

QUESTIONS OF THE HOUR

BY
VISCOUNT MILNER

HODDER AND STOUGHTON
LIMITED LONDON

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PREFACE

OF the essays contained in this book the second—"Towards Peace in Industry"—has already appeared in the columns of the *Observer*.¹ The rest are now published for the first time. They are all the work of the last two years, and work undertaken, in the first instance, from an impulse of protest against some of the "stunts" of that distracting time. Thus their subject-matter is purely topical. But I venture to hope that they may not be found altogether topical in spirit. For my constant endeavour has been to grope my way, through the mist of current controversy, to some firm resting ground of principle. In that attempt I have, no doubt, achieved only a moderate measure of success. But defective as I feel these essays to be, limited in scope, imperfect in arrangement and crabbed in style, they are yet the product of such an amount of hard thought on my part, that they may be of aid to the thought of other men.

The book deals largely with economic questions. I hope that professional economists will show indulgence to the amateur, who has ventured to

¹ In the issues of January 7th, 14th, 21st, and 28th, 1923.

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trespass on their preserves. For I can make no pretension to economic learning. In an over-busy life I have had no time to master the vast literature of the subject, or even to keep pace, though I have tried hard to do so, with current developments of economic thought. Whatever value my reflections may have is due to the fact that they are the outcome of a long life spent in practical activities of many different kinds. They are readings of the book of my own experience. And while I lay no claim to exceptional sagacity, it is certain that my experience has been exceptionally varied, and that I have often had occasion to study the same problems from opposite sides. For I have been at different times a journalist, a Civil Servant, a politician, and a man of business. I have lived for years, not only in foreign countries, but in parts of the Empire presenting in every respect the greatest contrast to one another. I have had long spells of administrative work, at home and abroad, and equally long intervals of complete freedom from official responsibility. I have been a Treasury man, and in other public capacities have had many a fight with the Treasury. At one time a tax-gatherer myself, and knowing all the tax-gatherer's difficulties, I have of recent years been driven to criticise the tyrannous use made of instruments of taxation, which long ago I helped to forge.

One word in conclusion about the relation of these essays to one another. They are but

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loosely connected, and cover only a small portion of the wide demesne of National Economy. If anything holds them together, it is the standpoint from which they are all written. That standpoint is—unhappily, as I think—an uncommon one. Separated from one political party by my advanced views on social questions, still more widely separated from others by my faith in the Empire and my attachment to national rather than cosmopolitan ideals, I often seem to myself to be “ploughing a lonely furrow.” But at a time, when all party distinctions are in the melting pot, perhaps even this eccentric bundle of opinions may gain a hearing and contribute something to the evolution of a new political creed.

MILNER.

April, 1923.

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I

THE AFTERMATH OF WAR

THE economic chaos prevailing throughout the world since the end of the Great War has as yet found no adequate explanation. We are all conscious of its effects, but there is infinite diversity of opinion about its causes, or at any rate about the relative importance of the several influences which have contributed to it. Thus no agreement exists as to the course we should pursue in order to escape from our troubles. *Quot homines, tot sententiæ*. The chaotic state of business finds its counterpart in a babel of conflicting counsels.

There is nothing surprising in this state of affairs. Practical wisdom is the child of experience, and the earthquake which has shaken the economic foundations of all civilisation has been of so wide an extent and so novel a character, that only partial and imperfect guidance can be derived from the study of lesser and in many respects dissimilar disturbances in the past. The vastness, the number and the complexity of the problems confronting us are unprecedented. No human brain, however acute and well stored, can be expected as yet to read the riddle which they present. In time, no doubt, when what

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appears at present a scene of indescribable confusion can be regarded from a distance, the philosophic historian will be able to reduce it to an intelligible form and to distinguish the main, essential and ultimately decisive factors from the innumerable minor subsidiary and ephemeral phenomena which distract our minds and confuse our vision to-day. But to us this clearness of interpretation is impossible. We are wanderers in a thick forest with many cross-roads and by-paths and endless opportunities of going astray. Students in the future may be able to look down and see it all like observers in an aeroplane, to whom the extent and shape of the wood, the direction of the tracks and the shortest way out are clearly discernible, and the mistakes of the wanderers in the wood obvious and pitiful. But we of this generation are the men on the ground, seeing only the thicket immediately in front of us and arguing with one another as to the relative merits of the numerous tracks which seem to promise an exit from the jungle.

In time no doubt exits will be found, and in any case we cannot do otherwise than continue to look for them. But in doing so it will be well to keep a very open mind, and to be on our guard against those gusts of public opinion, like the present rage for "economy," which, always one-sided and often wrong, lead us to rush first in one direction and then in another, and increase the difficulty, great enough in any case, of arriving at a steady and well-balanced policy.

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Looking back on our experiences, in the economic sphere, since the outbreak of the Great War, nothing is more remarkable than the way in which general anticipations have been constantly falsified by events. Over and over again that which actually happened was the very reverse of what popularly accepted predictions, not in themselves unreasonable, had led us to expect. In the autumn of 1914 there was a widespread conviction that the upset of our normal trade must lead to an unprecedented amount of unemployment, and a great National Fund, which there was ultimately some difficulty in knowing what to do with, was raised by public subscription to relieve the anticipated distress. But, as it turned out, the war, so far from bringing unemployment, brought intensified production and a greater demand for labour than it was possible to supply. For the great majority of the working-classes the years of war, instead of being a time of distress, proved to be a time of exceptional prosperity.

Nor was this the only great surprise which the war had in store for us in the field of economics. When the war began, almost everybody cherished the belief that, whatever the intensity of the struggle, it could not be of long duration. Here and there indeed men were to be found who, like Lord Kitchener, foresaw that it was likely to last not months but years. But the general conviction certainly was, and it was strongest on the part of men versed in economic studies, that,

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if nothing else brought the war to an early close, the impossibility of financing it must do so. In view of the enormous costliness of modern warfare, it was argued, and reasonably argued, that no great civilised country could long endure the financial strain. If anyone had suggested, in 1914, that our own country, for instance, could by any possibility raise 10,000,000 millions, or even half, or even a quarter of that sum, in order to carry on the war, he would have been regarded as a madman. Yet not only did we raise that amount and more—over 3000 millions out of revenue and over 7000 millions by loan—but we were prepared to go on raising money. I can speak from personal experience in this matter, for I was in the centre of affairs at that time, and I well remember that in the early summer of 1918, even with America then throwing her whole weight into the scale, none of us foresaw the early termination of the struggle. Ultimate victory did then indeed seem certain, but we were all expecting another campaign in 1919, and many people talked of 1920. And no one any longer suggested that we should not be able to go on, even till 1920, from inability to raise the necessary money. For by that time it had become evident from experience that mere financial embarrassments were never going to put a stop to the war. It might indeed be terminated—as to a certain extent it was terminated—by an absolute shortage of indispensable things—food, in the first place, but also

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coal and various materials necessary for the manufacture of munitions. But as long as the things themselves could be produced in adequate quantities, the counters for dealing with them would always be forthcoming.

It would take me too long to quote other instances, though I might easily do so, of the way in which actual experience, in and after the war, has confounded even the best-reasoned economic anticipations. But one further illustration may perhaps be given. In the first year of peace there was a general clamour for intensified production. All those engaged in productive work, capitalists and workmen alike, were incessantly exhorted to redouble their efforts, in order to make good "the losses of the war." And, as a matter of fact, fresh capital was freely poured into some branches of manufacturing industry, which were already more than sufficiently equipped to deal with a considerable increase of demand. But presently the demand fell off, first in one trade and then in another. And so the panacea of intensified production was found to have a hole in it. For greatly as people, both at home and abroad, were in need of the goods we could produce, it turned out that they were not equally capable of buying them. Production had outstripped effective demand, and thus the problem of economic recovery has now assumed a totally different aspect from that which it presented four years ago. It is not so much a larger

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output of which we are seen to stand most in need, as a wider market in which to dispose of what we are perfectly well able to produce.

Bearing in mind these many miscalculations in the past, we may well be wary about equally confident diagnoses of our present troubles and hesitate before we commit ourselves to a course of action based on them. And in a case in which the wisest of us and those who speak with the highest authority in such matters—great men of business, learned economists—have often gone astray along with the crowd, it is not presumptuous for any one to venture to think for himself, and to hesitate before he accepts the popular theories of the moment, even when they are backed by those to whose opinion under more normal conditions he might feel inclined to bow. It is for these reasons that I am emboldened to break a lance against much that is vigorously preached and almost generally accepted to-day, and to question whether we have as yet either truly learned the lessons of the war, or found the best way of escape from the troubles which now perplex us. It may be that we are too hasty in condemning, as unsuitable for peace, all the novel measures which we found necessary for our salvation in war. It may be that we exaggerate the losses of the war, and undervalue the fruits of the marvellous progress which Science, under the pressure of “necessity, the mother of invention,” made during the course of it, and that we neglect the new opportunities opened up to us by victory.