

Communism is not popular in Russia. Some three or four out of every hundred believe in it. The others are now openly beginning to say they are not Communists. Priests, who for years have been hiding, plying most unexpected trades, are repeatedly coming into the open . . . It is the dawn . . .

Alone these heroic missionaries cannot complete their work, for Russia has had no seminaries, no system of religious instruction for so long, that few under forty-five know anything about God. And Russia is a land where so many died in the Revolution, in the famines, shootings, and in this last war, that if you go down the street of any of their big towns, there are few people to be met over fifty, and no really old people. Godless Communism has taught the land terrible things, so that Russia stands as a menace to the world. We must convert her or she will pervert us.

It would be a grand plan if people interested in Russia had a house where they could learn to love the true soul of Russia, learn Russian, read her literature, her history, and find out if they were called to join the heroic missionaries preparing to go there. Such a house is sure to come about, for the need is great. And the whole church is praying, so the vocations will multiply also.

It would be a grand thing to see branches of all our well loved Orders in Russia, and the best way surely would be to prepare now, for the dawning day.

There is no doubt but that the Russian Martyrs will teach us many things, and that, going to Russia to teach them the faith, we will find that in reality we go there to be taught many things we have never guessed. There are those degrees of selfless prayer, and of childlike wonder, so natural to the Russian, so seemingly distant to us, for Russians are natural contemplatives. But we have also something to give them, we have a certain self-control and balance which they admire, and long to attain, and without which they might easily fall a prey to the next "ism" that tries to overcome them.

MARA.

B E V E R I D G E D E B U N K E D ?

THE fashionable Beveridge school of full employment economics is open to a good deal of detailed criticism, and Professor Fisher has made a valiant, if not wholly successful attempt to suggest the greater importance of a different approach.⁽¹⁾ In spite of a number of dexterous jabs the Beveridge school still stands, sore but unshaken; in rightly denying that the New Economics are new, Professor Fisher tends to slip too easily into denying that they are fre-

(1) A. G. B. Fisher: *Economic Progress and Social Security*. (Macmillan; 18s.).

quently good economics. But he has made out his cause on a great many individual points, and provided a valuable corrective to the tendency to over-emphasise monetary solutions.

On the central issue of full employment, the essence of the Beveridge case is that needs must be clothed with purchasing power. If demand shows signs of failing to absorb the whole available output, then tax remissions or subsidies must be used to enable or induce people to buy the goods which they want—or, more commonly, what the current political majority thinks that they ought to want. Professor Fisher prefers to approach the other way round. If goods are unsold, why do producers not make more effort to give consumers what they want? Why not try to promote new enterprise at the "growing points" of the economic system, and to render existing firms more adaptable? There is not much difficulty in showing that along these lines a great deal more could be done than was actually attempted in the thirties; most of all, of course, in Professor Fisher's own special field of international trade. The fact, after all, is obvious, and has not been ignored by the Beveridge school. But it is reasonable enough to point out that they have given it far too little attention, and the result of giving it more would be a stronger guarantee that full employment will come through, allowing consumers to buy what they genuinely choose in the market, and not what is chosen for them in Transport House or the Town Hall.

But the argument on these lines can be, and is, carried too far. There are good reasons for doubting whether any amount of encouragement of change in the structure of industry to meet consumers' demands will always induce the amount of investment, or indeed of consumption needed for either full employment or full efficiency; whereas the Beveridge approach can, at least, guarantee that enough money will be spent, if not always in the best possible way. The lesson of the war is not, as Professor Fisher argues, that we can have full employment by concentrating unlimited demand on a few goods and going short of the rest; it is that we can have full employment by creating unlimited demand, which can be done even more easily by tax remissions which give consumers more money to spend as they like than by subsidising, or publicly purchasing, any particular class of product.

On the international side there is plenty (beginning with Empire Preference) in the policies of the thirties, and of the economists, for whom history ended in 1933, which can be rightly and usefully condemned. We did pay too much attention in the twenties and thirties to bolstering up decaying export industries and too little to promoting new enterprise in directions where expansion was pos-

sible; and there is a real danger that, in adopting protective policies in order to allow a monetary expansion for the sake of immediate full employment, we may block developments in the international division of labour, which are vital in the long run, both to full employment and to higher standards of living. *Quidquid delirant reges* . . . it is particularly the small client States, as Professor Fisher points out, which pay in depression or political dependence for the isolationism of the Great Powers. The export of unemployment to Australia has long been the main business of the politicians of British agriculture.

But is it quite so certain that (for example) exporters to Great Britain were worse off because we adopted a general tariff in 1931? The effect of general protection was that the employment multiplier in Great Britain—the effectiveness of a given act of spending in creating ever-widening rings of additional employment within this country—increased about 30%. The building boom, a classic example of Professor Fisher's "elasticity of demand at growing points", was thus able to lift us a great deal further out of the depression without running into difficulties over the volume of imports; while, just because employment and the national income were so much higher, our volume of imports may, nevertheless, have been at least as high as would have been possible under free trade. Professor Fisher quotes at one point the warning in a recent United States Government publication against exaggerating the effect of full employment on American imports. If he had begun the quotation a paragraph earlier, he would have found that "Past experience clearly indicates that the greatest contribution towards a large and stable flow in the supply of dollars . . . lies in the maintenance of a high level of national income and production in the United States."⁽²⁾ In view of the drop of 64% in dollar payments on current account between 1929 and 1933, and of the possibility of a repetition of this performance within the next ten years, there may also be more to be said for a Beveridge "Full employment club" of like minded Governments than an argument based merely on the need for structural adjustments would allow.

Professor Fisher's general outlook on economic organisation is on traditional liberal lines, and he has some well-earned criticism of the vagueness of planners about ways and means. As an Australian, he has reason to feel a little cynical over the virtues of nationalisation as a means of improving either efficiency or labour relations, and he rightly points out that rotund phrases about public

(2) Hal B. Lary, *The United States in the World Economy*, p. 14.

service, Christianity, or the Scientific Approach do not prevent the economics of Socialism from looking remarkably like, according to the brand of Socialist, the economics of perfect competition or the power politics of big business. In general, his view is that the traditional formula of free competition with the State holding the ring is still satisfactory, provided only that the rules of competition are tightened up.

It is here that his argument is least adequate. Granted that monopolies and trade associations need to be supervised, and in particular that the main danger to efficiency is not so much the malice of monopolists as the sleepiness of the self-satisfied, that need not be taken to justify a sweeping condemnation of the whole genus. The formula of the State and the Atom, with a deep suspicion of intermediate organisations in the shape either of large firms or of self-governing industries, is scarcely satisfactory, even from the point of view of efficiency. Professor Fisher does not meet the argument that such activities as price-fixing agreements or the temporary withholding of patents do often in practice increase the pace of technical progress by allowing it to proceed in a series of comparatively orderly steps; to quote Professor Schumpeter, a car can be driven faster just because it is fitted with brakes. One would like to hear the evidence, if any, that the world's chemical industries would be more efficient if I.C.I., I. G. Farben, du Pont de Nemours, and their network of trade agreements had never existed. Little is said, again, of the range of activities where the value of joint action by members of an industry is already generally recognised—research, export marketing, representations to the Government, labour relations, and the like.

Nothing whatever is said of problems such as are likely to arise from the increase in the bargaining power of labour under full employment, or from proposals such as those of the Greater London Regional Plan for shifting existing industries to new sites in the interests of good town-planning. For dealing successfully with these problems the creation of an active and informed public opinion inside industry will be vital, and it is hard to see how this public opinion can be formed without some form of industrial self-government. It can only arise if the responsibility for solving urgent practical problems is thrown on the combined shoulders of all parties in industry—if they are made to sit down together round a table to work out a common approach to problems of great common concern. But this to Professor Fisher is *anathema*.

There is also the political aspect. There is a curious blind spot on the political side of most economic discussions of what is contemptuously dismissed as corporatism. It is not surprising that Socialist economists should prefer bureaucracy to organised business. It is much more surprising to find liberals, both moderate and fanatical—the Fishers as well as the Hayeks—still thinking exclusively in terms of tightening up State control over the economic system. An institutional framework imposed on the capitalist atoms by the State is all very well so long as it is fairly loose-fitting. One is left with an uneasy suspicion that the flowery Government hedges which guided the infant capitalist through the liberal countryside may end in these days by leading him imperceptibly up the totalitarian path. There is no hint in Professor Fisher's book of the doctrine of the social balance of power, which lies at the root of democracy, or of the threat to it if under modern conditions full use is not made of "intermediate" organisations, both in economic matters and elsewhere. By and large, in matters of economic organisation, the traditional liberal economists and the Socialists are today on the same side of the fence; and it is the wrong side.

But Professor Fisher's bark is worse than his bite. His actual concrete proposals for dealing with monopolies and trade associations are a great deal better than some of his previous sweeping statements would suggest. In particular, his plea for the fullest possible publicity for the workings of industry deserves the strongest support. It may be hoped that the recent recommendations of the Census of Production Committee will lead in this field to a big step in the right direction.

On the whole, it is fair to say that where Professor Fisher goes seriously wrong he has the company of most of his professional colleagues; and, in the many places where he is right, his insistence on a new approach and a shift of emphasis is a valuable contribution to current discussion. It is perhaps not unduly cynical to say that he has provided one more illustration of the tendency of economists to conceal the wide measure of agreement on the main body of their doctrine and to make the most of marginal differences. We need both the monetary and the structural adjustment approach to full employment, as he freely admits when he stops to think of it, and it is a pity that they are not better combined. But it is not entirely Professor Fisher's fault if they are not; the exponents of the New Economics have begun by committing their own exaggerations, and he has done a useful service in setting out his case on the other side.

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