

A Survey of Progressive Economic Thought in Interwar Britain: Strengths and Gaps

Alan Booth

Abstract:

This paper looks at debates on the opposition to British government economic policy in the interwar years. It concentrates on the views emanating from the leading representatives of British industry and commerce and notes in the historiography a tendency to contrast a stream of progressive ideas in the 1920s with a more conservative approach in the following decade. This paper suggests that the contrasts may have been overstated and focuses on preliminary investigations into the series of lectures organised by B. Seebohm Rowntree throughout the interwar period. The article suggests that there were many continuities in business thought during the period, and that the main contribution of business to the 'planning debates' of both interwar decades was in the consolidation and systematisation of domestic and American ideas on management, especially the management of labour. The tendency to view participation of business leaders as contributions to economic policy, narrowly defined, is potentially misleading but our view of the scale of the planning debate of the 1930s needs to be revised to include significant changes in management theory.

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I Introduction

Approximately 25 years ago, my colleague Melvyn Pack and I were preparing a manuscript on the economic thinking of opposition groups of the 1920s and 1930s (Booth and Pack 1985). We were stimulated by the obvious parallels between the interwar years and the early 1980s. In both periods, we saw a vigorous opposition to government policies but which was apparently weakened by fac-

tionalism and division. Both periods seemed to us to show the fertility of radical-progressive economic thought and the weakness of centrifugal politics as groups preferred to emphasise their own distinctive brand of radical policies rather than the potential for common, central ground. As such, our thoughts were defined in opposition to the notion of an emerging consensus in the centre of British politics, which was best represented by Arthur Marwick's (1964) work on

middle opinion in the 1930s and Paul Addison's (1977) highly impressive, but controversial, book on British politics from 1918 to 1945 (see also Stevenson 1979; Ritschel 1997). Because the book was written in a state of engagement with an evolving current debate, it was written relatively quickly, concentrating on easily available published material and neglecting research in depth. That research has now been undertaken by a variety of scholars and we now know a significant amount more about the thinking and intellectual influences upon the progressive centre of interwar Britain. The rather interim conclusions of 1985 have been superseded in very many areas.

My aim in this paper is to survey the main landmarks in that historiography of the past 25 years, and in particular to look at the way historians have treated business opinion, an area which still appears to be relatively under-researched. The Booth-Pack (1985, ch. 4) picture of employer thinking identified a strand of progressive thinking in the 1920s, associated most clearly with Sir Alfred Mond, the chairman of the chemical firm Brunner-Mond, and one of the driving forces behind the creation of Imperial Chemical Industries. However, at the same time, we noted an orthodox, conservative wing of employer opinion, organised through the National Confederation of Employers' Organisations, which dealt with all matters of industrial relations and employment issues for major employers, and suggested, without a great deal of evidence, that in the aftermath of the slump, this conservative wing became more powerful and employers retreated into driving their workers harder while fighting for protectionism and protected mass mar-

kets. Below, I would like to try to tie this interpretation into more recent writing, which takes a similar view, but also to argue that the progressive, more radical approach was more vigorous in the 1930s than formerly believed. In this, I want to identify the annual lecture series organised by B. Seebohm Rowntree as an important window into these currents of thinking and to demonstrate how the Rowntree group might offer new and challenging research questions and problems. This is essentially an interim report on the basic ground-clearing work. In essence, therefore, the second half of this paper is about work in progress and has many more questions than answers.

II Esoteric and Exoteric Politics and Alternative Economic Strategies between the Wars

This paper concentrates on the broad, public debates on alternative economic policies and has few comments on the extensive literature on Keynes, the Treasury and the politics of interwar public finance. In many ways, this approach is consistent with the introductory comment in Ritschel's (1997, 3-4) major (comparatively) recent book on interwar planning debates: "Important new research has shed light on the penetration of Keynesian ideas in official and government circles, such as the Treasury in the 1930s and the wartime government, on the administrative constraints and institutional obstacles to such ideas, and on divergences in postwar economic policy. Curiously, few have addressed the prewar debate on planning. This is an unfortunate omission, since this debate clearly played a crucial part in the wider political and ideological background to all these de-

velopments. Certainly if we are beginning to question traditional assumptions about the Keynesian revolution, we ought also to re-examine the assumptions about its origins. The debate on planning can clearly tell us much about the nature of dissident economic opinion in the 1930s, and, even more important, it can provide vital clues to the nature of both the Keynesian revolution and the post-war 'consensus.' He argues that the planning debate was politically and ideologically divisive and, in order to escape the backwaters of factionalism and division, middle opinion embraced a middle way that "was based not on the ideologically divisive ideas of physical planning, but on the far less ambitious and conveniently ambiguous alternative of aggregate demand management developed by Keynes" (335). This shift was driven essentially by political exigencies, under the stimulus of the People's Front Propaganda Committee, rather than by the creation of intellectual or practical agreement on macroeconomic analysis and policy.

However, the successes of the wartime planned economy re-ignited interest in planning, with the result that the postwar Attlee government began to programme allocations of labour, materials, capital and other resources but had to jettison this approach in the crises of the 1940s in favour of the Keynesian prescription.¹⁾ This is a very interesting set of propositions, which would create enormous dissention among commentators on postwar British economic policies, but to my mind the hypothesis misunderstands the differences between debates on policy for public finance ('the Keynesian revolution') and debates on planning.

1. Part of the fascination of the debates between Keynes and the Treasury over financial policy in the 1930s is that it is a prime example of esoteric politics in Britain. The term 'esoteric politics' was defined by the political scientist W. J. M. Mackenzie (1976) as politics shaped by the social cohesion of an elite.²⁾ The contrast, 'exoteric politics,' represents political debates conducted openly through public channels, such as the electoral chamber, open debate, and so forth. These two terms must be considered as ideal types. In the real world of policy debate, many issues will contain both esoteric and exoteric elements, as the discussion of the economics and politics of planning below will clearly illustrate. Esoteric politics are informal, usually secret and carried on by a very small corps of experts whose expertise usually derives from practical experience rather than from formal academic training. These characteristics have made debates between Keynes and the Treasury so compelling. The list of *dramatis personae* is short, and the personal characteristics of the main players have profound influences over the conduct of policy. The social backgrounds of Keynes, Bradbury, Niemeyer, Leith-Ross, Hopkins and Phillips were very similar. It goes without saying that this narrowly-based, rather insular and self-contained arena of informal policy-making is enormously attractive to historians both for the opportunities that it provides to try to see the world through the eyes of this small group of actors and for the manageable quantity of research materials involved.³⁾

If esoteric politics take place behind closed doors and between narrow elites united by socio-economic status, education and

economic interests, exoteric politics are conducted in the open, are not exclusive and ultimately are concerned to mobilise support. That support may be organised around a common interest or it may be concerned with mass mobilisation. For historians, exoteric politics have none of the advantages of the insular, self-contained approaches considered above. It is not easy to define who was and who was not a participant to this debate. Instead of a limited, coherent vocabulary, exoteric politics potentially at least offers a wide variety of participants who fail to connect. There are far more loose ends and misapprehensions to exoteric politics. Thus, Ritschel (1997, 239–30) points out of the planning debate: “[B]eneath the shared language of planning, the radical economic policy-debate of the 1930s was riven by fundamental ideological contradictions which assured that instead of serving as a unifying cry for reform, planning remained a heterogeneous trend, diffused amongst reformers of all parties and none, but fragmented by the same divisions which dominated the more conventional political scene. Far from being an early signpost towards the postwar consensus, the planning debate was in many ways the most vivid example of the ideological fragmentation which characterised British politics in this turbulent decade.”

2. It is scarcely surprising therefore that so much more academic effort in the 1980s and beyond went into seeking to understand the esoteric politics of Keynesian policies than into a survey of the politics of planning. If exoteric politics produces a cast list of Hollywood epic proportions, it also mobilises a wide-ranging list of formative intellectual

influences on that area of debate. Ritschel likes to emphasise the “internal” ideological influences at work—the ideological fragmentation of which he writes derives essentially from the efforts of contributors to place the vocabulary and terminology of planning into a context that resonates with their own political, historical and ideological commitments. It is, however, also the case that the exoteric politics of interwar planning operated against the background of significant change in the ‘esoteric’ doctrine of economics that extended far beyond the macroeconomics revolution of Keynes. At this point, it is necessary to refer to another of the landmark studies on interwar policy debates, Elizabeth Durbin’s (1985) exploration of the economics of democratic socialism. Her extremely stimulating survey of the creation of the Labour Party’s policy discussions of the 1930s produced an extensive list of the formative doctrinal influences that contributed to the creation of an economics of democratic socialism in interwar Britain (Durbin 1985, 98–108):

- the work of Piero Sraffa and Joan Robinson (1933) on imperfect competition that raised fundamental questions about the core assumptions of the Marshallian system,
- Hicks’s (1939) elaborations of value theory that were to form the basic apparatus for the study of microeconomics,
- important advances in the theory of international trade,
- the development in the work of Lerner (1934–35; 1937), Lange (1938) and others on the economics of socialism,
- the first stages in the development of

macroeconomics and econometrics.

Her analysis of the policy discussions within the New Fabian Research Bureau shows how the new socialist economics was formed within a circle that included both academics and politicians. By any stretch of the imaginations, these issues were 'esoteric' in the literal sense, and were discussed within an elite and were thus esoteric within Mackenzie's analytical framework. However, we are now somewhat suspicious about Elizabeth Durbin's claim that these ideas influenced the Labour Party's policy in the 1930s. She has concluded (Durbin 1985, 228–29): "H. D. Dickenson, Evan Durbin and Barbara Wootton elaborated the policy implications of monopoly capitalism and increasing externalities. James Meade recommended using the new analytic tool, the marginal revenue curve, to identify those industries which should be nationalised, because the manufacturers exercised a substantial degree of monopolistic control over the prices of their products. As the New Fabians had articulated their own version of a democratic socialist planning alternative to the capitalist market muddle, they had been drawn into theoretical arguments about the role of the price mechanism in the socialist state. . . . Although these economic controversies lack the high drama of the Keynesian revolution, they are important because they enabled socialists to demonstrate that central planning of resource allocation would not cause the allocative chaos which their critics charged, just as Keynes wrote *The General Theory* to prove that expansion would not bring the dire consequences predicted by existing theories."

However, these now seem to be rather

over-confident conclusions. The balance of the argument seems to lie with Ritschel (1997) that the planning debates of the 1930s were ideologically driven and that the debates in the academic economic literature had little impact beyond the outer reaches of the Labour Party's policy review process. Moreover, the impact of all the debates on economic theory in the 1930s did not penetrate the Labour Party's programme until the Second World War, when economic and political conditions were more favourable for the introduction of these ideas from the 1930s. In the current context, this is important for two reasons. First, the discussion of planning in the 1930s clearly had a separate 'esoteric' politics operating essentially within academic circles and an 'exoteric' politics that played out on the broader, national stage. These two levels of debate had almost no impact on one another. Secondly, although Ritschel (1997, 313–28) argues that progressives came together behind a Keynesian convergence, this appears to have been an expansionist middle way to which planners could commit, rather than a commitment to Keynesian budgetary arithmetic at the centre of economic policy. Relationships between the 'planners' of whatever stripe and Keynes were always uneasy (Toye 2003, 75; Ritschel 1997, 336–37). Keynes certainly contributed voraciously to public debate but he distrusted the planners as much as they distrusted him.

III Capitalist Planners

The most frequently cited group of capitalist planners is undoubtedly the XYZ Club of financial journalists and sympathetic City men who advised the Labour Party's policy reap-

praisals in the 1930s (Durbin 1985, 81–83, 111–12, 163–68). Richard Toye (2003, 53) has described them as the Labour Party’s “most influential unofficial think tank.” While the core of the group comprised financial journalists in sympathetic newspapers, it was augmented by a number of City commodities merchants, bankers, accountants and financial managers from the public sector. It may be the most famous group, but it is also very atypical, in that it was a group drawn from the financial services and ready to address the details of financial policy. The more common representative of the employer interest was from manufacturing and had links to the political sphere.

1. In Booth and Pack (1985, 41–8, 76–93), for example, business leaders appeared in a separate chapter but also had walk-on roles in the political party chapters. The chapter on the Liberal Party, obviously enough, drew attention to the work of the Liberal Industrial Enquiry in 1927–28 which recognised not only the need for revitalisation of the export industries but also a major reorientation to the domestic market, backed by major programmes of national development, driven in large part by modernisation of the roads, railways, utilities and housing financed from a betterment tax on the increase of land values resulting from transport improvements. Significantly for the current story, we drew attention also to the chapters on industrial relations which were drafted by Ramsay Muir, Philip Kerr and Seebom Rowntree. The most significant proposals were those relating to reform of the wage system. Rowntree had long been an advocate of high wages and family allowances and Kerr had been

hugely impressed by what he had seen of the American high-wage economy. They proposed that the determination of wages should be reformed and in the new era a manual worker’s earnings would be made up of three elements: a minimum living wage; a family allowance element for dependents; and a small, but significant, element in the form of a share of the firm’s profits as a method of spreading capital ownership and fostering co-operative attitudes in industry.

The chapter on British industrialists gave special prominence to Sir Alfred Mond. We paid much attention to Mond’s emergence as a representative of the protectionist, imperial development wing of large-scale British industry and his early proposals for using the unemployment insurance fund to pay wage subsidies to employers who agreed to take on additional labour. We gave most space to two other aspects of Mond’s radical economic thinking. First, he led the rationalisation movement and, secondly, he led progressive employers into the Mond–Turner talks, which looked at ways to cover a wide range of issues related to the efficiency of British industry in the 1920s. These included the rationalisation of industry, the security and status of unemployment, trade disputes procedure, the disclosure of company information to unions and schemes for worker participation. The proposals for dealing with unemployment included higher levels of unemployment relief to unemployed coal miners, contra-cyclical public works and other government spending, expansion of the Development Fund, earlier pensions, raising the school-leaving age, greater assistance to emigration and imperial development. Even more radically, the Mond–Turner talks had

proposed to levy firms during ‘normal’ times to establish a labour fund to help sustain jobs or create work for displaced workers. This discussion suggested that during the 1920s British employers had a variety of progressive ideas to tackle unemployment through the wage as well as the welfare system. However, after the slump we argued that reduced levels of economic activity both limited the scope for any innovation in the wages system and combined with the perception of an increasing burden of taxation on business to cut the scope for innovation and forced businessmen into market restriction and attacks on welfare expenditure.

2. Ritschel’s account is not inconsistent with this pattern but concentrates heavily on the very conservative post-slump phase. He concentrates primarily on the Industrial Reorganisation League, the movement behind the drive for a parliamentary Bill to enable self-government for industry (Ritschel 1997, 83–231). Like the rationalisation movement in the 1920s, the League was an association of large-scale industry and embraced a strong core of Conservative MPs from business backgrounds as well as the chairmen of large industrial companies.⁴⁾ The most prominent, in terms of both national status and organisational drive, was Henry Mond, the second Lord Melchett, and son of Alfred Mond. The second Lord Melchett, however, was much more conservative in his dealings with both industrial labour and government than his father (194–95): “However, his idea of self-government differed substantially from his father’s. The underlying concern with industrial reform and rationalisation remained. Describing competition as an antiquated

form of ‘tribal warfare,’ Melchett envisioned a new industrial order based on the principles of ‘co-operation’ and ‘collective self-government.’ But self-government figured now as a conservative business philosophy of a corporatist partnership between employers only, with labour relegated to a purely consultative role, and the emphasis placed upon self-government as an alternative to state control. Much impressed by the Corporate State in Italy, Melchett called for the birth of a new ‘Guild System,’ with the economy reconstituted into a series of industrial federations, governed by a national ‘Industrial Chamber.’ However . . . he rejected any suggestion of political interference and presented an economy planned by its own representative business institutions as the ‘capitalist’ answer to Britain’s crisis.”

The contrast between father and son both underlines the more conservative tone to industrialists’ contributions to the policy debate in the 1930s and emphasises the extent to which ‘progressive’ employer opinion had hardened. Ritschel notes that Seebohm Rowntree was a member of Melchett’s corporatist and conservative Industrial Reorganisation League, implying that the former radical businessman had abandoned all thoughts of radical and progressive policy.

Ritschel’s capitalist planners also included Political and Economic Planning (PEP) and the Next Five Years Group (NFY). PEP are an interesting group. They began as corporatist planners, with elements from both the rationalisation approach and the ideas of Oswald Mosley, but with the apocalyptic overtones that came from sensing the onset of the crisis of 1929–30. Thus, there were proposals to allow industry to regulate itself,

free from the interferences of national and local government. However, the enormous switch of power from consumers created internal divisions and consigned the group to the margins, from where many of its more prominent personalities campaigned for the Self-Government for Industry Bill (149). NFY, on the other hand, is presented as a (failed) architect of the “middle way” between capitalism and socialism but which was no more successful than any other group in building bridges between the centre left and the centre right. However, it too failed to build a mass support (334): “The essay did break new ground in its exposition of the ‘mixed economy’ and went far in dressing up capitalist planning in ‘socialistic’ clothes. But its interpretation of the nature and scope of the public sector was ambiguous at best, while its retention of the principle of self-government for large-scale private industry only alienated socialist opinion. . . . At the same time, the group’s equally ambiguous political position left them exposed to the not-unfounded accusation that their aim was merely to reinforce the National Government by the addition of a few more progressive policies and personnel. [Clifford] Allen and [Harold] Macmillan openly criticised the government as inadequate and reactionary, and even speculated about the possibility of an alternative coalition of the centre-left. But they also revealed a profound reluctance to accept the Labour Party within such a coalition except on terms which . . . implied its abdication as a socialist party.”

The major point of all the capitalist planners surveyed by Ritschel is that they were overwhelmed by political and ideological imperatives; that they were ultimately busi-

ness conservatives for whom control of markets, collusive practices and the economic and political marginalisation of labour were core elements of their thinking. None of the revolutions in economics listed by Elizabeth Durbin penetrated the thinking of this group because they were driven by more atavistic concerns. In this process, the moderate progressive wing of business opinion was overwhelmed: Mond begat Melchett and even the progressive Rowntree fell into the conservative capitalist camp.

IV The Survival of the Progressive Business Opinion: The Rowntree Business Lectures and New Doctrinal Influences on Interwar Radicals

This is the point to report on early stages of a new research project that colleagues and I at Exeter University are currently scoping. We believe that we have found an alternative perspective on Rowntree and on business opinion more generally in the interwar years, especially in the 1930s. Seeböhm Rowntree organised a series of lectures, held twice annually from 1919 to 1938, with a short intermission in the early 1930s. He invited leading personalities from business and management in the UK and the USA, including economists, trade union leaders and prominent intellectuals. Several hundred papers from this conference series still survive, albeit in a rather fragile state. This material has gone largely unnoticed by business historians and historians of economic thought, but there are real grounds for adding a revolution in management science to the list of revolutions in economics given above.⁵⁾ The inclusion of this material into the influences from which business opinion was trying to steer

its way through the slump, reconstruction of the international economy, the switch in focus of the British economy and makes real sense for three main reasons. First, it enables us to cross-reference the idea, very common in the literature, that business opinion became harder, more conservative and more concerned with margins. Did those industrialists who favoured business restriction, also turn to new ideas on how to drive the effort and efficiency of their workers? Secondly, the consideration of management theories and ideologies broadens the geographical focus of the inquiry on economic ideas of the 1930s. The debates on alternative British economic strategies have been profoundly Anglo-centric. It is as if the forum within which new ideas were created was bound wholly by the Cambridge, Oxford and London triangle. New initiatives in management science, and indeed in production engineering, came primarily from the USA, and certainly began before the high point of Americanisation after the Second World War.⁶⁾ In this section we survey the material and issues that have been located in it and then to try to set it in context in the light of wider influences on British interwar management.

1. First, what is the material? After his experience in the administration of industrial policy during the First World War, Rowntree concluded that the quality of British management needed improvement and he organised a series of lectures, which were held twice annually from 1919 to 1938, with a short intermission in the early 1930s and were given by leading personalities from business and management in the UK and the USA, including economists, trade union leaders and

prominent intellectuals. Several hundred papers from this conference series still survive, albeit in a rather fragile state. In the second (1930s) series, we also know from correspondence files who attended and what companies they represented. The dominant historiography on British (and indeed American) management in the 1930s is rather dominated by the Chandlerian themes of large-scale business organisation, mass production and the extended division of labour under Fordist and Taylorist influences (of which more below). However, this rather overlooks alternative approaches to management practice in both the USA and the UK, and an initial reading of Rowntree's objective with the Business Lectures is that he was aiming to take the best of American management practice and make it available in Britain. He chose his most prominent American speakers (Mary Follett and Henry Dennison) from outside those advocating 'scientific management.' They were most closely identified with an alternative 'human relations' approach (Graham 1995). Equally, his British speakers (such as John Lee, Graham Wallas, Oliver Sheldon and Robert Hyde) brought other perspectives to management. In very broad terms, we can see important patterns in the speakers invited to give lectures.

First, there are those employees of the Rowntree company who, like B. S. Rowntree himself, were deeply involved in the project to re-fashion British management in a more humanistic style; those include Oliver Sheldon and, to some extent, Lyndall Urwick. Second, there is the Ministry of Munitions 'circle,' whom Rowntree encountered while working in Lloyd George's ministry during the First World War, again including Urwick

and also Robert Hyde. Third, there are those British and American managers and consultants of the human relations school, with whom Rowntree felt sympathy, including Henry Dennison, Mary Parker Follett and John Lee. Fourth, there are the labour economists, often left-leaning, such as Graham Wallas. Fifth, there is a largely unknown group, whom we believe are the industrial 'stars' of the 1920s; in particular, people who had run successful businesses and who were invited by Rowntree to share their knowledge. The participation of these, often very obscure figures, potentially offer the most interest but completing the biographical details and organisational affiliations will almost certainly extremely time-consuming.

Our preliminary research has suggested three main lines of investigation. We know that this group of management progressives rejected Taylorism on fairly fundamental grounds; that the 'human relations' approach keyed into a much more deeply-entrenched British approach to management; and that the human relations approach was taken up by a number of prominent interwar 'planners.' Let me say a brief word about each in turn.

2. First, the public reception of 'scientific management' in the UK was quite hostile. As Guillén (1994, 214) has noted: "Only one of the three leading British engineering journals recorded the publication of Frederick Taylor's 1895 paper on piece-rate systems. His treatise entitled *Shop Management* (1903) was not discussed by any of the four leading journals published at the time. A handful of technical and trade journals commented on *The Principles of Scientific Management*

(1911) but critically rather than admiringly. A leader in *The Engineer* in 1911 explained the basic charge against scientific management, one that would recur in the future:

We do not hesitate to say that Taylorism is inhuman. As far as possible it dehumanises the man, for it endeavours to remove the only distinction that makes him better than a machine—his intelligence.

The theme of scientific management as 'a too rigorous systematisation of method to the exclusion of all other considerations' appeared repeatedly during the early 1910s. True to their traditions, British engineers thought that commonsense approaches to management were sufficient; there was no need for an increased use of science or method. Moreover, they attacked the 'scientific' pretentiousness of Taylorism, thus undermining its most important claim to authority and to superior organisational practice."

Scientific management was criticised by such luminaries of the progressive centre as Edward Cadbury and J. A. Hobson, and, from the 'Rowntree group,' by Graham Wallas, John Lee (director of several telecommunications companies), Oliver Sheldon (a manager at Rowntree & Co.), Lyndall Urwick (an associate of Rowntree from the First World War who joined Rowntree & Co. in 1922, working on standardisation of office work procedures) and even Sir Perceval Pery, chairman of Ford UK (Guillen 1994, 222–23). In fact, the Bedaux version of scientific management aroused controversy in the small number of cases where its application came to the public attention.⁷⁾ Thus, British management reformers may have fa-

voured a British version of the ‘Ford system’ of high wages and high productivity, but they were simultaneously very reluctant to push the Taylorist scientific management that accompanied Fordism in the USA.

3. British management progressives tended to favour building upon the ‘human relations’ approach that was already much more deeply embedded in British management ideology before the explosion in radical thinking in the interwar years. The foundations of this approach lay in the writing of an earlier generation of radical utopians such as Robert Owen who introduced personnel management, took responsibility for the training of workers and ensured that housing and other conditions enabled his workers to perform effectively at work. The interwar years saw further development of these trends, notably by the Quaker employers such as Rowntree and Cadbury—who had supported the creation of the Institute of Personnel Management in 1913, and the movement became more broadly-based and better coordinated after 1919 by the formation of the Industrial Welfare Society. We know that a number of large-scale progressive employers began to internalise some aspects of employment relations from industry wide collective bargaining and it will be interesting to see whether these firms sent representatives to the Rowntree lecture series (Guillen 1994, 227–35; Gospel 1992, 15–36, 61–78; Wilson and Thompson 2006, 65–69).

We also know that the themes of better human relations at the workplace were fundamental to a number of the contributors to the planning debates of the 1930s. Hobson (1909, 310–11), for example, described the

numbing impact of routine work which, “destitute of noble purpose, demoralises and denationalises the workers, and, through its reactions upon individual and social character, constitutes the heaviest drag upon the car of human progress.” Similar sentiments can be found in Harold Macmillan’s *Reconstruction*, where he argued that the industrial worker was demoralised as a result of both low wages and “the more remote feeling of being little better than a cog in the industrial machine.” In Macmillan’s (1934, 119–20) eyes, “the improvement of the machine and the development of mass production methods have made labour dull . . . [and] the industrial system must be humanised.” This is not to argue that Hobson and Macmillan had similar agenda for the improvement of human relations at the workplace, simply to note that a number of the contributors to debates on planning in the interwar years coupled their ideas about improvements in economic policy with recommendations for the reform of work and industrial management in ways that treated workers more like stakeholders in the enterprise than as adjuncts to the machinery of mass production. We know that the ideologies of management reform differed just as much as the ideologies of planning, but the similarities are as important as the cleavages between contributors to these debates.

4. We also know that a number of interwar British ‘capitalist planners’ were also much more positive observers of the potential impact of Fordism, especially in the 1920s, and interestingly at the time when industrial relations problems were causing enormous fissures in British society (Brailsford 1926;

Federation of British Industries 1927, 1579–80; Austin and Lloyd 1926). Oswald Mosley is perhaps the best known British proponent of the high-wage/high-efficiency economy, but he was by no means alone as both business leaders and radical socialists could see attractions (or even dangers) in this approach to reconfiguring the domestic economic system (Mosley 1926). Very early in the postwar years, as noted above, Rowntree had expressed his own support for a British variant of the fundamentals of Fordism.

5. However, there is also evidence that if Taylorist scientific management did not make much progress in the 1920s, there is much more evidence that British managements turned to much harder driving of their workers in the 1930s. We know that management consultants of US origin brought versions of scientific management to American subsidiaries operating in the UK and to British industrialists who were anxious to cut costs and increase productivity in the aftermath of the Slump. Charles E. Bedaux Limited, a management consultancy headed by the French-born, American trained consulting engineer was associated with anti-union employers and vigorous opposition from unions faced by the stopwatch and the clipboard. Perhaps the growth of management consulting in the UK in the 1930s merely underwrites the conservatism of British employers in the 1930s. Thus, we have to acknowledge that the Rowntree business lectures were just one channel of new ideas in management science to take root in interwar Britain. The leaders of British firms were searching for new guidelines by which to lead their enterprises in the face of difficult economic cir-

cumstances and an institutional framework, which in many ways was not securely bounded and held enormous potential dangers as well as benefits. These were the same problems that the statesmen of industry (and the other participants to interwar economic policy discussions) were addressing in their contributions to the planning debate and in many ways their participation in these two sets of discussions were mutually dependent. When more of the basic research has been undertaken, it may be possible to say with confidence that the impression business opinion in the 1930s became much more conservative, concerned mainly with finding new, collusive ways to extract a surplus from the consumer and the wage earner is rather wide of the mark. It seems very likely that the more radical, human relations wing, best represented by Rowntree and Sir Alfred Mond in the 1920s, continued into the 1930s. It might even be able to quantify the relative strengths of the two traditions. The new work on management consulting in the UK has given us the number and types of firms that adopted the Bedaux technique of scientific management. The information on attendance at the Rowntree lectures should enable us to see whether the collection of firms in the 1930s who were adopting human relations techniques were also those who sent representatives to these attempts to modernise British management thinking.⁸⁾ Finally, the recognition that the flows of Americanisation were running strongly in the 1930s might break down the over-strong Anglo-centric flavour of the debates on economic planning in the 1930s and perhaps connect more easily with similar developments in terms of planning in Western Europe. It is

very clear, for example, that business and political leaders in Weimar Germany seized on scientific management and the high wages of Fordism as a blueprint for a rationalised economy and that French managers, although divided between disciples of Taylor and those of more domestic engineering traditions, moved in similar directions (McKenna 2006, 165–68).

V Conclusion

The aim of this paper has been to reinforce the conclusion in the more recent literature on economic thought and policy in the inter-war years that the debates on planning were at least as significant as those that gave birth to macroeconomic theory and policy. However, these two areas of policy debate were conducted along quite different lines and on quite different scales. The long road to engineer a ‘Keynesian macroeconomic revolution,’ however that term is defined, was undertaken as almost a case study in esoteric politics and involved a very limited number of insiders seeking to change or defend a complex of policies that was very little understood by outsiders. The planning debate, however, followed both a mass, ‘exoteric’ politics model, with a very wide constituency of participants and an equally wide set of intellectual influences upon the participants and a narrower ‘esoteric’ course that involved academic economists. The ‘academic’ planners failed to communicate across this divide, despite the favourable institutional conditions within the British Labour Party. Within the more widely-ranging and highly-fragmented popular debate, the most enigmatic contribution came from ‘the statesmen of industry,’ where the literature has contrast-

ed a radical, progressive stream in the 1920s and much more conservative strand in the post-slump decade. While there is much to be said for that chronology, there is also a danger that we might overlook the impact of the progressives in the 1930s. To understand what happened to the progressive strand, I think that we have to move the focus away from narrowly-defined questions of economic theory and political ideology to the reception in Europe of American ideas on production engineering, enterprise and labour management. It is not difficult then to claim that these enterprise-level ideas are separate from the central concerns of the planning debate but this overlooks the tendency for a number of the centre ground contributors to assume a more humane management of labour in self-governing industries and for a strong tendency, that I am sure more developed versions of our research will show, for the management progressives of the 1920s to re-mould their ideas in the 1930s around notions of enlightened management of human resources.

Alan Booth: University of Exeter, Cornwall Campus

Notes

- 1) Ritschel 1997, 340. But see also Brooke 1991; Brooke 1992; Taylor 1991; Tomlinson 1992; Tomlinson 1997, 124–46, 211–36; Toye 2003.
- 2) This distinction was fundamental to Moran’s analysis of the politics of financial regulation, which was carried on mainly between senior Treasury ministers, the governor of the Bank of England and leaders of the clearing banks: Moran 1986: 27–28.
- 3) For a good survey of the literature on Keynes and the Treasury combined with a scholarly

edition of many of the more important Treasury papers of the period 1925–1946, see Peden 2004.

- 4) On rationalisation, see Hannah 1976, 27–40; Garside 1990, 203–39.
- 5) The lectures are mentioned in Wilson 1995, 146; Wilson and Thomson 2006, 65.
- 6) As is evident in the German and Japanese cases: Kudo et al. 2004; Zeitlin 2000.
- 7) For the Bedaux system, see below and Kipping 1999; Ferguson 2002.
- 8) On reforming firms, see Gospel 1992; Wilson and Thomson 2006, 65–69.

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