

## The "Economist" and Britain's future

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Imagine the scene: the CEO is setting off on a business trip to a country of which he (or, rarely, she) knows little. In the hand-luggage is a briefing for the flight, selected reading that is likely to include the most recent report on that country from the *Economist* [1] magazine, the weekly *vade mecum* of the global business classes. For the magazine (or "newspaper", as it styles itself), such special reports are a hybrid exercise - partly a service to the reader, partly bait for advertisers. The visiting businessman is likely to judge them at face value - as the comprehensive, thoroughly researched and judiciously presented material that the editors claim.

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The *Economist* report, "Britannia redux", is published [2] on 2 February 2007

The *Economist's* self-declared aim since its founding in 1843 has been to take part in "a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress"

The *Economist* rarely produces such reports on Britain, technically its home base, despite the fact that a majority of its readers are based outside the United Kingdom and might be judged in need of the magazine's briefing on the arcane habits and political prospects of the British. "Britannia Redux [3]", an account of the state of Britain after a generation of globalisation and on the brink of a change in political leadership, is therefore an event sufficiently rare that **openDemocracy** is prompted to ask: how accurate and comprehensive a picture does it present? We invited **openDemocracy's** writers to comment and we shall be publishing their responses.

First, though, a brief summary of the *Economist's* findings.

Britain, the magazine argues, has done well out of globalisation because the twenty-five years [4] of profound policy changes that began under the government of Margaret Thatcher [5] have produced a flexible and competitive economy, albeit in a more unequal society.

Britain was well placed to take advantage [6] of globalisation because it has one of the world's most open and flexible economies, scores high on both inward and outward investment, embraced outsourcing and off-shoring and benefited from thriving and deregulated financial markets. Early restructuring eliminated much of the manufacturing base, but the manufacturing that survived - much of it in aerospace, pharmaceuticals and other high-tech sectors - was able to withstand the competitive pressures that globalisation [7] brought.

But is that early success sustainable? The *Economist* points to a number of weak points:

- a trend towards increasing red tape and rising taxes

- an education and skills deficit, along with underfunded universities and underperforming schools
- an increasing challenge [8] from Indian and Chinese graduates
- a growing social malaise that reflects a lack of social cohesion, insecure employment, a widening wealth gap and dislocation caused by inward migration.

In addition, the report argues, Britain's relative economic prosperity under Labour has been helped by three factors that will not continue indefinitely - a debt-propelled [9] consumer boom sustained by rising house prices, the influx of migrant workers [10], and government spending that is running well above the rate of economic growth. In addition, the UK continues to perform poorly in productivity (which the *Economist* reluctantly concludes is largely a management failure) and is running a current-account deficit that could become a problem.

The report sees little to worry about in the performance of the financial and services sector, but warns that four trends could make globalisation falter: a surge in terrorism, concern about global warming, worldwide resource nationalism and a domestic backlash by people in rich countries [11]. It offers little prescription for these potential ills, preferring to speculate on any future change of direction under prime minister Gordon Brown [12] - little change is anticipated - and on the continuing deficiencies of the British education [13] system. This fails, the *Economist* says, in the following respects:

- it does not achieve a balance between technical and academic skills
- it does not have a valued system of vocational training, and therefore does not produce people with mid-level skills
- one-third of pupils leave school with no formal qualifications, and an alarming one-sixth leave functionally illiterate.

In all these respects, Britain is outperformed by countries as diverse as Ireland and South Korea, despite a doubling of spending per head under the Labour government. The report notes the wide performance gap between private and public education, again with no prescription, and concludes that the ostensible improvement in grades may derive from the rising preference for easier subjects.

There are two surprising omissions from the report, and two neglected themes. There is little discussion of the continuing political and economic effects of the war in Iraq, and no mention of the impacts of climate change and the possible impacts of mitigation or adaptation. The report's consideration of continuing pressures for constitutional change is perfunctory, and the growing disillusionment [14] of British voters with Britain's electoral and political system - reflected in falling participation and increasing indifference to politicians of any party - is unmentioned.

Is this a comprehensive, accurate or useful picture of today's Britain? What would **openDemocracy's** readers and writers highlight in their own *Britannia Redux* reports?

Look at the report, read what our writers think - and join the discussion.

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#### Source URL:

[http://www.opendemocracy.net/globalization-britannia\\_redux/economist\\_4310.jsp](http://www.opendemocracy.net/globalization-britannia_redux/economist_4310.jsp)

#### Links:

[1] <http://www.economist.com/index.html>

[2] [http://www.economist.com/world/britain/displayStory.cfm?story\\_id=8582240 target=\\_blank](http://www.economist.com/world/britain/displayStory.cfm?story_id=8582240 target=_blank)

[3] [http://www.economist.com/world/britain/displayStory.cfm?story\\_id=8582240](http://www.economist.com/world/britain/displayStory.cfm?story_id=8582240)

[4] <http://bookshop.blackwell.co.uk/jsp/welcome.jsp?source=rss&isbn=0745638848>

- [5] <http://www.number10.gov.uk/output/Page126.asp>  
[6] <http://yaleglobal.yale.edu/display.article?id=8313>  
[7] [http://www.opendemocracy.net/globalization-vision\\_reflections/article\\_1918.jsp](http://www.opendemocracy.net/globalization-vision_reflections/article_1918.jsp)  
[8] <http://www.demos.co.uk/media/pressreleases/atlasofideas>  
[9] <http://www.creditaction.org.uk/debtstats.htm>  
[10] <http://www.bankofengland.co.uk/publications/news/2007/002.htm>  
[11] [http://www.weforum.org/en/knowledge/KN\\_SESS\\_SUMM\\_19559?url=/en/knowledge/KN\\_SESS\\_SUMM\\_19559](http://www.weforum.org/en/knowledge/KN_SESS_SUMM_19559?url=/en/knowledge/KN_SESS_SUMM_19559)  
[12] [http://www.hm-treasury.gov.uk/about/ministerial\\_profiles/minprofile\\_brown.cfm](http://www.hm-treasury.gov.uk/about/ministerial_profiles/minprofile_brown.cfm)  
[13] <http://press.princeton.edu/titles/7947.html>  
[14] [http://www.democraticaudit.com/british\\_democracy/publicopinion.php](http://www.democraticaudit.com/british_democracy/publicopinion.php)



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