

Should we fear a return to British shipbuilding?

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The title of this blog includes reference to the 1982 single 'Shipbuilding' that was released by singer Robert Wyatt who'd been a founding member of Soft Machine. Shipbuilding was written by, arguably, England's greatest lyricist, Elvis Costello and concerned the Falklands War between the UK and Argentina in which, respectively, 904 and 2,412 largely military personnel were killed and injured.

Costello, never shy in declaring his feelings in lyrics, used Shipbuilding to point out the supreme irony of working classes, who were being affected by the collapse of traditional industries, being sent to fight and die in a war with Argentina for a group of islands practically no-one had ever heard of. As the first few words of the opening line states, "Is it worth it?" Costello invoking pathos in contrasted euphoria of jobs created in shipbuilding for war with next of kin receiving letters informing them of the deaths of loved ones.

Those over 50 will recall the Falklands War as a short and, at times, nasty conflict. Though outnumbered, with no (obvious) supply lines, with very limited equipment, already depleted by the sinking of merchant navy ship Atlantic that had been hit by two Argentine air-launched AM39 Exocet missiles, killing 12 sailors, professionally trained British forces were able to defeat a largely conscript army that was demoralised and poorly organised.

Victory in the Falklands for Prime Minister Margaret Thatcher came at a time when she'd been deeply loathed by those accusing her of implementing neoliberal monetarist policies that had caused unemployment to rise dramatically across the UK but especially outside of the south east.

Thatcher, who'd surprisingly become leader of the Conservative Party in 1975 by eschewing her predecessor Ted Heath's inclusive stance and

gained power in 1979 by arguing that British industry lacked competitiveness because of socialist policies implemented by Labour, was now regarded as a politician who had, as the popular vernacular goes, “balls”!

Though we can only speculate as to what Thatcher would have made of Brexit, it's not unreasonable to believe that she'd have approved of the current stance of Boris Johnson and his government in playing 'hardball' and being willing to consider moving to WTO (World Trade Organisation) rules for trade with the EU from 1st January 2021. After all, a leader who clearly delighted in the moniker of being the 'Iron Lady', would not have batted an eyelid.

In recalling the Falklands war, Thatcher was counselled by many within her own party and by leaders of other nations to sue for peace and cede the islands to Argentina. One of the terrible ironies of the conflict was the interplay of geopolitics in that the Exocet missiles that sunk so many ships and claimed so many British lives, were French built; as were the Super Étendard planes used to launch them.

For Thatcher, this was an unforgivable contravention of the *spirit de corps* that was intended to a central principle of membership of what was then the EEC (European Economic Community). Apparently, it's alleged, her domineering father had taught her not to trust the French as too-Roman Catholic and too Communist as well as riddled with sexual disease! It's perhaps little wonder that François Mitterrand who was President of France from 1981 to 1995 found their exchanges, especially after the Falklands War, tense and stated that she possessed had “the eyes of Caligula (and the mouth of Marilyn Monroe)”.

Boris Johnson's eyes or lips are never likely to be thought of in the same way as Thatcher's. Nonetheless, in the midst of a health crisis creating economic consequences unlike anything experienced in living memory, including unemployment already at 5.8% and, depending on how quickly we escape recession, could rise to over 10%, there is an increasing perception that he is willing to put himself on collision course with the EU that would rival her spat with President Mitterrand.

Trade Secretary Liz Truss's announcement of tariffs that would be applied to imported goods from countries without a free trade

agreement when it leaves the single market will cause possible consternation among EU leaders who probably feel that there is a 'bad faith' is being exhibited by

Johnson, in signing the political declaration last year, providing a framework for the future relationship between the EU and the UK appeared to have agreed to ensuring, as the document stated, "geographic proximity and economic interdependence" of the two sides as well "robust commitments to ensure a level playing field".

The EU, recognising that the UK would be a very significant competitor on its doorstep, has always been aware that without agreement to adhere to maintenance of consistency on workers' rights, environmental protection, taxation and state aid or subsidies for business, the UK could deviate and reduce costs therefore becoming more attractive.

Correspondingly, as [The Financial Times](#)' George Parker and Peter Foster in London and Jim Brunsden in Brussels explain, Johnson presented the full legal details of the "Canada-style" free trade agreement that he's like to achieve in terms of a free trade deal with the EU. Global trade analysts believe that it is an attempt to 'cherry pick' what it wants and "his demands went well beyond any deal previously agreed by Brussels."

What's going on is probably a degree of the sabre-rattling that we've seen previously even before the resignation of Theresa May but which, during his campaign to replace her, Johnson was only too happy to ramp up. And as [part of the narrative](#) that accompanied the announcement by Truss, much was made of the protection to British carmakers and farmers through a 10% duty on cars, beef, butter and poultry. The impact of such levies will result in some produce being more [expensive for shoppers](#).

The government's wisdom is presumably based on its stated logic that streamlining and simplifying tariffs on more than 6,000 products, particularly on those that are imported components for manufacturers, will increase competitiveness among firms so they can sell more goods and create additional jobs. As such, leaving with no deal and, as argued by Truss, having more freedom in trade will support the UK's industry and businesses to "overcome the unprecedented economic challenges posed by coronavirus."

In the context of the current devastation that's being experienced by hundreds of thousands of companies, the anguish felt by those who are now unemployed and either claiming universal credit, 'furloughed' (some 8 million) or self-employed who may have no work or access to benefit, this will come as small comfort. Indeed, it's likely to be seen as a peculiar sideshow.

However, as many economic commentators point out, myself included, any belief that this would be a short and very sharp extreme 'V' shaped recession was always overly-optimistic. In admitting that it is "not obvious" that there is going to be an "immediate bounce back" in the economy once lockdown ends, Chancellor Rishi Sunak is acknowledging the potential for times to be tough for many months ahead. [The Guardian's](#) Larry Elliott believes that once furloughing ends it is entirely possible that unemployment could reach the 20% that has already occurred in the US.

Margaret Thatcher was lucky in her conflicts. Had she not won the Falklands War and moreover, as some warned her was possible, lost the main aircraft carrier *Invincible* to an Exocet missile, her fate may have been somewhat different.

Boris Johnson is believed to be equally lucky. He's become Prime Minister despite character flaws and numerous *faux pas* that would have sunk the careers of most others. However, unlike Thatcher, he appears to have no particular fixed views about anything other than his own self-aggrandisement and entitlement.

Johnson should know that unemployment, should it become endemic, creates tension and inculcates an environment ripe for social unrest. In many countries, most especially the US, there's a marked rise in protectionism and willingness to blame others from for internal shortcomings. This is a noxious combination.

From that perspective, rather trying to employ nationalism as a way of seducing UK citizens that their economic prospects will be enhanced by what would be an acrimonious divorce between the UK and EU of 'no deal', Johnson should radically alter the rhetoric to collaboration and cooperation. This is what defeated the tyrannical Nazis in 1945 and led to a post-war Europe with much enhanced opportunities for all.

Increased protectionism is a slippery slope which, as history demonstrates, tends to produce mistrust and potential conflict. Conflict has a dreadful habit of ending in the need for the sort of shipbuilding Elvis Costello wrote so plaintively against.

Surely, it must be asked, have we not seen enough conflict and, very sadly, death in recent weeks?

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