

Five Factors In Britain's Plight

A few days ago I paused by the banks of Loch Lomond and watched the reluctant sun give way to twilight. The world and its troubles seemed, thousands of miles away, and one was at peace with life. Nature still proclaims its law of beauty even in this harsh scorched earth era.

His Majesty's Fleet had gathered in the nearby bay of Gournock for inspection by the King, and my old friend, Rear-Admiral Packer, of "Warspite" fame, had suggested that I might spend the week end with him before the Royal programme began. It was good to mix with men of the sea, for there is something in the salty tang of the winds that blows away pettiness and keeps the eternal values fresh.

On Saturday afternoon I acted as his civilian attache, when the local townspeople put on a fete in which members of the Boys' Brigade (a strong institution in Scotland) performed all sorts of acrobatics, and a number of lassies danced with decorous Scottish abandon. The village band played very loudly while its members proved to the listening ear that individualism still exists in Scotland. The cornetist won by a bar and a half, but the drummer was a close second.

But then the pipers came on, varying in age from fifteen to seventy, and it was a very different story. They were truly magnificent, and when they quickened their tempo and the crowd shouted with excitement I would willingly have joined in any movement to march against the English and avenge Flodden. With all due respect I suggest that no one has heard the pipes unless they have been to Scotland.





Socialists' "Birthday"

It was sad to have to leave the goodly company of the Fleet and the land of golden mists and pleasant argumentative voices to return to London, but there was a crisis on and we had to be in our place at Westminster. Therefore, I must ask you exiled Scots overseas to set aside your thoughts of the North, and come South with me to the Old Mother of Parliaments which squats on the not very bonny banks of the Thames.

The Socialist Government was celebrating its second "birthday" and we of the Tory Party wanted to be present to honor the occasion by singing "No More Birthdays To You" and even helping to blow the candles out. Just to add to the general galeaty, the Stock Exchange fell like Humpty Dumpty, and so far there is no sign that it will regain its former dizzy position.



The Englishman and Crises

Perhaps I ought to explain the obvious by reminding you that it is very difficult to make the Englishman's flesh creep. Tell him that a crisis is at hand and he will ask the latest score of the Test match. He has lived for so many centuries in this island anchored off the coast of Europe, and has come through such a number of perils that he believes he will still be there when the rest of the world has gone up in smoke or dissolved into vapor.

When Dickens created Micawber he dug deep into the British character. For the sake of the younger generation

the sake of the younger generation which, to its own loss, does not read Dickens it may be necessary to explain that Mr Micawber regarded a bill as paid when he gave an IOU and was always confident that something would turn up. When the breath of the German Army at Calais could be felt on our cheeks in 1940 the British were not alarmed. When London was bombed every night there was not any doubt that the Luftwaffe would have to call the battle off.

So when all the experts said over the last six months that Britain was travelling towards the gravest economic crisis of its history the Englishman said, "That's right" and continued to live on 24 hours a day without any special qualms.

If we admit this quality of fatalistic optimism in the British citizen we must agree that it should not apply to be realists. Yet it is an undeniable fact that there are Micawbers even in the Socialist Government, as no doubt there would be in any British Government. For example, Dr. Dalton, the Chancellor of the Exchequer, told us in Parliament that the first quarter of the financial year had produced a magnificent revenue and, to judge by his smile, an innocent might be excused for thinking that all was for the best in the best of all possible worlds.

But the Chancellor's optimism, while understandable, was rather like that of a member of a ship's crew stranded on a barren desert Island who takes up a collection and says, "You will be glad to know that we now possess the magnificent sum of one hundred and eight pounds, nineteen shillings, eight pence and three farthings."

Three things.

Unfortunately we cannot eat sterling, although it would not taste worse than some of the food we get. Nor can we manufacture motor cars or railway engines with it. We have lots and lots of pound notes but we cannot export them in exchange for dollars.

So as winter approaches we have to face the unpleasant fact that our imports are some £800 millions a year greater than our exports, that we no longer have foreign investments to bridge the gap, and that the balance of the Canadian American loans will be used up before the end of the year.

"But something will turn up," say the Micawbers. The realists answer, "Yes—the brokers will."

For the first time in her history Britain cannot pay for the essential imports to sustain the life of the people and the export programme.

Nothing is so tedious as a rich man who falls on bad times, and it is equally applicable to a rich nation. Therefore we must expect harsh criticism from our more prosperous friends. We will hear that the British work-man is lazy, that the miners have a five-day week and indulge in reckless absenteeism, that nationalisation has killed initiative, and so on down the line. As Shakespeare says, we cannot hope to escape the serpent's tongue, even though in this case the tongue is not poisoned.



What World Should Know

But before we accept such criticism as being the last word in wisdom let us set down five salient facts which should

set down five salient facts which should be understood by the whole world:

1. During the two years that Britain (assisted nobly by the Empire) held the enemy at bay she was forced to liquidate most of her foreign investments to pay in dollars for essential armaments. Thus was her ultimate impoverishment decreed.
2. When the generous policy of Lease-Lend followed the exhaustion of Britain's foreign investments Britain agreed to turn her entire economy over to war production, which meant that for a considerable period after the war she would lag behind her competitors in modern industrial output. This ensured a dangerous delay in her recovery.
3. Lease-Lend was a policy of mutual aid in fighting the common enemy. When the war ended Lease-Lend was terminated before the common problems created by the war had been met. This ensured the future role of Britain as a seeker of loans and credits.
4. The American Loan, while generous in impulse and intention, carried restrictive clauses that prevented Britain developing her trade within those sections of the Empire where sterling is a hard currency. By the mistaken acceptance of that loan Britain decreed her subservience to the dollar.
5. Although impoverished and short of manpower Britain undertook costly military and financial commitments in Palestine, Greece and Germany. By this brave and honorable decision an economic crisis was rendered inevitable.

evitable.

I hope that those who read the London Letter will study these five major reasons for Britain's deplorable situation. They are not wholly understood even in this country and the facts are almost completely unknown to the ordinary American.

France, which surrendered to the Germans (and perhaps it could do nothing else), still owns its foreign investments and is able to use the dividends for essential imports. Britain, which fought on, was made to liquidate its foreign investments. We would be less than human if we did not feel that such a culmination lacks justice.

Then are we, in this island, wholly blameless for our own troubles? Are we nothing less than an ageing, badly-used Sir Galahad sans reproche? I do not deny that we kept the dragon at bay and therefore saved the world, but neither do I deny our own shortcomings.

It may well be that if the Conservatives had been returned to power in 1945 there would have been vast labor troubles and even a general strike. No one can deny that the mere existence of a Socialist Government has secured a great measure of co-operation from trade unions and that we have been spared the plague of widespread strikes that have afflicted other nations.

On the other hand, we lost the voice and genius of Winston Churchill which left a vacuum which has not been filled. Frankly I do not believe that Lease-Lend would have ended so so abruptly if he had been Prime Minister. He would have flown to Washington and put the facts of the situation with such force and clarity that the American Govern-

and clarity that the American Government would almost certainly have postponed its decision.

However, since the electorate had dismissed Churchill he was relegated to the comparative impotence of Leader of the Opposition, and we must examine the conduct of the Administration that replaced his.



Workers' Illusions

The position of the Socialist Government was rendered difficult not only by the facts I have already described, but by the propaganda of a party which had spent almost its whole life in opposition. Workers had been led to believe that shorter hours would achieve greater results and earn more pay. Many of them believed that profits were the result of exploiting the workers and that the management consisted of inefficient blood-suckers. Also they were caught by the slogan that all forms of production and distribution should be owned by the people and operated for the people.

It is not my purpose in this letter to argue the merits of capitalism versus socialism but to state uncontrovertible facts. The Socialist Government was committed to a widespread policy of nationalisation and could not escape without offending their followers.

This meant that the State would have to buy out the coal mines, the Bank of England, cable and wireless, the electricity companies, the railways, road transport, and the vast iron and steel industry, either under threat of immediate or subsequent nationalisation, lost the impetus and even the discipline of normal

petus and even the discipline of normal times.

A paralysis spread over the country as more and more orders, often conflicting, were issued from the overburdened centre to the outside components. The dead hand of bureaucracy was gripping the wrist of enterprise. Ministers worked themselves to the border of collapse, and sometimes over the border, struggling with complex industrial problems beyond their understanding..

The State as the actual or potential employer was under constant pressure for more pay, better working conditions and shorter hours. The trade unions, with misguided conservatism, were insisting upon the rate for the job rather than adopting an emergency policy of more pay for more work.

And all the time thousands of tons of paper, costing valuable dollars, were being used in countless orders and forms that bewildered and distracted the managements, and kept a vast army of clerks employed in filling them up. Short of manpower, the starved factories had to look on while the total of non-producing servants employed by the Government and the local authorities rose to three millions.

Let me repeat that I am not denouncing nationalisation, although I think it is basically inefficient, but even if it were a good thing a nation plunging towards bankruptcy could not afford the experiment.

The Socialist Government put ideology before reality. To that extent it contributed towards the ominous crisis that faces Britain this

ent it contributed towards the various crisis that faces Britain this winter.

I do not see the way out, yet I believe it will be found. Therefore, I suppose I am a Micawber like so many others. But whatever the cure it will be a long and painful one. Voltaire ended one of his books with the phrase: "Therefore cultivate your own garden." We made the mistake of turning to America instead of our own garden—the British Empire.

America and Britain must be partners, and I rejoice that it is so, for the world is lost without the leadership of the English speaking nations. But a partner cannot be a dependent. By the sweat of our brows, by the will of the people and not only the will of the Government, by a return to the unity of the war, by sacrifice, hardship and dogged determination Britain must fight her way through.

And then, when solvency is in sight we shall be able again to rest in tranquility by the bonny banks of Loch Lomond.





BY BEVERLY BAXTER, M.P.

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