

# SHRINKING ALBION

*The Faustian embrace of a sclerotic Europe means that the global role and influence of Britain — a nation which virtually ruled the world — will continue to shrink, says DEEPAK LAL*

When I went up to Oxford in October 1960, I took a slow boat from Bombay on which were a number of young Australians, also going to British universities, and a number of British diplomats and their families returning home. Two memories stand out. First, was the amazement of the young Australians at the “cradle to grave” welfare state that they had read had been set up in Britain, with bipartisan support. Second, was the complaint by a diplomat’s wife that there had been no demonstrations against the Brits in their recent posting unlike their previous one in South Africa, which showed that Britain was no longer a Great Power.

As the dust settles on the first 100 days of the new Con-Lib government, the denouements of these two major trends in the subsequent history of Britain are now apparent, and their wider implications are the subject of this column.

First, the welfare state. With its expansion and complication, particularly during the last 13 years of Labour rule, it is apparent that it has led to the creation of a broken society with a large underclass: work-shy, feckless, sometimes criminal and entirely dependent on public handouts. Successive governments trying to massage the unemployment figures colluded with work-shy, “able-bodied” claimants, putting them on incapacity benefits. These 2.6 million costing about £12.6 billion a year “on the sick” are a sad indictment of the state of the nation’s health under its self-proclaimed national treasure — the NHS — or the current system of subsidising unemployment, whilst creating disincentives for this underclass to work, is to blame.

There are now 250,000 households where no one has ever worked.

There are nearly 100,000 households receiving benefits which are more than the average wage. Someone on benefits who decides to work faces a marginal tax rate of 90 per cent. They prefer to remain unemployed on benefits, whilst joining the black economy if they want to work. It is the fiscal crisis accompanying the vast expansion of a dysfunctional welfare state which is leading the coalition to consider, and hopefully undertake, its radical overhaul — something even



ILLUSTRATION BY BINAY SINHA

the Iron Lady shied away from. This denouement (and the even more drastic one facing the Club Med countries like Greece) should give the social democrats in the Indian coalition government, and in particular the NAC, seeking to establish a European-style welfare state, cause to pause.

The fiscal crisis has also forced the coalition to come to terms with Britain’s diminishing role in the world. The Royal Air Force could be cut back to its 1914 level. The Royal Navy is to become a shadow of its former self. The nuclear deterrent, however, is to be maintained to allow Britain “to punch above its weight”.

Meanwhile, David Cameron wants to establish a new strategic partnership with India. But what is there in this for India? Cameron wants to increase trade. But this is now in the hands of the EU. Expanding mutual investments in both countries is not something governments can ensure. The cap being put on non-EU immigrants will hurt Indian entrepreneurs and skilled workers, who might form part of Indian investment packages in the UK, and, therefore, it remains a bone of contention. This British stance on immigration is particularly ironic, as much of the recent influx of “foreigners” into the UK has been from the new entrants into the EU. Their numbers cannot be capped.

The British elites made a strategic

error in the 1960s and 1970s by seeing in Europe a replacement of their global role with the ending of their Empire. This has led to their current predicament. The close economic ties and sentimental relations with the older members of the Commonwealth were replaced by newly sought ones with Europe. Thus a historic opportunity was lost to convert the Commonwealth into a global union of the English-speaking peoples, which astute diplomacy and the personal Regan-Thatcher chemistry might even have seen the prodigal son — the US — return to the fold! Instead, Britain has thrown in its lot with an increasingly sclerotic, pacifist and aging Europe, when it could have been a partner with the more dynamic of the Commonwealth countries, including the older ones like Canada and Australia, and the newer ones like India and South Africa.

Having chosen Europe over the Commonwealth, it is too late now for a shrunken Albion to continue to “punch above its weight”, as a middling economic and military power. It is of little interest to the major players in the emerging global political and economic order.

Even the sentimental ties which bound the westernised Indian elites to Britain have steadily eroded as their children and those of the Gandhian wing of Macaulay’s children have turned to the US for educational and

economic opportunities. It is the Indian and the US intellectual and business elites who are more intertwined than they are with the British.

There is still much in Britain worth admiring. Despite its large underclass, it remains a civilised and open society, particularly in the south-east. Despite the erosion of its intellectual capital by the nationalisation of its universities since the late 1980s by politicians of both parties, it still retains intellectual vigour, though this is increasingly being sapped by the much better opportunities available and being taken up by its best and brightest across the Atlantic. Its arts remain in rude health, and till the recent global crash, it remained a premier global financial centre, attracting some of the world’s best and brightest to the city. The gratuitous assault on “non-dom” tax status which had lured many entrepreneurs to its shores, and the recent tax increases on those working in the financial sector have put this at risk. But, if the coalition can achieve its avowed purpose of rolling back the welfare state and shrinking the public sector, some of the public woes will begin to be cured. However, the Faustian embrace of Europe, which no political party wishes to end, means that its global role and influence will continue to shrink. This is a sad outcome for a once-proud nation which virtually ruled the world.