

PART I  
INTRODUCTORY

CHAPTER I  
AN OUTLINE MAP

THE history of that post-war period is so closely intertwined with, and so much disturbed by, monetary happenings that the real situation which underlay and dominated everything else is not always clearly envisaged. The bones of this skeleton must be displayed in full light without their trappings of flesh. Only so will it be possible to understand the many and subtle ways in which these trappings reacted on the development of the skeleton itself. To that end I have set out in this preliminary chapter a brief account, not of what was, but of what, had the trappings been absent, might have been.

In the later stages of the war the people of this country were putting out an enormous military effort and, to support it, an enormous economic effort in the manufacture of weapons. The proportion of the population engaged in work of one sort or another and the intensity of their work were substantially larger than in normal times. When the war stopped, therefore, two things were sure to happen. First, the community as a whole would not wish to do so much work, military and civilian together, as they had been doing during the war; and, secondly, they would wish to transfer the direction of a great part of the work they continued to do away from military activity and munition-making to services proper to peace-time. Thus a good number of war workers, particularly women who

had entered industry "for the duration", might be expected to pass out of wage-earning employment altogether. But there was bound also to be an enormous transfer from one kind of employment to another.

As a result of the nation-wide absorption, while the war lasted, in war effort, at the close of it the plant of the railroads and of many firms engaged in industry was seriously depreciated; normal renewals and repairs had not been carried out. Among ships, over and above this, there had been heavy destruction by enemy action. Moreover, in warehouses and shops the stocks of many kinds of consumable goods had been allowed to run down; while the distributing trades and the hotel and restaurant trades were very short of hands. Finally, among private individuals houses had fallen out of repair, and furniture, clothes, boots and so on — not to speak of carriages and, among the rich, motor cars — were in need of rejuvenation and renewal. Consequently, there were plenty of directions in which persons set free from war work might expect to find their services urgently needed. A large number of them could simply step back into jobs of the same kind, if not the same job, as they held before the war, and all would be well. The *immediate* problem of transfer, though enormous in scale, was thus not in its nature difficult. There was no reason why the transfers required should not be carried through smoothly and fairly quickly.

Replacements, repairs and renewals after such a catastrophe entail an immense amount of work. But this work is, so to speak, once-for-all work. Most of it would be finished within a year or two of the end of the war. When it had been finished, when devastations and decays had been made right and the community was again substantially as well furnished with durable goods, production goods and consumption goods together, as in pre-war days, what was to happen to the men and women who had been engaged

in the work of rehabilitation? Presumably the community would turn to increasing its regular output of immediately consumable goods and making additions on the pre-war scale to old and new forms of capital equipment. But the urgency of the need for these things would be less than that for immediate post-war replacements; so that, just as there had been a contraction in the total amount of their work when the tension of war itself was relaxed, so there would be a second contraction on a smaller scale when the tension of replacement gave place in turn to the lesser urgencies of normal life.

Alongside of this second reduction in the aggregate volume of work and employment there would also come about a second shifting in the direction of work. There would thus arise a second transfer problem. But this time, since there would not be now, as there were the first time, obvious guiding lines to the new jobs wanting to be done in the shape of obvious deficiencies to be made good, the transfer problem, though smaller in scale, might well prove less tractable. There might be hesitancy about what private persons wanted, their demands, so to speak, hanging fire, with a consequent threat of large-scale unemployment. If this happened, in a well-managed State central and local authorities would be found standing by with carefully prepared plans for undertakings of general utility and other more complex fiscal devices, so as to offset, or, maybe, to prevent, the slackening of private demand.

When the difficult period following the completion or near-completion of the tasks of replacement and renewal had been passed through, it would be unreasonable to expect that economic life would go on just as though there had been no war. Inevitably people's relative demands for many sorts of goods and services would be substantially altered from what they were. In particular, an exporting

country, such as this, would be bound to find that a number of other countries, once its customers, had, under the stress of war-time isolation, built up industries to provide for themselves some of the things that formerly they had bought from it. The world pattern into which our industry must be fitted would be different in important respects from what it used to be. Unless the need for adjustment to the new long-term conditions were realised quickly and acted on with decision, many persons, willing and anxious to work, would be left, maybe for years, clinging to occupations in which their services were not, and were not likely to be, wanted; an aftermath of prolonged industrial malaise.

If readers of the chapters that follow will bear this half-true, half-imaginary sketch plan in their minds, it may serve as a rough guide to the main features of the confused region, with its twisting paths and complex overgrowth, through which they will be called upon to travel.