

## Review of James Vernon, *Modern Britain. 1750 to the Present* (Cambridge, 2017)

This book does an excellent job of weaving together the political, cultural and social history of the period from 1750 to the present, and putting Britain firmly into its global and imperial context. One of the book's great strengths as a textbook is its political engagement. Vernon consistently attacks some of the prevailing, complacent myths of British history, in particular in relation to the empire. These myths might be widely contested in the academy, but they persist in some parts of the wider British culture (not least because of the efforts of historians like Niall Ferguson). Vernon insists that Britain did not merely shape the world, but the world also shaped Britain, undermining nationalist accounts of British great power influence. He also emphasises the fact that the empire 'spread little but slavery, violence, disease, economic underdevelopment and political subjugation' (xxvi). Perhaps even more importantly, Vernon shows how the domination of empire was consistently central to the strength of the British economy: mercantilism underpinned the eighteenth and early nineteenth-century empire; empire was a foundation of the prosperous, liberal nineteenth century, and even in the mid-twentieth century, the 'third' British empire was key to servicing Britain's economy.

In this review, however, I want to focus mainly on the post-1945 period, to highlight some elements which are relatively underplayed or obscured in Vernon's narrative; in particular, the role of economic dynamics unrelated to empire, and the rise of individualism. As Chris Hilliard argues in his contribution to this roundtable, often Vernon's account relies too much on 'the state as a narrative vehicle'; other causative factors can, therefore, be overshadowed.<sup>1</sup>

Vernon divides the twentieth century into three: 1885-1931, 'the crises of Liberalism'; 1931-1976, the social democratic period, and 1976 onwards, 'a new liberalism?' His account of 'social democracy' is nuanced, recognising that it was often 'technocratic, not democratic' (378), and that its protections most often went to straight, white men. It was imbricated in global structures – reliant on the 'third' British empire and buttressed by US support in the context of the Cold War. It did not disappear overnight, but rather suffered a long and patchy process of 'erosion' (431) after 1976. However, Vernon argues that 'within a generation' the 'neoliberal revolution' had 'largely dismantled' the institutions of social democracy, and replaced its governing logic with a new one: 'to allow markets to transform government as well as economic and social life' (476). I want to suggest a few things that this part of Vernon's analysis omits.

Vernon emphasises that neoliberalism was not 'the product of any one set of ideas or social or political group' (477). Nevertheless, the impression the book gives is that this was a revolution driven by right-wing ideologues and ideology, which found expression in the political/ideological crusade of Thatcherites in the Conservative Party. One of the interesting and refreshing things about Vernon's book is that it integrates discussion of Westminster politics – of elections, parties, policies, and prime ministers – into discussions of empire, economics, society and culture. Governments do not provide the backbone of the narrative, and the displacement of one prime minister by another rarely forms a turning point. Yet in decentering Westminster politics, Vernon replaces high politics with ideology. This is particularly the case in his account of 'neoliberalism', which is presented as the result of the rise in popularity of the ideas of people like Hayek and Friedman, which were, by 1974, 'growing in popularity around the world' (469), and which came to prevail as social democracy faced a series of crises in the 1970s. Neoliberalism was then put into effect with monetarism, privatisation, supply-side policies, anti-trade union policies, low tax, and so on, under both Conservative and then New Labour governments.

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<sup>1</sup> For a survey of twentieth-century Britain which firmly rejects the framework of governments and politics as organising structure, foregrounding the economic, see David Edgerton's *The Rise and Fall of the British Nation: A Twentieth-Century History* (Allen Lane, 2018).

Vernon does draw our attention to several important causes of the rise of neoliberalism that lie outside of ideology. Social democracy was under threat because of challenges to the underlying assumptions of the welfare state by those marginalised within it (gay people, black people, and women, in particular). Social democracy was also unstable by the 1970s because the empire – which had been so central to the creation and sustaining of the British social democratic economy and welfare state – had crumbled. However, Vernon’s account underplays some of the other economic forces that precipitated the set of policy changes we now group under the label ‘neoliberal’.

Economists and economic historians tend to explain the changes seen in the postwar British economy with little reference to ‘neoliberalism’ or ‘neoliberal ideology’, emphasising instead material interests, technological change, and international shifts.<sup>2</sup> The crisis of profitability that British capitalism experienced in the late 1960s and 1970s (as more of the gains of growth went to labour, not capital) is often seen as the key precipitating factor for the significant changes witnessed after that period.<sup>3</sup> This crisis in profitability is explained by reference to several developments: strong trade unions and full employment meant labour was able to capture a greater proportion of value added, and the productivity gains available within the Fordist economic model were close to exhaustion. The decline in profitability led to a decline in capital accumulation, in turn leading to further decreases in the rate of productivity growth, and creating the noxious cocktail of sluggish economic growth, rising unemployment and rising inflation in 1970s Britain, fuelling further decline in capital accumulation and deindustrialisation. The very sharp rise in inflation after the 1973 oil shock depressed profits (and hence investment) even further. This fatally undermined the ability of governments to defuse economic conflict with the proceeds of growth. The crisis of profitability, Aled Davies shows, forged a new coalition of British finance and industry against the existing political economic order; they pushed for less state intervention in the economy, lower taxation and regulation, a focus on controlling inflation, and curbing trade union power.<sup>4</sup> This looks like ‘neoliberalism’, but the drivers are not ideas and ideologues but economic elites reasserting their interests through their economic power and ability to influence the state.

A second key area where economic historians locate the drivers of change in the postwar British economy is in the interlinked dynamics of globalisation and financialisation, both of which significantly increased in the postwar period, starting well before the 1970s. This was for various reasons, many – perhaps most – of which lay quite outside any government’s control. One key change was the growth of institutional investors, as institutions like pensions funds flourished: this drove financialisation and tended to shift investment away from productive channels. (A table on p. 484 shows the changing profile of ownership of UK shares between 1957 and 2010; Vernon draws our attention to the failed promises of ‘popular capitalism’ in the 1980s, but the fact that individual share ownership was declining from at least 1957 is just as significant.) Technological change and the growth of multinationals were both significant factors driving globalisation, as were a series of shifts in the 1960s and 1970s which did much to erode the barriers which had previously kept the British domestic economy relatively sealed off from free capital movements. The development of the Euromarkets in the 1960s, the collapse of Bretton Woods in 1973, EEC membership in the same year,

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<sup>2</sup> Search the *Economic History Review* for ‘neoliberal’ or ‘neoliberalism’ for a sense of how infrequently the term is used.

<sup>3</sup> See, eg., Andrew Glyn, *Capitalism Unleashed. Finance Globalization and Welfare* (Oxford, 2006); Gérard Duménil and Dominique Lévy, *The Crisis of Neoliberalism* (Cambridge, MA., 2011).

<sup>4</sup> Aled Davies, *The City of London and Social Democracy: The Political Economy of Finance in Britain, 1959-1979* (Oxford, 2017).

and north sea oil all played a part in driving globalisation and financialisation, both of which are implicated in deindustrialisation.<sup>5</sup>

Deindustrialisation, measured by employment rather than output, was happening in Britain from the mid-1950s onwards.<sup>6</sup> It was driven by many factors, some of them already mentioned: globalisation, financialisation, technological change, and the higher elasticity of demand for services compared with demand for goods (significant in an increasingly prosperous society). Vernon argues that privatisation ‘signalled the refusal to allow the state to subsidize industries in order to sustain employment’ and, ‘as a consequence it ushered in the collapse of Britain’s manufacturing base’ (485); but while it is true that Thatcher’s policies *accelerated* deindustrialisation, they were far from its original cause. At moments like this, Vernon puts politics and ideology at the heart of the story when exogenous economic changes are perhaps more significant. (The same could be said for some of his claims about social democracy; to argue that ‘all political parties embraced social democracy [after 1945] and within a generation it made Britons more affluent than ever before’ is to ignore other significant factors in postwar ‘affluence’: for example, the Fordist system of mass production and mass consumption and the Cold War.) A closer examination of the economic dynamics of postwar Britain thus illuminates a more complex story of change, where ideology is a tool of economic elites, not the primary cause of change.

Finally, I want to turn to Vernon’s arguments about late twentieth century subjectivities. Vernon argues that as ‘neoliberal principles eventually took hold, they created a new type of person – *homo economicus* – who understood themselves and the world in purely economic terms’ (476-7). As illustrations, he refers the reader to the appearance of practices of self-improvement like jogging, and the growth of ‘ethical consumerism’. Vernon stresses that Thatcher alone was not responsible for creating this new type of person; the ‘diffusion of an entrepreneurial culture’ (502-3) was important, too. However, Vernon’s account of the “‘me” decades’ (507) presents the growing individualism of these years as related intimately to the new logics of neoliberalism. Though he points out possible connections to the new identity politics movements of the 1960s and 1970s (507), Vernon suggests that the forms of selfhood and collective struggle shaped by these ‘liberation’ politics were fundamentally different from the individualism of the 1980s and beyond, which is presented as in thrall to consumerism, commodifying selfhood. I would suggest that this is too pessimistic a reading of the individualism of the late twentieth century, which did not lead directly to Thatcherism or stem solely from ‘neoliberalism’. It downplays important connections between the new social movements of the 1960s and 1970s, as well as many of *Labour’s* policies in the postwar period, and the growth of a more individualistic society.<sup>7</sup>

Vernon covers the ‘neoliberal’ period, unlike the preceding four, in just one chapter, and, perhaps inevitably, the analysis is somewhat compressed. Nevertheless, I’d suggest that a really convincing narrative of the postwar period requires more complex accounts of economic change and the rise of individualism (and here, again, I’m agreeing with Hilliard when he points to the possibility of writing a history of modern Britain that is attentive to ‘the articulation of different historical processes with their several temporalities’). This suggestion is far from taking away, however, from the significant achievements of this book: it constructs a densely-woven account of the political, social and cultural

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<sup>5</sup> For analysis of how these complex factors were interwoven, see Davies, *The City of London*; Glyn, *Capitalism Unleashed*; Jeremy Green, ‘Anglo-American Development, the Euromarkets, and the Deeper Origins of Neoliberal Deregulation’, *Review of International Studies*, 42 (2015), 425-449.

<sup>6</sup> Jim Tomlinson, ‘De-Industrialization Not Decline: A New Meta-Narrative for Post-War British History’, *Twentieth Century British History*, 27 (2016), 76-99, at p. 78.

<sup>7</sup> These are arguments I have developed with Emily Robinson, Camilla Schofield, and Natalie Thomlinson in ‘Telling Stories About Post-War Britain: Popular Individualism and the ‘Crisis’ of the 1970s’, *Twentieth Century British History*, 28 (2017), 268-304.

history of Britain since 1975, placing Britain in its global context and remaining at all times politically engaged.