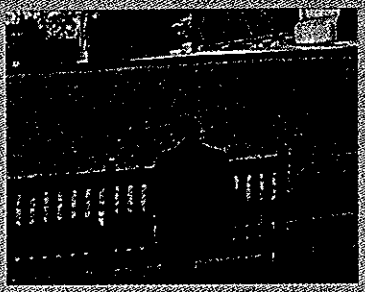
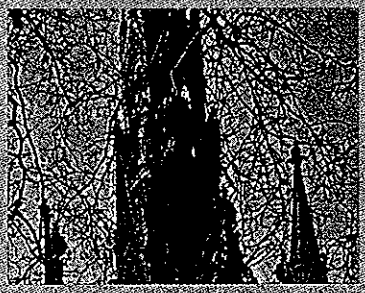
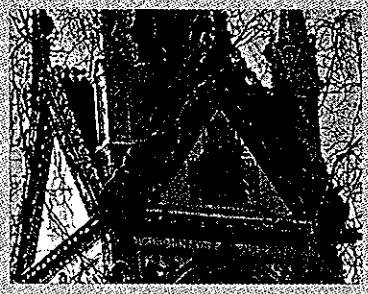
Chapter 6

What Britons Quarrel About





Britain was in economic decline for decades. At first it was only a **relative decline** as the economies of West Europe and Japan grew more rapidly than the British economy. By the 1970s, however, Britain was in an **absolute decline** that left people with lower living standards as inflation outstripped wage increases. The first industrial nation saw Italy overtake it in per capita GDP in the 1980s. Likewise, Britain's former colonies of Hong Kong and Singapore had higher per capita GDPs than Britain. In Britain, **deindustrialization** seemed to be taking place; in some years the British GDP shrank. They called it the "British disease," and some Americans feared it was contagious.

Questions to Consider

1. What is the difference between relative and absolute decline?
2. What was the Thatcher cure for Britain's economy? Did it work?
3. What is the Beer thesis on Britain's decline?
4. What is productivity and why is it so important?
5. In what areas could Britain undergo constitutional reform?
6. Does Britain's National Health Service work? Compared to U.S.?
7. What is devolution? Does it lead to quasi-federalism?
8. Did Northern Ireland return to peace? Why or why not?
9. What is Britain's stance on the European Union? On the euro?

The "British Disease"

Why did Britain decline? There are two basic approaches to such a complex problem. One begins with what happens in people's attitudes—a psycho-cultural approach. The other begins with what happens in the physical world—a politico-economic approach. We might summarize this as "head stuff versus hard stuff." The two are not mutually exclusive but have a chicken-egg relationship: One feeds into the other.

Some emphasize British nonwork attitudes as the root of the problem. The old aristocracy, which disdained work as tawdry moneymaking, was never thoroughly displaced in Britain. Rather, the rising entrepreneurs aped the old elite and became gentlemen of leisure and culture. In public schools and Oxbridge, young Britons learn to despise commercial and technical skills in favor of the humanities. The emphasis was on having wealth rather than creating it. Accordingly, Britain tended to lack daring and innovative capitalists. Many Britons prefer more leisure time to more money.

The British class system made matters worse. British managers—mostly middle class—were snobbish toward workers; they did not mix with them and provided inadequate guidance and incentives. British workers reacted by showing solidarity with their "mates" and more loyalty to their union than to their company. If the psycho-cultural approach is correct, the only way to save Britain was to change British culture, but deep-seated attitudes resist change.

The other approach, the politico-economic, argues that the bad attitudes reflect faulty government policy. Change the policy to create a new context, and attitudes will change. Thatcherites

propounded this, blaming the growth of the welfare state that Labour introduced in 1945. This let many consume without producing and subsidized inefficient industries. Unions, given free rein by previous governments, raised wages and lowered productivity. The growing costs of the welfare state drained away funds that should have gone for investment. Insufficient investment meant insufficient production, which meant stagnating living standards. Cut both welfare benefits and industry subsidies and you will force—with some pain—a change in attitudes, argued Thatcherites.

THE THATCHER CURE

The Thatcher cure for Britain's economic problems is still debated. Thatcherites argue that her policies were not implemented thoroughly or long enough. Anti-Thatcherites in all the parties argue the policies were brutal and ineffective. The way Thatcherites see it, the permissive policies of both Labour and previous Conservative governments had expanded welfare programs beyond the country's ability to pay for them. Unions won wage increases out of line with productivity. Nationalized and subsidized industries lost money. The result: **inflation** and falling productivity that were making Britain the sick man of Europe. The cure, in part, came from the **monetarist** theory of American economist (and Nobel Prize winner) Milton Friedman, which posits too-rapid growth of the money supply as the cause of inflation. Thatcher cut bureaucracy, the growth of welfare, and subsidies to industry in an effort to control Britain's money supply and restore economic health.

relative decline Failing to keep up economically with other nations. (See page 73.)

absolute decline Growing weaker economically compared to one's own past. (See page 73.)

deindustrialization Decline of heavy industry. (See page 73.)

consumption Buying things.

production Making things.

productivity Efficiency with which things are made.

inflation Increase in most prices.

monetarism Friedman's theory that the rate of growth of money supply governs much economic development.

privatization Selling state-owned industry to private interests.

Some Britons wondered if the cure was worse than the disease. Unemployment at one point reached 14 percent of the work force, thousands of firms went bankrupt, and Britain's GDP growth was still anemic. Even moderate Conservatives pleaded for her to relent, but Thatcher was not called the Iron Lady for nothing. "The lady's not for turning," she intoned. She saw the economic difficulties as a purge Britain needed to get well. One of her economists said: "I don't shed tears when I see inefficient factories shut down. I rejoice." Thatcher and her supporters repeated, "You cannot consume until you produce."

Gradually the argument began to take hold. Many Britons had to admit they had been consuming more than they were producing, that subsidized factories and mines were a drain on the economy, and that bitter medicine was necessary to correct matters. It was almost as if Britons had become guilty about their free rides and knew they now had to pay up. In the 1980s, more working-class Britons voted Tory than voted Labour.

But did Thatchernomics work? By the time the Tories left office in 1997 the picture was mixed but generally positive. Inflation was down and economic growth among the fastest in Europe. State-owned British Steel, British Leyland (motor vehicles), and other industries that had been nationalized since the war to prevent unemployment trimmed their bloated work forces and raised productivity. Many state-owned plants were sold off, a process called **privatization**.

Competition increased by **deregulation**. Renters of public housing got the chance to buy their homes at low cost, a move that made some of them Conservatives. Unions eased their wage and other demands, and union membership dropped sharply. Many weak firms went under, but thousands of new small and middle-sized firms sprang up. Capital and labor were channeled away from losing industries and into winners, exactly what a good economic system should do. A California-like computer industry produced a "silicon glen" in Scotland and a "software valley" around Cambridge University.

Thatchernomics jolted workers out of their trade-union complacency ("I'm all right, Jack"). When the government's National Coal Board closed hundreds of unprofitable pits and eliminated twenty thousand jobs, miners staged a long and bitter strike in 1984, which was supported by some other unionists. Thatcher would not back down; after a year, the miners did. (At about the same time, President Reagan faced down striking air-traffic controllers.) New legislation limited union chiefs' abilities to call strikes, and the number and length of strikes in Britain dropped drastically.

deregulation Cutting governmental rules regarding industry.

entitlement Spending programs citizens are automatically entitled to, such as Social Security.

pluralistic stagnation Theory that out-of-control interest groups produce policy logjams.

counterculture Rejection of conventional values, as in the 1960s.

pluralism Autonomous interaction of social groups with themselves and with government.

As in the United States in recent decades, income inequality grew in Britain. The number of Britons in families with less than half the average income increased under Thatcher and Major from 5 million in 1979 to 14 million in 1993. High youth unemployment led to urban riots. Major regional disparities appeared between a rich, resurgent South of England, with new high-tech industries, and a decaying, abandoned North, where unemployment hit hardest. Thatcher never did get a handle on government spending, much of which, like U.S. **entitlements**, must by law be paid. British welfare benefits actually climbed sharply during the Thatcher and Major years despite their best efforts to trim them. Cutting the welfare state is tempting but rarely successful; too many people have come to depend on it. Furthermore, in the late 1980s, a credit and spending

KEY CONCEPTS

"PLURALISTIC STAGNATION"

Harvard political scientist Samuel Beer advanced a provocative thesis on the cause of Britain's decline: too many interest groups making too many demands on parties who are too willing to promise everyone everything. The result was **pluralistic stagnation** as British groups scrambled for welfare benefits, pay hikes, and subsidies for industry. The two main parties bid against each other with promises of more benefits to more groups.

Furthermore, in the 1960s, a strong **counterculture** emerged in Britain, which repudiated traditional civility and deference and made groups' demands more strident. With every group demanding and getting more, no one saw any reason for self-restraint that would leave them behind. Government benefits fed union wage demands, which fed inflation, which fed government benefits . . .

The interesting point about the Beer thesis is that it blamed precisely what political scientists long celebrated as the foundation of freedom and democracy: **pluralism**. Beer demonstrated, though, that it can run amok; groups block each other and government, leading to what Beer called the "paralysis of public choice." Any comparison with your system?

recession A shrinking economy, indicated by falling GDP.

boom kicked inflation back up to over 10 percent, and the economy slumped into recession. Competitively, British productivity was low and its wages high, so Britain continued to lose manufacturing jobs to other countries.

Thatcher's main legacy is the changed terms of Britain's political debate. In 1945 Labour had shifted the debate to the welfare state, and Tories had to compete with them on their own terms, never seriously challenging the underlying premise that redistribution is good. Thatcher changed this all around and made the debate one about productivity and economic growth; now Labour had to compete on *her* terms. It was a historic shift, and one that influenced the political debate in other lands, including the United States. Labour Prime Ministers Blair and Brown did not repudiate Thatcher's free-market economic policies; they stole them and possibly ran them better. In 2007 Britain's unemployment was a low 5 percent while France's and Germany's were around 9 percent. And Britain had virtually no public debt or inflation. Britain had indeed turned around.

The Trouble with National Health

The centerpiece of Britain's welfare state is the National Health Service (NHS), which went into operation in 1948 as part of Labour's longstanding commitment to helping working Britons. Before World War II, British medical care was spotty, and many Britons were too unhealthy and

Comparison

The Cost of the Welfare State

The other side of the welfare state is how expensive it is. In 2005, all types of taxes at all levels of government took the percentages of GDP shown in the table below.

Almost all advanced industrialized countries have been cutting taxes. Most of the percentages shown in the table are lower than a few years earlier, indicating growth in the overall economy and cuts in welfare funds.

Sweden	50
France	44
Italy	41
Euro area average	40
Britain	37
Germany	35
Canada	33
Australia	31
Japan	27
United States	27

Source: OECD.

scrawny for military service during the war. Conservatives and the British Medical Association fought the NHS, but the tide was against them.

Did the NHS work? The answer is both yes and no. The British population is much healthier than it used to be. Infant mortality, one key measure of overall health standards, dropped from 64 out of 1,000 live births in 1931 to 5 now. The British working class has especially benefited. Britons spend only 9 percent of their GDP on health care but are healthier than Americans, who spend 15 percent.

But NHS has been unable to keep up with skyrocketing costs, even though it eats nearly a fifth of total government spending. Britons have become more elderly, and old people consume

COMPARISON

THE PRODUCTIVITY RACE

No production, no goodies. Production is what gets turned out. Productivity is how efficiently it gets turned out. You can have a lot of production with low productivity, the Soviet problem that brought down the Communist regime. Among the major economies, Britain's productivity was a bit weak. Compared to Britain, in 2005 GDP per hour worked was 20 percent higher in France, 18 percent higher in the United States, and 3 percent higher in Germany, but Canada was 6 percent lower and Japan was 17 percent lower.

The growth of productivity—the additional amount a worker cranks out per hour from one year to the next—is the measure of future prosperity. Rapid growth in productivity means quickly rising standards of living; low growth means stagnation or even decline. The percent average annual growth in labor productivity from 2000 to 2005 is shown in the table below.

China's and India's rapid productivity growth was similar to Japan's in earlier decades. Newly industrializing countries, because they are starting from a low level, show the biggest percentage gains. After a while, when all of the easy gains have been made, a country becomes more "normal," like Japan. Earlier, U.S. productivity growth had been among the weakest of the industrialized countries. Its surge in the late 1990s reflected major investments in efficiency and information technology that made workers more productive.

Productivity does not tell the whole story of an economy, because it focuses on manufacturing. Advanced economies employ most people not in factories but in the service sector, where productivity gains are harder to make and to measure.

China	8.7
India	4.1
United States	2.5
Japan	2.3
France	2.1
Britain	1.8
Germany	1.3
Canada	1.1
Mexico	0.4

Source: OECD, The Conference Board

many times as much medical care as younger people. Technical advances in medicine are terribly expensive. The system requires many bureaucrats. With a staff of 1 million, the NHS is the largest employer in West Europe, but personnel and facilities have not kept pace with demand. The money simply is not there. If surgery is not for an emergency, patients may wait a year or more. The debate in Britain is over whether to keep funding the NHS by general tax revenues, which Labour favors, or to adopt European funding models, which include mandatory employee and employer contributions and a bigger role for private health care.

DEMOCRACY

WHICH BLAIR PROJECT?

Blair's chief project was not Britain's economy but its institutions. His bold constitutional reforms modernized Britain's political institutions, many of which had been little changed in centuries. Some of his projects were passed into law while others are debated by the Brown government. Blair will go down as Britain's modernizer.

1. *A written constitution.* With no fixed limits, power can be abused in Britain. PM Brown wants more written rules to make the powers of government more accountable.
2. *A bill of rights,* U.S.-style. Blair accomplished this by having Parliament adopt the European Convention on Human Rights as domestic law, bringing Britain into line with the rest of the EU, starting in 2000. For the first time Britons got legal guarantees of media freedom and protection from heavy-handed police methods. Brown may carry it further with a purely British charter of rights.
3. *Judicial review.* Any bill Parliament passes is automatically constitutional in Britain. As in most of the world, British courts cannot check executive excesses. Many Britons admire the role of the U.S. Supreme Court, which, among other things, guarantees . . .
4. *Freedom of information.* Britain has an Official Secrets Act that comes close to censorship. All manner of government wrongdoing is concealed. Many Britons admire the U.S. Freedom of Information Act.
5. *A meaningful upper house.* As we discussed in Chapter 3, in 1999 Blair modernized Lords by kicking out most hereditary peers and leaving it largely in the hands of life peers. This still left it with little power. Brown is considering giving it some powers to check Commons and the cabinet.
6. *Devolution,* which Blair carried out smartly in granting extensive home rule and elected assemblies to Northern Ireland, Scotland, and Wales. (See the subsequent discussions.)
7. *A new electoral system.* As we considered in Chapter 3, the traditional FPTP system overrewards the two big parties and penalizes third parties. Adding some PR ("topping off"), as is done in elections for the new Scottish and Welsh parliaments, would be much fairer, especially to the Lib Dems. Brown may consider it.
8. *Public services* are hurting in Britain. Education, railways, and the National Health Service have lagged behind the rest of Europe. New management and money are needed to improve them, and Brown indicated he would work on this.
9. *Fox hunting* has become an angry symbol of "a crisis in the countryside." Rural dwellers protest declining farm incomes, outsiders driving up home prices, and the mishandling of a big hoof-and-mouth outbreak in 2001. "Now they want to take away our tradition of 'riding to hounds,'" they complain. Their real message: more money to improve rural services.

Is Northern Ireland Settled?

There is a sort of peace now in Ulster, but hatreds still run deep after thirty years of violence. One cannot tell if the power-sharing government formed in 2007 is stable. Previous understandings have broken down. Catholics and Protestants are more segregated than ever into two societies.

In 1998, on Good Friday, the two sides reached agreement, but it soon failed as it did not settle the fundamental question: Should the North unify with the Republic of Ireland? What most Catholics wanted, Protestants angrily rejected. The moderate parties on both sides shrank as the extremist parties grew. In 2005 the militant Democratic Unionist party of Rev. Ian Paisley won nine of Ulster's eighteen seats. Gerry Adams, the Sinn Féin chief who once advocated violence, announced in 2005 that the IRA—which has lost support for its indiscriminate killings—would give up its arms and pursue its goals by political means. Paisley called Adams a terrorist, and indeed Adams is on the IRA's seven-member council.

Good Friday agreement 1998 pact to share power in Northern Ireland.

consociation Sharing of political power at the executive level, giving all major parties cabinet positions.

subject Originally, a subject of the Crown; now means British citizen.

Commonwealth Organization of countries that were once British colonies.

Prime Minister Blair pushed for the 1998 **Good Friday agreement**; his Conservative predecessors did little because they would not negotiate with Sinn Féin. The deal looked good on paper but took nine years to implement. The agreement reopened the Northern Ireland Assembly at Stormont, which had been closed since 1974. Previously dominated by Protestants, it was one of the reasons for Catholic protest. Stormont's powers and budget are substantial. It runs Northern Ireland's education, medical, social, housing, and agricultural services.

Stormont's 108 members are now elected by the type of proportional representation used in the Republic of Ireland. Ministries are awarded on a balanced basis; most of the parties in Stormont get at least one portfolio. Political scientists call such an arrangement **consociation**, sometimes useful to hold together fractured societies. First minister (in effect, governor) is Rev. Paisley, but his deputy is Martin McGuinness, a close associate of Gerry Adams of Sinn Féin. At the signing of the 2007 deal Paisely and Adams even smiled and shook hands. Mutual exhaustion and mass disgust at the "Troubles" may have finally persuaded the unlikely pair to cooperate.

Britain's Racial Problems

British society, like U.S. society, is split along racial and religious lines. Whites have little to do with nonwhites and Muslims, and there is animosity between them. Going back as far as 1958, race riots have flared in Britain every few years. Nonwhites, most born in Britain, are now about 7 percent (4 percent South Asian and 2 percent black) of Britain's population, many ghettoized in the declining industrial cities in the north of England.

The race/Muslim problem in Britain is a legacy of empire. Britain in 1948 legally made the natives of its many colonies British **subjects**, entitled to live and work in the United Kingdom. Although the colonies were granted independence from the late 1940s through the 1960s, as members of the British **Commonwealth** their people were still entitled to immigrate to Britain. In the 1950s, West Indians arrived from the Caribbean, then Indians and Pakistanis, taking lowly jobs that Britons did not want, then sending for relatives. For years they labored in Britain's textile industry, but it closed, leaving many Muslims unemployed. Britain now has some 1.6 million Muslims, mostly Pakistanis. (France has far more Muslims.) Meanwhile, white resentment builds,

jihadi From *jihad* (holy war); Muslim holy warrior.

emigration Moving out of your native country.

immigration Resettling into a new country.

especially among the working class in areas of industrial decline and high unemployment. Some Britons refer to "Londonistan" in a non-joking way. In 1967 an openly racist National Front formed, advocating the expulsion of all "coloureds" back to their native lands. Skinheads, supporting the Front or its successor British National party (BNP), like "Paki bashing." With slogans such as "Rights for Whites," the anti-immigrant vote grew but never won a seat in Parliament. The BNP was much weaker than its Continental counterparts such as the French National Front.

Two forces keep Muslims segregated: discrimination by whites and wanting to preserve their original faith and culture. A special irritant: Muslim women in full-face veils. Caught between two cultures, some unemployed and alienated Muslim youths fall under the sway of fanatic *Islamist* preachers (see page 548). In 2005 four Muslim youths (three of Pakistani origin but born in England, one born in Jamaica) set off three bombs on London's Underground and one on a bus that killed fifty-six and injured 700. Other bombings followed. Said one bitter young Muslim social worker, "When they bomb London, the bigger the better. I know it's going to happen because Sheikh bin Laden said so. Like Bali, like Turkey, like Madrid—I pray for it, I look forward to the day." A minority of Britain's Muslims hate Britain.

Tories have long wooed voters with calls for a "clear end to immigration" before it "swamps" British culture, but both major parties have since 1962 tightened immigration to Britain until it is now very restrictive. Prime Ministers Blair and Brown have both denounced bombings and warned Muslim clerics who preach *jihad* to cease or face expulsion. Some worry about an erosion of civil rights in Britain, but many more applaud government vigilance.

Britain faces the same old problem: How does a tolerant society handle militant intolerance? Most Britons are prepared for less tolerance when it comes to situations like suicide bombings. Britain, like all Western countries, has thus found itself debating where civil rights end and homeland security begins. No Western country tolerates **jihadis** on its soil. Notice how France (pages 155–157) and Germany (page 234) face the identical problem, which is made worse by the fact that historically European lands have been countries of **emigration**, not countries of **immigration**. The United States handles immigration better because we are all immigrants or their descendants. Americans, too, however, expect new arrivals to become patriotic Americans and get angry if they do not.

A black Labour candidate campaigns in London. Several black MPs have won Labour seats in Parliament.

Britain and Europe

human capital Education, skills, and enthusiasm of nation's work force.

underclass Permanently disadvantaged people.

Until recent decades, Britons did not see themselves as Europeans; most looked down on anyone from across the English Channel. Rather than working toward a united Europe after World War II, as the Continental countries did, Britain emphasized its Commonwealth ties and "special relationship" with the United States. As the rest of Europe kept distant from U.S. policy on Iraq, Tony Blair supported it.

Britain stayed out of the 1957 Treaty of Rome, which set up the European Community (EC, since 1993 the EU, for European Union), but in 1960 built a much looser grouping, the European Free Trade Association (EFTA). While the EC Six (France, West Germany, Italy, Belgium, the Netherlands, Luxembourg) economies surged ahead, the EFTA Outer Seven (Britain, Austria, Denmark, Finland, Iceland, Norway, Portugal, Sweden, and Switzerland) were slowly cut off from the main European market. In 1963, Britain applied to join the EC, but French President Charles de Gaulle vetoed British entry, charging that Britain was still too tied to the Commonwealth and the United States to be a good European. He was right.

By the time de Gaulle resigned in 1969, Britain was ready to join the EC, but not all Britons liked the idea. For traditional Tories, it meant giving up some British sovereignty to the EC headquarters in Brussels and even treating Europeans as equals. For everyone it meant higher food prices. For manufacturers it meant British products had to compete with often better and cheaper Continental imports that now come in tariff-free. For fishermen it meant British fishing areas were open to all EC fishermen. For workers it meant loss of some jobs. Many Britons want to stay firmly British. The small UK Independence party (UKIP) aims to get Britain out of the EU.

The arguments in favor of the EU stress that Britain needs change and competition, the very forces that had invigorated European industries. Euroenthusiasts argue that geographically, strategically, economically, even spiritually, Britain really is part of Europe and should start acting like

Comparison

How to Improve British Education

One limit to British economic growth has been poor educational levels. Britain's **human capital** does not compare favorably with other countries. Many leave school at age 16 with weak math and verbal skills, forming a U.S.-style **underclass**. British parents who can afford it send their children to private schools.

As in the United States, the British debate an old question: quality versus equality in education. Tories opt for quality, returning to testing to select the best for elite high schools, some of them independent but with government subsidies. Northern Ireland kept these old "grammar schools" and shows better overall performance. Labour, still seeking equality in education, rejects selectivity but wants to improve funding, standards, and discipline for the comprehensive schools. By 2000, British 15-year-olds tested better than most of the Continent and much better than U.S. scores. Surprising: the drop in German scores to U.S. levels. Unsurprising: high Japanese math scores.

regional nationalism Particularist and separatist movements in some peripheral areas.

it. The Euro-debate cuts across party lines, sometimes producing a strange coalition of right-wing Tories and left-wing Labourites, each opposing Europe for their own reasons. In 1971, under a Tory government, the Commons voted 356 to 244 to join; 69 Labour MPs defied their party whip to vote in favor while 39 Conservatives, freed from party discipline, voted "no" along with Labour, demonstrating that British party discipline is not perfect. On January 1, 1973, Britain, along with Denmark and Ireland, made the Common Market Six, the Nine. (For more on the EU, see Chapter 17.)

When Labour returned to power, Prime Minister Harold Wilson offered the British public a first—a referendum, something common in France. But Britain, with its tradition of parliamentary supremacy, had never held one before. The 1975 referendum found that most Britons wanted to stay in Europe, but one-third voted no. If put to another referendum, British voters would

GEOGRAPHY

DEVOLUTION FOR SCOTLAND AND WALES

Britain, a centralized unitary state, has become a little less centralized. Northern Ireland, Scotland, and Wales show the center-periphery tensions that afflict many countries. In general, the farther from the nation's capital, the more regional resentment. Wales has been a part of England since the Middle Ages; the thrones of England and Scotland were united in 1603, but only in 1707 did both countries agree to a single Parliament in London. The old resentments never died. Wales and Scotland were always poorer than England, leaving Welsh and Scots feel they were economically ignored.

In the twentieth century the political beneficiary of these feelings was the Labour party, which still holds sway in Wales and Scotland. Voting Labour in Scotland and Wales became a form of regional nationalism, a way of repudiating rule by England, which goes Conservative. Center-periphery tensions reveal themselves in voting patterns. In the 1960s the small Plaid Cymru (pronounced *plyde kum-REE*, meaning "Party of Wales") and the Scottish Nationalist party grew, and both now win seats in Parliament.

Regional nationalism grew in many countries besides Wales and Scotland, starting in the 1970s: Corsican and Breton in France, Quebecker in Canada, Basque and Catalan in Spain. In the 1990s, the Soviet Union and Yugoslavia fell apart. There are several causes of local separatism. Economics plays a role; local nationalists claim their regions are shortchanged by central governments. Some emphasize their regions' distinct languages and cultures and demand that they be taught in schools. Some of the impulse behind local nationalism is the bigness and remoteness of the modern state, the feeling that important decisions are out of local control, made by distant bureaucrats. And often smoldering under the surface are historical resentments of a region that once was conquered, occupied, and deprived of its own identity. Whatever the mixture, local nationalism sometimes turns its adherents into fanatics willing to wreck the entire country to get their way. Happily, this did not happen in Britain. The Scots and Welsh never became as extreme as Basques in Spain or Corsicans in France.

In Scotland, the economic factor played a large part in its rising nationalism. When oil was discovered in the North Sea off Scotland in the 1960s, some Scots did not want to share the petroleum revenues with the United Kingdom as a whole: "It's Scotland's oil!" Petroleum offered Scotland the possibility of economic independence and self-government, of becoming something more than a poor, northerly part of Britain. (Alberta has much the same feeling about its oil.)

have rejected the new EU constitution, which French and Dutch voters did reject in 2005 (see pages 252–253).

devolution Central government turns some powers over to regions.

referendum Vote on an issue rather than for an office.

quasi-federal Halfway federal.

Thatcher, a British nationalist and Euroskeptic, took a tough line on the EU. A common market was fine, she argued, but not turning it into a supranational entity that would infringe on Britain's sovereignty. Many Britons rejected joining the European Monetary Union (EMU) or its new euro currency. Their slogan: "Europe yes, euro no." The EMU indeed takes away an important part of sovereignty, the ability of each country to control its currency, and gives it to the European Central Bank in Frankfurt. Many Britons (and some other Europeans) feared that Europe's strongest economy—Germany—would dominate the EMU and that policy on money supply and interest rates would be set by the Bundesbank. Britain (along with Denmark and Sweden) stood aside as the euro was introduced. Blair and

The leading issue for Welsh nationalists has been language, the ancient Celtic tongue of Cymric (pronounced *kim-rick*). Some 13 percent of Welsh speak Cymric, a number that has been growing as it is required in Welsh schools. Cymric is now officially coequal with English within Wales, which has a Cymric TV channel.

The Labour party has been more open to home rule or autonomy for Scotland and Wales, what is called **devolution**, the granting of certain governing powers by the center to the periphery. A 1977 devolution bill to set up Scottish and Welsh assemblies, however, failed in **referendums**. After the 1997 election, in which Scotland and Wales stayed overwhelmingly Labour, Tony Blair once again offered Scotland and Wales their own parliaments, and this time the referendums passed. In 1999, at about the same time that Ulster got home rule, Scots and Welsh elected regional parliaments with a new voting system that could eventually be adopted for Britain as a whole. The German-style system (see pages 189–192) gave each voter two votes, the first for FPTP single-member districts and the second for parties in multimember districts. The results of the second vote were used to "top off" the number of seats for each party until they were roughly proportional to its share of the votes.

The new assemblies have some powers in education, economic planning, and taxation, but some Scots dismiss their assembly as "a wee pretendy parliament" and want full independence. Prime Minister Brown, himself a Scot, is very much against it. In 2007 elections to the 129-member Scottish Parliament, the SNP edged Labour. Some predicted a loss of Labour seats in Scotland to the SNP in the next general election.

Britons do not use the word, but Britain now has **quasi-federalism**, and it could go further. Fewer call themselves "British"; increasingly they specify English, Scottish, or Welsh. Devolution may have started a logical sequence leading to federalism. Scots and Welsh get to vote on their own local affairs *plus*, in Westminster, vote on England's affairs, too. It is unfair, and two-thirds of the English now want their own *English* parliament. Logically, England—either as a whole or divided into regions—should have the right to govern its local affairs. (Or Scottish and Welsh MPs could refrain from voting on purely English matters, a clumsy way to run things.) England is divided into nine administrative regions, which some say could form the basis of federalism within England. A federal Britain, which is a long way off, could at last give the House of Lords a major function: representing the regions. Other unitary systems, such as France and Spain, have loosened up into quasi-federal systems (see pages 112–113).

unilinear Progressing evenly and always upward.

Brown, cautious Euroenthusiasts, waited to see how the euro worked. Euroskeptics lead the Tories, and Britain is still split over Europe. Some Britons would like to drop out of the EU. Perhaps Britain really is an Atlantic country and not a European one. Britain's natural community may be the English-speaking lands across the oceans.

GREAT BRITAIN OR LITTLE ENGLAND?

This sums up the dilemma of modern Britain: the problem of scaling down its vision of itself. Britain, in the course of a century, has clearly declined, both internationally and domestically. When Britain was a mighty empire and the most industrialized country in the world in the second half of the nineteenth century, it had power, wealth, and a sense of mission. This in turn fostered order, discipline, and deference among the British people. Losing its empire and slipping behind the economies of West Europe, decay, violence, and resentment appeared.

Britain's trajectory refutes the idea that progress is **unilinear**. In the case of Britain we see that what goes up can eventually come down. But this process is never static. Now that Britain is adjusting to its new reality—as one European country among many—regeneration has already begun. To see how another country has turned around, how a society and economy can change from static to dynamic, let us now consider France.

KEY TERMS

absolute decline (p. 74)
Commonwealth (p. 79)
consociation (p. 79)
consumption (p. 74)
counterculture (p. 75)
deindustrialization (p. 74)
deregulation (p. 75)
devolution (p. 83)
emigration (p. 80)
entitlement (p. 75)
Good Friday agreement (p. 79)
human capital (p. 81)
immigration (p. 80)
inflation (p. 74)
jihadi (p. 80)
monetarism (p. 74)
pluralism (p. 75)
pluralistic stagnation (p. 75)
privatization (p. 74)
production (p. 74)
productivity (p. 74)
quasi-federal (p. 83)
recession (p. 76)
referendum (p. 83)
regional nationalism (p. 82)
relative decline (p. 74)
subject (p. 79)
underclass (p. 81)
unilinear (p. 84)

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