

# FORUM

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*The concluding study of  
Britain's economic crisis*

## III—Britain Tries Economic Planning

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FOR many months before the end of the second World War it was clear that the British people were going to face the domestic problems of peace in an aggressive spirit. The pre-war attitude of combined surprise, lethargy and complacency towards mass unemployment and declining staple industries had disappeared. Something had happened—perhaps the amazing military recoveries after all-but-fatal reverses or possibly the spurt of technical invention and production—to inject new confidence and ambition into the body politic. Building a country fit for heroes to live in was no longer a bitter jest of the dismal twenties but, freshly phrased, a practical and necessary program.

It was in this spirit that the voters paid a grateful and, for the most part, respectful farewell to Winston Churchill and his government in the summer of 1945 and went over to the Labor Party. Churchill, they reasoned, could and did move his people to incredible

sacrifice and effort in the face of almost certain disaster from abroad. But when it came to the next task, the improvement of the lot of the common man at home, the common man at home must direct the job. So, moving in a landslide, they increased Labor's representation in the House of Commons from 164 to 393, giving the party a majority of 157 over all other parties and groups combined.

With the perspective of two years on the temper and events of the summer of 1945, it appears that although the energy and courage of those days are undiminished, the voters and the men they elected underestimated two factors: the importance of Britain's foreign economic relationships and the chance of accidents. The old and beautiful words

I will not cease from mental fight,  
Nor shall my sword sleep in my  
hand,  
Till we have built Jerusalem  
In England's green and pleasant  
land

were often sung in 1945, as they are today, but too often without the understanding that England, least of all, can build a new Jerusalem apart and away from the intricate international network. Accidents, too, will happen, even to planners; and when they happen to planners they are sometimes more difficult to cope with than when they happen to improvisers.

In the Labor Party's 1945 election program, *Let Us Face the Future*, the doctrines held by the party for a quarter of a century were set forth for the post-war voters. The party promised, if elected, to work towards a national minimum standard of life, supported by social insurance, family allowances and a national health service. The extension of education, the provision of adequate housing for all and stronger control of the use of land were endorsed. Nationalization of the Bank of England, the fuel and power industries, inland transport and the iron and steel industry were in the immediate program. This, together with planned investment for essential industries, was expected to guarantee and maintain full employment.

In this program for a fuller life for the common man, where were the exports and where was the foreign exchange which bought most of his food and working materials and furnished many of his luxuries?

This early lack of realism was spotted by the Opposition in the King's speech opening the first session of the Labor Parliament on August 15, 1945. The Royal Address covered the nationalization,

housing and social legislation program in some detail, but with regard to the underlying difficulty there were only these words: "My government will take up with energy the tasks . . . of expanding our export trade." Oliver Lyttleton, former President of the Board of Trade, at once hacked away at the program, saying that "while the gracious speech refers to certain matters of domestic concern of no great urgency . . . the most urgent of all subjects, upon which little thought or work can have been expended, the very kernal of the whole of our economic position and future, is passed by in silence."

Hugh Dalton, Chancellor of the Exchequer, denied that his government had failed to look upon the outer world and promised to "take such steps as we can, as speedily and as actively as we can, to bring the balance of overseas trade as rapidly towards equilibrium as possible." Dalton then dwelt at far greater length upon the nationalization of the Bank of England and the control and planning of investment.

The Labor government had to learn the hard way. For the delay, there is much excuse. In every country the story was the same. While the war was going on, men had dreamed of the days of peace and the better homes, greater opportunities and more satisfying work they hoped to have when the war was over. Their eyes turned to small localities and domestic tasks, away from world problems and entangling alliances, economic or otherwise. Britain unfortunately could not afford, for one week or

one month, to let her attention wander from the task of selling enough abroad so that she could buy food and raw materials.

The Labor Government, however, spent its first autumn nationalizing the Bank of England—a project of doubtful usefulness in creating a happier Britain, except perhaps in the far distant future—and planning for government ownership of coal mines on the ground that the industry was inefficient, badly equipped and the sources of industrial unrest of long standing. Both of these planks in the platform were at least a quarter of a century old.

The first real shock was the abrupt termination of lend lease by order of President Truman on August 21, 1945. Prime Minister Attlee informed the House of Commons that he had not expected it to end quite so soon and disclosed the fact that the foreign deficit was "immense." By September 11 a British delegation was in Washington discussing the terms of a future Anglo-American loan agreement. Food shipments were beginning to come from the dominions as gifts, but in relation to the size of the problem they were mere dribbles. One aspect of the nation's postwar problem was now clear: Britain was not in a position to buy foreign food on anything like the prewar scale.

Through the work of the British and American loan negotiating committees in Washington in the autumn of 1945 the details of Britain's economic position were publicized to a degree that forced the

British government to center on production for export from this time forward. This is not to suggest that up to this time there was either concealment of the facts or reluctance to grip any problem which was demonstrably central. It is simply a reminder of the fact (of which no one in Britain should have needed a reminder) that political tenets, like machinery, can become obsolescent in new market conditions.

### DECLINING IMPORTS

A British White Paper published on December 6, 1945, gave the level of exports necessary to pay for the pre-war volume of imports into Britain as 75 per cent more than before the war, because of the country's foreign financial losses and foreign debts. Lord Keynes, who had never entertained any illusions about Britain's financial position or had his attention diverted from it, told the House of Lords a few days later that the British delegation in Washington found "that it was not our past performance or our present weakness but our future prospects of recovery and our intention to face the world boldly that we had to demonstrate."

The Labor government had to face a barrage of hostile Parliamentary criticism of the terms of the loan from the Right and from the Left. Its powerful majority pushed the bill through, but there were many abstentions and 23 Labor members voted with the Conservatives against the bill. But now the thistle was firmly gripped. The government's effort was increasing-

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ly directed towards the improvement of production for export and the reduction of imports through the continuation of rationing and wartime "austerity."

What was said by the government was forceful and almost adequate but what was done was not enough. Appeals to increase production and to meet the export figure were eloquent and frequent. But it was easy to see that the lesson was not fully learned when the reports of the Prime Minister and the Lord President of the Council, Mr. Herbert Morrison, to the annual Labor Party conference in Bournemouth in June, 1946, dealt mostly with "the Britain of our dreams and the world of our desires" (Mr. Attlee) and "entering upon a new and better social period" (Mr. Morrison).

The planned nationalization of about 20 per cent of the country's economy was proceeding on its way. The transfer to state ownership of the Bank of England, coal mining, civil aviation and telecommunications was achieved by the end of 1946 and plans were formulated for the nationalization of iron and steel plants and the transport services. The activities of the Liverpool cotton market were transferred to the government and a plan for the control of agriculture with guaranteed prices and markets was announced. The social services were extended and unified until in fact, as Lord Beveridge had demanded, they covered all Englishmen "from the cradle to the grave."

Beginnings were made in aiding the sector of British industry sched-

uled to remain in private hands. Early in its career the government announced its intention of setting up "working parties" (tripartite committees made up of representatives of employers, trade unions and the public) for 15 industries. Cotton was one of the first to report, and in response the government offered to pay 25 per cent of the cost of the mechanical re-equipment of grouped mills. After May 1, 1947, firms grouped in units of not less than 500,000 spindles were able to claim the cash grant and to receive priority delivery terms. By this time the working party reports published included hosiery, linoleum, boots and shoes, and wool. In some of these reports the defects of such studies in the inter-war years were apparent, for their authors dwelt upon known defects and desirable improvements in the familiar passive way.

Serious shocks and dislocations were on their way. Bread and flour rationing was introduced on July 21, 1946, because of an imminent slowing down of foreign supplies. Britain still had enough foreign exchange to pay for necessary supplies, for the American loan and the Canadian loan paralleling it were being drawn upon only gradually. But shipping difficulties, the British harvest and the drain of British shipments to Germany and other countries were all unknown quantities on which the Minister of Food dared not put the most favorable interpretation.

The coal crisis which was to dislocate the whole British economic structure was already in the making.

Although supplies were unusually low in the summer of 1946, the Minister of Fuel, Emanuel Shinwell, continued to refuse to ration coal and appeared to rest content on the knowledge that the weekly output of the mines showed a perceptible improvement. It was common knowledge at the time that domestic consumption was rising and that reconverted industry was demanding far larger quantities of fuel than in the year before.

### COAL CRISIS

By October, 1946, the amount of coal in stock for the coming winter was only 10,900,000 tons, or about 3,000,000 tons less than on the corresponding date a year before. The Minister of Fuel, reproached with lack of planning or with planning for an unusually mild winter, replied that everybody seemed to know that there was to be a coal crisis except the Minister of Fuel.

The coal crisis came in December, when a number of factories closed because of failure of fuel supplies. The government announced a coal saving plan for industry effective at the end of the month. Early in 1947, just after the January 1 "Vesting Day" for the formal taking over of the mines by the state, it prepared a new coal allocation plan. This never went into effect because of the plague of weather which came upon Britain early in 1947 and lasted through March.

Gales, snow, ice, rain and floods now disrupted transport, impeded production and altered Britain's export position for the worse. Fac-

tories closed and unemployment reached 2,000,000 in February. Crops were injured and serious losses of farm animals occurred.

In the face of the altered circumstances the government had to delay the publication of its promised survey of the economic situation of the country until the figures and forecasts could be revised. The White Paper, *Economic Survey for 1947*—called by the *Times Literary Supplement* the "most fateful publication that the *Literary Supplement* has needed to record since... the declaration of war against Germany"—came out on February 21, in the midst of the coal crisis. The Labor Government was indeed learning the hard way.

The Prime Minister's brief introduction said nothing about "the Britain of our dreams" but demanded the expansion of production to "obtain the essential imports of food, raw materials and machinery which are vital to maintain our standard of living at its present level." He called upon the men and women of Britain to devote themselves "unflinchingly" to winning the economic fight as they won the six-year military war. In the report itself there are eloquent calls to strip for action and to produce, for "our national existence becomes quite impossible if we cannot produce enough coal and electric power."

The situation as described in the *Economic Survey* was a kind of economic Dunkerque, and came with almost as much surprise, for exports were rising in 1946 and by the fourth quarter had reached 111

per cent of the pre-war volume. But purchasing power abroad was increasingly short, for Britain had to get most of her food and raw materials in the "hard currency" countries of the United States, Canada and Argentina to the extent of 42 per cent of her imports, while she could sell very little (only 14 per cent) in those areas, and was forced to sell to the "soft currency" countries whose exchange was of little use to her at the moment.

At the time of writing the situation has become worse. Exports for the first quarter of 1947 have fallen back to last summer's volume and the adverse balance has been increasing because of a higher level of imports. Britain knows very well that this higher level of imports from dollar countries cannot continue, as Chancellor of the Exchequer Dalton's budget attempt to tax American cigarettes off of the import bill shows. The American loan is running out faster than was expected, and by the middle of May, after 10 months of use, about half of it had been drawn.

The general place of planning in the execution of the Labor government's program has been somewhat obscure until recently. Partial nationalization was obviously part of a plan formed years before the election of 1945, and "planned investment" was mentioned in the King's speech opening the first session of Parliament. Herbert Morrison, Lord President of the Council, produced quite a tempest in opposition ranks when he suddenly mentioned a five-year nationalization plan in the House of Commons in the fol-

lowing November, and he was attacked for going far beyond the King's speech.

According to the *Economic Survey* the government began to build up administrative machinery for economic planning "shortly after the end of the war" and gave "some account" of it in the House of Commons in February, 1946. No planning officer was appointed, however, until the end of March, 1947, when Sir Edwin Plowden, formerly chief executive of the Ministry of Aircraft Production, accepted the post of head of the interdepartmental planning staff.

It looks as if planning on any general scale has appeared after the fact, and that Britain still lacks anything approaching the constructive outlook of the Monnet Plan in France. The handicaps have been great. The heritage of traditional socialist doctrine prevented the Labor Party from taking a fresh view of the post-war crisis; some kind of ill luck, perhaps deserved, dogged the steps of the Minister of Fuel and Power in whatever plans he may have had privately; and while bad weather should have been planned for, the worst winter in decades could scarcely have been expected.

Many fine things are being said in Britain about the necessary flexibility of planning in a democratic society and its reliance upon the voluntary cooperation of the individual. The best method of utilizing planning in a country which has won most of its economic and social victories through the gift of improvisation has apparently not yet been discovered.

# Abolish the Jury System!

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ONCE upon a time, the jury trial had meaning for the common man who had run afoul of the law or was suspected of such, but that day has long since passed. In fact, the longer the institution is tolerated and nurtured, the more meaningless and bizarre it is to those who understand its operation. Contrary to the general impression held by the traditional bystander or "man in the street," the jury trial is not a buttress of liberty or a bulwark against tyranny.

Now, an honest weighing of evidence by an intelligent jury of one's peers might, in pure theory, constitute an admirable way to arrive at truth and assure justice. But, in reality, the jury trial is no boon to the average citizen. On the contrary, the poor man haled before the bar of justice is likely to suffer, regardless of his innocence, unless he has a good attorney who knows how to sway the jury according to the rules of the legal game.

In addition, the existence of the jury system strikes at the safety of all decent citizens by providing an open door through which affluent public enemies, such as professional criminals, march to freedom with contemptuous cynicism for law and order. There can be no doubt that the longer we cling to the outmoded

jury trial the less real objective justice we will see in the courtroom.

The trial jury is not so old as is generally believed. Venerable though it is, it made its appearance relatively late in human history. In its embryonic days, the jury had nothing to do with accusation or trial of suspected criminals. It was used merely as an administrative agency by the Frankish kings like Charlemagne. The king's representatives would summon a group of leading subjects in any given district and compel them under oath to reveal the taxable wealth of the residents of the region and the existence of offenses against the regal will. But, as early as the Norman Conquest of England in 1066, the jury was a going concern as a juristic rather than merely an administrative instrument.

Later, in 1215, when the trial-by-battle and the ordeal—medieval devices for ascertaining guilt—were abolished by Pope Innocent III, the rulers and lawyers of the day hit upon the jury as a substitute. The *grand jury*, which more specifically was the agency of accusation, predates the *petit* or *trial jury*, but reverence and tradition for both were woven into the fabric of jurisprudence long before what we now consider modern times. Thus, the