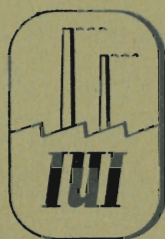


INDUSTRIENS UTREDNINGSSINSTITUT

**ENGELSKA SYNPUNKTER  
PÅ NÄRINGSPOLITIKEN  
EFTER KRIGET**



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STOCKHOLM

1943

I England har som bekant sedan en längre tid pågått en livlig diskussion angående de ekonomiska efterkrigsproblemen. Under de senaste månaderna ha även ett antal medlemmar av den engelska regeringen framlagt synpunkter på dessa problem, som givit anledning till kommentarer i pressen. Då det för närvarande möter stora svårigheter att kontinuerligt följa diskussionen i England, har utredningsinstitutet ansett det vara av värde att sammanställa några engelska uttalanden, som på ett särskilt intressant sätt belysa olika näringspolitiska frågor.

Utom ett tal av Churchill den 21 mars i år ingå i samlingen tal av handelsministern Dalton, inrikesministern Morrison samt finansministern Kingsley Wood. Kommentarererna äro hämtade från Economist och Times. Samtliga uttalanden stå i kronologisk ordning.

I dessa uttalanden beröras frågor rörande näringslivets utveckling efter kriget såväl på kort som på lång sikt. Bland frågor, som blivit mera utförligt berörda, märkas särskilt följande:

Omställningen från krigs- till fredshushållning; kontrollåtgärdernas bibehållande under en övergångsperiod (speciellt Kingsley Wood).

Målsättningen för den industriella näringspolitiken på längre sikt: behovet av industriellt framåtskridande i syfte att stärka den engelska ekonomien och möjliggöra en standardhöjning, behovet av social trygghet samt kravet på full sysselsättning. Frågan om avvägningen mellan dessa olika målsättningar.

Frågan på vilka vägar och genom vilka organisationsformer de uppställda målen bäst skola kunna nås: exportens prioritetsställning; de industriella organisationernas arbetsuppgifter och näringslivets självbestämmanderätt i förhållande till staten; enskild kontra statlig företagsamhet.

Sammanställningen har gjorts av doktor Erik Heinertz.

Stockholm den 26 juni 1943.

Ingvar Svennilson

## Innehållsförteckning

Herbert Morrisons tal i Swindon 20.12 1942.

Kommentar av Economist till Herbert Morrisons tal.

Kingsley Woods tal i underhuset 2.2 1943.

Kommentar av Economist till Kingsley Woods tal.

Hugh Daltons tal i underhuset 3.2 1943.

Winston Churchills radioanförande 21.3. 1943.

Kommentar av Times till Herbert Morrisons tal i Leeds  
3.4 1943.

Ledare i Times 9.4 1943.

Herbert Morrisons tal i Swindon av den 20.12.1942.

The Manchester Guardian Weekly, 24.12.1942.

### CONTROL OF MONOPOLIES

Mr. Herbert Morrison, Home Secretary and Minister of Home Security, speaking at Swindon on Sunday, said that for himself he had no doubt that it was the duty of this or any other Government to make provision for a minimum standard of life that would keep our population, without exception, decently fed and properly looked after in illness, misfortune, and old age. He continued:

Security is like happiness, as many an individual has found; if you put it first and make it your aim, you lose it. I think it is this truth which is at the back of the minds of those who fear that schemes of social security may sap the people's initiative and enterprise and rob them of their will to work. They see the need of a spirit of effort, initiative, and adventure, and I agree with them. I agree that if people have security and no purpose, no sense of loyalty to something beyond themselves, they will relapse into inertia.

But the conclusion I draw is different from that of the critics. I don't believe in the moral value of imposing insecurity on people for its own sake. I don't believe in trying to whip them into achievement with the lash of fear and of want. I believe in getting the best out of people; I believe the best in our people is magnificently good; I believe they can be led to rise to great occasions in peace as in war; I believe that education is a better taskmaster than unemployment, leadership than want, faith than fear.

After the war, the fate of our people will depend upon their power to put first things first. Our economic life must be organised directly to achieve its object, a right standard of public wellbeing. That means turning our backs for ever on schemes of restriction whether of goods or of labour.

#### WISE CONTROL MUST CONTINUE

In my view, to ensure full national output and a proper welfare standard for all, much of the social control of production which we have learnt to accept and to value during the war will need to be continued during the peace.

Social control of production, however, may take many different forms; how much of it we want, and in what forms, cannot be settled in terms of any political dogma. The sole test must be whether the public interest is served by such measures in particular cases or not. Some forms of economic activity would, like our postal and telegraphic communications, respond well to ownership and management by a department of State. But the public concern in this form is certainly not a universal panacea. Rather is it likely to be exceptional.

What, for instance, should we do with our natural monopolies, industries which cannot be carried on properly at all except on a monopoly basis? It may be that instead of leaving them in private hands, tied down and hedged about by a tangle of statutory restrictions or bureaucratic checks, we should get

better national service from them if we turned them into public corporations like the Central Electricity Board, the London Transport Board, or, in another sphere, the B.B.C.

Again, what should be done with industries which are not natural monopolies but have, by their growth and development in modern conditions, come nearer and nearer to being monopolies in fact, through the operation of mergings and trade agreements or cartels, like the iron and steel or chemical industries? These are great basic industries on which national wellbeing in peace and safety in war directly depend. We can't leave them alone in their monopolistic glory - we don't want to turn Britain into a corporative State and to adopt Fascism in its economic forms. The answer may be anything from a public corporation to some form of management under a board of directors with a nationally nominated chairman. The thing that matters is to secure in these large-scale basic industries a due measure of public guidance and public accountability - and these are not things which can be left to chance.

Then there are kinds of business where individual enterprise has a lot of value even in modern conditions - small businesses and some kinds of medium and small scale manufacture. Here the answer may be that the community will best serve itself by standing aside, apart from insisting upon proper business practice and standard minimum pay and conditions for employees of all grades.

There will be a substantial place too, as there is now, for the co-operative movement in trade, and also I believe for co-operative enterprise in agricultural production and marketing. Farmers may find the answer to many of their problems and the means of preserving much of what is best in wartime arrangements by schemes of mutual aid on a systematic basis.

#### INDUSTRIAL PLANNING

After the war we shall have to approach all our economic problems on the basis that the interest of the community comes first. We should, I believe, have an annual economic and industrial budget as we now have an annual financial Budget. We shall need each year a statement of the cost not merely of government, the social services, and the armed forces but also of our national needs for wages and salaries, new capital outlay, and capital repairs and renewals. We shall, in fact, have to estimate the size not merely, as we do now, of the State Budget but of the national income as a whole, and relate it to the demands we want to make upon it.

No longer must we be in any doubt about whether we can afford this form of social security or that enlargement of Government activity. Such questions must not be left to the conjectures of partisans with an axe to grind. They must be matters much more of ascertainable fact than they were before the war.

Our public policy as a whole will not be sound unless it is founded firmly upon a clear appreciation of values other than material ones. Efficient organisation of industry is right, but it is not enough. Social security too can be abused - at both ends of the economic scale. Poor people may learn to depend upon public schemes of welfare without developing a corresponding sense of their duty to the community. Richer people may equally defraud the community's productive labour force by enjoying their incomes without feeling or discharging a corresponding obligation

We want better standards than the old Victorian code of doing the best one can for oneself. While one cannot enforce the Golden Rule by a process of law, one can build an economic society in which it is easier to be unselfish and much less profitable to be selfish than the world in which you and I grew up.

FORWARD LOOK

Mr Morrison's week-end speech at Swindon was in some ways the best speech any Minister has yet made on the future of economic policy. The old Socialist cry of "the nationalisation of the means of production, distribution and exchange" is apparently outmoded. Mr Morrison's plea for a balance between public and private enterprise in reconstruction was only different from the programme supported by, say, Mr Lyttelton in its different starting point. Mr Morrison laid down three principles for future policy: the development, by the state and by its citizens, of "a spirit of effort, initiative and adventure" in the making of a "preventive and positive" policy which will render the task of maintaining minimum standards itself a secondary, though essential, consideration; the replacement of fear by faith as the nation's taskmaster; and the ruthless abolition of restriction and monopoly in the building up of the nation's wealth. Here was Mr Lyttelton's plea for more of both public and private enterprise in another and fuller version.

The war against restriction, to which some Ministers at least from all parties have now pledged themselves, will be as important in its own way as the present war against the Axis. There is a strange superstition among the reformers of today, struck by the need to replace scarcity by plenty in the communal interest, that the new vistas of a truly social policy in production and consumption have discredited or at least outdated the views of the so-called classical economists. Nothing could be more wrong.

When Mr Morrison argues that enterprise need not be private in order to be enterprise, he can point westward to the Tennessee Valley and eastward to the Dnieper Dam. But Mr Morrison agrees, it seems, equally with the view that enterprise need not be public to be socially valuable and progressive. Social control, he says, must take many forms. There is no overriding dogma, no universal panacea. Posts and telegraphs may be state-run; industrial monopolies may be best conducted by public corporations; the vast range of industries and activities, including even the apparently highly competitive business of retail trade, which come near to monopolies in effect because of mergers and trade agreements, must defer to "public guidance and public accountability"; and, outside these categories, there is the vast and fruitful field of individual enterprise, the home of the pioneer, the risk-taker and the small and medium-sized undertaking, where all that the community need call for is "proper business practice and decent working conditions."

Thus the ambit of social control may be unlimited; but the kind and degree of state interference will be infinitely varied. Its extent will depend upon the essentiality of the goods and services concerned - for the state's responsibility to guarantee a national minimum of necessities is unbreakable - and upon the scope which monopoly or

quasi-monopoly may have secured. Mr Morrison is right to say that the establishment of minimum standards of living and working are a sine qua non, and that there are no economic or financial reasons why the necessary readjustment of real and money resources should not be carried out. But, no less rightly, he says that this is only a part of the programme; the real aim is Full National Output, and the main obstacle to this is restriction.

There has been a good deal of discussion since the Beveridge plan was published about the rôle of exports. Rightly, it has been pointed out that the fullest possible international trade is as important as full employment to this country in its search for social security. Wrongly, it has been suggested that the redistribution of income called for by the Beveridge plan will seriously impede exporting. Money costs, Mr Nicholas Kaldor has calculated, may indeed be raised by two to three per cent. But the assumption of the plan is that money costs in terms of prices will already have been raised by some 25 per cent compared with pre-war levels. It will be necessary in any case to re-fix the external value of the pound after the war in the light of post-war price levels in other countries; and the extra burden of Beveridge, if burden there is, will not be significant. The essentials of post-war exchange and trade policy are two. First, there must be no attempt, as in the nineteen twenties, to balance overseas payments by creating unemployment at home - the crazy, irrational expedient of financial stupidity. Secondly, whatever transitory controls on imports may be needed must be devised to wither away as exports grow. The opportunity will be there for British manufacturers and salesmen; and the money cost of social security, which is no real burden, need be no obstacle. The Beveridge plan implies an extra transfer of income from class to class of four to five per cent of the national income. But the elimination of unemployment after the war would in itself raise pre-war real income by from ten to fifteen per cent; and the most pessimistic calculations of Britain's international position after the war, with its income from overseas assets and services inevitably reduced, do not envisage a reduction in real national income from these causes of more than ten to twelve per cent. It is not Beveridge, the National Minimum or what Mr Morrison has called the Proper Welfare Standard that will impede British prosperity after the war. The impediment most to be feared, is the monopolist, in his many guises.

Nowhere is the monopolist more to be feared than in the field of export trade. It is not possible for Britain to replace the employment provided by exporting simply by a corresponding addition to home investment and employment. Britain is too dependent upon overseas supplies, both for the actual materials of manufacture and the actual necessities of life, for exports to be superseded. If the proper restraints and corrections are not devised, then trade associations of the most virulent kind may find themselves in a position after the war to fix the prices of semi-processed goods and components which enter into export trade. Indeed, with the pre-war tendency to encourage trade associations in the organisation of overseas trade, a tendency



which, to say the least, has not been lessened by war conditions, there is a distinct danger that a great part of export costs may be determined by trade association policy. When the monopolist works for the home market, restricting output in his own interest, it is possible to oust him by public enterprise. But when he raises exporters' costs by so fixing the prices of goods and components as to cover the weakest producers at several successive stages of production, the damage is less easily remedied. To counter this inflation of export costs by giving differential favours to exporters would be a confession of failure, for in the national interest it is vastly important that no support should be given by this country to the unneighbourly subsidising, by one means or another, of traders in overseas markets. The real remedy is to prevent the disease from starting, to stop the trade associations from being in a position to impose inflated charges by restrictive agreement upon consumers either abroad or at home.

This is only one among many answers that should be given to rebut the frequent claim that post-war policy in industry and trade should be determined and worked out by industry and trade itself. As Mr Morrison said at Swindon, the last aim of state policy should be to leave the monopolists in their glory and set up a corporate state. The foe above all of future plenty and progress is sectionalism; Mr Morrison in his speech denied the sectional claims of producers, whether entrepreneurs or workers - an important piece of plain and honest speaking. Instead, there is needed a policy to make the real national income as large as possible and to distribute it among the population in the fairest and most efficient way. This involves, as the Minister said, a National Income Policy in place of a Treasury Policy. It involves an Economic and Industrial Budget to take stock of the nation's entire resources, instead of simply an old-style Budget to cast up financial ways and means. Only by these methods can the full capacity of this country be measured and put to use; and only by the rooting out of restrictive policies, whether devised by trade associations, trade unions or financial reactionaries, can this be made possible.

(Economist 26.12.42.)

Kingsley Woods tal i underhuset den 2.2.1943.

## ACTIVE EMPLOYMENT

The basic objective that we must set ourselves was active employment for our people. Not only must we not repeat the tragic story of the years between the wars, but we must realize that all our hopes for the future would depend upon our success in achieving this. If we were to succeed it would depend by no means on Government policy alone, nor should we achieve prosperity and security painlessly and comfortably. It would largely depend on the enterprise of industry and trade, the skill of our workpeople, the courage of our investors, and the willingness of all to work for the better things we all desired to achieve.

No plans or schemes of post-war economy, wise and progressive as they would have to be, could take the place of expansion, efficiency, and enterprise. But Governments could certainly do much in cooperation and good will to secure the necessary conditions on which the steady advancement of mankind could be achieved, just as narrow and selfish conceptions could defeat it. During the war our main economic task had been to transfer resources both of equipment and labour from the production of unessential civilian requirements for use in the armed forces or in the production of munitions, and for essential goods and services.

The outstanding problem of the transitional period immediately after the end of the war would be to reverse all this and transfer our resources as quickly and smoothly as possible back to peace-time use, to promote employment, and to revive exports. We could not disguise that this transfer would undoubtedly have its difficulties, but there was another more hopeful side. We must not assume that all the industries engaged even on war work were doing work of a kind entirely different from their peace-time work. Iron, steel engineering, shipbuilding, and the motor and aircraft industries might all have had an especial emphasis during the war, on certain aspects of their production, but the productivity of these industries was greater than ever, and the switch over should not be long delayed.

There was a further aspect which should serve to stimulate that transfer. There would be a very considerable shortage of all kinds of goods for civilian requirements. Stocks of clothing, furniture, and household equipment would have to be renewed. There would be a high demand for capital goods to re-equip and stock civilian industry. War damage to property would have to be made good and considerable provision would have to be made for the housing of our people. Side by side with the efforts we should have to make for the necessary increase in our export trade, there would be additional demands for goods and services in this country. He knew that many might well be disposed to regard the end of the war as a time for ease and the spending of money freely and widely. Such feelings were natural enough after a long period of hard work and considerable strain, but in many respects the days after the war would be very much like those of war and in some ways even more difficult. Much would depend upon our endeavor, our patience, our discipline, our saving, and particularly our willingness to continue to bear restrictions, at any rate for a time, and to shoulder burdens, not for our own sakes alone, but for those others whose sufferings and hardships had been so severe and cruel.

While a continuation of many of the discomforts of the war economy would therefore be inevitable during the transitional period if orderly development of economic life was to be achieved, they need only be temporary.

#### PRODUCTION FOR EXPORT

There was no doubt that inflationary tendencies would then be more potent even than they were in the war to-day, and that they might last longer than after the last war, and we should need to maintain for a time at any rate a considerable measure of control of our economic life. He believed that the great majority of our people were prepared to accept this, not only as inevitable, but also in their best interests. The main problem in this part of the post-war period would not be that of stimulating the effective demand for goods and services, but rather of controlling and directing it so as to secure the orderly recovery of our economic life, including above all, adequate production for export. It might well be that it would be desirable to continue the policy of the stabilization of the cost of living and the prices of goods in common use on the lines we were maintaining to-day.

While the main object of policy after the war must be to remove limitations of supply as soon as possible, the controls which related to the demand for scarce materials or manufacturing capacity would have to be carefully coordinated with such a general stabilization policy. The Government believed that, subject to certain conditions, it should be possible for the general price level to settle down after the war at a figure not far different from what it was at present without imposing an impossible burden on the Exchequer. He would mention two further controls.

They were the control and the release of raw materials and the control of issues of capital in order to see that capital irrigated those developments which were nationally most important, and to help on other measures to make it available on reasonable terms.

The second great problem was the restoration of the balance of payments. It was improbable that at least for some time after the war, we should be able to dispense with the limitation of imports, but restriction on imports could not be the major instrument. Too many people forgot that we imported much of what we needed to maintain our standard of living and our manufacturing capacity.

It would take us time to recruit the sources of monetary income represented by shipping and foreign investments. We must therefore rely in the main upon a considerable expansion of exports. They were our lifeblood. Upon them we should be dependent as to how we were to live after the war, and our future hopes and plans for the betterment of this country greatly rested upon them. No nation's interest in the maximum growth and freedom of commerce would be as great as ours. We should want to secure as large a volume of international commerce as free from restrictions as was possible consistent with our commitments. Unless, in fact, we could effect a great move forward in our export trade our comparatively high standard of living must inevitably fall. We must never forget that we could only achieve this by providing our customers with the goods and commodities they wanted and at prices which they were able and willing to pay, and we should have, he was afraid, to compete with others both as

regards price and quality and we must make a profit.

Therefore there must be a high priority for the export trade in all our post-war efforts. If we could get that right most things might be possible and at an earlier time. He mentioned active employment as the basic objective of all their policy. Whatever changes in economic organization this country might embark upon as a result of the lessons of past years, it was quite certain that for the immediate period after the war a very large part of productive industry would depend on what he would term free enterprise. Our efforts might well take the form in certain cases of public enterprise, but there will still be the need for enterprise and initiative and it must be given a fair chance. The period between the wars was not a period of continuous unemployment. There were years of very bad trade and there were years of relatively good trade, but throughout the period there persisted an obstinate inability of some of our most important industries to recover their 1914 position. For some of these great industries the immediate post-war future offered better things, but in the markets of the world they would be subject to strong competition, and it was imperative to look beyond the immediate post-war years, when almost anything that was made could be sold to a period when purchasers could once again select according to quality and price.

#### INDUSTRIAL CHANGE

He agreed that we were clearly living in an era of very considerable industrial change, and it was obvious that a rigid industrial structure would be impossible. Undoubtedly we should have to adapt and develop our industrial and commercial organizations machinery and methods, to the new and unexampled conditions. We should have to regain our technical leadership and research and go on steadily developing new and more efficient processes. War released in all industrial countries a high potential of invention and development over a much shorter period than would ordinarily occur. Behind the present scene they could discern very important changes on work such as the chemistry of oil, the development of plastics, the increasing use of light alloys, and new processing for foodstuffs. Our industrial skill and experience would be thrown away unless turned willingly to the new products. It meant in no small degree the willingness of capital management and labour to turn to those new things while maintaining and improving many of the old and substantial undertakings which had served us so well.

He would like to indicate three or four ways in which he thought the Government could make a large contribution to this very important matter. First and above all, they could make a great contribution by their general policy in regard to foreign affairs, their continuing interest in the promotion of the export trade, their policy internally in relation to finance and economic development, and their general social policy. In those ways the Government could certainly help to produce the conditions in which the natural forces leading to employment and active trade could have their chance. A great part of our industry as a whole was engaged in supplying the needs of the ordinary consumer, and if those need were met at a proper cost one of the underlying conditions for active employment would be fulfilled. There was the provision of capital equipment which no doubt the Government could directly stimulate. They would

have a large building programme to undertake to repair the ravages of war and to overtake the arrears of building of all kinds which the war had interrupted. Well considered, this building programme, planned for several years ahead, could produce an immediate effect upon employment and could help to stabilize it. It would need not only the materials for the construction of the houses and the work on the houses themselves but also all the products which supplied the internal needs of a household. They must remember, however, that the financial and capital resources of the country were not an inexhaustible spring. It was fed by the savings of the country each year. If they drew off too much to one type of capital equipment they might run the risk that other forms would be starved or adversely affected.

When industrial investment was hesitant or stationary the properly timed stimulus of capital equipment by measures of credit or in other ways would help to bring the processes of production into gear. Such a general policy, linked to a policy of cooperation in the international field might go far not only to reduce or prevent the tragic swings of industrial and commercial prosperity which caused so much disappointment and bitterness between wars but also would do a good deal to secure that confidence and active employment which must be the basis of our future prosperity.

#### HIGH TAXATION

Undoubtedly the present abnormally high taxation pressed not only upon each taxpayer but upon industry. We must be prepared for a continuance of considerable taxation after the war not only to discharge our obligations which the war has cast upon us but also to pay for the maintenance of the comparatively high standard of our services. But we knew that future yields of taxation must come out of the productivity of the country. If at the present time it became essential to obtain further heavy sums by way of taxation he would have to look to the smaller incomes to obtain it.

He had read in *The Times* that day an interesting article dealing with the subject of the debate which had referred to the conditions and standards of the country's workers. That obviously was a matter that we must have always in front of us in considering post-war financial and economic policy. The condition of the people, their health, their families, their homes, and security against want must always be considered. We must see to it that opportunities were afforded to them to strike out for themselves and so enjoy the fruits of their efforts.

One of the first requisites for the responsible direction of our economic activities was a knowledge of economic effects and tendencies. In the past this country might have lagged behind some others in the development of economic financial statistics. But we had made considerable progress, and we had been able to do it largely but not wholly because the Government was in very close contact with the effects of our constantly changing economic life. It would be the Government's object to see that to the greatest possible extent the nation had the day-to-day statistical information of our financial and economic policy.

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Economist till

Kingsley Woods tal i parlamentet den 2 februari 1943.

Let the People Work

The Chancellor of the Exchequer did well on Tuesday to begin his survey of future economic policy with two warnings: that the war is not over; and that, after the war, the world will be worse, not better off. The recent rise in war expenditure is an index to the added strain that will grow as this year's offensives assume major proportions. The call for still more men and women in the Services and in war industry, and the pressing need for still more thrift in the use of shipping space and import capacity tell the same story in physical terms. After the war, there will be much leeway to be made up before headway can be made. There will be the vast task of remobilising the nation's resources of labour and capital in the new pattern of industry and trade which the changed conditions of the post-war world will demand; and, for a time, the structural unemployment that will arise from any failure to carry out this readjustment may bulk much more largely than the cyclical unemployment arising from periodic depressions to which so much attention is rightly being paid in current analyses. Britain's losses in overseas income and trade connections are hard facts.

Full employment means more than work for all who are willing to work. It embraces efficiency. It means the fullest and most productive employment for capital as well as labour, for plant as well as workers. The idleness or under-employment of material resources subtracts from a nation's real income at least as much as the unemployment of its workpeople.

The goal of economic policy must be the utmost efficiency, technical and economic, translated into the utmost output for consumption. The need for Britain, in search of this goal, is the utmost adaptability; and every rigidity in industrial, commercial or political life which holds back the power to produce and impedes adjustment is a deadly enemy. The task is not simply to employ all the nation's resources, which is the crude form of the doctrine of full employment, but to employ them to the best purpose.

There will be no sharp break between war and peace. In the armistice period, as Sir Kingsley Wood pointed out on Tuesday, the conditions of shortage and scarcity which produced the wartime controls will remain -- and with them, in large measure, the controls themselves. The danger of inflation, if the volume of purchasing power is allowed to outrun the still restricted supply of goods, will be greater than during the war. When the process of remobilisation, transfer, re-equipment, rebuilding and restocking has been completed, under a conscious control designed to put first things first, and avoid the disorderly boom and slump which followed the last war, there is no reason why there should not be "hopeful possibilities not only of restoring but also of raising our standards of living". But, if the lessons of the last twentyfive years have been learnt, the aims of

policy will not alter. They will be the Maximum Output of goods and services and a National Minimum of the necessities of life, in both financial and physical terms, for every willing citizen. This will involve the maintenance of high investment and steady consumption. It will necessitate ways and means of giving priority in the use of resources to essential investment, at home and abroad, and to essential consumption. Capital is the limiting factor in production; there is no automatic abundance just round the corner. Whatever methods of control and supervision are utilised, they will entail the assumption of responsibility by the state, on behalf of the community for ensuring, first, that the total of investment, private and public, is kept sufficiently large and sufficiently regular to maintain employment; secondly, that consumption too, is kept high and regular by the redistribution of incomes implied by minimum wage standards and the Beveridge principle; and, thirdly, that a sufficiently large and sufficiently cheap supply of the necessities of life is made available to the public by the translation of the utility principle of war economy into peace terms.

All this is familiar ground. But the discussion which surrounds it is too often unreal. The issue is not Planning versus Laissez-faire. The task in each item of economic policy will be to find the method best fitted to achieve the end sought. Occasionally, perhaps, it may be state ownership. More often, it will be state control or supervision. Over a vast field of activity, it will be free enterprise, with only the rules and limiting conditions laid down by the state. Nor is the issue, as some current discussion would seem to suggest, Domestic Expansion versus International Trade. Full employment, in the complete sense of the term, always looks two ways, at home and abroad. It is obvious, for instance, that this country cannot, except as a purely statistical proposition, simply substitute domestic investment for its lost or dwindled overseas assets. The physical need for foodstuffs and raw materials from abroad, a need which will be increased if high employment and consumption are secured, makes imperative the necessity of importing and exporting in return, on the largest possible scale. Similarly, it is evident that, if the United States were to pursue at one and the same time a policy of high domestic investment and the Open Door policy which Britain pursued when the British national income was the highest in the world, there would be brought into being a power house for world prosperity such as has never been seen. The issue is Restriction versus Plenty. Monopoly, autarky, bilateralism, protection and international agreements to restrain output, all are aspects of precisely the same danger. All result in the reduction of real income just as effectively as the actual idleness of manpower; and the aim of economic policy by and among the nations, if full employment in the real sense is to be sought, must be to extirpate this, too.

High among the Five Propositions which Sir Kingsley Wood outlined was "an international exchange mechanism to avoid competitive exchange depreciation." He envisaged a system of international agreement which would render blocked currency balances and bilateral clearings unnecessary; provide an orderly method of determining currency values; eliminate speculative movements of short-term capital; and subject governments tempted to move too far towards deflation to the check of consultation with other governments. He asked for a policy of expansion to maintain employment; the reduction of unnecessary barriers to the flow of goods from country to country; the prevention of disastrous swings in the prices of raw materials and primary products; and the international production of investments for world development. Into these aspirations can perhaps be read the outline of a programme to apply the principles of high investment and steady consumption in both the national and international spheres. But it is only an outline. These are the right questions, what is now needed is the right answers. The task is to translate these Five Propositions into Five Policies - with always in mind that the objective is the highest possible output of goods and services for human consumption and enjoyment, and that the major crime against mankind is restriction.

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(Economist 6.2.1943)



Dalton's tal i parlamentet av den 3.2. 1943.

Mr. Dalton, President of the Board of Trade, emphasized what the Chancellor of the Exchequer had said about the necessity for retaining certain controls for a period after the war, and recalled that this had also been made clear in recent speeches by Mr. Eden and Sir W. Jowitt. These statements expressed the view commonly held by all members of the Government. While not relaxing on any of the immediate war problems, he had lately made special arrangements for widespread study of postwar problems. He had instituted a series of consultations in which he had already met representatives of the Association of British Chambers of Commerce and the F.B.I., and the officers of the Trades Union Congress. He hoped, having had this series of consultations with those national bodies, to pursue with them a closer study of problems which emerged on the national plane as distinct from the plane of individual industry.

He had set on foot approaches to particular industries through their trade associations, and had asked that in the first place the following matters should be discussed industry by industry: What in the view of the trade associations would be the main obstacles to the restoration of full activity in their industry within a reasonable period, six or 12 months, after the cessation of hostilities, and how did they consider that those obstacles could best be overcome, and at what point did they wish the intervention of the Government to assist them. He wished to have the thing explored industry by industry with regard to the particular problems of each, and to know whether there were any bottlenecks which the Government could assist in breaking.

The second question he wished each industry to consider was the probable condition of its equipment at the end of the war. He was asking them to indicate how far they considered the modernization of plant on a considerable scale would need to be undertaken. When he had the answers to that question it might be that he would have to approach the Chancellor of the Exchequer to see how far he could assist. In the third place he was inquiring of each industry what new products had been developed as a result of new developments and inventions, and what new varieties of existing products or completely new products could be placed upon the market. He had made it clear to all concerned in the group of industries he was approaching that before any important decision was taken by the Board of Trade arrangements would be made for consultation with the trade unions concerned. He had suggested to the trade associations that some of these questions might be discussed through any joint machinery existing within the industry, and he knew that that procedure would be adopted in a number of cases.

## PLANS IN PREPARATION

He had asked the cotton industry to prepare, either section by section or jointly as they might prefer, their plans and proposals for the post-war development of the industry. Discussions had been going forward on post-war matters in the cotton industry, and before long he was likely to get representations from them. He had also visited the Potteries. This industry was an important key industry both for home and export. He had asked them to go into their problems, war and post-war. There was the closest cooperation between the employers' federation and the trade unions concerned, and he was looking forward to further representations from them.

He was planning next month to visit the West Riding of Yorkshire and there to have discussions, again on both war-time and post-war problems, with the woollen and worsted industry at Bradford and the clothing industry at Leeds. The Secretary to the Overseas Trade Department for a considerable time had been acting as chairman of the committee on the post-war export trade. That committee had collected a great deal of useful material on special problems of restarting the export trade after the war. They had had discussions with some 52 industries, representing more than 50 per cent of our export trade in terms of value, including some of the most important, such as cotton, motor-vehicles, and others; and they had approached a further 36 industries, large and small. The Board of Trade was by no means supine or inactive with regard to these post-war problems.

In this period of war, when everything was abnormal and under the conditions furnished by the generosity of America and Canada in terms of lend-lease arrangements, he had been able to retain in his country for the use of the civilian population considerable quantities of goods which would normally have had to be exported to pay for imports, which, for the moment, did not have to be dealt with on a cash basis. In that way utility clothing, crockery, and many other articles had been retained in this country by the deliberate prevention of exports. But when we entered the post-war period the necessity would reimpose itself of exporting enough to import into this country those things necessary to satisfy our proper national demands. That was the sole justification, and a very serious justification, for a substantial export trade. On condition that we made our export industries really efficient, there was no reason why we should not find a ready sale abroad for all these articles which we could spare. He did not for a moment accept that the way to make our export trade efficient was to cut wages and reduce standards in the export trades. He was hopeful that well before the end of the war they would have devised a satisfactory arrangement for an international agreement, in the terms of the Mutual Aid Agreement, with all like-minded nations who desired with us the appropriate international and domestic matters for the expansion of produc-

tion employment, exchange, and consumption of goods. The wheat agreement was a symbol and forerunner.

#### WORK FOR ALL

The Government hoped to be able to do a good deal better in the post-war period than the least that would qualify to be full employment under Sir William Beveridge's definition. Their general purpose was to come as near as they could to providing every fit and able man and woman with work under suitable conditions regarding wages, conditions, and the like. Our greatest failure in domestic politics between the two wars was the failure to cure mass unemployment continuing year after year, particularly in certain distressed areas. It was the duty of the House of Commons to help the Government to find ways and means to prevent a repetition of that scandal. At the end of the war there would be many large, new, and up-to-date munition factories, some of which could be used to produce civilian goods. These new establishments might well be used either as homes for new civilian industries or for the transfer of industries whose premises were out of date. He had started an investigation into the possible post-war uses of these factories.

The Government would approach these fundamental problems neither belittling the difficulties nor in any feeling of defeatism or pessimism. Our Watchword after the war should be expansion rather than restriction, expansion but not inflation; stability of prices, stability but not stagnation; order in our schemes, but not undue rigidity.

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me and my colleagues as strong partisans of national compulsory insurance for all classes for all purposes from the cradle to the grave. Every preparation, including, if necessary, preliminary legislative preparation, will be made with the utmost energy, and the necessary negotiations to deal with existing worthy interests are being actively pursued, so that when the moment comes everything will be ready.

Here let me remark that the best way to insure against unemployment is to have no unemployment. There is another point. Unemployables, rich or poor, will have to be toned up. We cannot afford to have idle people. Idlers at the top make idlers at the bottom. No one must stand aside in his working prime to pursue a life of selfish pleasure. There are wasters in all classes. Happily they are only a small minority in a band of drones in our midst, whether they come from the ancient aristocracy or the modern plutocracy or the ordinary type of pub-crawler.

#### HOME-PRODUCED FOOD

There are other large matters which will also have to be dealt with in our Four Years' Plan, upon which thought, study, and discussion are advancing rapidly. Let me take first of all the question of British agriculture. We have, of course, to purchase a large proportion of our food and vital raw materials oversea. Our foreign investments have been expended in the common cause. The British nation that has now once again saved the freedom of the world has grown great on cheap and abundant food. Had it not been for the free trade policy of Victorian days, our population would never have risen to the level of a Great Power and we might have gone down the drain with many other minor States to the disaster of the whole world.

Abundant food has brought our 47,000,000 Britons into the world. Here they are, and they must find their living. It is absolutely certain we shall have to grow a larger proportion of our food at home. During the war immense advances have been made by the agricultural industry. The position of the farmers has been improved, the position of the labourers immeasurably improved. The efficient agricultural landlord has an important part to play. I hope to see a vigorous revival of healthy village life on the basis of these higher wages and of improved housing and, what with the modern methods of locomotion and the modern amusements of the cinema and the wireless, to which will soon be added television, life in the country and on the land ought to compete in attractiveness with life in the great cities.

But all this would cost money. When the various handicaps of war conditions are at an end, I expect that better national housekeeping will be possible and that, as the result of technical improvements in British agriculture, the strain upon the State will be relieved. At the same time the fact remains that if the expansion and improvement of British agriculture is to be maintained, as it must be maintained, and a reasonable level of prices is to be maintained, as it must be maintained, there are likely to be substantial charges which the State must be prepared

to shoulder. That has to be borne in mind.

NATION'S HEALTH AND EDUCATION

Next there is the spacious domain of public health. We must establish on broad and solid foundations a National Health Service. Healthy citizens are the greatest asset any country can have.

One of the most sombre anxieties which beset those who look 30 or 40 or 50 years ahead, and in this field one can see ahead only too clearly, is the dwindling birth-rate. In 30 years, unless present trends alter, a smaller working and fighting population will have to support and protect nearly twice as many old people: in 50 years the position will be worse still. If this country is to keep its high place in the leadership of the world, and to survive as a great Power that can hold its own against external pressures, our people must be encouraged by every means to have larger families.

For this reason, well-thought-out plans for helping parents to contribute this lifespring to the community are of prime importance. The care of the young and the establishment of sound, hygienic conditions of motherhood have a bearing upon the whole future of the race which is absolutely vital. Side by side with that is the war upon disease, which, let me remind you, so far as it is successful, will directly aid the national insurance scheme. Upon all this planning is vigorously proceeding.

BROADER EDUCATION

Following upon health and welfare is the question of education. The future of the world is to the highly educated races who alone can handle the scientific apparatus necessary for pre-eminence in peace or survival in war. I hope our education will become broader and more liberal. All wisdom is not new wisdom, and the past should be studied if the future is to be successfully encountered.

We must beware of trying to build a society in which nobody counts for anything except a politician or an official, a society where enterprise gains no reward and thrift no privileges. I say "trying to build," because of all races in the world our people would be the last to consent to be governed by a bureaucracy.

Human beings are endowed with infinitely varying qualities and dispositions and each one is different from the other. We cannot make them all the same. It would be a pretty dull world if we did. It is in our power, however, to secure equal opportunities for all. The facilities for advanced education must be evened out and multiplied. No one who can take advantage of a higher education should be denied this chance. You cannot conduct a modern community except with an adequate supply of persons upon whose education, whether humanitarian, technical, or scientific, much time and money have been spent.



will find work which is being done at the moment, work that is being planned for the next year, and projects for the third, fourth, and even the fifth year ahead which are all maturing. War cuts down all this forward planning, and everything is subordinated to the struggle for national existence. Thus, when peace came suddenly, as it did last time, there were no long carefully prepared plans for the future. That was one of the main reasons why at the end of the last war, after a momentary recovery, we fell into a dreadful trough of unemployment. We must not be caught again that way.

It is therefore necessary to make sure that we have projects for the future employment of the people and the forward movement of our industries carefully foreseen, and, secondly, that private enterprise and State enterprise are both able to play their parts to the utmost.

A number of measures are being and will be prepared which will enable the Government to exercise a balancing influence upon development which can be turned on or off as circumstances require. There is a broadening field for State ownership and enterprise, especially in relation to monopolies of all kinds. The modern State will increasingly concern itself with the economic well-being of the nation, but it is all the more vital to revive at the earliest moment a widespread healthy and vigorous private enterprise without which we shall never be able to provide, in the years when it is needed, the employment for our soldiers, sailors, and airmen to which they are entitled after their duty has been done.

Anyone can see the difficulties of placing our exports profitably in a world so filled with ruined countries. Foreign trade to be of value must be fertile. There is no use in doing business at a loss. Nevertheless I am advised that there will be considerable opportunities for re-establishing our exports. Immediately after the war there will be an intense demand, both for home and export, for what are called consumable goods, such as clothes, furniture, and textiles.

I have spoken of the immense building programme, and we all know the stimulus which that is to a large number of trades, including the electrical and metal industries. We have learnt much about production under the stress of war. Our methods have vastly improved. The layout of our factories presents an entirely new and novel picture to the eye. Mass production has been forced upon us. The electrification of industry has been increased 50 per cent. There are some significant new industries offering scope for the inventiveness and vigour which made this country great. When the fetters of war-time are struck off and we turn free hands to the industrial tasks of peace, we may be astonished at the progress in efficiency we shall suddenly find displayed. I can only mention a few instances of fields of activity.

The ceaseless improvements in wireless and the wonders of radio-location applied to the arts of peace will employ the radio industry. Striking advances are open for both gas and electricity as the servants of industry, agriculture, and the cottage home. There is civil aviation. There





Times till Herbert Morrison's talk in Leeds den 3 april 1943.

A COMMON APPROACH.

MR. MORRISON, speaking to members of his own party at Leeds on Saturday, appealed for a new outlook, for greater confidence in the future, and for a more assured approach to it. It was a speech on a party occasion, but like so many of MR. MORRISON'S speeches since he became a member of the War Cabinet, it was also a great deal more than a party speech. Labour, he urged, must discard sectionalism - appeals to sectional interests do not carry conviction in this country - and must work for the good of the nation as a whole, upholding the ideal of a more abundant life for all, not merely in the material sense, to be achieved by working together for the common good. He commented with candour upon the record of the Labour Party during the past decade or two, with its reluctance to accept responsibilities and other "defeatist" manifestations of the minority mind. Something of what he said might be adapted without too much strain to other parties and sections in the period between the two wars. Even now there is too much fear that the nation may not be able to find a way through the political, economic, and social difficulties which loom ahead. These difficulties will be great enough, as will be the dangers which will accompany them. But they bring with them opportunities without parallel. There is need to recapture something of that "Victorian confidence" demanded by a correspondent on this page recently.

MR. MORRISON is not alone in invoking this faith, this confidence, now as a crucial factor in the shaping of national destinies, or in his appeal to common sense, or in his recognition that the general interest must be put before the sectional - an acknowledgment which has the added force of his own determination to share the fortunes of his party, in good report or ill, to the last. MR. CHURCHILL in his broadcast, which for a long time to come must colour all discussion of plans for the national re-organization, did more than proclaim his faith in "the vigour, ingenuity, and resilience of "the British race". He has offered the country in broad outline a Four-year Plan for urgent and fundamental tasks, a plan designed to justify the continued collaboration of the parties, and indeed dependent on that collaboration for its punctual and effectual execution. No one can overlook the obstacles. The party system, with an Opposition ready at need to take the place of the Government and schooled by the responsibilities implicit in that readiness, is ultimately essential to the smooth and efficient working of our representative institutions. It cannot lightly be superseded. But it was suspended easily enough when the challenge of danger was too plain and imperious to be longer concealed. The perils of the first stages of the peace may prove less spectacular but will not be less real, and will warrant restraint of the party spirit until the fundamentals of the future - the main lines of organization at home and the re-establishment of the export trade in a world widely different from that of 1939 - have been assured. This might seem a visionary hope if there did not

exist already a substantial body of agreement upon essentials, and if, as discussion proceeds, there were not a growing tendency for opinions to converge along certain clearly marked lines.

If responsible Labour leaders are no longer disposed to regard nationalization as a panacea for all economic ills and almost as an end in itself, if they are more ready to admit the value of private enterprise and private initiative, it is equally significant that responsible spokesmen of the other parties recognize that both private enterprise and State enterprise have parts to play and that they must both be made, in MR. CHURCHILL'S phrase, to "serve national interests and pull the national wagon side by side." MR. LYTELTON, in a broadcast made almost a year ago, insisted in effect that we need all the private and all the public enterprise that we can get. MR. RICHARD LAW, in his address to the Federation of University Conservative and Unionist Associations last Wednesday, reminded his party that an older and better tradition than is implicit in the obsolete remnants of Mancunian doctrine requires them to rid themselves of the idea that they stand in all circumstances and contingencies against the encroachment of the State upon industry, that Toryism is nothing more than anti-Socialism. The supreme task of the party, as he put it, is not to fight Socialism, but to ensure that when the war is over England will want and value Englishmen as she wants and values them to-day.

All this helps to chart a path along which cooperation can travel. MR. MORRISON devoted a large part of his speech to the restrictive effects of price rings and trade associations, which, aiming at security, too often only achieved stagnation. To the spread of such policies MR. MORRISON attributed much that was unsatisfactory both in our industrial and in our national outlook before the war. There was a place, he admitted, for trade associations, and there was a case for private enterprise, but there was, he rightly contended, no case or place for private "unenterprise", for private ownership and control without the spur either of free competition or of real social purpose. There will be no serious challenge to his proposition, in this connexion, that, whatever central organization is necessary, whether for contraction, stability, or expansion, the State must exercise genuine and effective control as trustees for the public, but that it is equally necessary that this control should not be restrictive, repressive, damping, but constructive, enlivening, animating, within its limits. Even when it is established in principle that monopoly must submit to restraint, there will still be room for controversy over the particular extensions of public control that may be necessary and over the form which it should take, but the field of conflict will be narrowed, with great profit to the national concern. Indeed MR. ASSHETON, Financial Secretary to the Treasury, suggested recently that, with an all-party Government in power, it might prove possible to determine these matters by agreement. Such an agreement could not realistically be expected to have indefinite validity or to cover much more than the period of reconstruction, but reconstruction can hardly begin without it, and it would have

high value for a phase in which the full operation of the party system might work great harm to the public interest. At all events, since by common consent some enlargement of public control is inevitable, it is vital that it should answer to MR. MORRISON'S prescription, stimulating, not hampering, enterprise and initiative. But to that end a new technique of control and, where necessary, of operation has to be perfected.

(Times 5.4.1943.)



Leeds speech. In some undertakings where monopoly conditions are imposed by the needs of efficient working - notably in transport and public utilities - some measure of public control had already been established before the war. They were recognized public services; and, though no sound undertaking can ignore the test of the balance-sheet, their policy was no longer determined, nor their development restricted, by the sole consideration of profit and loss. In other and far more numerous industries and undertakings, however, monopoly conditions had been created, in the form of pricerings, selling agreements or trade associations, for the sole purpose of maintaining profits and without any kind of public control. These conditions not only penalized the consumer by depriving him of the advantage of competitive prices, but - and this result was probably the more serious - stabilized the industry for the benefit of those engaged in it by making entry into it difficult for newcomers and by discouraging the introduction of new and competitive processes. The loss of flexibility and restriction of new entrants, due to the replacement of free competition by organizations of a monopolistic character, have been everywhere characteristic of trade and industry since the last war; and it is no accident that this spread of monopoly has coincided with a vast increase of unemployment. Where competition is no longer effective and monopoly conditions prevail, public control has become inevitable not only - and perhaps not mainly - for the protection of the consumer but because it is the essential condition of a policy of full employment.

Apart from monopoly, the test of the relative advantages of public and private enterprise must in the last resort be empirical. But here, too, fairly general agreement seems to have been achieved on some points of principle. In the 1930's the doctrine was preached that full employment could be achieved if the State by its credit policy "stimulated" investment through normal channels and allowed this flow of credit, without further interference, to "stimulate" trade and employment. The need for some form of National Investment Board to exercise, in MR. CHURCHILL'S words, "a balancing effect on development" is to-day generally recognized; but it is also clear that, if prosperity is to be both increased and more widely diffused, a flow of investment must be deliberately planned and directed towards certain forms of production and diverted from others. The notion that employment can be created on any large scale or for any length of time by the undertaking of "public works" for the direct purpose of relieving unemployment has been refuted by experience. As one of our correspondents observes, a limit is soon reached beyond which the construction of roads or public buildings cannot usefully be continued; and there was always something topsy-turvy in the idea that it was right for the public authority to provide employment in building an unwanted town hall but not in procuring badly wanted boots and shoes. The now widely accepted principle of a national minimum standard as a social obligation, finding its practical application in the provision of a limited range of vital foods and indispensable "utility goods" whose supply, price, and quality are officially controlled and guaranteed, opens a

new field in which public and private enterprise can cooperate for the fulfilment of agreed social ends and, in so doing, create opportunities of employment far vaster and more varied than any which could be realized under the old limited definition of "public works."

Such a programme - indeed any programme which can hope to provide full employment - involves a far larger measure of planning and control than this country has yet known or practised in times of peace. It will require the collection and the use of a vast amount of statistical information bearing on worldwide capacity of production and consumption, the importance of which was stressed by SIR HAROLD HARTLEY. It will also require a new system of national budgeting on the lines described by the writer of the two recent articles on "Budgeting for Employment." It will involve the deliberate organization of available resources, including resources in man-power, in order to ensure that their distribution may be both reasonably efficient and reasonably equitable. While the principles of full employment are now fairly widely understood and are beginning to command a substantial basis of assent - a process which should be further promoted by the unofficial investigation announced yesterday by SIR WILLIAM BEVERIDGE - hardly anything has yet been done, so far as official initiative is concerned, to translate them into concrete policy. Whether the way can best be prepared by a Cabinet instruction to officials to work out the detailed requirements of a policy of full employment, or whether the Government prefer to set up an independent committee of inquiry, one of these must surely be the next step. The country will expect the Ministers who have spoken out so clearly and cogently on these issues to set the machinery in motion.

(Times 9.4.43.)