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Britain's decline; its causes and consequences

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This valedictory despatch by Sir Nicholas Henderson was written as he retired from the foreign service a few weeks ago having served successively as Britain's ambassador in Bonn and Paris. Sir Nicholas has subsequently been brought out of retirement to become ambassador in Washington. The despatch does not, needless to say, reach us from him and was presumably written for very limited circulation. But it is so unusually forthright and timely, particularly in its middle and concluding passages on British policy in Europe, under governments of every stripe, as to merit publication virtually in full.

CONFIDENTIAL

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The Rt Hon David Owen, MP
London

SIR – Since Mr Ernest Bevin made his plea a generation ago for more coal to give weight to his foreign policy our economic decline has been such as to sap the foundations of our diplomacy. Conversely, I believe that, during the same period, much of our foreign policy has been such as to contribute to that decline. It is to the interaction of these delicts, spanning my time in the foreign service, that this valedictory despatch is devoted.

The account of our decline

In the immediate aftermath of the war we continued to rank as one of the great powers, admittedly a long way behind the United States and the Soviet Union but nevertheless at the same table as them. A quarter of the world's population did after all still belong to the British Commonwealth and Empire. I myself was able to observe Churchill, Attlee and Bevin dealing on equal terms with Stalin and Truman at the Potsdam conference when no German or Frenchman was present. With the eclipse of Empire, and the emergence of America and Russia, it was inevitable that we would lose comparative power and influence—and to be sure we have been in relative economic decline since the middle of the nineteenth century (when we were still producing two thirds of the world's energy, and half its iron and cotton cloth and when per capita income in Britain was over twice that in Germany and one third greater than in France). But in the mid-1950s we were still the strongest European power militarily and economically. We were also well ahead of all continental countries in the development of atomic energy.

It is our decline since then in relation to our European partners that has been so marked, so that today we are not only no longer a world power, but we are not in the first rank even as a European one. Income per head in Britain is now, for the first time for over 300 years, below that in France. We are scarcely in the same economic league as the Germans or French. We talk of ourselves without shame as being one of the less prosperous countries of Europe. The prognosis for the foreseeable future is discouraging. If present trends continue we shall be overtaken in gdp per head by Italy and Spain well before the end of the century.

A few figures tell the tale of our relative decline:

In 1954 French gdp was 22% lower than our own; German gdp was 9% lower. By 1977 French gdp was 34% higher, and German gdp 61% higher than ours.

Comparative growth of gdp since 1954

(based on figures in US $ at 1970 prices and 1970 exchange rates)

	1954	1960	1977
Britain	100	117	175
France	100	133	297
Germany	100	164	310

Productivity (ie, output per person employed) was about the same in Britain, France and West Germany in 1954, with Britain marginally highest. The following table (see below) shows how we have fallen behind since then.

The exchange rate at any one time may certainly have distorted comparisons of the purchasing power of the pound in relation to the franc and the mark, in the sense that a pound could buy more in London than its equivalent at the prevailing rate of exchange in Paris and Frankfurt, with the result that the index figures for Britain in the above figures may be too low. But the trends, which are based on one price level and constant exchange rates, emerge clearly.

As regards percentage of world trade Britain has likewise declined badly in relation to France and Germany.

gdp per capita (UK=100) since 1954

(based on figures in US $ at 1970 prices and 1970 exchange rates)

	1954	1960	1977
Britain	100	100	100
France	93	103	141
Germany	93	121	146

What the apologists will say

I am aware of the efforts made to contest the relevance of these statistics. Many people believe that the lower prices that exist in Britain offset the impact on living standards of relatively inferior wages. But you cannot get away from the fact that a low gdp means a smaller national cake and that there is less wealth to go round. Some will assert that the figures do not represent the true relative strength. Others will argue that the British way of life, with ingenuity and application devoted to leisure rather than to work, is superior to that elsewhere and is in any case what people want. I do not doubt this; nor do I question the agreeableness or quality of life in Britain or the tolerance of the British people. There is depth in our society that others have not achieved. This is inestimable—though it cannot be taken for granted. My purpose is to show how we are faring in relation to others and to suggest the possible effect on our lives of continuing decline.

On the basis of historical experience it seems to me that it would be wrong to assume that a way of life, based as ours is on a relatively favourable and stable economy, will necessarily remain unimpaired if the conditions change. I cannot say that I have much sympathy for those who seek to justify our present state of affairs by a pastoral apologia. They remind me of the French and German nobility of the eighteenth and nineteenth centuries who were against progress which was synonymous with industrialisation. In any case Britain has a large population, accustomed to and skilled in industrial life, who, within the confines of the British Isles, would suffer a sharp drop in standards if they were destined to become the pioneers of a de-industrial revolution.

Growth of productivity since 1954

(based on figures in US $ at 1970 prices and 1970 exchange rates)

	1954	1960	1977
Britain	100	116	168
France	100	131	266
Germany	100	140	277

You only have to move about western Europe nowadays to realise how poor and unproud the British have become in relation to their neighbours. It shows in the look of our towns, in our airports, in our hospitals and in local amenities; it is painfully apparent in much of our railway system, which until a generation ago was superior to the continental one. In France, for instance, it is evident in spending on household equipment and in the growth of second homes. But lest these be thought subjective judgments let me give two figures that illustrate what has happened over the past 20 years or so.

Share of manufactured goods exported by OECD countries

% at current prices

	1954	1960	1977
Britain	18.9	15.0	8.5
France	7.2	8.7	8.9
Germany	12.2	17.4	18.8

Nor do I believe that counter-attack based on our recent reduction in inflation affects the general picture. (This and other retorts are of course required for immediate diplomatic purposes; but that is outside the scope of this despatch.) Such a line of argument begs the question of why we ever allowed inflation to rocket in 1975 to rates far higher than those in France or Germany. Nor does it touch the essential and long-term

problem of productivity. Output per man-hour in manufacturing industry (in £ per hour) was as follows in 1977:

Britain 2.70
France 4.50
Germany 7.10

	Average earnings of non-managerial staff in manufacturing industry (£ per hour)		Number of registered private vehicles in millions	
	1954	1977	1954	1977
Britain	0.22	1.61	3.2	14.9
France	0.18	1.92	2.7	16.5
Germany	0.15	2.95	1.4	20.2

Contributory causes

This is not the place to discuss comprehensively the causes of our poor productivity which epitomises our decline. The subject is not one of easy solution. But having spent the past seven years in France and the Federal Republic of Germany I have been struck by certain comparisons.

Management

(a) Generalisations on this subject are inevitably unscientific. In many British industries there is no doubt about the high quality of management. But anyone serving abroad soon becomes aware of a lack of professionalism in British management. We have a different attitude towards a career in industry. In the federal republic—as indeed in Germany since the time of Bismarck—industry has tended to attract the best people, whereas in the United Kingdom those leaving school and university seem less prepared to make a career in industry than to join a merchant bank in the City of London or one of the public services. It is partly a question of tradition and prestige but also one of finance. According to the latest figures, the average salary of a middle-grade manager, adjusted for taxes and differences in cost of living, is nearly twice as high in France and Germany as in the United Kingdom.

(b) In France, industry for a long time did not attract the best people, a failure that was partly responsible for France's delayed industrialisation. But there has been a remarkable change in outlook in the past quarter of a century and the elite of the country, such as those who graduate from the Ecole Nationale d'Administration, move freely between the top ranks of government and industry. There is a certain parallelism here between France and America. The present French foreign minister, Mr Francois-Poncet, began his career in the foreign service and then had a spell in industry before returning to the public Service. Or take the new head of Peugeot-Citroen, Mr Jean-Paul Parayre, who at the age of 41 holds one of the most onerous posts in the country. A graduate of the Ecole Polytechnique, he worked as an official in the department of industry before leaving the civil service to enter industry. His present salary is over twice that of the chairman of British Leyland, leaving many fringe benefits out of account. The maximum tax on his salary is 60%, whereas that on Mr Edwardes's is 83%.

(c) Unfortunately, there is evidence here of the drain upon our engineering and managerial resources produced by the poor relative financial rewards in British industry. Not only are British engineers and managers leaving Britain for overseas French projects but they are coming to work for French and multinational firms in France. For example, one major French engineering firm employs 10 British engineers in Paris. It is relevant to record here the great importance the French attach to their famous engineering schools (the Polytechnique and the Ponts et Chaussees, etc) and to the training of engineers as all-round managers. This opens up for the profession the plums of high industrial command.

(d) So far as the management of major capital projects by government is concerned our vision appears limited and our purpose changeable, at any rate compared with France and Germany. This is particularly noticeable in transport. We started work on two large plans, the third London airport and the Channel tunnel, only to cancel both. To arrive nowadays at London Airport from a French or German airport is to be made immediately aware that our standards have slipped.

Trade-union structure and labour relations

(e) In trade-union structure, as in management, our present difficulties are rooted in the distant past; they do not arise from recent decisions and cannot be quickly or easily cured.

(f) Neither Germany nor France has craft unions. Membership is based not on occupation but on the industry

in which the person works. There is, therefore, no temptation for one craft in an industry to pursue its sectional interests at the expense of another or of the company as a whole. The number of trade unions in the two countries is much smaller than in the United Kingdom, as is the proportion of the work force belonging to them. In Germany there are 17 industrial unions fully integrated within the DGB (German trade-union federation). Since each of these unions would have members among all grades of manual and clerical workers in the plant they would not have conflicting sectional interests. French trade unions are grouped into six major confederations. A major employer in the engineering industry would have to deal with not more than three unions, and each of these unions would claim to represent all workers in the plant. There are 115 trade unions affiliated to the Trades Union Congress in Britain.

(g) These features make it easier in France and Germany to negotiate settlements and to make them stick.

(h) In both Germany and France the closed shop is against the constitution, hence illegal; in both countries collective agreements are binding contracts enforceable in law. In neither country is it the practice for people to go on strike before a wage agreement has expired (in Germany it is illegal to do so). In contrast to Britain, strikers in Germany and France do not receive regular income-tax rebates while they are on strike. Nearly always in Britain in recent years a strike has led to a very favourable settlement for the employees; in France and Germany this has not been so, eg, the steel strike in Germany and the air traffic controllers' work to rule in France. The labour counsellor here cannot think of a single strike in France in the past two years that has achieved its objective.

(i) There is no shop-floor control over production in France as there is in Britain. No French manager thinks twice about changing people's duties or their timetables if that is required for efficiency, nor does he hesitate to install new machinery and instruct people that from Monday onwards they will be working at x instead of y. Neither in France nor Germany has responsibility for production shifted out of the hands of management into those of trade-union representatives.

(j) The paradox of the British labour scene at the present time is that, despite the contribution our unions have made towards a better safety record in our factories, their influence and ready resort to strike pressure have not secured better general employment conditions than in France and Germany: not only are real wages lower but hours of work are longer.

(k) The following figures are telling:

	Percentage of labour force in trade unions	Numbers of days lost in industrial disputes in all industries and services (in thousands)	
		1957	1977
Britain	50	6,012	10,142
France	22	3,506	2,434
Germany	44	69	86

Inter-relation between the economy and foreign policy

The bearing of our weakness upon our foreign policy is almost too obvious to require analysis. In the immediate postwar world we were the second most important power in the Far East with all the influence that that carried. We played a major part in the 1954 Geneva conference on Indochina and in the formation of the South-east Asia Treaty Organisation the same year. We were the predominant power in the Middle East from Iran to Libya, from Iraq to Aden; we were the only outside power that had troops there, except for the Russians for a short time in northern Iran. The Suez debacle in 1956 was a sudden eye-opener to the decline of British power in the eastern Mediterranean—as indeed it contributed to it. Our subsequent withdrawal from the Gulf—which as many predicted was followed by the loss of western influence over the price of oil—may have been inevitable at some stage, but it was precipitated by the devaluation crisis of 1967. General de Gaulle was able to say the some year that the United Kingdom was too weak economically to be able to join the common market.

At the present time, although we still retain certain extra-European responsibilities, eg, in Rhodesia and Cyprus, we are unable to influence events in the way we want because we do not have the power or will to do so. It is true that we may have a special relationship with America, and, based as this is upon certain shared traditions and responsibilities, it will continue.

But anyone who has followed American policy towards Europe closely over the past few years will know how much our role as Washington's European partner has declined in relation to that of Germany or France. France, in fact, over a period of nearly two decades pursued a blatantly anti-American policy, but its importance to America is much greater now than at the beginning of that period, because of its economic strength.

As regards Europe, the fact must be faced that for the first time for centuries British policy cannot be based upon the prevention of any single power dominating the continent because, out of weakness, we would be unable to do this. For more than a decade after 1945 we held back from joining in schemes of greater European unity; we were confident of our superior strength in relation to our European neighbours, and we did not think that anything would succeed without us. Then when the others showed that they were determined to go ahead on their own we found that we were unable to prevent them doing so or to shape what emerged in the way we wanted. For long we underestimated the economic prospects of our European neighbours and for even longer we overestimated our own strength and influence in relation to them.

The recent intensification in the Paris-Bonn relationship owes a good deal to our economic weakness, as to our a-European diplomacy. President Giscard is not really very interested in us at the moment and gives the impression that Anglo-French relations only feature in his mind when the annual summit comes along. It is sometimes said in London that if only we pursued our interests in Europe as ruthlessly as the French did we would have a scoring rate as high as theirs. This is another example of how we overestimate our influence and our nuisance value: we do not count in Europe like the French; the other countries of the community know that they can get along quite well—some say better—without us as they have done for years. But there is another distinction which I must make in parenthesis here. French policy is certainly hard-headed now, but there is more to it than that: it is constructive about Europe (eg, direct elections, the European Council, the Three Wise Men) which makes the ruthlessness both more effective and more acceptable to the rest of the community.

I should also interject here that British representatives abroad naturally do their best to prevent too pessimistic a picture of our economy from gaining ground; and, indeed, there are important tasks of correction and proportion to be carried out. But the facts of our decline are too well known for us to be able to persuade foreign observers that there is really little wrong with our industrial scene. Indeed we harp on our poverty to justify our plea for budgetary changes in the community. In France we have come nowadays to be identified with malaise as closely as in the old days we were associated with success. In many public statements Britain is mentioned as a model not to follow if economic disaster is to be avoided. It is striking how, at French functions where a British representative is present and there is a need for some obliging observation about us to be made, speakers seem unable to find anything to refer to that has happened since 1940-45, a period which still indeed affords us a good deal of capital. The French press is full of articles about Britain's plight, not least depressing for their patronising search for favourable elements such as our language and our humour.

Foreign policy decisions

We had every western European government ready to eat out of our hand in the immediate aftermath of war. For several years our prestige and influence were paramount and we could have stamped Europe as we wished. Jean Monnet and others on the continent had originally hoped to build a European economic union around the nucleus of a Franco-British union. It was the failure of the British to respond to this idea that led them to explore alternative approaches, in particular the idea of a coal and steel community based upon a Franco-German rather than a Franco-British axis. This was a turning-point in postwar history. The French were not very tactful in the way they confronted the British government with the proposals for the Schuman plan. But Monnet knew by 1950 that the British government was not prepared to make the leap necessary to join the sort of organisation that he was thinking of, one that would achieve lasting Franco- German reconciliation and set Europe on a new course. He sensed that London did not really believe that the idea would come off, and that in any case their fears of supranationality would deter them. He was correct in his analysis.

But what is amazing looking back is the way in which the British government reached so important a decision. The full British cabinet never dealt with the question. Neither the prime minister, nor the foreign secretary (Mr Bevin was in hospital), nor the chancellor of the exchequer, nor the lord chancellor, were present at the ministerial meeting which took the decision against British participation in the European Coal and Steel Community (ECSC). At the start of his foreign secretaryship, Mr Ernest Bevin was in favour of a European customs union, but this was anathema in the rest of Whitehall, particularly in the treasury and board of trade.

Furthermore, as the centre and right came to power in France and West Germany in the late 1940s, the ideal of a socialist Europe, for which there had been enthusiasm in the Labour party, looked impracticable. Continental socialists continued to favour progress towards European union and this difference in outlook came to be an important cause of the gap that has existed ever since between them and the Labour party. In 1950 the national executive committee of the Labour party declared: “In every respect, except distance, we in Britain are closer to our kinsmen in Australia and New Zealand on the far side of the world than we are to

Europe."

In his maiden speech in the house of commons, Mr Edward Heath urged the government to join the ECSC. But, despite Mr Winston Churchill's clarion call for a united Europe in the years immediately after the war, the Conservatives when they came to power in the early 1950s did nothing to implement it. They fought just as shy of supranationality as did the Labour party. Referring to the ideal of European integration, Mr Anthony Eden said in January, 1952, "This is something which we know, in our bones, we cannot do...For Britain's story and her interests lie beyond the continent of Europe. Our thoughts move across the seas..." At the start of the European Coal and Steel Community the Financial Times described it as a "cross between a frustrated cartel and a pipe dream".

In the mid-1950s we refused to participate in the creation of a European Defence Community, a decision that was largely responsible for its still-birth, and that led as a compensation to the formation of the West European Union with the heavy obligation to maintain a specific number of British troops in Germany. It should be emphasised here that this despatch does not attempt to deal with the defence aspects of our policy. We have certainly benefited militarily from close collaboration with the United States; and notwithstanding our economic weakness we have continued to play a highly important defence role in western Europe, the political implications of which cannot be overestimated.

We withdrew from the Spaak committee in 1955 which we had been invited to join after the Messina conference and which had the task of drafting proposals for the creation of a European atomic energy authority and a European common market. We refused to join the former largely because we thought that we would be giving rather than receiving. When we saw that, notwithstanding our absence, and contrary therefore to our expectations, the common market was going to come into being we tried to prevent this happening; and when this failed we did our best to encompass it in a free trade area.

This effort, which we described as a "Grand Design" for Europe, caused considerable resentment on the continent where it was looked upon as a wrecking tactic. When it broke down we formed Efta, but that was no adequate solution, political or economic. By 1960 the British government was seeking was of bringing about a close association with the Six and we then made our application to join the community, mainly for political—and as so often in postwar British foreign policy, for contradictory political—reasons. We were worried that instability in France and Germany might cause the community to disintegrate; we were also concerned that if the community prospered and achieved the promised cohesion it would become something from which we would not want to be excluded, particularly as the United States would be inclined to regard it as a main partner in Europe. When, after de Gaulle's vetoes and further knocking at the door we were eventually admitted to the community, our policy towards it did not smack of wholehearted commitment even after the overwhelming referendum.

These postwar policy decisions appear to have flowed from a series of questionable judgments. We do not seem to have grasped that relations between France and Germany, the central equation of Europe, were now on a new footing: if not united they were not brought together by the psychological bond of defeat in war—for the first time for nearly a century and a half; the two countries were quits at last and both had a similar purpose in extricating themselves from national humiliation. After 1945 our ethos was quite different, but the foundations of our national life were far from sound. Although we were victorious we were only marginally victorious: we did not have the spur that defeat might have provided, nor did we have the strength with which victory should have endowed us.

Because we had survived the war intact we did not realise fully the motives or strength of the European search for unity. We underestimated the recovery powers of the continental countries and the great boost that could be given to their industrial development by membership of a common market. We overlooked one of the prime lessons of our own history, that we had been able to spearhead the industrial revolution in the eighteenth century, not because of our size—we only had a third of the population of France—but because, at a time when the countries of the continent were fragmented by internal tolls and tariff barriers, we were the biggest single market in Europe. We did not perceive fully how the Commonwealth would evolve and the reduced political and economic role that we would have in it. (For instance, we were taken aback when, in 1957, our proposal for a British-Canadian free trade area was turned down by Ottawa.) Continuing for long to believe that we had a unique part to play on the world scene because of our participation in Churchill's three interlocking circles, we were concerned that too close a relationship with Europe would weaken our influence in the other two circles, those of the Commonwealth and America.

There is no doubt that in the years just after the war any loosening of the Commonwealth link would have

been inexpedient in the national interest as well as unacceptable to public opinion. Bevin was always saying that he could not choose between Europe and the Commonwealth and, as suggested above, the French were tactless in the way that they advanced the Schuman plan idea as though it involved a choice of this kind. But in fact at that stage of postwar history to have joined the movement towards greater European unity, of which the Schuman plan was the first essential step, need not have involved any loosening in the link between London and the other countries of the Commonwealth. By the time the development of Europe would have called for such a reduction in Commonwealth solidarity, the other countries of the Commonwealth themselves would have been prepared for such a change.

As regards the American connection the paradox has been that since the early days of peace the American government was promoting the cause of European unity. Monnet had extremely close contacts in the United States and there is evidence that it was the Americans themselves who stimulated the ideas that led to the Schuman plan. Yet, as already indicated, one of Britain's hesitations about Europe arose from its fear that participation in plans for greater European integration would lead to a loosening of London's special relationship with Washington.

Finally, and as a reflection of our inability to grasp the importance of the idea of Europe, we persisted in the crucial years of 1955 to 1960 in trying to fit new pictures into old frames. It was almost an obsession with us, at the formative time before and after the Messina conference, that the Organisation of European Economic Co-operation (OEEC) was all that was needed to bring about closer unity in Europe and that no new machinery was necessary. Sir Ivone Kirkpatrick recorded on November 25, 1955, that “Messina is a doubtful, if not actual wrong approach, and OEEC is a better one.” There was a constant concern about overlapping and the wish to avoid untidiness—yet what was at issue was not a matter of efficiency but of politics.

The impact of these decisions upon the economy

Whatever the reasons behind them, our decisions in these years undoubtedly had an adverse effect upon our economy. We continued for too long to try to play a world role and failed to cut our coat according to our cloth. The prime minister was saying as lately as July, 1965, that “our frontiers are on the Himalayas”. In consequence we were overextended financially and then when the realities of our economic weakness became inescapable we had to draw our horns in precipitously. By excluding ourselves from the organisations of the Six that drew up the Treaty of Rome we deprived ourselves of the chance of fashioning the organisation at the outset to suit our interests.

It is worth bearing in mind that the Messina conference resolution, the genesis of the Treaty of Rome, made no mention of an agricultural policy—indeed the word agriculture does not appear in it. Without our presence, the treaty was drafted with the establishment of a common policy in agriculture as one of the objectives of the community. On the other hand, there was nothing in the treaty that provided for the direction of community funds to industry.

During the 1960s, the six signatories of the Treaty of Rome were able to develop their trade with each other and to create a large and sophisticated market. We had to content ourselves with continuing to trade in our traditional markets. We missed the opportunity, in the heyday before the rise in oil prices, to intensify our trade with Europe on the scale achieved by the original Six; no less important, British industry did not, at a time when it could have survived and profited by it, have to undergo the disciplines of a single highly competitive market. This has meant that Britain has not paid the same attention as its European partners to the development of high-technology products, or to the application of the latest technology to conventional production.

Twenty years ago we were ahead of France and Germany in many high technologies; but our leads have been whittled away, perhaps most startlingly in civil nuclear power. There are of course important exceptions and British representatives abroad are continually drawing attention to and promoting our successes. But the French and Germans have tended to go in for meeting a growing demand for equipment that sells on technology, quality and reliability rather than on price. One of our main problems at the present time, which flows directly from the absence of adequate competitive pressure in the key years of the 1960s and early 1970s, is that our age-long tradition of producing goods of high quality has been impaired. We are unable to match the formidable quality-control standards set by continental manufacturers, eg, in the production of automotive components.

We have indeed gone so far down market that we now tend to become subcontractors where we do not get

the benefits of high added value. (The British manufacturing industry, may it be said in parenthesis, has also found itself unable to meet the demands of the hard-headed British consumers who have increasingly looked to foreign producers.) The half-heartedness of Britain's political commitment to Europe is reflected in a similar lack of total involvement by British industrialists in meeting the requirements of the highly competitive continental market.

World economic conditions have been particularly difficult during the years that we have been members of the community. The community itself has been under severe strain and has been searching about for means of increasing its cohesion in the face of a world outside becoming colder and colder. The policies we have pursued towards it, or rather the style of our diplomacy, have not been a contribution to this task. Renegotiation distracted the European community for nearly 18 months from what should have been its prime task of coping with the oil-price crisis; nor did it do anything substantial to correct the financial problems of our membership.

It is impossible to say with any precision how much membership of the community could have helped as if our commitment to it had been more wholehearted. Our entry coincided with a world recession which we, largely as a result of our own earlier policies, were less able to withstand than our new partners. But there is no doubt that our general stance in the community has made us look an unco-operative member, with inevitable results. In areas where we should stand to benefit, eg, regional development and the social fund, the rewards for Britain have been less than we hoped. On points where we have an excellent case, such as the CAP and the budget, we are listened to with less sympathy than our arguments deserve. And when we stand aside, as in the EMS, there is a natural tendency for the other eight to think in terms of going ahead without us.

The future

Even the most pessimistic account of our decline contains grounds for hope. The fact that France and the Federal Republic of Germany have managed to achieve such progress in so relatively short a time shows what can be done if there is the necessary will and leadership. Anybody who remembers the state of affairs in those countries in the decade following the war and compares it with the present day must conclude that nothing in a country's future is inevitable and that everything depends upon the national purpose. So far as we are concerned, if the fault that we are underlings lies “not in our stars but in ourselves”, we are surely capable, unless our national character has undergone some profound metamorphosis, of resuming mastery of our fate. But a considerable jolt is going to be needed if a lasting attenuation of civic purpose and courage is to be averted. North Sea oil should provide the material impulse, just as coal did two centuries ago. There are human elements that favour us compared with others: our political stability and the absence of that tendency to explosion that could always afflict France.

It would be outside the scope of this valedictory despatch to try to chart the course that we might follow to turn around our present situation. Obviously there are no simple solutions and the difficulties are to be found as much in attitudes as in institutions. At the risk of oversimplification I should like to end with three conclusions based on the years I have spent at the end of my career in France and Germany and comparing their present situations with ours.

First, if we are to defend our interests in Europe there must be a change in the style of our policy towards it. This does not mean giving things up or failing to assert our rights and requirements. It does mean, however, behaving as though we were fully and irrevocably committed to Europe. We should be able to put at the service of the community the imagination, tolerance and commonsense that have formed our own national institutions. We could have ideas to contribute. Pragmatism may be a good basis for the government of a more or less uniform country speaking a single language, or for the conduct of foreign policy from strength when the aim is simply to prevent another power dominating Europe, but it may not be a panacea for creating something quite new and ambitious in international affairs, an organisation embracing different peoples of varying languages and traditions. This may call for the sort of originality of political thought in foreign affairs that we contributed in earlier times to the theory of government.

There is certainly an acute problem ahead over our net budgetary contribution to the community. We have been hardly done by here. We are not going to find an easy solution whatever we do. So far as money is concerned the community is imbued with a spirit of grasp and take. But there is only one way to go about it if we are to hope to get our way, and that is to have a heart-to-heart talk with the leaders of the other eight countries on the basis that we are unreserved and constant members interested in the fortunes of the community as a whole. To issue a warning of withdrawal if we do not get our way would not help our community partners believe that we would have more to lose than they by our withdrawal.

Secondly, viewed from abroad, it looks as though the facts of our present circumstances are not universally recognised in Britain. The British people do not give the impression that they are fully aware of how far Britain's economy has fallen behind that of our European neighbours or of the consequences of this upon living standards. Naturally people are conscious that they are better off now than 25 years ago but they may not know to what extent others in Europe have done much better or of the effects needed to reverse the trend. As Isaac Newton wrote, the important thing is “to learn not to teach”. It may be our turn to learn from others, having been teachers for so long.

In this fact-facing exercise the authorities may have a role to play so as to ensure that the public do not remain in ignorance of something that is a matter of national concern. It is impossible for anyone of my generation to forget how little the British government of the 1930s did to enlighten the British people about the rise of Nazi Germany. The needs today are certainly of a different kind but there does seem to be a responsibility upon government to prevent people being unaware of something that will certainly one day affect their future. There is also a task of explaining the community to the British public rather than making it the scapegoat for our ills.

Finally, and as a corollary to this process of enlightenment, there would appear to be a need at the present time to do something to stimulate a sense of national purpose, of something akin to what has inspired the French and Germans over the past 25 years. No doubt the sort of patriotic language and flag waving of former times is inappropriate for us today. The revival of Germany has not owed anything to that kind of stimulus. But nevertheless the Germans have felt motivated by the dire need to rise from the ashes in 1945, and they have had to recover from their past politically too. Hence the dogged devotion to democracy that the Germans have shown since the war and the obligation that every one of them feels to make a contribution to economic, as well as political, recovery. Reaching out from their traditional Bismarckian policy of trying to balance east and west, the Germans have now identified their cause with commitment to the west.

The French on the other hand have found their national revival in a more traditional appeal to patriotism. They started at the bottom of the pit but it has not only been de Gaulle who has played on the need to overcome the country's sense of defeat and national humiliation. Giscard is no less ready to play on chauvinistic chords. In a speech that he made recently that lasted only eight minutes he used the word “France” over 23 times and the word “win” seven times. Yet, to those who have known the French people in earlier days, it is impossible to believe that they are necessarily readier to make sacrifices or to respond to patriotic appeals than their British counterparts.

Conclusion

These then are the words with which I would like to end my official career, and if it is said that they go beyond the limits of an ambassador's normal responsibilities I would say that the fulfilment of these responsibilities is not possible in western Europe in the present uncertain state of our economy and of our European policy.

A representative abroad has a duty to draw the attention of the authorities at home to the realities of how we look, just as he has an obligation to try to persuade the government and people of the country to which he is accredited that present difficulties must be kept in perspective. The tailored reporting from Berlin in the late 1930s and the encouragement it gave to the policy of appeasement is a study in scarlet for every postwar diplomat. Viewed from the continent our standing at the present time is low. But this is not for the first time in our history, and we can recover if the facts are known and faced and if the British people can be fired with a sense of national will such as others have found these past years. For the benefit of ourselves and of Europe let us then show the adaptability that has been the hallmark of our history—and do so now so that the warnings of this despatch may before long sound no more ominous than the recorded alarms of a wartime siren.