymaids. Where cash-flow *was* necessary to achieve innovation, notably in hospital equipment or industrial training, the absence of resources, planning and direction could be – and was – expensive and disastrous: think NHS computer systems, individual learning accounts, welfare credits, the national distance-learning college.

The relatively primitive technology of retailing was a different matter, and illustrated the enigmatic quality of the Brown economic renaissance. The mix of fashion, advertisement, marketing and persuasion, and its triumph over rational appraisal. The positive side was a 12% growth in British real incomes, 1997-2004, against only 1 % in Germany, but this was largely achieved by lower unit

costs of motoring, food and consumer goods: the \$ 10 barrel of oil, hypermarket and China factors: cheap fuel, rationalised retail, and bargain imports. There were three bonus dollops of cream on the pudding: house price inflation, the football factor, which induced otherwise sane citizens to spurge L 40 on strip worth L 1, and when the balance of payments again started looking grim, the escalating price of North Sea oil.

The overall outcome diminished industrial investment and generated little real enterprise. Sir Terry Leahy was pretty typically new Labour in piling it high and selling it (in global terms) dear, but in urban Britain – Dunfermline was only one of hundreds of depressed provincial town centres – his Tesco destroyed the local initiatives out of which a lively entrepreneurial sector could grow. First aid for embattled small businesses through rate rebates was foresworn in favour of PFI and public-private quangos like Jack McConnell's £ 500 million-a-year Scottish Enterprise, which acted as cash cows for the 'big four' consultancies, eager for their £ 600-plus per executive per day. Just after the Dunfermline by-election SE effectively went bust. What would happen when this retail saturnalia was found to stem directly from the policies of the Son of the Manse, but wasn't getting through to those in real need?

IV Luxury and Corruption ride again!

Under New Labour there had been no continuity with the mixed economy as preached by Tony Crosland, or even with the somewhat Gaullist version of it that existed, and was even cherished, in the Thatcher years: 'All power is marvellous. Absolute power is absolutely marvellous.' as some wag put it in those plummy vowels. What Broon had gone for was the American Business Model, oblivious of the warnings of another fellow-Scot, the Oxford economist Professor John Kay:

The countries where systems most resemble the prescriptions of the American Business Model – unbridled individualism under weak government – are Nigeria and Haiti, which are among the poorest on the planet. (Kay, 2003: xx)

Broon had ticked all the boxes of regulation, so what was in place *looked* strong. Its effectiveness was another matter. As another veteran commentator, and former Labour activist, Robert Taylor summed up in 2005:

The British business model ... seemed much stronger on spin and hyperbole than on fact. It looked ever more like a delusion, a mirage and not a satisfactory answer to the country's labour-market and employment relations problems.
(in Seldon and Kavanagh, 2005, 186)

New Labour's unique relation to the press meant that spin and hyperbole were privileged. While the Conservatives – divided, dominated by third-grade Thatcherites and badly-led by Iain Duncan Smith – remained on the canvas, the right-wing press, Murdoch, the *Mail* and even for a time the *Express* – could praise Premier and Chancellor as satisfactorily anti-redistributive and anti-European.

In New Labour's Britain, the rot started at the top, in the failure of Brown's 'economic police'. 'Self-regulation' under the Tories had been a farce, culminating – one has to choose between scandals, space being limited – in the Lloyds collapse of 1985 in which establishment insiders in syndicates shafted the credulous rich. But Labour's 'policeman' legislation, ambitious in intention, was ineffective because impossible to enforce. As we have seen, the difference in power between few and poorly-paid regulators and immensely wealthy, PR-minded corporations and unscrupulous incomers from the USA, the Middle East and the ex-USSR was simply too great.

Inadequate regulation was actually worse than self-regulation: a cartel meant a single head, which could be carpeted by the political leadership or even chopped off. But corrupt officials – or those who simply go through the motions – could survive indefinitely. In financial services this regulatory paralysis had, according to Nick Kochan and Jeffrey Robinson, come to pervade the 'offshore island' of the City of London from top to bottom. Road haulage – glaring in Superfast Ferries' problems in Brown's Fife – showed a similar systemic failure through the abuse of the regulatory system, not by marginal operators, but by giant international firms such as Betz or Fixemer, the biggest hauliers in Europe. These relied on government corruptibility or powerlessness in the Wild East, well-funded lobbying in Brussels, systematic political pressure from suppliers like Daimler-Chrysler or Renault and straightforward graft, backed up by the best legal brains to delay any proceedings against them. (Kochan, 2005, 353; Harvie, 2001, 57-60)

Such behaviour was not regarded as culpable: first by a management culture which was itself asocial and grasping, as Simon Caulkin argued in several *Observer* articles; second by a Whitehall incapable of stemming manufacturing decline, worried about overinvestment in property, and thus desperate to attract global financial services businesses to the City of London; third by an interlinked growth of international PR, media and legal consultants, again substantially London-based, which existed to protect such organisations from challenges by consumers, the press and media. New Labour had deliberately cut itself off from the 'industrial democracy' of the trade unions, and proved a peculiarly vulnerable target. In summer 2006 while the Treasury was taking L billion hits from carousel VAT fraudsters Blair was helping police with their enquiries about illegal party funding. (Ashley Seager, *Guardian*, 16 August, 2006)

V 'A great deal of ruin'

Yet Britain was still capable of a 'great deal of ruin'; something almost proved by the Chancellor's longevity: as if *he* had taken over the staying-power of the Weinstocks. The Blair-Brown dyarchy itself contributed to governmental weakness by negating the dynamic elements of Cabinet control and largely ignoring Parliament. These had still been ways in which the relative openness of the old system not only co-ordinated but could highlight younger, independent-minded ministers or MPs who showed talent, and reward them for initiative (Mackintosh, 1976, 628-31; Riddell, 2000, 144). Robin Cook had blown to bits an overpromoted Thatcherite, John Moore, on the floor of the House in 1988 and repeated the act with the Matrix-Churchill inquiry in 199 . Blair-Brown eschewed any such risks. The younger their ministers, the more tight-arsed. There was no-one with the ability and guts of the German Green consumer affairs minister Renate Künast, 1997-2005, who reoriented her department from a farming lobby to a real consumer champion, but many British turkeys lived a charmed life.

The contrast between Künast and the British Culture Minister Tessa Jowell, whose husband David Mills acted, seemingly without her knowledge, as bagman to Europe's most ruthless media tycoon, Silvio Berlusconi, is almost too painful. Brown's tenacity in fact masked the long run that Jeremy Bentham's 'sinister interests', needed to bed themselves in. His true forerunner, Henry Dundas 'Harry the Ninth', bought and sold Scotland for decades at the turn of the eighteenth and nineteenth centuries. He could use imperial, military and kirk patronage as collateral; Brown kept office by paying with the institutions of the state itself.

How did system failure show up on the civic front? Voluntarism and British 'public culture' – the trade unions, the universities, the BBC, the political elite – once formed a dense network of Burke's 'local associations' (or MacNeice's 'kingdom of individuals') which patrolled the operations of a British type of social market. This was celebrated fulsomely by the Chancellor, at the point where it had ceased to function, in his British Council address (Brown, June 2004) Now, coincident with the weakening of regulation, there occurred both a collapse of civic *virtù*, and an awed sense of the progress 'indifference', if not 'illegalism', had made. (Yougov poll in *Telegraph*, 5 February 2007)

Could you have *virtù* with a decline in public participation? Voting in national elections was down to around 60% in general and 30% in many local elections, together with flaws on an American scale in registration and what looked like the systematic abuse of voting innovations, regarded by Sir Alastair Graham, Chair of the Committee on Standards in Public Life as 'A real and potent threat to our democracy'. (Toby Helm, *Telegraph*, 5 February, 2007) No *British* reform was in sight. Surveys showed the public, and in particular youth, as the most ill-informed in Europe: not just about politics and sex but about its own financial health. If astrology mattered more than politics or religion, hadn't this something to do with the weakness of political education? (*Guardian*, 25 March, 2005). Devolution within the UK, a generator of civic renaissance in which so much confidence had been invested by organisations like Charter 88, was gradually working its leaven in Scotland and Wales, but hit the buffers when rejected overwhelmingly in North-East England in November 2004. A wide range of planning powers, however, remained with a government-appointed and thus publicly unaccountable regional level of authority (Trench, 2005, xxx). An attempt to rationalise ministerial prerogatives through the Public Regulations Bill of 2006 made this look as if the time of Lord Hewart's 'New Despotism' had come round again. (Böhm, 'Politisches Bildung', 2006)

Seen on the ground, moving through the counties and provinces of Britain by train and bus, reading the local press and hearing the broadcasts, walking the towns themselves, another even more disturbing reality emerged. The collapse of social norms had otherwise been written about by liberal Tory commentators such as Ferdinand Mount in *Mind the Gap* (2004), or by Nick Davies' reports in the *Guardian* on education or drug addiction, but the impact of 'illegalism' could be calculated quite precisely in places such as the Chancellor's own Scotland. The surface was unpleasant enough: in the drink-and-drugs culture of youth in cities and provincial towns, but below this, and linked to it, was the impact on the hidden unemployed of a tough and resilient criminal culture which the police were (even if competent or willing) incapable of putting under restraint.

This drew particular sustenance from one of New Labour's 'successes': terrorist diversification in the ghettos of Belfast migrating to the conurbations on the British shore. (Harvie, 2004, 68-74) In fact, the more the Peace Process was analysed, the more another and altogether more sinister interpretation of it emerged. The IRA's change of strategy under Gerry Adams switched targets from the Ulster policeman or British squaddy to the 'head centre' of British capitalism: the Manchester, Baltic Exchange and Canary Wharf bombings in the mid-1990s served notice that a few well-placed car bombs could, to adapt its balladeers, 'make shit of the whole bloody lot': or end the British urban and financial renaissances in a few hours.

Eventually the papers will seep out, and they will read rather like this: the Celtic Tiger and the terrorist were not wholly different species. The latter probably had benefitted from these Open University Social Science courses taken in the Maze Prison. The former showed just how the dynamics of financial services and the new Atlantic partnership worked, and the benefits of the deal that could be

made. Whitehall purchased tranquillity and the City security. The IRA got participation in Ulster government without bothering Dublin. The USA got several thousand British troops, liberated from Belfast and South Armagh fortresses, to help pacify the Balkans, and later to deploy to Afghanistan and Iraq. If the rule of law was looking as shaky as UK politics, this was better than the alternative.

What had replaced civil society, for the insecure middle class, was retail therapy. In a late but alas typical happy-go-lucky piece Will Hutton celebrated a spree among the fakeshops of Hong Kong. The moralist of the 1990s seemed to give up and beat the tambourine for shopping as salvation, with its cultural outliers 'Sex and the City' or 'shopping and f*cking'. This in turn led back to the consumption-based economics of New Labour, where the last thing wanted was a personal politics of rational decision-making in the style of Adam Smith's citizenry. Given the Machiavellianism detailed above, dumbing-down had its place, and a very important one, in the 'real foundations' of New Labour.

(Hutton, *Observer*,) Compare the Chancellor's archaic complacency in his British Council address with the 'generous anger' of the novelist Nina Bawden in her polemic *Dear Austen*, typical of the herbivore intelligentsia that had for a century kept continuity in the Labour party, seeing her husband killed before her eyes in the Potters' Bar collision by the shambolic system of 'control' through commercial contract whose continuation on the railways Chancellor and Transport Minister had connived at. (Bawden, 2005, xxx)

Broon's Britain emphasised the limitations of 'growth' and 'employment' as indicators of real social capital. As we have seen. The 'positive' statistics of education, apparently evident in PISA One (2000), were based on statistical jugglery which excluded the country's truants, by definition illiterate (once rumbled, the Brits vamoosed from subsequent studies), then were undermined

by the catastrophic decline of the study of ‘hard’ subjects such as modern languages and the sciences, and a student population over-expanded (and under-funded) in order to diminish the unemployment figures. (Scottish Executive: PISA analysis, 2005) The finances of education, like those of the NHS, were manipulated by PFI deals which shifted them, at least *pro tem*, off-balance-sheet, at the same time propping up a tottering construction sector.

Were these dysfunctions the result of a confusing public-private hybridity and faulty appraisal of processes and statistics? To some extent yes. The process analysis of the American pragmatic tradition is valuable here, in showing that the sloppy use of targets, without reference to the analysis of systems and their capacity to adapt, was programmed to produce chronic confusion and breakdown. PFIs became in this context a means of postponing the evil day, not a solution. Government responses took the form of rhetorical activity – targets, tsars, task forces – coupled with reassurances and sudden spasms of activity. These were undertaken – spun? – with regard to media coverage, not strategic logic. (Spare, 2005, 1-10; Jones, 2002, xxx)

This problem was partly one of fissured institutions and broken lines of responsibility, the result of devolution and Europeanisation. See the next section. But the ‘hollowing-out’ of the civic made matters infinitely worse, whether it was the *Spassgesellschaft* of a youth with unlimited though deeply privatised electronic infotainment, an absence of civic *fora*, and few real prospects of fulfilled and demanding lives. Again, the rhetoric often sounded good – Tim Garton Ash’s *Free World* (2004), aimed at the wristband folk, reads warm and inclusive and welcoming, and is at least more self-critical than the Chancellor when on song – until you see the surrounding environment. Go into a British newsagent and see what’s on display: chick-lit (German *Cosmo* has 18 pages on work and 6 on sex, UK *Cosmo* has 24 pages on sex and 4 on work);

'lads' mags' whose diet of nudes, cars, footie and crime, suggests that dumpy teens were doing things that would make them go blind as well as fat.*

Gambling statistics, randomly encountered, made many of the positive claims for UK growth suspect. So did a housing stock of high value and low quality, and an unsustainable boom in foreign travel.

(* Christiane Eisenberg of the British Studies Centre at the Humboldt Universität, Berlin, and I seem to have done the *Cosmo* exercise simultaneously in early 2003. I was generous to UK *Cosmo* and classified 'Get ahead – by shagging the boss?' as work-related).

The real winners were indeed abroad, enjoying a life-style impossibly remote from the sink estates around Sheffield or Glasgow, the little market towns like Llangefni made hellish by drugs, the desolate, gang-run Muirkirks and Drongans. Yet such life-styles were umbilically connected to one another. The 'matter of Britain' is difficult to focus, as the *ethos* of the United Kingdom itself, once held together by a powerful industry and adaptive, frequently Celtic, politicians, had been steadily dissolving since the 1960s. (Harvie, 1999)

In *A Floating Commonwealth* (2007) I tried to chart the rise and fall of the institutions that held the Atlantic Arc of 'West Britain' together, and the constellations of civics and goodwill which had reinforced this. These were locally-generated things like town councils, co-ops, port authorities, trade associations, trades unions, nonconformist churches: not perfect, but they had resilience and a remarkable degree of national coverage.

Could this informal federalism recreate itself? No, or at least not in terms of the combination of metropolitan British oligarchy and ineffective provincial politics that Brown, in particular, had come to represent. Would Cameron do better, or

did he represent a re-run of the fresh-faced Blair of 1994-97, with an even-more-negative European side? Something seemed to stand ahead of Britain which resembled the implosion of the Christian Democrat and Socialist Parties in Italy in 1993. And after that?

VI Culture and Dyarchy

With Brown, we were confronted with an economic mis-fire, a strategy, temporarily plausible, which by 2006 seemed to have unravelled. But its good years took place in a cultural context still provided by the foot-soldiers of the Labour party in the provinces: the unions and the public-sector middle class, what the German sociologist Ralf Dahrendorf called *Bildungsbürgertum*. Coleridge's 'clerisy', if you like: teachers, social workers, academics, public sector trade unionists. Spurned by Blair, they had turned to Brown: 'Gordon will see us right.' But in late 2006 faith in this solution was ebbing along with the plausibility of Brown's economics: leaving Labour with a future as bleak as that of the Tories after 1992.

The Tony-and-Gordon act had worked rather like Thatcher's setting of her dries in the supply ministries against the wets in the spending ministries, the latter fighting each other for resources which got ever scarcer. This worked until oil prices nosedived in 1986, then started to fall apart, undermined by the economic primitivism of the Poll Tax and the drive of the 'City' element – Lord Cockfield, Nigel Lawson – towards Europe. Thatcher exiled the free market (but insubordinate) Cockfield to Brussels, where he rapidly made himself the right-hand man of the French socialist Jacques Delors. Bawl though the *Sun* did – 'Up yours, Delors!', etc. – this was a disastrous own goal. (Middlemas, 1995, Chapter II. 6)

A similar fate impended on Brown. Gordon had oversight over all of the supply *and* many spending departments, Tony did diplomacy, education and domestic security: this was initially successful, particularly in Northern Ireland, but Blair's portion began to fall apart after 2003 with the Iraq war. By 2006 it was Brown's turn. His economic policy (demand-management powered by property and retail) rang up payments deficits that could only be moderated by 'encouraging inward investment': selling infrastructure off and undermining social security. Sapping working-class autonomy by bureaucracy and middle class 'rental' occupations on one hand and swelling the underclass on the other handed the initiative back to the increasingly blown-upon Blair. New Labour, in this context, strayed from any sort of progressivism and became a marketing technique fought over by two cabals.

What vanished in the course of this was the resilience of civil society. Brown attempted, in several speeches, to revive it, but it seemed to crumble apart, starting with the Labour party and proceeding through the progressive decoupling of Scots and Welsh politics, the 'supermarketisation' which sapped both any possible SME revival and increasingly bit into ordinary working-class security and the flowing tide of 'illegalism'. After early 2003 and the invasion of Iraq, the Prime Minister increased his own power in Whitehall through his commitment to an Atlantic alliance with the dolt in the White House: involving a deception of the British political community for which, in the opinion of the former British commander in Bosnia, General Sir Michael Rose, he should face impeachment. In no way was this contradicted by his Chancellor, who lost no opportunity to advertise the American way in economic policy.

The contempt with which Brown treated Europe was now being repaid with a sharp European valuation of the British economy and its assets. As the balance of trade worsened, deficits were matched by 'inward investment', a euphemism

or foreign takeover. Airports, electricity and insurance concerns, property trusts came under the hammer. Of the continent's eight greatest electric power concerns, not a single one was British. Electricité de France (EDF) still partly state-owned, was worth €81 billion, Eon, its nearest German rival, €66 billion: indicating a future more Napoleonic or Bismarckian than globalised. Should Britain start building new nuclear plants, few could doubt who would build them. (*Frankfurter Rundschau*, 24 March 2006). Least of all EDF's Head of Corporate Affairs: Britain – Andrew Brown, brother of the more famous Gordon.

Euroneurosis within the English press (as ever, owned by right-wingers and eccentrics) was the result of an increasing realisation that beneath the trapeze of Brownite economics and the relentless takeover activity of the City, there was no safety net. Globalisation had been touted by Brown, his coterie and its penumbra – from Douglas Alexander to Tim Garton Ash – as both inevitable and essentially American, yet in accountancy terms the future was already European by 2005. Marks and Sparks, no less, found that a loss in France could be written off against tax liabilities in the UK, costing Brown several score million, with the prospect of more to come. (Laura Smith, *Guardian*, 15 December, 2005) The selling-off of British assets to European, American or Middle Eastern interests left an ever-narrower industrial base, so that when the housing-retailing current weakened its grip, what the Germans call an *Umwälzung* or 'enforced restructuring' was inevitable.

VII The Dark Horizon

'Tell them what you're going to say. Say it repeatedly, and then tell them what you've said'. Britain's greatest twentieth-century politician, David Lloyd George, hadn't overmuch respect for MPs, but he recognised the importance of leading

ideas, and the necessity of belting them across, somehow combining them with his own ambitions.

A brief *resumé* of Brown's net achievement is helpful at this point, if unreassuring. In general, the claims on growth, employment and welfare seem plausible in gross terms, but show up as much less substantial when examined in detail, differentiating between social and unsocial capital, and comparing with other European economies.

In transport there was little attempt to check the deadly progress of high-carbon mobility. The 'real' cost of motoring and flying had, in cash terms, gone down, but the 'carbon footprint' had swelled. Brown's responsibility for wrecking attempts to devise a rational basis for transport costing was considerable. It was rooted in two things: his obsession with fiscal rectitude, or at least presentation, which pushed awkward capital investment items off the balance sheet; and the grinding-under of the Prescott empire (which could have pushed its own strategy) between the competing realms of Brown and Blair, not to speak of Prezza's own high-risk private life. In 2006 probably the best hope of progress lay in a European takeover of Britain's arterial rail routes, and a regionally-integrated transport structure, on the pattern of post-1993 German rail regionalisation. The elements of both were indeed apparent in Scotland and Wales, but (thanks to the collapse of English regional assemblies) nowhere else.

Manufacturing was both a disaster and a mystery. It collapsed from 21% to 15% of GDP and its control largely shifted abroad. Will Hutton's 'stakeholder capitalism' had been the only game in town, but no-one had persevered with it, least of all its author. What replaced it wasn't Sir Geoffrey Owen's sophisticated new technologies but broad 'conglomerates' (to use City-speak for something disorganised) of outfits based on property speculation, retailing, and the

increasing, irresponsible autonomy of international finance capital. Broon's Britain became a mega-microstate because the elaborate intelligence networks of the rich knew an ill-regulated economy when they saw one. Some gold stuck to the City's shovels, most was spirited abroad. The contribution of British manufacturing to high-value-added services, in terms of research or adaptation, wasn't sufficient to retain them.

Property speculators indulged in cosmetic urban reconstruction, backed up by a burgeoning PR and advertising regime and 'partnerships' with government. But in the absence of powerful and financially responsible local authorities and effective transportation and land use planning, this couldn't cope both with the misery of the stubborn 'submerged third' of the socially excluded (as salient in London as anywhere else), the irresponsible *Spassgesellschaft* of the young and insecure, and the suburbanisation of the relatively settled. The last meant that much of what Jeremy Rifkin had feared in his *Age of Access* came about: the enterprise which could have reinforced urban civility migrated to the asocial, privatised world of the megamalls. The neglect of essential but expensive infrastructure – water supply, flood control and sewage, recycling – had long-term implications which promised, in comparison with continental practice, catastrophe.

The Chancellor maintained some credibility among the dwindling activists of his own party as a silent, stealthy, social reformer in contrast to the fitful activism of the premier. Yet the life chances of the poorest, while ameliorated to a certain extent, were not rooted in any timetable of social equality. Instead, they were persistently eroded by statistical manipulation on the part of the government, as in 'low' unemployment which actually concealed a part-time section of the workforce 60% larger than in Germany, corresponding to a level of child poverty which was 150% greater. Education, seen as sophisticated self-help-

oriented social engineering, became a classic instance of disruption through compulsive targeting, while being soft on the wealthy didn't lead to the 'trickling down' of wealth but of 'illegalism', a culture of social irresponsibility which became downright criminality, not of the poor (most of whom tended to be elderly or unhealthy) but of a white-van-man mass culture which was parasitic both on the non-civic wealthy and on the excluded.

The Chancellor was seen as the custodian of the interventionist values of the social welfare tradition of Beveridge and Keynes, yet what had triumphed was the 'turbocapitalism' embodied in a City of London no longer reckoned as really part of Britain. Its increasing wealth (with CEO incomes between 3 and 10 times those of cabinet ministers) did not follow a socialising pattern along Carnegie or Soros lines. The Chancellor fondly hoped it would (this was the benign aspect of his American conditioning: 'giving' in the USA was ten times greater). But with every boom and slump the wealthy wanted more and more of commercial raiding, huge bonuses and exit to the sybaritic and completely uncivic world of golf, villas and yachts. The effects of this on the building-blocks of British civil society – the industrial firm, the academic and educational *Bildungsbürgertum*, the 'culture industries' – was to weaken the once clever and permeable establishment which had tamed the 'creative chaos' of Schumpeter's entrepreneurial capitalism. 'Best-seller' and 'life-style' values carried away with them the real ethos of the Britishness Brown strove to revive. (Harvie, 2006, xxx)

These failures brought into question the diplomatic-economic orientation of the UK – towards the USA rather than towards Europe. A particularly dynamic Anglophone radicalism – from Walt Whitman to J K Galbraith – had once activated the West Coast in which both Brown and Blair had their origins but this found only rhetorical echoes in their version of the New Deal, which didn't

at all engage with the structural failures of the American way: its dependence on individual mobility at the cost of the environment, its simultaneous invocation of Social Darwinism and fundamentalist rejection of the scientific method. Above all, Brown's Cape Cod spectacles distorted fairly systematically America's paradoxes: its *étatiste* element, not wholly contained within the military-industrial complex; and the European-minded inclinations of the US's own centre-left: the Galbraiths, Putnams and Rifkins. Britain's constitutional flexibility had once seemed exactly what a rule-bound Europe needed, yet her deindustrialisation made for irrelevance, while Europe swallowed such of her manufacturing and services as were still valuable. Blair's involvement in Iraq, rejected by the great European powers apart from Berlusconi, isolated the UK, but Brown made no attempt either to capitalise on this through pro-European initiatives or to interrogate his own role. With the recovery of German industry (described as 'stellar' by the head of the British Chambers of Commerce in spring 2006) the UK's industrial prospects looked grim in the extreme.

The 'America or Europe' dilemma was miniaturised in Brown's own backyard: Scotland. Here, the rival influences contended without promoting synergy. The result of an ambitious devolution programme was in fact a London-Scottish elite, liberated from local commitments, which could now intervene disproportionately in the south. This came to provoke Conservative recovery in English constituencies in the 2005 election – and to threaten the Chancellor with a rival in the severe form of the Home Secretary Dr John Reid, a figure equally dour but in the now-more-useful field of law'n' order. Beneath this, Scotland's precipitate deindustrialisation produced through social breakdown and drugs an extreme version of English 'illegalism'. Though benefiting substantially from the North Sea oil that the Nationalists had claimed, the Chancellor's responses to this were inept. Sensitivities had not been concentrated by the new pluralist dispensation into new quasi-federalist policies, but had gone utterly adrift.

In all of these major areas of British economy and society, in the statistics and on the ground, there were crippling dysfunctions. They were there when Brown first gave voice as a young radical, were worsened by Thatcher, and altered little under New Labour. The thesis of this book is that political disasters are ushered in, not through great causes and clashes, but through a multiplicity of detail breakdowns. Collectively, these create a malign 'disynergy' (usually aggravated by flaws in central control) which cause the whole apparatus to become unmanageable. To this must be added, in the case of post-1960s Britain, the loss of authority to multinational bodies (whether globalised firms or the EU) and failure to adjust to an internal semi-federal state.

Such matters could be altered (or at least re-prioritised) by the dynamism coming from a powerful personal force, such as Lloyd George in World War I, or in a negative sense Thatcher, who began to break Britain up in 1979-1990, or by a grass-roots 'civic' movement of the sort that World War II had generated. Blair and Brown weren't up to the demands. The looming environmental catastrophe was the longer-term challenge, but they didn't match it as a team and certainly not as individuals. In late 2006 Sir Nicholas Stern, commissioned by Brown, detailed the devastating losses climate change would bring, then promptly left the Treasury for academic life. As for the civic realm, this had been explicitly altered to stress the voter as customer, not as active, policy-forming citizen. The routes to civic *virtù* were obscured by the foam of the culture industries.

Why had this lasted so long? Brown was the longest-serving Chancellor, even if people increasingly were wondering why. Much could be explained by the peculiar deformation both of politics and the economy. I have dealt with the impact of Granita, but this has to be seen in the context of ballooning investment

in the City of London and its satellites, rendering Premier and Chancellor only bit players. Balance-of-payments deficits were supplemented by huge public and private indebtedness, even before turning to the 'off-balance-sheet' costs of PFI schemes. Why was this weakness not made public? Because in the international, post-industrial media society which Britain personified, many important movers and shakers had it in their own interest to keep things as they were: notably Rupert Murdoch, who seemed to retain control within his own empire although in truth he had nowhere else to go.

Bluntly, many of New Labour's backers were allied to it for the good reason that other parties and other countries would have thrown them to the magistrates. Businessmen gritted their teeth and realised that loose business controls, PFIs, patronage and tax privileges, were keeping them above water. Blair was either naïve enough or bent enough to take this into account: every man had his price. The Chancellor was different: his vice was *hubris*, particularly his confidence that public control was a matter of regulation, not ownership, and that once regulation was agreed on, and the correct boxes ticked, things would run fine. The mechanics of appropriate and detailed intervention were beyond him, regarded as the possession of a Europe which would always be opaque, in contrast to the well-broadcast certainties – in English – of the United States.

VIII The Islanders

Brown's problems multiplied as in early June 2006 England went forward into the finals of the World Cup: the tabloids at their most unrelentingly patriotic, the profile of the English team boosted to the skies. Brown risked unpopularity in Scotland by backing it, yet he might have felt a chilling echo of 1978, when a naively hyped-up Scotland went down in Argentina. The paradox of the business was that although the largest single group of players in the contest were those

who played for British teams, the England side was mediocre, and was booted out by Portugal in the quarter-finals. Portugal had a fifth of the population and a quarter of the GDP per capita. The debacle wasn't even discussed: the reaction was a sort of catatonic trance. Football, which had managed to colonise all sections of tabloid Britain, had been 'one of those things that we did well'. In fact, it showed how deep the rot had gone. A hundred years earlier, faced with the cock-ups of the Boer War, Rudyard Kipling had fulminated in 'The Islanders':

Then ye returned to your trinkets,
Then ye contented your souls,
With the flannelled fools at the wickets
And the muddied oafs at the goals.

Britain couldn't even manage this alternative any more.

How would matters pan out if the economy followed suit? Imagine a huge and unserviceable private debt, and the foreign backers of it moving in to take over the last remaining tranche of high-value-added manufacturing firms. (*Financial Times*, 10 February, 2007) The key transactions would be fiscal and financial. Either continental firms, almost certainly backed up by the EU and elements of the City, would buy up this debt, or the government would go to private investors, given as yet unthinkable privileges, if only they would square the circle of bringing it under control and ensuring the future of such institutions as the NHS. This would become progressively more difficult to achieve, and ultimately force the creation of a European financial overlord.

This would be disastrous for Labour, but there was one way of playing for political time: for Brown to retreat to his promises of the early 1990s and do a deal with the LibDems: gaining their support and partnership in a coalition government, in return for proportional representation and the end of the two-

party system in Britain. But was this any longer possible? Or had Brown, through his repetitive anti-Europeanism, his pro-nuclear, pro-Trident declarations, burned too many of his boats?

Let us think in terms of ‘one road not taken’. What would have happened in 1997 if Brown had, instead of stopping Robin Cook becoming Scottish First Minister, gone for the job himself? He had the health that was denied Donald Dewar, the intellect denied Henry McLeish, and a political imagination remote from Jack McConnell. Had he built Scotland into a model provincial regime, with a lively and competitive mixed economy, this prototype could have been sold to the English regions, and almost certainly been used to inspire Northern Ireland.

Later on, drawing on Scottish political strengths, a shift back into British politics could have been made, just as in Germany Willy Brandt and later Helmut Kohl made the transition from being *Länderfürsten* into federal leadership. Something of the sort was forecastable in his then-ally Henry Drucker’s *Doctrine and Ethos* back in 1978, as part of the business of recasting Labour in a pluralist, federative society. Had Brown chosen Scotland, he would have had a challenge because of the semi-proportional electoral system, but he could have coerced the LibDems to lay the foundations of such a compromise on the British level. There might have been the risk of a Nationalist runaway, but even McConnell had proved able to get on top of this.

By 2007 the SNP, with Green and left socialist outliers, was a real and present danger. Its policy was firming up, and essentially depended on independence, which would give it control over the oil, now running at around \$ 60 a barrel. This, if managed along with the Norwegians, could provide the collateral for the country’s technical reconstruction. Polls showed that, as such, it was proving

increasingly attractive north of the Border. By early 2007 they were even showing the Nationalists in the lead over Labour, and independence moving towards 50% support, unprecedented but something borne out by by-election results.

What was markedly different from the earlier crises was the English attitude to Scotland. The more that Brown touted the Union as essential to Scots prosperity, the more that the average Middle Englander regarded himself as Scots-ridden: manipulated by the ‘Scots Raj’ which the vociferous broadcaster Jeremy Paxman had coined. Mondeo Man, contemplating his overdraft and tax bill, petrol and utility price increases, gasped at the multiplication of bureaucrats and the soaring wealth of his bosses. One of the dextrous achievements of Brown’s guru Linda Colley in her *Britons* (1992) had been to reverse the thrust of her original area of study, the *North Briton* Scottophobia of John Wilkes, and insist instead on the protestant-imperial solidarity of Scots and English. If it had ever existed, this was now falling apart.

In December 2006 a poll was published which showed that a majority of Scots wanted independence, and (which *was* unprecedented) a slightly greater majority of English wanted them to go – anywhere – but just go. The looming tercentenary of the Parliamentary Union of 1707 awakened not celebration but the preliminaries of divorce, should the elections on 3 May hand the Scottish Executive to a Nationalist-led government. The will to maintain the Union seemed to have ebbed, and with it the outlook for Gordon Brown as premier.

Should the Conservatives add to their *English* strength – and this trend had lasted for several months (their Scots candidates did only a third as well) – a confrontation with Scotland was programmed. Alex Salmond’s promise of a referendum on Scots independence might still blow up in his face if he were as

Holyrood First Minister confronted with a Labour government in London: a 'Quebec situation' in which the Scots, with their Labour traditions, might never nerve themselves to make the break. It would be a quite different matter if Salmond's Downing Street opponents were Cameron and the Conservatives. It was difficult to see how Scottish Labour in these circumstances could survive, let alone avoid division. It would die, and along with it the Union.

8441 words