

CRIPPS AND THE ALTERNATIVE

By J. R. CAMPBELL

WITH the announcement of the new export targets by Sir Stafford Cripps in September, and with the subsequent pronouncements of Ministers on wages, prices and inflation, the charge that the Government is completely devoid of any policy can no longer be sustained. True the policy has been hastily improvised, but its various parts are more or less consistent with each other, and are serving as a basis for the everyday activity of the Government. The question is no longer has the Government a policy, but whom does this policy serve.

The nucleus of the policy is the export programme announced by Sir Stafford Cripps which the press promptly named the Cripps Plan, although it is no more a plan than is the fear-driven, headlong rush of a small child through the dark.

The previous export policy of the Government was based on the assumption that following the war there would be a gradual expansion of world trade in which Britain would share, so that by 1950 our exports would reach the target of 75 per cent. above pre-war. While we were building up our trade we would be able to live above our income by drawing on the U.S. loan.

The new policy which follows the virtual exhaustion of the loan aims at achieving its export targets much sooner. The volume of exports is to reach 60 per cent. above pre-war by the end of 1948. This vast expansion of exports is not to be achieved as part of a general world expansion of trade. It has to be achieved in spite of the contraction in world trade which is now taking place. Now if you attempt to force exports up to enormous heights in a falling market you will find your difficulties accumulating with every successive wave of exports. If you are to achieve your targets you will almost certainly have to lower your prices. In short, a fierce export drive in present conditions will sharply raise the question of export prices, a fact that Sir Stafford Cripps endeavours to face by arguing that we can lower export prices by increased efficiency and that cuts in wages in order to lower them "are absolutely the last resort." The Federation of British Industries and the British Employers' Confederation will not demur. They have always claimed that employers only resort to wage cuts as "absolutely the last resort." What may mildly astonish them is the idea of a Labour Minister admitting the possibility of wage cuts, as a remedy under any circumstances.

Further the new export policy not only menaces the wages of the worker as a producer, but it proposes to sharply cut down the supply of consumer goods that will be available to him. The old policy was based on an attempt to ensure certain minimum supplies to the home market. As production increased the additional supplies were divided

between the home consumer and the export trade. Under the new dispensation the export market takes first pick of everything. The consumers get the residue—when there is one.

Mr. Morrison has sought to justify this procedure by declaring that the British worker is merely being asked to do what the Russian worker was asked to do, namely sacrifice a little now in order to secure for himself a brighter future. It is a pity that Mr. Morrison did not go into this further or he would have learned that the Russian workers denied themselves consumer goods in order to speed up the capital development of their country. The British worker is being asked to do with less consumer goods at the very moment when the capital development programme of the Government is being cut. This is one of the most serious aspects of the whole policy. During the war a whole series of enquiries (the best known of which were the Platt report on Cotton and the Reid report on Mining) demonstrated the technical backwardness of British industry as compared with its rivals. At that time there was an expressed resolve that after the war the State in co-operation with private industry would launch a great modernisation programme. So when the Economic Survey for 1947 was published last February it was generally criticised on the grounds that its target for re-equipment was hopelessly inadequate. Commentators vied with each other in pointing out that with six years backlog of deferred maintenance in many industries the Government was only promising that apart from housing “there would be at least 15 per cent. more capital equipment and maintenance work done in 1947 than was done in a normal pre-war year.”

Now we know that there has to be a cut of £200,000,000 per annum in the capital development programme now being undertaken. If the capital development programme is running at the rate envisaged by the Government in February (and it may well be less) this means a cut of one-fifth in new investment, as distinct from maintenance. It is therefore probable that in 1948 we will be lucky if we are doing as much work on capital development and maintenance as we were doing in one of those miserable pre-war years when British industry was falling technically behind its rivals in other lands. This is not a policy of doing without consumer goods in order to live better tomorrow. It is a policy of doing without both consumer and capital goods in order to live worse tomorrow. Meantime the British engineering industry (which did re-equip itself to some extent during the war) will be working at full capacity to re-equip the industries of other lands, for in an effort to reach its target it will be exporting two-and-a-half times as much machinery as it did in 1938.

In short, we have a policy which leaves us with little hope for the future.

It is preposterous to talk of this policy as if it were a plan or even a prognosis. All that happened is that the Government statisticians roughly calculated what consumer goods might be exported without provoking a popular upheaval and what machinery could be exported

without bringing British industry to a standstill; and drew up targets on that basis. As an exercise in statistical ingenuity it is interesting, but there is no plan in it. There are only the very vaguest ideas as to where the various types of goods can be sold and the repercussions on British economy of the sudden export of every conceivable type of capital goods have not been given ten minutes study. So don't be surprised if you find a lot of production hold-ups taking place, because particular machines or spare parts can no longer be obtained at home.

At this point the Government supporter begins to lose his temper and declare that the critics are only indulging in unconstructive quibbling. We must have food and raw materials next year and we have got to pay for them by export, he says, and wailing and lamentation are of no avail. Now no one disputes the necessity of paying for necessary imports with exports. But not all imports are really necessary. The maintenance of the armed forces overseas and other Government overseas expenditure is costing this country £175,000,000 in this financial year. Overseas expenditure in 1938 by contrast only cost £16,000,000. This £175,000,000 per annum or more than £14,500,000 per month is an invisible import to be paid for by exports. We are exporting not only to get food and materials but to maintain swollen armed forces overseas. The Government's critics dispute that necessity. They go further and ask why is it not possible to get sufficient men into industry to produce the necessary exports and provide for the needs of the home market as well. Before the war there were 990,000 men and women engaged in producing goods for export. Last July there were 1,518,000—a labour force which only needed a further 66,000 men to bring it to a level of 60 per cent. above 1938. Why in Heaven's name can't a labour force of almost 60 per cent. above pre-war produce the Government's target of a 60 per cent. increase in exports? Let us suppose that 300,000 of these men are producing capital goods that will not be available for export for some time—say ships or electrical generating plant, and that what we want is to increase the labour force on more quickly manufactured exports. Then it may be permissible to take another 300,000 into production for export from the ranks of those producing for the home market provided one replaces them by speedily demobilising an equivalent number from the forces. That is the issue that Sir Stafford Cripps never discusses. Why is it not possible to cut the forces so that sufficient men will be available to produce for home and export needs? This is the "A.B.C. of the Crisis" which the Labour Party's bright young publicists continue to obscure.

We can only obtain exports by denuding the home market because we propose up till next March to maintain well over 1,000,000 in the armed forces. On the basis of the cuts in imports and the great export drive the amount of commodities on the home market will shrink while wages, profits and interest remain the same. There is an inflationary gap which must be closed and the Government proposes to introduce an autumn Budget to close it by cutting the purchasing

power of the people by higher indirect taxation or by reduced food subsidies. This brutal attack on working class standards has nothing to do with the necessity of balancing imports and exports. It has everything to do with the criminal and economically ruinous attempt on the part of a nation with a huge trading deficit to keep over 1,000,000 men under arms. Never in all history has a nation in a desperate financial situation engaged in such a desperate orgy of waste. So when Mr. Morrison tells his Smethwick audience not to listen to people who argue that we should do without such high exports he is indulging in cheap, nasty demagoguery. What his critics are asserting is that we can do without such huge armed forces.

The export drive as such is a "drive into the blue" because it is not based upon an attempt to conclude stable trade agreements with the Soviet Union, the new Democracies, or for that matter the Colonial countries. The Labour Party publication, "A.B.C. of the Crisis," attempts to discount the amount of trade that can be done in this way by suggesting that the East European countries are devastated and poor. How easily reformists can change their arguments to suit circumstances. For months they have been arguing that the Soviet Union is preventing the recovery of Europe by refusing to permit trade between the East and West. When the Soviet Union and other Eastern European countries express their willingness to trade, then the same "experts" turn around and declare that they are poor and devastated and haven't much to trade anyway.

Of course, every schoolboy knows that the Eastern European countries have not at this moment an export surplus of food and raw materials comparable to that of the U.S.A. But they have a surplus which the British Government by refusing to make a trade agreement with the Soviet Union has spurned. In any case the question is not how much resources is at present in existence but how Britain can co-operate with those countries in bringing into being new resources which may be available next year. Britain had the opportunity of obtaining some timber from the Soviet Union immediately and of providing the Soviet Union with equipment that would enable it to produce more timber for sale to Britain next year.

Could we not supply Yugoslavia with tractors and spare parts and enable it to have a bigger harvest than it would otherwise have, part of which would accrue to Britain? It need not be a simple exchange of British capital goods against East European raw materials. Could we not supply Czechoslovakia or Poland with wool or yarn to turn into textiles part of which would come to us in payment and could either be added to home stocks or could be used for export elsewhere? If we forgo such measures of mutual trade we will delay the coming into existence of alternative sources of supply to those of the U.S.A. and will hinder world recovery in consequence.

A real export drive must be based on increasing the number of reciprocal agreements with other countries so that we are able to build up a structure of planned trade.

The Labour movement has always rejected the assumption that the free play of the market would ensure reasonable wages or security of employment. Yet its Labour Ministers in their export policy seem to believe that in the free play of the world market Britain will be able to get all the food and raw materials we need. It is time to reverse this policy. If we want security and a rising standard of life we must plan for both in our foreign trade and in our domestic policy. Only thus will we free ourselves from the dictation of the dollar,