CHAPTER IX

THE FUTURE OF PUBLIC SERVICE UNDERTAKINGS

GENERAL APPRAISAL

The growth of British public service undertakings has been characterized by opportunism and experimentation. This is to be expected, because the traditional British method is to settle problems as they arise rather than to devise a logical plan of economic organization in advance as do certain Continental nations, notably the Germans. A policy of empiricism can easily become one of "drift," and that was admittedly what had happened to public utility development in Great Britain, and to industry generally, before the war. However, post-war world economic tendencies have shaken Britain's comfortable insularity. A new outlook has begun to appear. The concept of "the public utility principle in industry" is perhaps the clearest manifestation of the fact that British leaders, rather than merely being content with private firms competing against each other, have begun to think in terms of national development to be brought about by means of controlled monopolies. The adoption of a national electricity scheme is the best evidence of this changing viewpoint. It may no longer be said that the British look with diffidence upon national plans of economic development, wherein private interests must be disciplined and the fruits of the plan cannot appear for several years. The long view, the philosophical outlook, may yet become a part of the national ideology.

Although the average Member of Parliament will stoutly insist that philosophy has not played an important part in public utility development, he would be shocked to be told that the basic principles of every new public service undertaking were not carefully considered. The first and

most important stage of private bill procedure is the attention given to underlying principles. An excellent illustration of the importance attached to adequate consideration of public utility principles is found in the Joint Committee stage of the London Transport Bill.

Convincing evidence is at hand to show that the British, even though they usually deny it, have advanced a considerable distance along the road that leads to a clear-cut philosophy of public utility organization, management, and control. To be sure, this philosophy is empirical, pragmatic, relativist, and hence the champions of the "consistency of all truth" school deny the existence of what may be properly called philosophy. The writer believes that British public utility development is capable of philosophical appraisal. Moreover, due to the fact that the public utility concept has been extended so much in recent years, and because other important forms of enterprise are likely to be socialized in the not distant future, it is important to take stock of the present position, the direction, and the objectives of public utility tendencies. This is the aim of the present chapter.

There is no reason to suppose that the existing types of public utility enterprise will not be added to, if and when the occasion arises. The Post Office may operate very succesfully as a Department of State; local transport may do very well under the statutory company form of organization; the B.B.C. may possibly be ideally administered as a public utility trust; but not one of these methods of organization and control is necessarily a standard for all future development. It is quite possible that when the theory and the possibilities of the mixed undertaking—like that represented in the Manchester Ship Canal—are better understood, there may be as pronounced an expansion in that direction as has occurred on the Continent. The mutations and varieties of public control have probably not been fully evolved. New problems may require new forms; established methods need not necessarily be imposed upon different situations.

For the time being, the public utility trust appears to hold out most promise of preference in the future. This form of public utility is capable of considerable variation. Moreover, it combines elements of socialization with aspects of private management, initiative, and elasticity, that should be preserved. To say that the public utility trust is the ideal form of public service undertaking, however, requires more proof than has appeared so far.

As the result of experience, it may be found that the public utility trust is too far removed from Parliament to be effectively criticized and controlled in matters relating to important financial and labor policies. This form of organization is exposed to the pressure of interest groups, with the result that log-rolling and personal influence are hard to avoid. An appointed body, with no constituency to which it is effectively responsible, will be in danger of a dulled sensitiveness to public needs unless it is honestly and carefully chosen. Salaries, fees, and overhead costs that the average person would consider too high cannot be effectively prevented. Moreover, the creation of public boards all of which possess important differences, may render the processes of popular control so complex and indirect that real responsibility will be lost. The American system of independent commissions suffers from this defect. The London Passenger Transport Board appears to be especially subject to this possible weakness. Great Britain should hesitate a long time before seriously vitiating her most valuable constitutional principle—real responsibilty for power bestowed by public authority.

The mixed undertaking, like the public utility trust, affords an opportunity for elasticity and adaptability of management, and in addition it appears to guarantee a greater degree of public control over finances and policies. In the case of the Manchester Ship Canal, for example, the municipality has invested only one-third as much in the undertaking as the private investors, but a majority of the

directors must be chosen from the municipal council to represent the public's interest. The Chairman of the Manchester Ship Canal Company is chosen by the shareholders' directors, while the Deputy Chairmanship is vested in the local government. This form of cooperation, providing for day-to-day scrutiny by the representatives of both sides, possesses unquestionable advantages.

There are wide differences of opinion regarding what is most desirable in public utility development. To certain sections of the population "the public interest" is a 15 per cent return on public utility stocks; to some it is represented by cold arithmetical computations—so-called "objective efficiency"; to many the public welfare means satisfactory service at low prices: while to others the all-important consideration is "the human factor," namely the welfare of those who are responsible for doing the work and supplying the services. It is not suggested that these emphases are necessarily conflicting or that the average person would not make a certain allowance for each.

The writer will be candid about his own viewpoint. These opinions are not offered because of the weight they carry, but only because presuppositions should be revealed in order that the basis of judgment may be properly understood and weighed. In the first place, the possibility of extracting large profits needs to be eradicated from public utilities. Large profits earned on a service wherein monopoly and other forms of privilege have been granted is a clear case of anti-social exploitation. In some cases interest should be as low as three per cent. The public utility trust is a move in the right direction because it forbids profits and limits interest payments to a small percentage. If, as some economists say, money will not always be attracted unless higher interest rates are offered, the Government should supply all or part of the financial needs of the undertaking in return for complete or joint participation in the management of the service.

Claims that public service undertakings can be evaluated solely, or principally, by statistical computations and by standards of accountancy are not convincing. Figures are relative and frequently subject to the emphasis desired, and furthermore they cannot measure qualitative factors. Statistical and accounting methods are extremely useful, but their limitations need to be recognized. Efficiency is not merely a matter of figures and percentages. The attitudes and desires of consumers, the degree of improvement possible, and the best interests of those employed in the service are some of the qualitative factors which defy cold mathematical calculation. Successful public services are more fully measured by human equations, by the calibre of the men who run them, than by numerical averages. Too frequently so-called "efficiency audits" are merely another way of increasing profits irrespective of their effects in other directions. The financial yard-stick almost invariably aims at keeping down the so-called "wages bill." Failure to increase wages in consonance with the scientific improvement of industry is the principal cause of economic stagnation. However, it would undoubtedly be desirable to introduce a proper system of accounting, distinguishing on sound principles between expenditure on capital and on current account, into all public service undertakings. The system should be as uniform as possible, to facilitate comparisons.

Public utility development, if it is founded on consumers' rather than on producers' economics, should help to overcome business depression and to strengthen the economic life of the nation. By now it must be obvious that the problem of industrial reconstruction is primarily one of distribution rather than of production. Public utilities should be a means of making necessary services constantly better and cheaper. Public service undertakings should make work steady, and they should provide for profit-sharing in the form of higher wages as the consumers' demand increases. Lower prices

and higher real wages are both possible if science and social organization are correlated and mastered. This is not Utopian dreaming. The alternative may be seen in the present crisis confronting national electricity development. If after science and social planning have produced cheap bulk power the problem of distribution is not effectively controlled in the public interest, profits will rise and the general benefits to the consumer, the employee, and the nation will be dissipated. Political economy is a matter of control, of the proper sort of balances; if the stockholders of an industry get too much power (large profits) the whole life of the nation will ultimately be put out of balance. This has become particularly true since the functions of finance and of management are usually found in separate hands. The problem is therefore to find the most effective form of public control.

The solution of future problems of public utility organization and control presents opportunity for a great deal of interesting speculation and necessary thought. The regulation of public service companies, like gas, tramway, and railway undertakings, does not present an example of public control that should inspire emulation in the future. The public utility trust represents a vast improvement over Victorian regulation. The necessity of finding a new legal and administrative setting for the railways is already appreciated in many quarters. Road transport and the national distribution of electricity are other problems awaiting solution.

The Department of State provides several advantages which are not offered to the same extent by other forms of public service enterprise; the principal ones being effective control, opportunity for the State to become the model employer, the existence of the best administrative traditions in the country, and greater protection from the assaults of predatory interests. On the other hand, the questions of initiative, red-tape, and commercial outlook require further

improvement before the example of the Post Office is likely to be made a model for the future.

Disagreement exists relative to the monopoly or semi-monopoly services that are destined to be brought within the ambit of public service enterprises, and yet even in conservative circles further nationalization under business management is usually taken for granted. As in previous cases, a great deal depends upon the trends within the industries themselves. The effective elimination of competition, the indispensable nature of the commodities or services supplied, the necessity of the economic units in the development of the national economy, the continual earning of large dividends and the charging of exorbitant prices, and the pressure of foreign competition are tests of socialization which usually bear great weight. The conversion of the coal industry into a public utility has been considered since the extensive investigations of 1917 and 1919. In some circles discussion has centered around other basic industries as well, such as iron and steel and the chemical combine. The iron and steel industry is in the process of reorganization and unification. Then, too, for several years the joint stock banks have been the source of serious attention by the Labor party. Whether the process of accretion comes in small or in larger segments, as a result of a comprehensive plan or by empirical degrees, the problems connected with public utility control and national development deserve careful attention and immediate emphasis.

THE SHORTCOMINGS OF REGULATION

The regulation of public service companies, as distinguished from public utility trusts, has not proved very successful in Great Britain, and there are reasons for doubting if the older forms of regulation can ever be made a desirable method of public control, at any rate for future cases. The regulation of gas undertakings, as we have seen, leaves much to be

desired. Railway regulation grows increasingly less effective, and the present impasse can probably be solved only by some form of State ownership and unified administration. The fate of road transport depends largely upon the future policy relative to railways. In no case, in other words, has regulation proved a conspicuous success. Public utility regulation in the United States has proved more satisfactory in some respects, but in view of the widespread dissatisfaction of recent years it is by no means certain that commission regulation will be found universally satisfactory.[1] New departures have already begun to emerge.

In Great Britain the choice between regulation and ownership, either directly by a government unit or by a public utility trust, clearly seems to have been made in favor of the latter. In recent years Parliament has shown a marked preference for some form of non-profit making enterprise either closely or loosely within the framework of the Government, and hence free from detailed regulation, to the private company subject to restrictions and regulations which issue from government departments.

British temperament appears to have a great deal to do with the ineffectiveness of regulation. British regulation has been "timid," says a keen observer. "A regulated business," stated a Member of Parliament amidst general approval, "is worse than no business at all." This point of view is deep-rooted in the business community. The reason for this attitude is found in English temperament and tradition. Privacy in all matters, including business, is a national passion. The idea of one person's investigating another's business offends the national sensitiveness. The Englishman's skepticism regarding regulation is excellently expressed in this excerpt from an article on public utility regulation written by Sir Henry Bunbury. "The fact is," he says,

[1] Keezer and May, *The Public Control of Business*, New York, 1930; Mosher, *Electrical Utilities: The Crisis in public control*, New York, 1929; Felix Frankfurter, *The Public and its Government*, New Haven, 1930.

"that the problem is at bottom one of devising means for securing, both initially and continuously, an enlightened, efficient, and progressive management. Checks and controls can do little to secure this; they may arrest the criminal but they cannot make him good."

In the United States, public utility commissions are expected to act as umpires in the clash of interest between the producer and the consumer, and it is not uncommonly argued that regulatory officials should be special guardians of the consumers. This is the view of Governor Pinchot of Pennsylvania, and it has been prominent in New York, Oregon, Washington, and other States as well. This view is totally foreign to British conceptions. In place of vigilance there is what might be called collaboration—the "business for business' sake" attitude. Sir Cyril Hurcomb, of the Ministry of Transport, went to the heart of the matter when he wrote,

> "The hand of a regulating Department should not and need not be heavy or blighting in its touch. It can and should be a supporting hand. The power should be used and, so far as my experience goes, is used only in the closest touch and after the most thorough consultation with the interests concerned, and the aim of the administration should be that the industry should regard the Department as an essential part of itself even though particular decisions may be unwelcome."

This attitude results in an interesting difference between British and American regulation: the British public is notoriously fearful of monopolies, but the Government has usually adopted the management's rather than the consumer's viewpoint; the American consumer is not particularly frightened by monopolies, but he expects the public official to "fight the utilities."

Public opinion in Great Britain does not play an appreciable part in public utility regulation, but in America it is a force of considerable magnitude. Generally speaking, when the English consumer becomes dissatisfied with the actions of a public utility concern, he merely becomes more

reticent or he may possibly write a letter to the local paper; his American cousin is more likely to write to the Public Service Commission, attend a public protest meeting, or air his grievances among his friends. In most American States an informal investigation of a consumer's complaint is begun by merely posting a letter to the public utility commission, and twenty petitioners can usually start a formal investigation. In other words, it is easier and cheaper for consumers to bring about investigations of public service companies than it is in Great Britain. Moreover, the legislature may order an investigation, or the regulatory commission may act on its own initiative. The difference in the rôle played by public opinion is partly the result of temperament and tradition and partly the difference in governmental machinery. The British official who strongly insisted that "There is no public opinion regarding public utilities in this country" may have slightly exaggerated, but his next observation was very significant and true. "There is no use complaining when the charges of private companies are high," he said. "Most citizens merely seize the first opportunity to have the local authority take over and run the utility. They have confidence that it will be managed successfully." Awareness of this fact is a stimulant of very great potency. The efficiency and progressiveness of government management and the consequent confidence of the consumer in public commercial services are points at which Great Britain's superiority over the United States must be frankly admitted.

The regulation of British public utilities appears to be impaired by placing so much reliance upon the judicial method, and by the resulting failure to develop the administrative commission. Courts are useful for certain purposes, but long experience in Great Britain and in the United States indicates, in the writer's view, that other methods are preferable when public utility regulation is the objective. The judicial technique puts the judge on top, whereas

public utility control requires the knowledge of the social scientist and the engineer. Judicial regulation is limited: it only solves problems when they are brought before the Tribunal; and then its attention is focussed primarily upon the parties to the dispute rather than upon the best interests of everybody concerned. The judicial method is undemocratic because access to justice is reserved only to the strong and the organized: the small trader and the consumer find the process too costly and too uncertain when counsel must be retained, work neglected, and the skill of high-paid company attorneys combated.

The selection of members of public utility courts from interest groups does not appear to be desirable in practice. The Railway Rates Tribunal is the principal case in point. The railways and the traders frequently have interests which are diametrically opposed, giving the lawyer the ultimate voice. The Tribunal is not broadly representative, because no provision is made for the unorganized traders, organized labor, agriculture, or the general public. The panels have never been used and are not likely to be, due to the fact that interests desiring their own representation rarely consider it worth-while to appear before the Tribunal; and due to the fact, it is assumed, that the litigant concludes that he would be suspected of casting aspersions upon the permanent members if he chose to supplement the membership as provided for in the Act. But of greater importance than any of these objections, the selection of members to represent interest groups does not encourage the broad view, which is frequently more "practical" than that of the person who has had experience in only one industry. Members of the Tribunal who have been nominated by special interests are never able to overcome completely their natural alignments and predilections. The reason given by the railway companies at the time of their withdrawal from the National Wages Board applies to any attempt to reconcile interest representation and judicial impartiality. "The main

difficulty," said the Companies, " arises from the constitution of the board, under which representatives of the parties sit as judges, with the result that they are put in the position of having to adjudicate and sign decisions on questions in regard to which they cannot be expected to hold an impartial opinion, and on which definite views may have been expressed by them or by the parties they represent."

A new method of recruitment for regulatory tribunals is needed. The administrative tribunal, composed of members with a knowledge of public utility economics, government, and engineering, and assisted by a staff of specialists, is preferable to a court composed of members chosen from interest groups. Such a plan would give more assurance of social viewpoint and impartiality.

The British seem to have unbounded confidence in the omnipotence and omnicompetence of the judicial method of regulation. The most striking proof of this is the provision in the London Transport Act which gives the Railway Rates Tribunal power not only to fix rates but to regulate facilities and service. The Tribunal, say those who have had most to do with it, is not in a position to deal competently with facilities, because it lacks the training and the necessary staff. Yet this feature of the Act was extravagantly praised in the House of Commons, where the impartiality and the publicity of the judicial method were extolled. The psychologist would probably say that the minds of the British have been conditioned in such a way that their critical faculties cease to function whenever the symbol "judicial" is mentioned. This attitude needs to be critically explored, particularly when the judicial method is advocated for public utility regulation. We ought to realize that judges are human,[1] and that although they should be credited with efforts to

[1] The rational view relative to the judicial process is developing rapidly in the United States; the new approach is well illustrated in articles by Jerome Frank, "Are judges human?", (1931) 80 *Univ. of Pennsylvania Law Rev.*, 17, 233; and Karl Llewellyn, "Some realism about realism," (1931) 44 *Harvard Law Rev.*, 1222.

be impartial, they cannot escape the effect of their early education and associations, which determine their social policies and their economic alignments.

If popular control is the goal, judges are usually the last persons to whom the final authority over questions arising from public utility regulation should be entrusted. Speaking generally, most members of the judiciary appear to find it difficult to see further than property rights. "The judicial mind," which William A. Robson praises,[1] is by no means the monopoly of the legal profession, as he would undoubtedly be the first to admit; and therefore the acquisition of impartial thinking does not necessarily depend upon the use of courts of law as the medium of public utility regulation. The law is so enmeshed by assumptions, fictions, and artificial reason that sufficient attention is rarely given to the consequences and the social objectives of decisions. The American administrative tribunal has been found to be more practical than the courts to which appeals are taken.

The alleged publicity of the judicial procedure is an exaggeration. How many people outside of those vitally concerned ever hear about the decisions of the Railway Rates Tribunal? Public opinion receives as much enlightenment, and effective criticism is more practicable, when regulatory powers are entrusted to administrative officials with fixed tenures of office.

The index of British regulation is, to a large extent, the effectiveness of the Ministry of Transport.[2] In this one department are combined the control over railways, roads, harbors, electricity, and other important public utility services. Theoretically, this type of functional organization is the best form of administrative control. Under the leadership of forceful personalities such as Sir Eric Geddes, Colonel Ashley, and Hebert Morrison, the Ministry of Transport has performed its regulatory functions in a constructive

[1] *Justice and Administrative Law*, ch. v.

[2] Herbert Morrison, *Socialization and Transport*, London, 1933.

and effective manner. But during several periods in the past, when regulation has virtually lapsed, the department has been guilty of passivity and procrastination.

If regulation is to be revitalized, it appears necessary to pay special attention to the personnel, Civil Service as well as political, of the Ministry of Transport, and to stop the process of delegating so many of the Ministry's duties to ad hoc bodies. For example, in due course of time the Electricity Commission may prove to be an unnecessary spoke in the wheel of regulation. Since the Ministry of Transport was created in 1919, several attempts have been made to abolish the Ministry and to divide its powers among other departments. The feeling of living under the sword of Damocles has undoubtedly done a great deal to bring about the timid attitude which has characterized the actions of the Ministry during several periods. Members of Parliament who have resisted effective regulation by the Ministry of Transport apparently do not realize that when regulation fails government expropriation is the ultimate alternative.

In conclusion, the older methods of regulating public utilities have not proved an effective means of public control. Regulation is passive and timid, because the British are temperamentally opposed to outside interference. They rely upon limitations and regulations contained in general or special Acts of Parliament, and make little provision for enforcement. If the private company fails to satisfy, public ownership and operation are the usual methods of correcting the fault. The judicial method of public utility regulation has been adopted for rail, road, and electricity services. The judicial technique is satisfactory as a static device for protecting and adjusting private interests, but it is inadequate as a means of safeguarding and furthering the greatest good of the greatest number. In the long run, the central department, acting through a capable minister, is likely to produce more effective control over public utilities than the ad hoc body acting judicially. It is imperative that the personnel

of the Ministry of Transport should be given special attention because the department is the crux of public utility regulation and the source from which the solution of future problems must be expected.

PROBLEMS OF PUBLIC CONTROL

One reason that public utility regulation has not received more emphasis in Great Britain is that a limited view is frequently taken of the considerations involved. To many people—perhaps to most—public control implies nothing more than the prevention of dishonesty and avarice. Due to the fact that the standard of business integrity is high in Great Britain, the average person does not appreciate the necessity of continuous control by the State over public service monopolies. This attitude fails to take into account the most important reasons for public control.

The granting of monopoly and other forms of privilege is justified only on the assumption that the national interests will be best served thereby and that the benefits to be obtained will be passed on to the consuming public. The responsibility for achieving good service, satisfactory prices, and desirable working conditions remains with the public's official agents who granted the privileges. Public control by Parliament or its representatives is a public trust, a constructive policy rather than an onerous chore. Popular control, so conceived, involves constructive policies and effective cooperation rather than the "catch the thief" attitude. There is no room for an attitude of "do-nothingness" and complacency if effective public control is to be obtained.

The creation of a public service undertaking involves the substitution of monopoly for competition, and hence paternalism instead of economic "laws" must operate. It is futile to suppose that prices will be reduced and that profits will be limited unless effective guarantees are provided and enforced. It is unfair and unwise to trust natural forces

for the settlement of differences arising between public service undertakings and their employees. The State should exercise control over the standards of pay and the conditions of service of employees engaged in public utility enterprises. The Industrial Court helps to fulfil this need, but adequate provision for adjusting labor relations has not been made. There are several convincing reasons for State intervention at this point. In the first place, employees engaged in monopolistic services frequently have no alternative employment to which they can turn; hence the forces of competition do not operate to increase wages. In the second place, profits may become too high or prices too low if safeguards are not provided whereby the fruits of labor will be properly rewarded. Finally, public service undertakings are not of the sort to be left to the arbitrament of the strike, although this weapon is perfectly justifiable if the State does not fulfil its duty to the workers.

If an extension of national control into additional fields of industry and commerce may be expected, a unified agency in the central government which would deal exclusively with industrial development and with resulting policies of management is to be commended. Otherwise, glaring discrepancies, lapses of effective control, and Parliamentary confusion are almost inevitable. This is particularly true if, as anticipated, a number of different forms of public utility organization will continue to coexist. A board of strategy connected to Parliament and to the Cabinet, which will plan and control national utility enterprises, is a policy which has received a great deal of attention from the Labor party. An "Economic General Staff" has also been advocated in *Britain's Industrial Future.*

Public control is the crux of national public utility development. The most effective means of assuring both capable management and public benefits must be learned by experience. This edifice is likely to be built stone by stone, but the assistance of architects will be needed. One of these, G. D. H.

Cole, has written as follows regarding a desirable method of popular control:

"A system of responsible commissioners, adapted in varying ways to the needs of different services, seems most likely to meet the need (i.e. the public control of socialized industries), and to provide for the successful socialization of industries under public control. But these separate bodies of commissioners must be really responsible, not merely in a nominal sense to Parliament which sanctions their appointment, but to some public authority capable of coordinating their several activities and defining for them the general course of policy which, as administrators, they are called upon to pursue. The system of independent commissioners is apt to work badly now, precisely because no such coordinating authority exists. They are in effect irresponsible; and the control of policy, which is not their job, as well as the control of administration, which is, rests in their hands. Parliament in setting up the commission gives it certain powers and prescribes certain functions and lines of policy. But when once the commissioners are in being they are left without any effective subsequent directions, save that spasmodic parliamentary intervention which does more harm than good. Society lacks at present a central organ for the control of economic policy. Until that is provided, no really satisfactory form can be developed for the socialization of any enterprise."[1]

The recent tendency to remove public utilities from the control of Parliament and of Ministers undermines the principle of responsibility, and if continued may lead to serious difficulties. The reason given for twice removing the control of Parliament over the London Transport Board is that "political" influences should be eradicated and commercial considerations alone should operate. This argument is not convincing. It seems to be based upon a fear that at some future time the party in power might "stack" the board with its own sympathizers, irrespective of their qualifications for the position. This nervous anxiety is not justified on the ground of past performance. It has always been a tradition for parties in power to make appointments from rival political parties. The choice of the Director-General of the B.B.C. by the Labor party provides a recent example of the deeply rooted precedent of overriding party lines in order

[1] *The Next Ten Years in British Social and Economic Policy*, 136, London, 1929.

to secure the best person for a non-political position. There appears to be no foundation for nervousness about political ramps in Great Britain, but the real danger of anti-social conspiracy is found in the powerful pressure groups representing vested interests of one sort or another, whose spokesmen in Parliament are usually the ones who talk about the dangers of political interference.

Even if there are certain drawbacks arising from Parliamentary control over public utilities, they are likely to be found less objectionable than the system of boards and commissions which has sprung up. Criticism and responsibility as ingredients in the constitutional structure are too valuable to be given up. After a period of expansion and experimentation in public utility development, the problem of the following years is likely to be one of coordination and the reestablishment of responsible public control.

Freedom of detailed administration coupled with unified responsibility for general policies—this is the desirable formula. The more effective central control becomes, the smaller and more elastic public utility organizations can remain. A former Minister of Transport, Herbert Morrison, recently uttered an important truth when he advised that "we must beware of over large units of economic management." Studies which have been made of the merger development in the United States and elsewhere support this conclusion. If operating services are to be kept small enough to be manageable, therefore, the salutary character of popular control is the paramount consideration.

THE GENIUS OF BRITISH ADMINISTRATION

A candid appraisal of British administration, public and commercial, as compared with comparable features in foreign countries, indicates that British management has set the pace in certain respects but has lagged behind in some other ways. British leaders who have been aware

of the desirability of comparative studies are alive to the necessity of improving some elements of public service administration, but others observe only the generally satisfactory character of the results produced and are inclined to be complacent. The fields of British administration in which greater attention appears to be needed are research, the more effective utilization of the services of the technician in general administration, and more emphasis upon psychology as applied to industrial management. Germany and the United States have been the pacemakers in these fields. The genius of British administration is the production of individual administrators of great capacity.

In recent years the British have made up a great deal of ground in the fields which were formerly neglected. For example, the railways, the Post Office, the Central Electricity Board, the Institute of Transport, some of the labor unions, and the national engineering institutions are constantly carrying on important researches, in which foreign methods are increasingly emphasized. These studies have done more to improve the national public service undertakings than the man in the street appreciates. For example, the national electricity scheme was largely based upon studies made in a half-dozen foreign countries. The research activities of public service enterprises may be the means of uprooting the traditional prejudice which British business leaders have held regarding academic investigations. Moreover, it is not impossible that the techniques and the results produced by the public service organizations which have been mentioned may force the universities to reexamine their research methods and emphases.

A silent revolution has been taking place in the traditional attitude toward the technician, i.e. the engineer, the scientist, the statistician. It has always been a British boast that the expert is "kept on tap, not on top." Lipservice is still paid to the alleged national suspicion of the so-called "expert." The status of the technician has improved in, and

because of, the public utility developments of recent years. The new viewpoint is illustrated by the Bridgeman Committee's strong insistence that the engineer with a broad viewpoint should be given positions of responsibility in the general administration of the Post Office. The technician who has learned the art of administration is already found in high positions within the public utility services which we have been considering.

Industrial psychology has also received due recognition from public service undertakings. Here again fundamental attitudes are undergoing a change, and the life of the nation is being directed into new channels. The National Institute of Industrial Psychology is primarily responsible for the recognition accorded to industrial psychology. The Institute has conducted investigations of most of the national public utilities. When it is realized that in the past public opinion has been suspicious of, or even hostile toward, studies of human behaviour and social attitudes, the importance of the change will be appreciated. The emphasis placed upon public relations technique by the Post Office in recent years is clear proof that industrial psychology has conquered the misunderstanding and prejudice which formerly retarded its extension.

The most valuable assets of British administration are the capacity and traditions of a large number of leaders of public service undertakings. Their cultural background, broad outlook, art of management, and public service traditions are not equalled in any other country. These public utility executives, and others like them in the Civil Service and Parliament, comprise the best part of an aristocracy which has its roots in the public service traditions of the privileged classes and in the cultural opportunities of Oxford and Cambridge. British aristocracy has survived because it developed a philosophy which recognizes that privilege means responsibility. Instead of the hostility to government enterprise which business leaders in some countries mani-

fest, the British aristocracy, and those who have been drawn into it, have made faithful public service the dominant incentive. No country can remain great without leaders who are devoted to the public service ethic. The tradition which has been established in Great Britain is the foundation of successful administration. Privilege may disappear, and the historic rôle of the older universities may tend to pass into other hands, but the aristocracy of public service must be preserved at any cost. Irrespective of possible changes in social structure, a transformation of outlook on the part of university-educated leaders is already indicated. The Oxonian should take less time to learn the art of administration after he leaves the academic cloisters—in other words, he should be more fully prepared. This seems to involve less emphasis on classics and more attention to the science of public administration, public utility economics, industrial psychology, and to labor economics.

THE COMMERCIAL MIND

According to Lord Wolmer, all public utilities should "be administered by the Commercial Mind, the mind that can diagnose the public's requirements, and provide the service rapidly and cheaply without bureaucratic interference." In recent years Members of Parliament have talked a great deal about the merits of commercial management as compared with Civil Service administration, but almost invariably their remarks are based upon unanalyzed preconceptions and lack the reasoning contained in Lord Wolmer's utterance. It is important that the subject should be regarded dispassionately because the future conduct of public service enterprises depends in large part upon the type of individual who will manage them.

The difficulty about the issue is that public administration can be fairly accurately defined, but that speakers never explain exactly what they mean by commercial management.

Lord Wolmer's definition of the "commercial mind" is not what most of its proponents appear to contemplate.

Commercial management usually suggests the profit motive and competition, but these have been almost entirely removed from public service undertakings. As a rule, however, these factors are what champions of the commercial outlook seem to have in the back of their minds. Competition is a salutary incentive if it can be preserved without economic loss arising from duplication and price-cutting, but the profit motive in public utility undertakings is incompatible with the nature of the business. Moreover, education and the substitution of other incentives will supply more satisfactory propulsions than the desire to enrich the owners. Advocates of commercial management sometimes intimate that the officials of public service undertakings should have a free hand to deal with labor. We have suggested that this should not be possible, and in the present state of labor organization it cannot be so.

If, then, profit-making, competition, and freedom to deal with labor are not involved in commercial management as applied to public utilities, those who espouse the cause must mean the methods and techniques of the business community. This is really what Lord Wolmer suggests in his definition of the commercial mind; and it is the basis of possible agreement. However, a moment's reflection will indicate that the public relations technique and the public service attitude are not the monopoly of the business community. In many cases they are found in a developed state in public utilty enterprises, and there is reason to believe that they can be improved a great deal more.

Lord Wolmer is quite correct in supposing that the elimination of competition and the substitution of monopoly may result in a careless, aloof attitude toward the consumers. The "take it or leave it" attitude has been found in public service enterprises many times in the past, and it will be discovered among some today. However, the point which

many fail to grasp is that the public relations technique, as the advertising experts unanimously agree, is an art that must be taught rather than one that develops automatically. The heads of large private establishments, like department stores, give their staffs instructions in the art of meeting the public and of making customers satisfied. Public service organizations can, and do, carry on the same sort of education. The public relations program of the Post Office is a good instance of what may be done.

What the proponents of commercial management usually fail to consider is that much of the so-called public relations technique is only skin deep. The veneer of amenity cannot cover up the dissatisfied interior of an employee. The finest type of public relations attitude is very rare, but it is possible to establish it in public service undertakings. In addition to teaching employees to see things through the customer's eyes, it is necessary that the employee should feel that he is treated fairly and that he should have a sincere interest in serving the public. The latter incentive, the public service ethic, is more pronounced among the higher officials of the Post Office than in any other public utility which has been encountered. It would probably be found more generally if the Post Office fulfilled its duty as a model employer. The Post Office may possibly produce the best example of the commercial mind as we have defined it, namely as a component of the public service ethic, pride of occupation, and public relations technique. The Post Office and other forms of public service monopoly should retain consulting specialists for counsel and education in public relations activities. The commercial mind is not a mystery, it is not even a monopoly of private enterprise. Public service undertakings have a better opportunity to develop a satisfactory attitude toward the public than do most private businesses.

Red-tape and delays can never be completely removed from large-scale undertakings, and this fact might as well be faced. Two factors account for this. One is the very size

of the service. Improvement of speed is usually necessary and often possible. However, the other reason for delay is inevitable and desirable. Public service enterprises are subject to control and hence must follow principles relative to prices, service, and labor. Private business, on the other hand, is usually responsible only to the owner, who may have dictatorial power or if necessary arbitrary authority. Under these conditions quick action is possible, if not always obtained. But mere alacrity may be wasteful in the long run. Public control and the necessity of acting on principles are the chief causes of red-tape. They may become the excuse rather than the reason, it is true, but progressive leadership alone can cure that fault. Less speed is not necessarily a severe drawback, however, because justice and equality of treatment to both the consumers and the employees are results which are derived from enterprises based upon definite principles.

CIVIL SERVICE AND AN INDUSTRIAL SERVICE

Those who have contemplated the future development of British public service undertakings have, almost without exception, decided that the Civil Service system is not a desirable one to be extended into industrial fields. In many cases such conclusions seem to have been based upon unanalyzed assumptions concerning the commercial mind, or upon conditions of Civil Service atmosphere as they exist outside of the Post Office. Nevertheless, it does appear that either the Civil Service should be remoulded in important respects if it is to be widely adopted for industrial uses, or else that a separate service, a State industrial corps, should be created to supplement the work performed by the Civil Service. The Civil Service would then be confined to work of departments dealing with strictly political and social functions.

The Liberal party has advocated, in *Britain's Industrial*

Future, an independent service for public commercial undertakings. Since "some further extension of the field of Public Concerns will probably be indicated as desirable year by year in the future, as in the past," the Liberals have proposed that:

> "The method of appointing the Executive Authority of Public Boards should be reformed, business and technical efficiency being aimed at rather than the representation of interests. We need to build up an attractive career for business administration open to all talents. A regular service should be recruited for Public Boards, with a cadre and a pension scheme, with room for rapid promotion and satisfactory prizes. To cover the case of Public Boards subject to Municipal and other Local Authorities, a body might be set up similar to the Civil Service Commission."

An industrial service would clearly possess certain advantages over no system at all. In the first place, it would extend the merit system and hence encourage training for a career. The State would be better able to fulfil its duty as mediator between the officials and the employees of public service corporations. General provision could be made for superannuation, permanence of tenure, and other benefits enjoyed by the Civil Service. On the other hand, an enormous power would be entrusted to those who would administer the system, and the difficulties of maintaining a satisfactory promotion and permanent tenure scheme would arise, as they have in the Civil Service. No plan is free from difficulties, and those arising from a unified industrial service should not be minimized.

If an industrial corps, centrally administered, is desirable for local public services, the same considerations would suggest that national public service undertakings should be dealt with in the same manner. Although such a proposal may seem very desirable at first thought, all of the accompanying factors need to be weighed before concluding that another personnel system should be set up alongside of the Civil Service. In the first place, if the staff of the Post Office were placed in an industrial service and hence withdrawn

from the Civil Service, the latter would be only one-third of its present size, less than 125,000. Would the two services, the industrial and the civil, then become rivals? If so, the industrial service might be given a higher level of remuneration because of its greater size and because its work would be visibly reproductive of wealth. Gradually many of the better candidates might be attracted to the industrial service and the older departments would suffer as a result. This would probably be true whether the imaginary Industrial Service Commission were controlled directly by the central government, as the Civil Service is at present, or in a looser fashion.

The machinery of the Civil Service might be broadened and altered in such a way that its present unsatisfactory features would be improved and it could then be more widely used for industrial as well as for civil employment. If this were considered desirable, the Treasury's relation to the Civil Service should be reexamined, the control of the Civil Service should be broadened to include members with an intimate knowledge of public service enterprises, the present nature of recruitment and of the entrance examination would require alteration, and a complete system of classification would be indicated.

One serious objection to enlarging the work of the Civil Service system, without alteration, would be that personnel administration in public service enterprises would be brought under the ultimate control of the Treasury, as the Civil Service is already. It seems too sanguine to suppose that the Treasury will ever be able to see beyond the point of balancing the national budget as expeditiously as possible, to the desirability of improving the status of employees engaged in public services. Wage standards and conditions of employment should be divorced from the control of the Treasury economy experts. This could be done by broadening the membership of the controlling body, by giving all industrial services a large degree of financial independence, and

by withdrawing the Treasury's ultimate decision regarding personnel questions. The Civil Service might be transferred from the control of the Treasury to the Ministers responsible for industrial and commercial departments. The membership of the policy-forming council controlling the Civil Service should be drawn from the staff as well as from the official side of public services.

The present methods of recruitment and examination would obviously need to be changed if the requirements of industrial employment were to be met. The classical courses of the older universities may produce the best candidates for the present Administrative Class of the Civil Service, but public-utility management demands greater emphasis on science, engineering, political economy, administration, and psychology. Moreover, a mere broadening of the present academic examinations would not appear to suffice. Tests of ability to solve concrete problems, qualities of initiative and ingenuity, ability to direct and to get along with men would be absolutely essential—just as they need more emphasis under present Civil Service administration. Moreover, a highly diversified system of employment like the one envisaged would require a complete classification of positions and functions, in order that equal work might receive equal reward. The present Civil Service system is not thoroughly classified, and if it were taken as a model for further expansion, present injustices would be perpetuated and extended.

The general conclusion regarding the alternative of a separate industrial service as compared with a unified public service appears to be that unification of responsibility for policy is preferable, but that within the framework of a combined service as much room as possible should be made for staff cooperation and independence of management. At any rate, a unified service comparable to the one suggested in *Britain's Industrial Future* probably cannot be expected for some time. An ambitious superstructure

like the one suggested should be placed upon strong foundations.

THE HUMAN FACTOR

In the final analysis, the successful management of public service undertakings depends upon the calibre and the attitude of the employees, from the most important to the least important. This may sound like a platitude, but the obvious neglect of the human factor in industry proves that personnel factors are rarely given their proper weight. Many employers seem to consider personnel questions only when unavoidable problems arise, and, meanwhile, the executive officials appear to depend chiefly upon statistical computations and improvements in machinery to bring about greater efficiency. Emphasis upon the constantly growing potentialities of the machine has resulted in the comparative neglect of the human resources—the source of greater "efficiency" than machines can ever produce. "Inhuman" administration is the besetting sin of large-scale management, and yet it is in public service organizations that personal relations count for more than elsewhere.

The reputation of a public utility enterprise depends almost entirely upon the courtesy of the clerk who meets the customer when he pays his bill, or upon the attitude of the mechanic who answers service calls. In the customers' eyes the employees he meets are the embodiment of the corporation. How short-sighted it is, therefore, to pay particular attention to the higher officials of an organization, and carelessly to assume that if the rank and file of employees are not satisfactory there is always a large labor market on which to draw. The aristocratic view that ability at the top is all that matters belongs to the *limbo* of a bygone era.

The future improvement of public service enterprise depends primarily, in the writer's view, upon adequate

attention to the human factor as it bears upon recruitment, training, and public relations. Public undertakings will not be really efficient until the psychologist has been given an opportunity to devote as much attention to personnel relationships as the engineer has to technical progress.

Unfortunately, the whole question is clouded by the emotional issues arising from the clash of organized labor and the management. Until a more rational view of personnel is taken, and until it is recognized that there has been misunderstanding on both sides, there is not much hope of developing a constructive labor policy for public service enterprises.

Most so-called "practical" executives would probably say that the attitudes of employees are relatively unimportant in determining the efficiency of an undertaking. They fail to grasp the truth emphasized by that great administrator, Lord Haldane, who told the Coal Commission in 1919 that "atmosphere" is everything. Efficiency cannot be expected from a dissatisfied staff, while, on the other hand, the contagion of a harmonious *esprit de corps* is immediately felt and appreciated by the public. Pride of craftsmanship and a desire to do one's best are assets which produce compound interest in any form of enterprise.

These are highly practical considerations. An individual who has been identified with railway administration for many years and whose natural sympathies are with the executives, expressed the opinion that the dogged fight of the railways to reduce wages by £5,000,000 was poor business, because the attitude of the employees would be such, if they lost, that the resulting carelessness and inefficiency would consume most of the so-called saving. He further explained that this inefficiency would not, in most cases, be purposeful and retaliatory, but merely the natural result of disappointment and lack of interest. If these factors could be measured with mathematical precision, our practical business executives would probably pay far more attention

to human relationships. The loss of efficiency is significant when computed negatively, but the social loss sustained because positive policies to improve *esprit de corps* are not more widely adopted is immeasurable.

Public service enterprises present an ideal opportunity to place the emphasis on industrial progress where it belongs —on the improved status of all the employees engaged in supplying public services. Policies are usually justified on the ground that the nation, the consumer, or the stockholders will be benefited, Such views usually lose sight of the fact that real progress is impossible apart from the increased level of remuneration and conditions enjoyed by the staff. This is not a selfish view or a radical view: it is good sense. The nation and the consumers are only the sum total of workers of all classes. National strength consists of the productive power and the purchasing power of all those engaged in physical and mental labor. Steady progress depends upon maintaining effectively the right equilibrium between production and 'purchasing power. The way to increase purchasing power is to pass on to workers the increased fruits of their efforts made possible by science. If this is done generally the consumers and the nation will benefit automatically. If, on the other hand, workers are deprived of the hope of continually improving their lot, the consumers and the nation will be ultimately poorer, and the service supplied will become spiritless. Public service undertakings should therefore be model employers, i.e. they should assure their employees that increased service means increased rewards. The growth of purchasing power will stimulate business generally, so that the policy of the model employer does not create an unfair advantage, as it is sometimes claimed, but a benefit to everybody. Watered capital and high dividends are the greatest enemies of national progress because they are a millstone around the necks of employees and consumers.

We have counselled the long view and the broad view

of political economy, but the guild view is also badly needed. Industrially, a nation is the sum total of all its enterprises, but the strength of each unit in this total determines the power of the rest. The way to improve the whole is to strengthen the unit. The way to increase purchasing power is to improve the conditions of those employed in individual industries. It cannot be done all at once and it cannot be done from the top. The national economy is a spring arising in the depths of the earth, not a spring shower descending from the bountiful Gods.

The rediscovery of the guild idea is a development that may take place appropriately in public service undertakings. Those who attempt to be fair to labor often comment on the bitter, uncompromising attitude of the unions' representatives, and they deduce therefrom that industrial cooperation is illusory. Furthermore, critics of industrial Democracy often point out that a final executive authority must exist in every enterprise or else confusion would result and initiative would be stifled. Both difficulties seem to arise from a misunderstanding of the aims of industrial cooperation.

The labor unions hold that so long as executives are appointed by and are responsible to stockholders, the interests of the workers are likely to be subordinated. They would not do away with authority and leadership, but the executive heads would be made responsible to the guild instead of to the absentee stockholder. Under such circumstances each employee would feel that he was working for a corporate enterprise of which he was a direct beneficiary. Pride of craftsmanship and *esprit de corps* might then be expected to replace the complaining attitude of workers protesting against a system which they think is wrong.

The public utility trust has eliminated the voting stockholder, so that any function of administration ordinary stockholders are usually supposed to perform does not exist in this form of public service enterprise. The guild concept may well take hold of the public utility trust,

particularly in those which are clearly industrial. The Post Office is also a possible laboratory for cooperative management. As has been said, the major Post Office union has consistently advocated a guild management. Recently the Union of Post Office Workers has elaborated its proposals in greater detail. The principal features of the plan are these:

> "Administration to be vested in a board composed of an equal number of State nominees and of nominees of the trade union or unions; the Postmaster-General to preside and have a casting vote. The Postmaster-General to be in the Cabinet and/or a member of any other body formed to legislate for, and to control, the industrial system. The board to have power to decide and carry out 'broad issues of administration and direction involving collective deliberations and decisions.' Regional and local boards to be constituted on the lines of the Central Board, and subordinate to it, and to be responsible in their areas for administration in accordance with the Central Board's policy. On questions of pay and staff conditions, the employees' associations to negotiate with the official representatives of the Postmaster-General and the board."

In the meantime, the union will pursue a "workers' control policy" in order that the staff may gain "the administrative experience and sense of responsibility which will fit them for eventual joint control." This can be done, the union has suggested, by greater activity in the Whitley Councils; by demonstrating the interests of the staff in the problems of the service and the value of the contribution they can make; by enlarging this experience through contact with such problems; and by encroaching more and more on the spheres of work and responsibility hitherto not within the province of the Whitley Committees.

The guild principle, if practically and intelligently pursued, should do a great deal to solve the problems of public control, the relation between employers and employed, and the question of satisfactory incentives for the individual employee.

CHECKS ON CENTRALIZATION

The extension of the public utility principle in the field of national industries would naturally raise a fear that such a concentration of power might be abused, or that the machine might become top-heavy. The British have always viewed governmental centralization with suspicion, but despite this misgiving, the tendency has made rapid headway in recent years. The increase of national powers seems inevitable and necessary. Urbanization, foreign influences, the creation of national industrial combines, and the necessity of enforcing national minimum standards are among the factors causing a growth of national powers. But the administration of economic services gives rise to far greater concentrations of power than the mere regulation of various interests, private and public, by the central departments at Whitehall. How is this power to be democratically controlled?

The development of the guild principle is one of the foremost ways of checking bureaucratic tendencies because the creation of a corporate spirit and of professional standards brings about self-regulation—the necessary basis of social responsibility. In professionalized associations like the judiciary or the Civil Service, outside control is not as necessary as in unorganized pursuits because professional standards are the most effective safeguard of the public interest. This alone is not sufficient, however, because the ingrowing tendency creates certain traits of aloofness and exclusiveness which should be overcome in services requiring a sensitive public relations policy.

The principal remaining checks on national bureaucratic tendencies within the public utility field are regionalism, representative advisory committees of users, and consumers' cooperative associations. Instances of the work performed by the first two agencies have already been provided, but a brief appraisal of all three democratizing factors is in order.

Frequent proposals have been made to regionalize Great Britain's governmental structure. There are those at the present time who suggest the creation of regional legislatures as a desirable compromise between recent centralizing tendencies and the historical freedom of local authorities. Account must be taken of the growing nationalism in Wales and Scotland, but it seems rather certain that the legislative responsibility of Parliament is likely to remain undivided and undiminished for some time at least. Administrative decentralization, on the other hand, is not only desirable in certain instances, but regional responsibility for detailed administration has already evidenced a tendency to increase.

Definite regional boundaries for public utility administration as a whole have not been established. In specific public utilities, as has been said, regional areas have been fixed. The C.E.B. has created ten areas, more than twice the number delimited by the B.B.C., while the provincial administration of the Post Office operates through more than twenty regional districts. The considerations in each case are vastly different, so that a standard division of the country for all purposes would probably not be possible. However, the wave-length requirements of broadcasting present the only example of invariability. If confusion of administrative areas is to be prevented, and if regional sentiment is to be focalized to the best advantage, it seems desirable that common regional boundaries should be established. Perhaps a British Napoleon is needed! The division established by the C.E.B. seems to take account of long-established sectional characteristics better than any other, but the number could probably be reduced in an ideal system of regional administration to seven or eight popularly recognized historical and geographical areas. If regionalism is to prove an effective element in national public service administration, considerations of geography, traditions, and local sentiment should be given due weight. Some

interesting developments along these lines may be expected.

Advisory committees, representative of various interests amongst users of the service, have become a recognized part of British public utility development, with results that augur well for the expansion of the principle. The advisory committee is the best method of checking the ingrowing tendencies connected with professional and large-scale enterprises. Advisory committees are greatly to be preferred to the boards and commissions, the members of which are chosen from particular interests. The function of interest representation should be to advise, not to perform the work itself. The permanent members of the Civil Service or of an industrial service can best be trusted to perform the actual work impartially and effectively, but an advisory committee of citizens provides fresh points of view, contact with popular opinion, and an opportunity to educate the public relative to the problems of the particular service. The advisory committee of citizens, who take an interest in the work because they like it, is a desirable substitute for boards of directors, some members of which frequently do little more than collect their fees. This aspect of Democracy, the advisory committee, seems to be absolutely vital to the success of public service enterprises.

Another method of maintaining the proper equilibrium between public services and the community is by means of organizations of consumers. Speaking generally, every interest is organized except the consumers. Inasmuch as successful public control largely depends on the interest and activity of users, it is important that a consumers' psychology should be created and that organization should take place. That this want has been felt is evidenced by the remarkable success of consumers' cooperatives in Great Britain during recent years. The cooperators now number their supporters in millions and their capital investments in hundreds of millions, while the Cooperative party has described its program as "the practical and immediate

alternative to the capitalist system of society." Organized consumers have taken a positive stand regarding public utility developments. They might exert a great and constructive influence on public service enterprises. However, the Cooperative party's skepticism regarding recent public utility tendencies has been expressed by its president, Alfred Barnes, as follows:

> "Parliament is being used to prop up and stabilize by legal enactment a multitude of capitalist businesses, and these again are linked together in the parasitical task of exploiting the consumer. Given these conditions it is only a matter of time before the larger capitalist units will swallow the smaller ones and legal monopoly for private gain becomes the established order. What has happened in electricity and transport is being deliberately encouraged by a Tory Parliament in food production, marketing, and distribution. We stand for a cooperative service as against these State-propped private combines."

Apparently the present form of public utility control will have to be changed considerably before the largest organization of consumers will be prepared to render sympathetic criticism to Britain's national utilities!

What is the social significance of the public utility developments of recent years? The answer is not clear. A show-down may be expected within the next few years. Britain's leaders are awake to the possibilities of national public utility expansion. Electricity has been planned. London's traffic resources have been pooled in the form of a trust. Broadcasting has been placed under unified control. State-controlled monopolies are no longer distasteful, and others appear in the offing. But the older methods of regulation have not proved generally satisfactory, and exorbitant profits can still be extracted from public service enterprises. Effective public control has not been established for public service undertakings as a whole. However, British management is capable and scrupulous, and labor is ambitious to assume a larger share of responsibility. The deep trenches of vested interest do exist, but alongside are the tools and the competence to convert them into fertile fields for the nation as a whole.