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The social and economic context

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Chapter 3

3 The social and economic context

Kevin Hickson

Ben Williams

“There is no such thing as society”

Margaret Thatcher

"There really is such a thing as society"

Boris Johnson

Learning objectives

- To examine the changing social and economic structures in Britain, setting them in their historical context.
- To discuss the major characteristics of British society and the impact they have on British politics including class, national identity, ethnicity and multiculturalism, age and gender.
- To examine the nature of British economic decline in a long-term perspective since 1945, and especially the economics of austerity since the banking crisis in 2008.

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Introduction

The aim of this chapter is to analyse the changing social and economic context of British politics. At one time it may have been possible to study British politics without reference to the domestic social and economic context. The study of politics would have included a legal and historical discussion of the constitution and the major political institutions such as the Monarchy, the Houses of Parliament, political parties and pressure groups. Such ‘institutional’ analysis has its place but is limited without situating institutions within the wider social and economic framework which shape political action and are shaped by it in a dialectical relationship (the two interacting and shaping each other). This is very clear when we examine the major factors which affect the support for political parties and the determination of General Election outcomes. It is also relevant to perennial political debate over the condition of the economy. Towards the end of this chapter we will discuss in some detail the politics of the 2007–8 banking crisis and subsequent recession and the ‘austerity economics’ which dominated British politics for approximately a decade. In addition to this, the severe economic impact of the 2020 Coronavirus pandemic will also be addressed and analysed in terms of the consequences in social, political and financial terms.

It was also the case that the study of British politics was once done in a fairly isolated way with little focus on international developments. The traditional A-Level syllabus tended to focus on British political institutions and processes in a way which barely touched on developments outside of the UK. However, the process of European integration and the intense debates about Brexit, along with the extreme impact of the Coronavirus outbreak in particular

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have highlighted the extent to which we now live in a globalised world, and how such events have had a massive impact on British politics. The banking crisis of 2007–8 and the subsequent recession are partly domestic, but also international. The dramatic referendum result of June 2016 that triggered ‘Brexit’ has created further economic consequences for the UK, although how significant these are likely to be remains a matter of ongoing political debate. Yet even after leaving the EU in early 2020, the degree to which the British government has complete executive control over the actions of those living within its territorial borders, and the extent to which the Westminster Parliament will be completely sovereign within a ‘post-Brexit’ environment, is likely to be questionable. This is because decisions taken within the EU will continue to impact on British politics in various ways, linked to a more ‘global’ economy and the longer-term decline of British power (both military and economic as discussed below) from the early 20th century onwards. This has resulted in Britain slipping from formerly being the world’s dominant power to being a lesser power in the early part of the 21st century.

However, it should also be noted that Britain remains a relatively significant international power and has not been a passive observer of wider developments. It continues to have an important role in key international bodies such as the United Nations and NATO. Therefore, although it is important to stress the increasingly complex and interdependent world that Britain inhabits, what should also be kept in mind is the way that domestic factors impact on British politics. Hence, this chapter will examine the social and economic context of British politics but will also draw on international issues where relevant.

The chapter will begin with a discussion of the major social characteristics and cleavages that impact on British politics, starting with the traditional one of social class and the extent to which it has been a factor with declining salience. We will then go on to discuss other social issues such as the changing role of women, the ageing of society and the rise of multiculturalism and ethnicity.

After that, the chapter will discuss the economic context, placing recent developments into a broader historical context of decline and crisis in the British economy which are recurring themes in British politics and culminating in the banking crisis of 2007–8, the consequent recession and the austerity agenda since 2010, **the Brexit saga from 2016, and the likely impact of the Coronavirus pandemic from 2020 onwards.**

Social context: stability and identity

Compared to a number of other countries Britain, or more specifically England, has remained relatively stable in its political arrangements. It is true that events such as the signing of the Magna Carta (1215), the Wars of the Roses (1455–85), the English Civil War (1642–51) and the so-called ‘Glorious Revolution’ of 1688 were periods of **significant** political upheaval. As a result of these events Britain emerged with a constitutional monarchy - subordinate to the House of Commons - and the dominance of the Protestant faith. However, Britain was able to manage the great nineteenth-century social and economic transformations of industrialisation and urbanisation relatively easily compared to other countries where there were corresponding political crises. The franchise (vote) was extended gradually until 1918 when all men over 21 and women over 30 were given the legal right vote in General Elections (parity being established in 1928). Despite the often remarked class divisions which existed in Britain, these were managed relatively easily, and there was **limited** risk of political revolution along the lines of France in 1789 or Russia in 1917. The class system was also relatively stable, and this was often the feature of satire in Britain, such as the famous *Frost Report* sketch (1966), featuring a representative of the upper, middle and working classes each claiming to know and accept their place within the social hierarchy.

This long-term historical stability was also a feature of other social and cultural cleavages in the United Kingdom. Wales merged completely into political Union with England in 1542.

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Despite recurrent demands for national self-determination, the Welsh have tended to express their nationalism in more cultural rather than political forms, the demand for Welsh language tuition and so forth rather than outright independence. There was a majority against a devolved legislative body being established in the referendum of 1979. Devolution was granted following a further referendum in 1997 (supported by a very narrow margin), with the establishment of the Welsh Assembly the following year. **However, in subsequent years it should be noted that support among the Welsh public for devolution has steadily grown with a further referendum in 2011 calling for greater powers for the Assembly by a larger margin.**

Scotland was formally brought into the Union in the eighteenth century with the Act of Union of 1707 although it retained distinct legal, educational and ecclesiastical structures. Although there were always those who demanded greater independence, it was not until the 1960s that the cause of Scottish nationalism grew. Even then there was an insufficient majority for a Scottish Parliament in the 1979 referendum, and the Scottish Parliament was not established until 1999. Unlike the situation in Wales, however, this has not led to the end of demands for greater independence.

One of the major constitutional challenges that the UK currently faces is the political future of Scotland and whether it will remain a component part of the Union in the foreseeable future. A referendum held in September 2014 produced a rejection of independence, but by the relatively close margin of just 55–45%. **As a further subsequent concession from Westminster, Scotland's SNP-led government was given an even more advanced range of devolved powers, often referred to as 'devo-max'. However, following the changed circumstances created by Brexit, where Scotland convincingly voted to remain within the EU, the issue of a second referendum has revived and will not go away. The continuing force of Scottish nationalism is testament, not just to the political skills of Alex Salmond and Nicola Sturgeon as successive**

leaders of the Scottish National Party (SNP), but also to the significant differences which exist in the social and economic contexts of Scotland when compared to England.

Ireland was different. The Union between Ireland and the rest of the UK occurred much later, in 1801. The South of Ireland was then granted independence in 1922, and there has been recurring violence in Northern Ireland between those who wanted a united Ireland and those who wished to remain part of the Union with England, Scotland and Wales. The crucial difference between Northern Ireland and other parts of the UK is that the main social divide was not one of social class but rather religion. Hence, once again we should be careful when discussing the social and economic context of UK politics since the constituent parts of the UK have different characteristics, with Northern Ireland being the most notable of all.

In a broader historical context, therefore, what is striking about the UK is the strong degree of economic and social stability. Conflicts within the UK, with the exception of Ireland, have been generally very easy to reconcile although important social, cultural and economic variations remain.

In many ways it is much easier to identify what is unique about the social, economic, cultural and political contexts of Northern Ireland, Scotland and Wales. It is harder to identify the key aspects of English identity, not least because of its varying social and economic contexts in different parts of the country.

What does it mean to be English?

This is a question which politicians across the political spectrum have, for different reasons, often tried to avoid. Labour has traditionally depended on Scottish and Welsh MP's to form a majority at Westminster. The Conservatives have traditionally supported the Union and wish to avoid an association with an emerging English nationalism as they do not wish to appear extreme. **However, in recent years, this conventional political landscape has radically changed.**

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Since 2015 Labour has lost virtually all of its Scottish MPs, while experiencing a less drastic reduction of support in Wales, while in England the Conservatives have benefited electorally from a rising sense of English nationalism linked to the Brexit debate.

Some commentators have sought to develop a clearer sense of Englishness, although this has proved complicated for several reasons. The first is that a single English identity has found it difficult to bridge significant regional economic and social disparities. England has several distinctive regional social and economic contexts. The South East of England (London and the area immediately around it) is far more prosperous than the rest of England and is far more densely populated. The South West is largely based on agriculture and tourism with much lower population density. Broadly speaking, England becomes gradually poorer the further away from the south east you go. The south east region dominates the English economy, with the majority of financial services being located there, while declining manufacturing has mainly been an issue which has affected the North and the Midlands as these were historically the areas which were more industrialised (about which we return below).

As of 2018, approximately 56 million people lived in England (84.3% of UK total), compared to 5.4 million in Scotland (8.1%), 3.1 million in Wales (4.7%) and 1.9 million in Northern Ireland (2.9%). Population density is also much higher in England with 392 people per square kilometre compared to just 66 people per square kilometre in Scotland. Approximately 27% of the UK's total population of 66.4 million live in London and the South East.

Table 3.1 Gross value added per head of the population (capita) for the four countries of the UK in 2017

Rank	Place	GVA per capita (£)
1	England	28,096
2	Scotland	25,485
3	Northern Ireland	21,172
4	Wales	19,899

Source: Office for National Statistics (2017)

Table 3.2 Gross value added per capita for the English regions (2017)

Rank	Place	GVA per capita (£)
1	Greater London	48,857
2	South East	29,415
3	East	24,772
4	North West	23,918
5	South West	23,499
6	West Midlands	22,713
7	East Midlands	21,845

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Rank	Place	GVA per capita (£)
8	Yorkshire and the Humber	21,426
9	North East	20,129

Source: Office for National Statistics (2017)

Culturally, however, England does not fit neatly into regions. Although there have been efforts to foster a clearer sense of regional identity, most people do not think in terms of regionalism. This was clear in the failed referendum on an assembly for the North East region in 2004. People have affinity to their immediate home area and often to their county, but not to their region.

Therefore, it has proven very difficult to fit these economic and cultural variations into a single English identity.

Social class

As stated above, the major historical division in British society is that of social class. The British class system was never fully related to economic status and the relationship to the means of production as the nineteenth-century revolutionary socialist philosopher Karl Marx believed. It was also about schooling, accent, manners, dress and so on. In other words, it wasn't just 'economic' class but also 'social'.

Box Start

Profile

fig_17.jpg

[Karl Marx \(1818–83\)](#)

A German born philosopher who argued that class within the capitalist system was divided between the bourgeoisie who owned the means of production and a proletariat who, in the absence of owning productive wealth, had to sell their labour. Arguably, this was an oversimplification of the British class system which stressed more the social aspects of class than the narrowly economic. The most likely cause of this was the persistence of a socially significant aristocracy.

Box End

The British class system usually distinguished between three social classes. The first was the *upper class* or aristocracy. This was numerically the smallest social class and identified by the possession of large landed estates and by genealogy, the ability to trace one's family tree back through the generations. The aristocracy was the dominant political class up until the late nineteenth century when they were challenged by the new, industrial and commercial middle class.

However, whereas the nobility in other countries was often toppled by political revolution, in Britain they proved much more adaptable to change and often tried to incorporate the rising middle class into the political system in an attempt to avoid the social conflict seen elsewhere, for example the French Revolution of 1789. Many aristocratic families were also 'paternalistic'

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and showed a notable degree of care and protection for those that worked for them or who lived on their land. This resulted in the aristocracy being tolerated and accepted within a society that increasingly questioned aristocratic privileges. The recent popular TV series *Downton Abbey* (2010–5) offered a good (if arguably idealised and exaggerated) example of this benevolent type of aristocratic approach when dealing with lower social classes, within the context of changing socio-political attitudes, the rise of democracy and heightened class tensions in the early decades of the twentieth century.

Consequently, the aristocracy has survived in Britain (on a reduced scale) even though its political power as a class had been removed. Post-war Conservative leaders until the election of Edward Heath in 1965 came from aristocratic families: Winston Churchill (1951–5), Anthony Eden (1955–7) and Alec Douglas-Home (1963–4), and, perhaps to a lesser extent, Harold Macmillan (1957–63). In this regard David Cameron (2005–16), represented a return to an earlier type of ‘patrician’ Conservative leaders after a period of more ‘meritocratic’ leaderships under Edward Heath (1965–75), Margaret Thatcher (1975–90), John Major (1990–7), William Hague (1997–2001), Iain Duncan Smith (2001–3) and Michael Howard (2003–5). Theresa May (2016–19) also fits into this latter category, whereas Boris Johnson (2019–) is perhaps a curious blend of social classes- coming from a wealthy, but not necessarily an aristocratic, family background. The last formal vestige of the aristocracy in the political system are the small number of remaining hereditary peers in the House of Lords, those who were there through birthright, and survived the attempt by Tony Blair’s Labour Government to remove all hereditary peers after a compromise was reached. In the counties, there are still some ceremonial roles played by leading families.

The middle class emerged in the industrial revolution with the rise of new factory and mill owners and with the need to have more professional people in the new towns and cities. The middle class remained a minority through much of the twentieth century, but with de-

industrialisation and the rise of a ‘service’ economy, the middle classes have become much bigger, notably so during the 1980s and 90s. Closely related to the idea of being middle class is the notion of meritocracy. While the aristocracy ruled through privilege and inheritance, the middle class is open to talent, with the top senior managerial and professional occupations supposedly filled through equality of opportunity. However, critics of meritocracy have always argued that it neglects the social and economic barriers which some face when entering the labour market and that the existing wealthy classes have enhanced social connections that allow them to have ongoing socio-economic advantages in securing the key jobs and positions. Ongoing media comments about an ‘old boys’ network’ would appear testimony to this, evident in the fact that two-thirds of Boris Johnson’s first Cabinet in 2019 attended private schools. On this basis, different social classes are not said to be operating on a ‘level playing field’.

In contrast, the working class was traditionally the largest social class created by the industrial revolution with vast armies of factory workers in the nineteenth and early to mid-twentieth centuries. It remained the largest social group for most of the 20th century, but with the decline in manufacturing and the need for a more skilled labour force in new hi-tech industries the traditional working class has declined markedly. However, according to the historian Selina Todd, many people have perhaps falsely continued to subjectively view themselves as working class ‘by virtue of their family background’ (Todd 2015:2).

It is therefore important to make a distinction between real and subjective notions of social class, between economic and psychological understandings of class. While it may be the case that social and economic inequality remains significant in Britain with large-scale variations in income and wealth, perceptions towards social class have changed. According to a YouGov opinion poll conducted in 2010 over 66% of respondents said that they were middle class, whereas 30% believed that they were working class, down by 10% from 10 years previously.

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Moreover, whereas 80% thought that social class used to matter only 50% still thought it did. Successive politicians and prime ministers have sought to argue that social class no longer matters, and these figures would seem to suggest that perceptions of social class no longer have the force which they once did.

More recent surveys have sought to replace the traditional upper-middle-working class categories by pointing out that society is now much more complex. Academic researchers Mike Savage and Fiona Devine reported that there are seven social classes (elite, established middle class, technical middle class, new affluent worker, emergent services worker, traditional working class and precariat). What defines which class you are in is a combination of capitals – social (how many people you know); economic (income, savings, value of your home); and cultural (interests and activities). The study is important for breaking down traditional emphasis on economics alone and for also highlighting the proportion of the population in the ‘precariat’ – those whose everyday lives are precarious (risk of losing one’s home etc.). **This precarious element of many people’s working lives was made even more starkly evident by the impact of the Coronavirus pandemic in 2020, when the increasing numbers of self-employed freelance workers, often attached to the so-called ‘gig economy,’ effectively lost all of their income very suddenly due to the severe restrictions imposed by the government in an attempt to curtail the spread of the virus.**

We have therefore moved from a ‘pyramid’ form of social structure with a small upper class at the top and a large working class at the bottom to a social structure more like a diamond with a few at the top and the bottom but with the majority somewhere in the middle.

One alleged consequence of this change to the social class structure featuring an enlarged middle class has been the fragmentation of traditional class-based voting for political parties. The Conservative Party was traditionally supported by the middle class and Labour by the working class. There were always some working class Conservative voters, for reasons of

deference, or because they took a ‘right-wing’ position on issues such as immigration. There have also always been some middle-class voters who supported Labour, especially those who worked in the **public sector**.

However, the Labour Party twice faced long periods of Opposition, between 1951 and 1964 and again between 1979 and 1997 when it was argued that their traditional working-class base was shrinking. One possible explanation for the creation of ‘New’ Labour was that it was an attempt to come to terms with the fragmentation of the Labour Party’s traditional working-class vote. One of the most notable features of the 2010 General Election results was the fact that Labour got more middle-class votes than it did working-class votes for the first time. **In more recent general elections since 2010, Labour has solidified its middle-class support, but large swathes of its working-class support has continued to dissolve. This trend came to a head at the 2019 general election, when a majority of working-class voters supported the Conservatives (fuelled by the Brexit issue), which marked a significant watershed in UK voting patterns.**

Is there an underclass?

A persistent feature of political debate since at least the 1970s is the existence, or not, of an ‘underclass’. The underclass consists of those who are **especially** poor and live in particularly depressed urban areas. However, the term is usually used, not just to describe those living in poverty, but to ascribe certain psychological characteristics and to label those who partake in criminal and anti-social behaviour. Those who wish to argue that there is such an underclass often assert that there is a section of society which is not only apart in terms of its social and economic position, being poor and unemployed, but is also apart morally. This argument also often suggests that those who constitute the underclass are poor and unemployed because of their own moral failings. For some commentators, mostly but not exclusively from the political

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right, such moral failure is **connected to the role of the** welfare state which **has been viewed by some as** encouraging people not to work.

This debate has been a **notable** feature of US and British politics. In both countries, the ‘New Right’ was particularly strong, **particularly during the 1980s**. Advocates of the New Right wish to see an extension of **free market** economics, with minimal state intervention. It was associated with the Reagan Administration in America and the Thatcher Government in Britain. Margaret Thatcher stated that she wished to see a return to ‘Victorian values’ such as hard work, thrift and self-help. The New Right analysis argued that the development of the welfare state after 1945 undermined these human virtues and replaced them with a **culture** of dependency. From the 1980s onwards, governments have increasingly used a harsh rhetoric when discussing those who are poor, or at least sections of the poor: those who were ‘undeserving’ of help from government.

Although the argument about an undeserving underclass originated on the right of the political spectrum, it has also been a feature of Labour Party discourse since the 1990s in the era of ‘New’ Labour.

In terms of policy solutions, both the New Right and New Labour sought to strengthen the responsibilities of those who were on benefits and to impose specific ‘conditions’ in return for welfare payment on those who could not demonstrate that they were actively seeking employment.

There is some evidence that public opinion towards welfare has hardened **compared to the 1970s when the post-war consensus over many social and economic policy issues came to an end**. According to recent British Social Attitudes surveys, although there was concern with the gap between the rich and the poor this did not feed through to policy with more people saying that poverty was less the fault of the government and more of individuals (for recent survey information, see: NatCen Social Research 2015). **This could be said to have been evident in**

the fairly solid degree of electoral support for David Cameron's austerity agenda between 2010-15. However, things have possibly changed since 2015, and public opinion has often seemed fluid on this issue. For example, the prolonged nature of a decade of austerity has arguably seen a softening of attitudes, with recent signs of support for tax increases to pay for welfare (Chorley, 2020).

However, there are critics of the underclass thesis who argue that there are wider social and economic issues which need to be considered such as the impact of globalisation and the decline of manufacturing which has left certain areas facing high unemployment and a tendency towards low-waged, low-skilled employment opportunities in several large towns and cities. Moreover, some commentators have highlighted the demonisation of the poor by some politicians and sections of the media. The word 'Chav' is frequently used as a pejorative term against sections of the working class by the right-wing press, as prominently outlined by the left-wing commentator Owen Jones in his 2011 book of the same name.

Multicultural Britain

The other major factor which has inhibited a sense of English identity is that England, and Britain more generally, has become more multicultural.

The official religion in Britain has been Protestant since the Reformation under Henry VIII. The official Church is the Church of England, with numerous other Nonconformist Protestant faiths and Catholicism ever present, their influence waxing and waning.

This has been more prevalent in some areas than others. A key factor in the Northern Ireland troubles from the 1960s onwards was the conflict between Catholics and Protestants. Some cities in the rest of the UK have also been prone to religious sectarianism during periods of the twentieth century, notably Glasgow and Liverpool, although less so in recent times. In the rest

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of the UK, most people have described themselves with greater or lesser commitment as Church of England.

However, two developments have challenged the once dominant position of Anglicanism. The first is the declining church attendance figures since the end of the Second World War. A 2007 study showed that attendance at Church was declining with just 15% attending once a month compared to over half the population 50 years ago. In 2016 and 2018, further surveys indicated a further fall in church attendance, with an average of 1.4% of the population attending Anglican church services on a weekly basis. Of those who do attend church regularly an increasing proportion are elderly and middle class. Overall, church attendance in Britain was recorded as the fourth lowest in the European Union, leading to claims that the country is now experiencing a 'post-religious' or 'anti-Christian' culture. In contrast, some evangelical churches have seen significant increases in attendance.

Further to this, a 2015 YouGov survey found that those that believed in God (32%) were outnumbered (for the first recorded time) by those that did not (33%). However, such recent polls have also tended to find that a significant number of people still regarded themselves as Christians even if they did not attend regular church services. In the 2011 census for England and Wales, 33 million people (59%) still claimed to be Christian, but this marked a 13% drop since 2001. The numbers who claimed to have no religion increased by 10% to a quarter of the overall population, from 7.7 million to 14.1 million.

At the same time, Britain has become multifaith and multicultural, with the first significant arrival of non-whites from the Empire in the late 1940s with the *Empire Windrush* arriving in 1948 carrying nearly 500 passengers from Jamaica wishing to establish homes in the UK. Further immigration followed in the 1950s and 1960s as the British Empire was wound up, former colonies were granted independence and the Commonwealth was established. In more recent years, immigration has tended to come mainly from Eastern Europe with the expansion

of the European Union (particularly after 2004). This is demonstrated by the fact that, for those living in the UK but born elsewhere, Poland is now the **joint** highest country of birth **alongside** India. Britain has proven an attractive place for immigrant communities, offering a higher standard of living and political stability.

The 2011 UK census showed that 86% of the UK population was white (48.2 million), which was a 5% decrease since 2001. Studies have suggested that 20% of the population will be minority ethnic by 2051. Of course, this is a national average, and the figures vary considerably as **ethnic** minority communities tend to be concentrated in parts of the UK, including several parts of London, Birmingham, Leicester, Slough and Luton. Following the 2011 census, it was reported that the number of ‘white British’ Londoners had fallen from 58% in 2001 to 45% in 2011, which was the first time this group had been recorded as the minority in the UK’s capital city. Other parts of the UK however remain overwhelmingly white.

There **have been** several positive effects from immigration. Britain has become more pluralistic with more people of other faiths and of no faith. Immigration has been shown to have several economic benefits, particularly at times of economic growth when there are shortages of labour in certain sectors of the economy. Moreover, immigration creates greater cultural diversity. For liberals, this has been a blessing as they welcome diversity and pluralism in society.

Despite this there have been those who have warned of the negative consequences of immigration. The most notable example was the right-wing Conservative politician, Enoch Powell, who in 1968 delivered the so-called ‘Rivers of Blood’ speech in Birmingham, in which he said that there would be civil unrest along the lines of the United States of America (where the civil rights leader Martin Luther King had just been assassinated) if immigration was not curbed. Powell was sacked from the Shadow Cabinet never to hold ministerial office again, although he continued to attract some support by speaking out on these issues, **and some have**

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claimed that his predictions later proved to have some truth to them, as evident in various racial tensions that have subsequently persisted and occasionally erupted.

Margaret Thatcher also referred to people feeling as if they were ‘swamped’ by immigrants in an interview in 1978 while she was still Leader of the Opposition. However, after being warned off the issue by her senior colleagues, she never returned to this theme as Prime Minister.

In 2011, the Labour Peer Maurice Glasman, argued that white, working-class people are concerned about the level of immigration and called for a temporary immigration freeze. This followed the incident during the 2010 General Election campaign when Gordon Brown was stopped by a lady in the northern town of Rochdale, Mrs Duffy, who stated that there was a concern that immigrants had taken jobs that would otherwise have gone to locals. Brown was then recorded on a microphone saying that she was a ‘bigot’, and the subsequent media fall-out led to negative publicity that damaged his electoral prospects. This working-class viewpoint has been more recently re-endorsed by authors such as David Goodhart, who have argued in books as such as *The Road to Somewhere* (2017) that working-class communities are often ‘justified’ in feeling aggrieved by mass immigration, due mainly to the perception that it has impacted negatively on them both individually and within their communities. Similar arguments have been made by academics such as Roger Eatwell and Matthew Goodwin in their recent book *National Populism: The Revolt Against Liberal Democracy* (2018), who have claimed that there has been a working-class backlash against more liberal middle-class attitudes towards immigration, and which can be linked to the Brexit vote of 2016.

What is striking about all three cases is that, each time the issue of immigration is raised, it causes controversy. Some have argued that there is frequently a silence on the issue among mainstream politicians, primarily due to a fear of being accused of stirring up racism.

Figure 3.1 Enoch Powell

fig3_1.jpg

Source: Trinity Mirror/Mirrorpix/Alamy Stock Photo

It has therefore been regarded as a more extremist political issue with the National Front (NF, founded 1967), the British National Party (founded in 1982 following a split with the NF), the English Defence League (founded in 2009) and Britain First (founded 2011) being four of the most prominent organisations on the far right of British politics with an anti-immigration stance.

Box Start

Box 3.1

Perspectives on multiculturalism

We must be mad, literally mad, as a nation to be permitting the annual inflow of some 50,000 dependants, who are for the most part the material of the future growth of the immigrant descended population. It is like watching a nation busily engaged in heaping up its own funeral pyre.

Enoch Powell, Birmingham, 1968

[People of Britain] might be rather swamped by people of a different culture.

Margaret Thatcher, interview, 1978

Britain is not an outpost of the UN. We have to put the people in this country first.

Box End

Occasional civil unrest has been a feature of areas with high immigration including the urban riots of the early 1980s, 2001 and again in 2011, but poverty was often seen as the main cause of such unrest rather than immigration. Yet immigration remains an issue in elections, and opinion poll surveys have indicated that concern about it was arguably the main factor in determining the outcome of the referendum vote to leave the EU in 2016. On a positive note however widespread racial tension has not been a regular feature of modern British society.

The ageing society

Another important development in modern British society is that the elderly population is growing significantly. As of 2017, approximately 16.5% of the UK population is aged over 65 (11.6 million), compared to 11% in 1951 and 5% in 1911. This proportion is likely to carry on rising. Moreover, life expectancy is increasing, meaning that more of the elderly population are living into their 80s and 90s. The causes of this are the improved standards of health care and reductions in poverty meaning that people are able to live longer. **As of 2018**, average life expectancy for men **had steadily risen to 79.3** years and **82.9** years for women, although there are considerable variations between richer and poorer parts of the UK.

Discussion of the ageing society is usually expressed in negative terms. The pension age is increasing as the cost of financing state pension schemes increases rapidly, and this cost forms a huge percentage of the government's annual welfare bill (approximately 42% in 2015/16, **and estimated to be 45% by 2020/21**). Private pension schemes, encouraged by the Thatcher government onwards, have also frequently come under financial strain. For those living in their own homes until old age there is a need for carers, provision of meals and local transport, while

for those unable to fend for themselves there is the cost associated with residential care and increased hospitalisation. **What has become evident over recent years is that** the working population will ultimately have to work longer as the costs of an elderly society increase.

However, **on a more positive note** it can also be pointed out that the elderly population will in the future be fitter and more able to contribute to economic and social well-being rather than merely being passive citizens. **Older people frequently have a crucial role in caring and charity work. It should also be noted that the UK's elderly population have been particularly vulnerable to the coronavirus pandemic of 2020.**

A major political issue, and one not always directly addressed because of its complexity and unpopularity, is how best to pay for the costs of an elderly society. While all would accept that it is a major issue and imposes a particular burden on public expenditure, serious decisions are often delayed as governments tend to think in the short term. In recent years, a 'social care crisis' has been much debated by UK politicians of all major parties, but no obvious and funded solution has yet been delivered, **and this specific policy area has been a significant source of political argument at recent UK general elections. Theresa May's comments on the issue helped her lose her majority in the 2017 General Election.**

~~Gender~~ The changing role of women

A further long-term change in British society has been the increased independence of women. The feminisation of British politics has been a consistent feature since the end of the nineteenth century. The first cause, associated with the Suffragettes and Suffragists, was the extension of the vote to women. Women were able to vote in local elections from the 1880s. The vote was nearly granted to women in General Elections prior to the First World War, but they had to wait until 1918 after their involvement in the war effort made it impossible for opponents to resist any longer. The first woman who took her seat in the House of Commons

The social and economic context

was Nancy Astor in 1919, and the first woman Cabinet minister, Margaret Bondfield, was appointed in 1929. However, the numbers of women politicians remained small compared to men. Nevertheless, Britain's first woman Prime Minister was Margaret Thatcher who was elected in 1979, and she has since been followed by Theresa May (between 2016 and 2019). Another prominent female UK politician of recent years has been Nicola Sturgeon, the First Minister of Scotland since 2014.

Figure 3.2 Nancy Astor

fig3_2.jpg

Source: Chronicle/Alamy Stock Photo

However, female representation has always been much lower than that of their male counterparts. Various positive measures have been enacted to address this with mixed success. In the General Election of 2019, 220 female MPs were elected, 34% of the total number of MPs (a 12% increase since 2010). This is the highest ever number of female MPs in the House of Commons. The majority of these (104) are Labour, reflecting the fact that the Party is the only one to have women-only shortlists. However, the Conservatives have particularly sought to encourage more women to stand and be selected in key seats over recent years, and in 2019 they had a record of 87 female MPs elected. Nevertheless, parliamentary representation remains considerably lower than the proportion of women in society, although it continues to steadily progress.

After the granting of political rights, a further feminist cause (associated with 'second wave feminism' in the 1960s and 1970s), was one of equal economic and social rights, notably equal pay. Legislation was introduced to enforce this, but women's pay remains lower than men's, and fewer women occupy top jobs including government ministers, business executives and top public sector jobs. Roughly 70% of women are now in employment, significantly higher

than was the case in earlier decades. However, while only 1 in every 6 men is in part-time work, roughly half of all women in work are employed part-time. The average pay of women **also remains** considerably lower than for men.

LGBT+

A further important change in British society over time has been that of homosexuals and bisexuals. Until the 1960s homosexual acts between consenting male adults were illegal in the UK. Indeed, prior to 1861 it was punishable by death. In 1885 legislation was introduced which meant that homosexual males could be prosecuted. This law did not apply to females, leading to the claim (falsely) that Queen Victoria felt that women would not engage in such acts. It wasn't until the 1960s that social attitudes had changed sufficiently for the law in this area to be reformed. The Wolfenden Report had been published in 1957 arguing for the decriminalisation of homosexuality and the Homosexual Law Reform Society was established the following year to campaign for this to be made a reality. The Conservative Home Secretary **at the time** Rab Butler, was known to be supportive but many of the party's backbench MP's were opposed. The Sexual Offences Bill of 1967 was introduced by backbench Labour MP, Leo Abse, who got support from the then Labour Home Secretary Roy Jenkins. This legislation passed, hence legalising homosexuality.

Since then there has been a major cultural shift towards accepting homosexuality as part of mainstream society. This was helped by cultural events such as Gay Pride rallies (first held in London in 1972), the growing prominence of gay celebrities, developments in popular culture and the promotion of individual rights generally. However, there was a conservative backlash in the mid-1980s with the outbreak of AIDS. Section 28 of the Local Government Act of 1988 banned teachers from what it termed the promotion of homosexuality in the classroom. By the 1990s attitudes had moved once again in a more liberal direction. The notorious Section 28

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was repealed by the New Labour government, which also legislated for civil partnerships between people of the same sex. Subsequently, David Cameron legislated for same-sex marriage in 2014. This angered more traditionally minded Conservative MPs who felt that marriage was a union between a man and a woman and the majority of them voted against, but the legislation was carried with Labour and Liberal Democrat votes.

Figures suggest that over 90% of the population consistently identify as heterosexual, around 1% as homosexual and less than 1% as bisexual. However, this changes depending on the age demographic being asked with more younger people stating they are homosexual or bisexual, which may suggest that there is a more liberal attitude among younger people who feel more open to state their identity. This is further evidenced by the Kinsey scale which ranges from people identifying as purely homosexual to heterosexual with a sliding scale of bisexual responses in between, suggesting that the traditional straight/gay distinction is an oversimplification. Again more younger adults have expressed their identity as homosexual or bisexual than older respondents.

A further issue here has been the increased importance attached to transgender. This has arisen partly with the greater expression of individuality and also medical advances. However, the issue has been a controversial one, not least among feminists as to whether male to female transgender people are 'real' women - radical feminist Germaine Greer has generated controversy in arguing that they are not since they have not experienced oppression from birth as those who are born women have she claims. However, critics of this view have argued that transgender people have experienced their own, often more acute forms of oppression.

The decline of the British economy

Just as British society has been subject to change, so too has the British economy. When studying the British economy over the course of the twentieth century, a persistent theme is that of 'decline'. The decline of Britain from the world's leading imperial power in the Victorian age can be measured in two ways. The first is *absolute* decline in terms of the fall of Britain from its once-dominant position as it has been overtaken by other leading powers, most notably the United States of America and the Soviet Union after the end of the Second World War in 1945 and more recently eclipsed as the leading power in Europe and now further challenged by the emergence of new powers, most notably in the form of China **and the other BRICS nations**. If Britain was once the world's pre-eminent superpower, then it is now very much in the second division of world powers, unable to act independently in military conflicts.

Alternatively, British decline can be understood in *relative* terms. This is the meaning of decline when attached to the British economy. Here the meaning of decline is not absolute but relative to others. The British economy continued to expand but at a slower rate than other major economies. Hence it declined relatively but not absolutely.

The economy has continued to expand and people are now much wealthier than they once were. In 1957 Harold Macmillan, the Conservative Prime Minister, boasted that 'most of our people have never had it so good'. A claim he repeated as he went on to win a landslide General Election victory in 1959, **during a so-called 'era of prosperity'**. For the first time, a majority of British people could afford to purchase their own homes, motor cars and 'white goods' such as fridges, freezers and washing machines, which their ancestors had not been able to afford.

Further prosperity in the 1980s included the acceptance that most people would take at least one foreign holiday a year and a shareholding democracy was encouraged by Margaret Thatcher, in the name of 'popular capitalism'. From 1997 onwards, New Labour boasted that

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it had cured the trade cycle with its fluctuating periods of boom and bust. Its key figures of Tony Blair and Gordon Brown promised that there would be no more boom and bust under New Labour, **yet much of the Thatcherite economic framework was maintained.**

However, this rather masked a more complex situation. Firstly, not everyone benefited from these changes, and certainly not to an equal amount. Inequality grew significantly, especially during the 1980s and 1990s as the gap between the rich and poor widened. It did not fall noticeably during the Labour Government of 1997 to 2010. While the rich benefited most from economic changes since 1979, those on an average level increased slightly but the poor started to fall behind.

Secondly, it has been clear from at least the 1950s that although the British economy was expanding it was not doing so as quickly as its major competitors. This was already established at the time Macmillan boasted of Britain's economic performance. This is the meaning of *relative decline* – that the British economy was growing in absolute terms over time, but was starting to lag behind other leading capitalist economies. From being the world's leading economy in the nineteenth century it is now the 5th in terms of Gross Domestic Product. In terms of productivity the British economy has long lagged behind (9th in terms of global economic competitiveness and 5th in Europe). **The uncertain post-Brexit situation, coupled with the even more dramatic and destructive impact of the Coronavirus outbreak, could potentially push the country even further down the economic league table in the 2020s- although this remains to be seen.**

Box Start

Box 3.2

The meaning of 'decline'

Decline is a word frequently used in political analysis but it can have one of two distinctive meanings.

Absolute decline means that something deteriorates. Hence, we can refer to the decline of British military power since 1945 in these terms.

Relative decline is a more comparative measure. Hence, the British economy continued to expand in absolute terms but declined relative to the expansion of other countries' economies.

Box End

The need to reverse Britain's economic decline was to be a major theme of economic policy debate from the early 1960s. Two broad phases can be identified.

The first was the move to greater government intervention and planning. This began under the Conservative Government of Macmillan **in the late 1950s** who moved towards a more corporatist phase of economic policy, where business leaders, the trade unions and the government would determine economic policy through a policy of bargaining and compromise. The National Economic Development Council was established for this purpose. The subsequent Labour Government, led by Harold Wilson from 1964, added to this agenda by establishing new Government Departments, such as the Ministry of Technology and the Department of Economic Affairs, and unveiling the National Plan which proposed higher economic growth through more government intervention.

In the **early** 1970s Edward Heath, who had been Conservative Leader since 1965, initially appeared to move in a more free-market direction but reverted to a more interventionist approach in the face of a deteriorating economy. When Labour was returned to office in 1974, they adopted the Social Contract, essentially a deal between the trade unions and the

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government along the lines that in return for the trade unions forgoing wage increases the government would implement new welfare measures which would benefit their members. The 1970s was a period of high inflation, and it was believed that the Social Contract would reduce it by controlling wages. The extent to which inflation was caused by high wages was open to dispute. Some believed that higher wages were the consequence of rising inflation as people tried to maintain living standards. After several years of pay restraint the Social Contract broke down decisively in 1978–9 with the ‘Winter of Discontent’, when workers went on strike for higher pay.

Prior to 1979, therefore, government intervention was viewed positively, and was a key political tool during the so-called ‘years of consensus’. There was subsequently widespread belief across the political spectrum that government could and should intervene in the economy in order to stimulate growth and thereby raise living standards. In the 1970s this approach came under strain with mounting economic problems and finally the election of a more resolutely right-wing Conservative Government in 1979.

This marked the start of the second broad response to relative economic decline. The new policy as advocated by the ‘New Right’ was much more critical of the role of government intervention in the economy and blamed it for Britain’s poor economic performance. Planning didn’t work because it could not respond to changing consumer demand and the needs of the **private sector**. Whereas markets were dynamic, government was slow to respond. Instead things should be left to the market, as free as possible from government control and meddling. Taxes were cut, especially income tax, for higher earners in the expectation that this would unleash their entrepreneurial talents. Trade unions were subject to a raft of legislative measures designed to curtail their powers and membership of trade unions fell significantly over the course of the 1980s and 1990s. Government expenditure and borrowing were cut, and ‘red

tape' on business was lifted. Government intervention was seen as the problem and the free market as the solution.

The transition to a free-market form of capitalism was **however** very difficult. There was a recession in the early 1980s and unemployment peaked at 3 million. Urban riots were a notable feature of Britain in the early 1980s. By the middle of the decade the economy was in a period of growth, and the new rich of the City of London (yuppies) were a symbol of Britain's new-found wealth. However as noted above, inequality soared as the new prosperity was not equally shared, and the idea that the British economy had now turned the corner was challenged by a further recession in the late 1980s and early 1990s.

Box Start

Box 3.3

Corporatism

A corporatist economic model is one in which there is close collaboration between the government, labour and business.

In Britain after 1945, a more corporatist model of economic management was used to try to reverse British economic decline with governments regularly consulting the trade unions. The government, trades unions and business leaders were brought together in new institutions to try to plan economic activity in the early 1960s.

This system came under great strain in the 1970s and was abandoned in 1979 when the Conservative Government of Margaret Thatcher was elected.

Box End

Box Start

Box 3.4

Yuppie

The 1980s marked a period of major economic change as manufacturing declined and the financial services sector expanded. This led to the emergence of the new rich in the banking sector, labelled ‘yuppies’ and particularly notable for their apparent love of their new found material wealth.

Yuppie stands for ‘young urban professional person’. Although the term is no longer in frequent use, City financiers are clearly identifiable by their wealth.

Box End

Box Start

Box 3.5

Globalisation

Globalisation refers to processes whereby the world is less dependent on traditional nation-states. It can refer to the globalisation of political issues such as terrorism and ecological issues but most commonly refers to the economy.

Trade, investment and finance have become more global with multinational corporations and finance markets. New technology means that money can be moved around the global system much more easily, **with national boundaries of less significance.**

Some argue that globalisation has fundamentally changed the economic context as nation-states have been hollowed out. Governments are now forced to comply with the wishes of finance markets or risk currency flight. Multinational corporations will relocate to countries where there is a cheaper labour supply.

However, some would dispute this and argue that nations and international regional blocs such as the European Union have more power.

Box End

New Labour marked the broad acceptance of these Thatcherite reforms to economic policy, and it swiftly granted independence to the Bank of England and its Monetary Policy Committee (MPC) to set interest rates, supposedly free from political interference so that an anti-inflationary stance was seen as the primary objective of economic policy ahead of reductions in unemployment. There was no reversal of the trade union legislation or the privatisation agenda of the Thatcher and Major years, indeed the Labour Government extended the Private Finance Initiative (PFI) whereby the building of new hospitals and schools would be funded by loans from the private sector.

On the other hand, there were some interventionist attempts to reduce unemployment, especially youth and long-term unemployment through the New Deal, whereby the government would invest in education and training schemes to help people back in to work. Between 1997–2010 there was record spending on the National Health Service and on education, the introduction of the first ever National Minimum Wage and significant redistribution from rich to poor through various taxation measures. These were sometimes referred to as ‘stealth taxes’ because they were often more hidden and indirect forms of taxation compared to the more traditional method of redistribution through income tax. On this basis, there has subsequently been much academic and political debate as to whether New Labour did enough in its own distinctive way to challenge and even change the Thatcherite economic legacy. Critics from the left in particular have claimed it maintained a far too similar economic framework, while a more favourable viewpoint is that it sought to follow a Scandinavian social democrat model, managing and modifying the capitalist system in a way that aimed to distribute wealth along more socialist and egalitarian lines.

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The gap between rich and poor, however, did not fall, and while there was economic growth across all social classes for approximately the first decade of Labour in office (1997–2007), it grew more quickly for higher social groups. If New Labour was not a straightforward continuation of Thatcherism, then it was also not the same as traditional Labour governments. Partly this is explained by the passage of time. Labour had been out of power for 18 years, and in that time, Britain had changed significantly in the face of a radical reforming Conservative Government, as had the world. New Labour believed that it was constrained to a greater degree than previous Labour governments because it now operated under conditions of ‘**globalisation**’. The global finance markets had to be placated while corporations were much less tied to one single country, but instead had become multinational in their operations. Globalization was also starkly evident in the explosion of new technological developments connected to the internet during this period, with giant multinational ‘tech’ corporations such as Microsoft, Google, Twitter and Facebook emerging and flourishing during this timescale. A key role of national governments under global conditions has therefore been to maintain the confidence of finance markets and the inward investment of various multinational corporations. In order to do this, it had to maintain relatively low tax rates and competitive, deregulated markets.

From this overview of British economic policy since 1945, what is clear is the importance of the role of ideas. Three dominant ideas, or paradigms, can subsequently be identified in British economic policy since 1945.

The first is that of Keynesianism, associated with the work of the economist John Maynard Keynes (1883–1946). Keynes argued that the market is inefficient and can get stuck in troughs or recessions. At these times the market is, by itself, inadequate and cannot recover. In order to recover it needs the assistance of government intervention in the form of pumping money into the economy to stimulate activity. This money is borrowed and then repaid once the

economy expands, and capitalism can therefore be said to be managed and modified by state intervention. Keynesianism therefore assumes a positive role for government and inspired politicians in Britain from both the Labour and the Conservative parties during the Second World War, when Keynes became an advisor to the Treasury, and this broad approach continued under successive governments of different parties after 1945 up until the 1970s.

However, the apparent failures of government intervention and Keynesian economics in the 1970s led on to the second paradigm of economic liberalism in the 1980s and 1990s. Economic liberals (sometimes referred to as neoliberals), had a much more positive view of the market and its ability to regulate itself. Government intervention distorted the market and made it more inefficient and unable to respond. The solution was a reduced role for government, which in practical terms meant less state intervention. Particularly influential here were the political economists Friedrich von Hayek (1899–1992) and Milton Friedman (1912–2006). Hayek argued that government intervention distorted markets and imposed arbitrary rules restricting individual freedom, which could only be secured in the market where we could choose what to buy and sell. Friedman developed the idea of monetarist economics, the idea that Keynesian-style interventions at times of economic downturn created higher inflation but did nothing in the long term to reduce unemployment. The role of government was limited to the control of the money supply while everything else should be left to the market. These ideas proved very influential on Margaret Thatcher as Prime Minister after 1979, who sought to ‘roll back the state’.

It has been much debated whether New Labour marked the continuation of the economic liberal paradigm or its replacement with something else. Although there was no obvious return to a Keynesian strategy, or at least not until the banking crisis discussed below, ‘interventionist’ policies such as the minimum wage were anathema to economic liberals. Some have argued that New Labour embarked on a ‘Third Way’ in economic policy, using economic liberal

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policies alongside some limited state intervention to achieve more traditional Labour values and social outcomes.

Between 1945 and the early 2000s the economic context had changed dramatically as Britain went through several distinctive policy paradigms and from a substantial manufacturing sector to a largely service-based economy. In 1979, the largest sector in the British economy was manufacturing, employing 7.1 million people compared to just 2.9 million people employed in finance and business. By 2009 this had been transformed. Now 6.4 million people were employed in finance and business compared to 2.9 million people working in manufacturing. The 'service sector' provides services as opposed to products, and incorporates areas such as finance, retail, leisure, hotels and restaurants. It has become an increasingly significant and dominant area of contemporary UK employment, and by 2013 it was estimated that over three-quarters of the country's GDP came from this sector. Yet although the decline in manufacturing was stark, Britain remains one of the leading manufacturing countries in the world with particular strengths in pharmaceuticals and aerospace.

Ten years of austerity

As manufacturing declined in Britain, especially from the 1980s onwards, politicians of both major parties argued that the financial services sector was the dynamic force of British capitalism.

Margaret Thatcher relaxed the regulations on banks and the rules relating to their credit policies. The growth in the City was astronomical, and the new wealth of the financial services sector came to epitomise the 1980s. The Labour Party remained rather cautious of the City of London but, after the 1992 General Election defeat, went on a charm offensive believing that unless they won the support, or at least managed to eradicate the scepticism which City

financiers and businesspeople more generally had of the Party, then they would not win another General Election.

When Gordon Brown granted operational independence to the Monetary Policy Committee (MPC) of the Bank of England to set interest rates in 1997, he also established the Financial Services Authority (FSA), in 2001, to regulate the work of the banks and other financial institutions. There was a significant reliance on the financial services sector in Britain during the 13 years of successive Labour Government between 1997–2010. According to some of its critics, the Labour government lacked a similar concern with the manufacturing sector. For instance, when in the late 1990s Brown unveiled the ‘five tests’ which would have to be met to determine whether Britain would enter the European single currency, one was specifically about whether it would be in the interests of the City. There was not another ‘test’ specifically related to manufacturing.

Although there were some critics of the economic policy of New Labour **during its first decade in office**, this was often marginal as the economy continued to grow at a relatively high rate and the increased tax revenue for public spending came in.

The City became noted for the high-risk culture, particularly among the investment arms of the major banks in the search for vast profits and the payment of large bonuses for anyone who generated profits in this way. Additionally, private consumption was funded through increased personal debt. The early years of the new millennium were ones in which debt – personal and corporate – soared.

The system was high risk and economic expansion depended on the extensive use of credit. The tipping point occurred in 2007 and 2008 when loans in America for ‘sub-prime’ (loans to those who may have difficulty repaying) mortgages could not be financed. Banking collapses followed in America and Britain leading to a subsequent recession and a corresponding crisis in the eurozone. A policy of deflation has resulted and the boom years of the early ‘noughties’

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now look a long way away. The subsequent economic context is therefore much less rosy than had this chapter been written before 2008, although **it should be noted that** the reasons for the economic downturn **which occurred from 2007-8 onwards** were there **in the previous decade**, if somewhat hidden from view.

In order to understand the post-2008 economic crisis and prolonged austerity that followed, it is necessary to consider two questions.

What is the meaning of ‘crisis’?

The meaning most commonly attached to ‘crisis’ is a dramatic moment, one of urgency and suspense in which it is not clear what is going to happen. The crisis may be one of, or within, capitalism, an economic crisis, but the way in which the crisis is resolved is open to the manipulation of political actors. Although journalists tend to think of a crisis as frequent and temporary phenomena, academic historians and political scientists tend to think of crisis as more long term; an impasse which cannot easily be resolved. It may well be that the economic crisis of recent years, **as well as the Brexit saga and Coronavirus crisis that have followed, are more long-term in nature** and the **solutions to them will be** difficult to find.

Recessions can be V-shaped whereby the decline and recovery is quick. They can also be U-shaped where the recovery can take a longer time to come about and can be rocky while at the bottom. One feature of **the immediate post-2008** economic context and debate is that the UK **initially** experienced a ‘double-dip’ recession which takes more a W-shape. The final, and worst, form of recession is an L-shape, **and this is the fear in the longer term for the likely even more damaging impact of the Coronavirus pandemic. As we write in 2020, ongoing uncertainty surrounds just how long recovery will take after a succession of major global economic upheavals and setbacks**, and whether there will ever be a recovery to a pre-crash situation.

There is certainly now going to be a further major economic recession in the years ahead in the

aftermath of the pandemic, with various commentators and experts predicting it is likely to be as bad as the 1980s (and possibly even worse), being more similar to the levels of mass unemployment of the 1930s.

What is the solution?

Defining 'crisis' only leads us on to a second issue, what is the way to solve the crisis?

For the Conservatives (in Coalition with the Liberal Democrats between 2010-15, and then governing alone since 2015), the answer has primarily been austerity. This solution is based on the premise that the root cause of Britain's economic problems was 'too much government'. It was claimed that New Labour had borrowed too much, even in the good time before the 2007–8 crash, meaning that when the crash happened there was no money left to boost economic activity. The only alternative was to cut public spending and borrowing. Consequently since 2010 there has been a steady fall in public expenditure.

For some on the political right however, this approach did not go far enough. If austerity was to work, the cuts needed to be faster and deeper. This view has sometimes been expressed in the right-wing press and by think tanks such as the Institute of Economic Affairs, which has advocated a much smaller state since it was set up in the mid-1950s and came to influence Thatcher in the 1980s. For the right, the failure to cut spending sufficiently was due to the presence of the Liberal Democrats in the Coalition. They hoped that the cuts would accelerate once the Conservatives had a majority. For some, being in the European Union was a further barrier to spending cuts, due to the financial costs of membership, hence their wish for Britain to leave the EU.

The original plan of the Labour government in response to the crisis was to cut public spending, but at a slower rate. The deeper cuts implemented by the Coalition after 2010

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appeared to choke off the ‘seeds of economic growth’ which Labour believed was present by the time they left office. Under Ed Miliband’s leadership (2010-15) the party presented arguments for a slower rate of cuts, yet critics from the left braded this ‘austerity-lite’. The subsequent failure of Labour to win the General Election in 2015 led to the election of Jeremy Corbyn as Labour Party leader, and his position was to oppose ‘austerity’ much more vigorously, arguing that tax increases for the rich and for the big corporations would help to fund improved public services, and ultimately be a fairer and more effective approach than further cutbacks to reduce public borrowing. Yet his proposed more radical solutions did not lead to electoral success for Labour, and Corbyn led the party to two further general election defeats in both 2017 and 2019.

Box Start

Box 3.6

Recession

A recession is a period of economic downturn, usually defined as two consecutive quarters of zero growth.

Features of a recession include rising unemployment, declining investment and falling consumer spending. It also has psychological features, most notably a lack of confidence in the economy generally.

Recessions are described as being V-, U-, W- or L-shaped depending on the nature of the recovery.

Box End

Much of the socio-economic debate between 2010 and 2020 focused on the level of public spending and borrowing. There are also longer-term issues such as the need to rebalance the economy away from financial services to manufacturing, which advocates argue will mean that the economy is more stable. Yet various attempts to rebalance and stabilise the British economy after the setback of 2007-8 have been severely undermined by two further major events over recent years- specifically the Brexit saga and the Coronavirus pandemic.

Post-2015 crises- Brexit and Coronavirus

British social and economic life has been significantly and at times dramatically affected in recent years by two major developments. The first was the 2016 'Brexit' referendum vote to leave the European Union, which subsequently created some major social divisions and a considerable degree of economic uncertainty. Within this divisive context, families and communities became bitterly split following the vote to leave (52-48%), with people unofficially categorised as 'Leavers' versus 'Remainers'. Political observers have noted how destructive this debate became to the fabric of the country's political and social life, specifically during the period between 2016-19 when the tortuous political negotiations to implement the leave decision took place, and which were plagued by various delays. In economic terms, this created a period of slow and uncertain growth, which opponents of Brexit blamed on this very policy and its unsettling impact. Brexiteers by contrast claimed that once the turbulent transition phase and eventual departure was over, the UK economy would flourish. So while supporters of Brexit have enthusiastically expressed their firm belief in the improved prospects for Britain's economy once the country formally leaves the EU, opponents of the policy have highlighted the risks of damaging the national economy following this transformative policy decision, specifically in relation to leaving the EU's single market and customs union. A major

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and persistent feature of this intense Brexit debate has therefore centred on whether Britain will become a more or less prosperous nation outside the European Union. Which viewpoint will be vindicated still remains to be seen in the years ahead, with Britain continuing in a period of transition as of 2020, and the impact of actual departure yet to be seen.

The coronavirus outbreak from early 2020 onwards had an immediate economic impact. While this very turbulent situation continues to evolve at the time of writing, what is absolutely clear is that this crisis has the potential to disrupt Britain's economic and social context on an even bigger and more dramatic scale than the Brexit fall-out. Consequently, both the UK and global economies are going to be significantly damaged by its destructive implications. A prolonged global recession is likely lead to a further eventual period of domestic austerity in order balance the books, and this process could stretch out over many years. This will financially burden and impact on the prospects of future generations in a major way, and this will almost certainly be the case in Britain in particular. Indeed, the government spending review at the end of 2020 indicated a pay freeze for all public sector workers, while further specific forecasts at this time indicated that the impact of the pandemic will more generally result in the UK facing its worst economic crisis for approximately 300 years. As a more recent comparative context, this equates to the country's economy being under the most intense strain since World War Two. On this basis, the severe impact of the pandemic is predicted to be felt in negative financial terms until at least 2024, and probably beyond this date. This harsh reality makes it abundantly clear that on both a domestic and international level, a significant role for the central state and extremely high levels of direct public spending and borrowing to bolster key public services like the NHS are widely acknowledged as the only real solution to managing the crisis. This is an ideological and political setback for supporters of free-market economics, who envisaged a more liberalised and deregulated economic future

outside of the European Union. Such a scenario now seems far less likely given the traumatic impact and likely prolonged aftermath of the coronavirus pandemic, as governments of all nations have adopted a far more ‘statist’ and interventionist approach to dealing with the major economic and social problems that the outbreak has caused. Within a British context, this was most notably evident in Chancellor Rishi Sunak’s expensive and highly interventionist emergency budget of mid-2020, with more significant expenditure relating to the extension of the furlough scheme being announced later in the year to run into 2021.

Summary and conclusion

British society and its economy therefore continue to change at a dramatic rate. The economy, for a long time in a period of expansion, entered a particularly bleak period from 2007-8, which indicated that it was particularly susceptible to wider international economic developments, pressures of globalisation and an over-reliance on its financial service sector. The days when Britain was a powerhouse of manufacturing have gone, and the future is particularly uncertain. The long-term question of what sort of economy should Britain become has yet to be answered, with further uncertainty created by both Brexit and the unprecedented coronavirus pandemic.

The British social structure has also changed. The once overriding importance of social class has appeared to have ended, with fewer people thinking of themselves in explicitly class terms. The traditional class pyramid with a few people at the top widening out into a broad base of the working class has become more diamond-shaped with most people now being part of an inflated middle strata with a few remaining at the top and a few at the bottom. Debate over the future of British society has tended to focus on the reasons why some have got stuck at the bottom, and the economic crisis has now sparked some discussion over the extent to which those at the top are deserving of their vast salaries as they have moved further away from

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those in the middle. The UK's mainstream political parties have acknowledged this, and various politicians have spoken of the need for the prevailing capitalist system to be moulded and reformed to work for more people. As a further socio-economic dynamic, in place of class, other social cleavages have emerged. These include ethnicity and multiculturalism, changing gender roles and the increased proportion of elderly people. All of these things provide opportunities but also challenges. So far despite the occasional warnings from those concerned by the pace of change, British society has adapted quietly and effectively to such ongoing challenges.

Chapter summary

This chapter has examined the major social and economic features of contemporary British politics. It did so in the belief that although politicians still have major choices to make they make these choices within certain social and economic contexts and constraints. In order to adequately make sense of the social and economic context of British politics, it was necessary to look at wider international developments as Britain is no longer an isolated country, if indeed it ever was. Britain is a mid-ranking power with an economic structure and historical legacy which makes it particularly susceptible to changes from outside of its political borders.

In the course of the chapter it has been apparent that both the British economy and society have changed dramatically. In terms of its social structure, the class system has become more fragmented and self-perceptions of the importance of class have declined. In turn this has impacted on the political parties who have to appeal for votes from a more complex electorate. Other social distinctions have become more important. These include changing gender roles, an ageing society, ethnicity and multiculturalism and changing perceptions of nationhood in the constituent parts of the United Kingdom.

The economic context in Britain has been shaped by the idea of decline since at least the late-1950s and the longer-term transition from a manufacturing economy to a service-based economy with a particular stress on the financial services sector. Periods of boom have been interspersed with periods of recession but the recession, following the global financial crisis, is a particularly deep one and the future is uncertain, especially in the context of Brexit **and the coronavirus outbreak**.

Discussion points

- ‘Social class is still the predominant characteristic of British society’. Discuss.
- Is it still meaningful to talk about Britishness given the increased diversity of British society?
- What is meant by the ‘decline’ of the British economy, and can it be cured?
- Who **or what** is to blame for Britain’s current relative economic malaise?

Further reading

There are a number of historical studies of postwar Britain. On society see A.H. Halsey and J. Webb (eds) *Twentieth Century British Social Trends* (Macmillan, 2000). On politics see D. Childs, *Britain since 1939: Progress and Decline* (Palgrave, 2002). On society and politics see Andrew Marr, *A History of Modern Britain* (Pan-Macmillan, 2009). On the issues concerning economic decline see A. Gamble, *Britain in Decline* (Macmillan, 4th edition, 1994); G. Bernstein, *The Myth of Decline: The Rise of Britain since 1945* (Pimlico, 2004); and R. English and M. Kenny (eds) *Rethinking British Decline* (Macmillan, 1999).

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On the politics of class see A. Adonis and S. Pollard, *A Class Act: The Myth of Britain's Classless Society* (Hamish Hamilton, 1997) and S. Todd, *The People: The Rise and Fall of the Working Class* (John Murray, 2015).

On race see J. Solomon, *Race and Racism in Britain* (Palgrave, 2003). A provocative study of the 'underclass' is *Chavs: The Demonisation of the Working Class* (Verso, 2011) by Owen Jones.

For discussions of contemporary economic and social problems see A. Gamble, *The Spectre at the Feast* (Macmillan, 2009); W. Hutton, *Them and Us* (Abacus, 2011); R. Wilkinson and K. Pickett, *The Spirit Level: Why Equality is Better for Everyone* (Allen Lane, 2009); and S. Lansley, *The Cost of Inequality* (Gibson Square, 2012).

Chorley, M. 'Support grows for tax rises over more years of austerity', *The Times*, 29th June 2020).

For a recent statement from a Conservative perspective, see J. Norman, *The Big Society* (University of Buckingham Press, 2010).

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Eatwell, R. and Goodwin, M. (2018) *National Populism: The Revolt Against Liberal Democracy* (Pelican)

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Halsey, A.H. and Webb, J. (eds) (2000) *Twentieth Century British Social Trends* (Macmillan).

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Norman, J. (2010) *The Big Society* (University of Buckingham Press).

Office for National Statistics (2011) *Regional Gross Value Added (Income Approach)*,
December 2011,

<http://webarchive.nationalarchives.gov.uk/20160107221724/http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/december-2011/index.html>

Solomon, J. (2003) *Race and Racism in Britain* (Palgrave).

Todd, S. (2015) *The People: The Rise and Fall of the Working Class* (John Murray)

Wilkinson, R. and Pickett, K. (2009) *The Spirit Level: Why Equality Is Better for Everyone* (Allen Lane).

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Useful websites

The government's National Statistics Online (www.ons.gov.uk/ons/index.html) is an invaluable source of statistical information.

This fact-checking website is also useful for verifying government data: <https://fullfact.org>

Population data can also be found here-

<https://www.statista.com/statistics/294681/population-england-united-kingdom-uk-regional/>

Annual editions of *Social Trends* are published online at

http://data.gov.uk/dataset/social_trends and the British Social Attitudes Survey is available at www.britisocat.com/Home.

Recent 'British Social Attitudes' survey information (2015) can be found at:

www.bsa.natcen.ac.uk/latest-report/british-social-attitudes-33/welfare.aspx

This government website also provides useful and up-to-date population data:

http://webarchive.nationalarchives.gov.uk/20160105160709/www.ons.gov.uk/ons/dcp171778_406922.pdf. As do these two websites:

- www.ageuk.org.uk/Documents/EN-GB/Factsheets/Later_Life_UK_factsheet.pdf?dtrk=true
- <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/2016to2018#life-expectancy-in-the-uk>
- <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/august2019>

See also recent census information: www.bbc.co.uk/news/uk-england-london-20680565

For recent data on immigration see The Migration Observatory

<https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-in-the-uk-an-overview/>

This government website also provides useful and up-to-date income data:

<https://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedbalance/1998to2017>

For recent information on the UK service sector see:

<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/fivefactsabouttheukservicesector/2016-09-29>

For economic data and reports see the Institute of Fiscal Studies (IFS) website

www.ifs.org.uk and comparative data is available from the Organisation of Economic

Cooperation and Development (OECD) at www.oecd.org and also the World Economic

Forum at www3.weforum.org

Also see House of Commons Library website for various welfare spending figures:

<https://commonslibrary.parliament.uk/insights/welfare-spending-whats-in-218-3-billion/>

and data on women MPs-

<https://commonslibrary.parliament.uk/insights/general-election-2019-how-many-women-were-elected/>

Social class analysis can be found at *The Great British Class Survey – Results*, BBC website,

3rd April 2013: www.bbc.co.uk/science/0/21970879

Recent information on church attendance and religious beliefs in the UK (2015–6):

- www.telegraph.co.uk/news/religion/12095251/Church-of-England-attendance-plunges-to-record-low.html

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- <https://yougov.co.uk/news/2015/02/12/third-british-adults-dont-believe-higher-power/>
- <https://www.theguardian.com/world/2018/nov/14/attendance-church-of-england-sunday-services-falls-again>