

MORE PLANNING AND MORE DEMOCRACY

by J. R. CAMPBELL

THE demand that the Government take adequate steps to formulate an economic plan for Britain and to develop the organisation necessary to guarantee its fulfilment was made by almost all the trade union conferences which met at Easter. This, together with the revolt on the waste of manpower in grandiose, and from the point of view of the British people senseless, military commitments, was the healthy reaction of the movement to the "Economic Survey for 1947" and to the policy outlined by Government spokesmen in the Economic debates in the Commons and in the Lords.

No one in the movement was greatly shocked by the description of Britain's difficult situation as outlined in the Survey. All the essential facts, except perhaps those dealing with the economic drain caused by the military commitments, were well known. What appalled the movement was the lack of any coherent, dynamic, economic policy for overcoming the difficulties. Indeed, the Government in the Survey appeared to be finding excuses for a possible failure of its policy, for it goes halfway to accepting the thesis of Professor Hayek and other exponents of unrestricted capitalism that democracy and planning are incompatible. The opening pages of the Survey emphasise the extreme, almost insuperable, difficulties of planning in a democratic environment. We are told:

"There is an essential difference between totalitarian and democratic planning. The former subordinates all individual desires and preferences to the demands of the State. In our determination to avoid the waste of unemployment we must not destroy the essential flexibility of our economic life. During the war the Government could direct labour and was the direct purchaser of a large part of the nation's production. These two factors gave the Government a control over the course of production which no longer exists. The task of directing by democratic methods an economic system as large and as complex as ours is far beyond the power of any Government machine working by itself, no matter how efficient it may be. Events can be directed in the way that is desired by the national interest only if the Government, both sides of industry, and the people accept them and then work together to achieve the end."

This is no clarion call to organised effort. It looks more like an attempt to frame an alibi well in advance. In fact it almost raises the question "Is planning really necessary?" Obviously planning involves depriving some people of some "freedom of choice." The Government placed three major objectives before the people at the General Election: (1) the rebuilding of Britain's export trade to a level far above pre-war; (2) the modernisation of British industry including the nationalisation of fuel and power, transport and steel; (3) the carrying through of a considerable social reform programme including a record construction of houses and public buildings. The free play of consumers' choice, based as it would be on a great inequality of incomes, would nullify these objectives from the start. Luxury goods would be produced in advance of essential consumers' goods, luxury building would outbid

essential housing, production for the home market would crowd out necessary exports and the profitable luxury industries would get first preference in any re-equipment that was going.

With regard to food and the more essential consumer goods the Government recognises that the free exercise of consumers' choice would result simply in the deprivation of the mass of the people in the interests of the rich. Hence its retention of rationing and controls in this sphere. All its actions in the past eighteen months point to the conclusion, however, that it believed that the free play of the market, coupled with some general exhortations, would ensure that workers went to the most essential industries first, and that the free play of the market would also ensure that essential capital equipment would be produced before less essential. So it hastily abandoned the Essential Work Order without deciding upon any alternative means of ensuring that labour would go to the industries supplying the materials and the equipment necessary to a great modernisation drive. The result is that mining, building materials, foundries, agriculture are seriously undermanned and their insufficient production is holding up everything else. Yet even at this late hour the Government hesitates to say unequivocally that labour ought to be induced to go to those industries by differential wages, hours, rations and tax reliefs. It does not seem to grasp the elementary fact that a big reserve of unemployed was an essential part of the pre-war market mechanism for distributing labour, and that if one is out to abolish unemployment a necessary feature of planning is to evolve new methods of ensuring that labour would go where it was needed for the purposes of the plan.

If freedom of choice is to be maintained, inducements must be given to help the workers to choose correctly. Further, if the broad lines of the plan are to be operated employers must be restrained from engaging on activities that are detrimental to the plan. A modified Control of Engagement Order should obviously be operated so that the amount of labour that less essential industries should employ would be restricted, and certain industrial activities would be closed down altogether. There is nothing undemocratic about this. The Government has a mandate to achieve the great objectives aforementioned, and if the will of the people is being thwarted by bad wages in the essential industries, or the profit urge of certain employers, these things have to be grappled with so that the will of the people can prevail. All Mr. Attlee does, however, is to invite people to leave well-paid jobs in the less essential industries and go to less well-paid jobs in the most essential industries. If, therefore, labour is not going to where it is most needed, this has nothing in the world to do with democracy and freedom to choose one's job. It is due to the complete failure of the Government to foresee the emergence of this problem and to take the necessary democratic planning measures to deal with it.

The problem of securing the necessary capital equipment to enable the Government's programme to be carried through has also received scant consideration. Yet it should have been realised that if one is embarking on a great building and re-equipment programme, the ordered mobilisation of the building and the engineering industry and of all the industries supplying them with raw materials should have been one of the first objects for detailed study. After all, the Government controlled the engineering industry in wartime. All relevant data as to this

industry's capacity should have been in the possession of the appropriate ministries. It ought early to have been realised that the sections of the industry specialising in mining equipment, equipment for the building materials and the steel industry were not large enough in pre-war days to meet the needs of a great re-equipment programme. The planned expansion of these sections was imperative, and this involved some check on the production of durable consumer goods like vacuum cleaners, refrigerators, the more luxurious types of motor cars, etc., for if the matter was left to the free choice of the employers light engineering would be overmanned and the capital goods section undermanned. This is precisely what happened, and the consequences are coming home to roost.

The Survey tells us that the Government was the purchaser of a large part of the country's output in wartime and that this, with the direction of labour, "gave the Government a control over the course of production which no longer exists." There was no need whatever to renounce this control. Mining, railways, electricity generation and steel are either in the process of nationalisation or under Government control. Textiles and building materials are under control. What was there to prevent a re-equipment programme being worked out for these industries and the engineering industry being brought under state control to carry it out? It would not have been necessary to work the programme out to its last detail before one realised how necessary it was to expand some sections of the industry engaged on essential equipment. At long last some sections like mining, engineering and electrical engineering are getting priority in steel supplies. There is no indication, however, that they are getting priority in the supply of equipment which they need for their own reorganisation. The building industry requires a vast quantity of building requisites. Some years ago Lord Simon of Wythenshawe, who has now joined the Labour Party, advocated the setting up of a Building Requisites Board which would engage in the bulk buying of building requisites. The Board could insist on the standardisation of requisites, could place long-term orders and insist on the manufacturers going over to mass production, so that they could produce good cheap articles. This is not yet being done in a sufficiently comprehensive way.

One can think of many kinds of consumer goods to which the same principle could be applied. It is no use the Government pleading that "the decisions which determine production are dispersed among thousands of organisations and individuals," as though this were a natural and not an economic and social fact. The Government can modify this situation if it goes in for large-scale ordering, both of capital equipment and consumers' supplies. Government purchase of equipment and consumer goods could be made a much more important weapon in peacetime economic planning. The failure to use it effectively has nothing to do with democracy. It is due to acceptance of the bad advice of the so-called economic experts whom the Government inherited from the Coalition.

The evil consequences of the lack of a capital re-equipment programme and of any effective price control in the industries producing capital equipment are contained in one very significant fact in the White Paper on National Income and Expenditure just issued. Gross capital formation in 1946 absorbed £1,300 millions as compared with £770

millions in 1938. "This comparison is in itself misleading," the paper says, "since it takes no account of the change in price level. The evidence suggests that the level of gross fixed capital formation was roughly two-thirds of the level immediately before the war." If this is so, the price of capital goods (including building) must be in the neighbourhood of 150 per cent. above pre-war. Of course, building is the main sinner, but it is also likely that the price of engineering equipment has risen much faster than the general level of prices.

The plain fact is that the Government either does not grasp the planning implications of its own programme, or is spinelessly shying away from them. On the one hand it talks about the great complexity of its tasks, and the next moment suggests that "a small tripartite planning board" will see us through. Maybe it thinks that the capitalists will be reconciled to some kind of central planning authority provided it is only a little one.

The small central planning group is, of course, a carry-over from the Coalition period. In the Coalition White Paper on Employment Policy such a group was proposed as a kind of economic forecasting bureau which would watch economic trends and tell the Government when to intervene with a public works programme in order to offset an impending slump. The whole idea of this White Paper was that after a short transition the country would revert to unrestricted capitalism and that all decisions on what to produce and at what prices should reside in the hands of the capitalist class. The State, advised by the forecasting bureau, would only weigh in when the capitalists were patently unable to maintain a "high level of employment."

This type of organisation is no use for a Government which is seeking to direct the economy of the country in order to ensure priority for a great housing programme, a tremendous programme of capital re-equipment, particularly in the nationalised industries, a great build-up of the export trade and a more equitable distribution of wealth. The Government cannot leave it to the capitalists to ensure that labour and materials are forthcoming for these great projects. It must take its own planned measures to ensure that the proper allocation of labour and materials takes place and that one phase of the reconstruction effort does not get in the way of the other. It must see in time the repercussions on the economy of any measure which it is taking in a particular industry.

This means setting up a really well-staffed planning commission of economists, technicians, civil servants, trade unionists and co-operators who are really determined to make planning work. Such a commission must have strong regional organisations in touch with the problems of every part of the country. The Government is correct in emphasising the complexity of the problem of directing British economy. Because of this the "small tripartite board" idea is ludicrously inadequate.

The essentials of real democratic planning are:

The objectives of the planners should be approved of by a majority of the people. That is certainly the case with the three objectives we have mentioned above. It is not the case in respect of the Government's fourth objective, that of maintaining great military forces. Indeed, the obstinate pursuit of this objective is preventing the realisation of the others.

The planning authority must be responsible to a democratically

elected Government. We have such a Government, but there is no effective planning authority.

The organisations of the people—the Unions, the Co-operatives, the factory committees—should be organised to help in the achievement of the planned objectives. This is not being done.

Each industry and each factory should know what its planned target is. At the moment even the Government and its small tripartite Board does not know this.

What we have today is neither democratic nor totalitarian planning, whatever that may be. It is bureaucratic sectional improvisation, or just plain muddling through. It is not democracy that is holding up planning today. Nor is planning endangering democracy. Both are being frustrated by a policy that is at once poorly formulated and weakly applied—because the Government will not see that planning must involve a challenge to capitalist interests.

What we need is more democracy and more planning.