ECONOMIC PROBLEMS
OF
PEACE AFTER WAR
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BY

WILLIAM ROBERT SCOTT
M.A., D.Phil., Litt.D., LL.D.

Adam Smith Professor of Political Economy in the University of Glasgow
and Fellow of the British Academy

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As Demosthenes, with often breathing up the hill, amended his stammering; so we hope, with sundry labours against the air, to correct our studies.

*Lyly, Campaspe.*
FOREWORD

No doubt there will be an increasing number of those persons, who develop great wisdom after the event, who will tell us not only that they expected a great European war in which Germany would be opposed to us but that they predicted the outbreak in the summer of 1914. There may be a great satisfaction in *paulo-post-futurum* vaticinations, but the majority of us will be candid enough to admit that hostilities were unexpected, and the outbreak found the nation very gravely unprepared. It would be wise that peace should not find us unready for it; and the following pages constitute an attempt to state some of the problems which will then confront us.

Warmly as the coming of a satisfying peace will be welcomed, it must be admitted that it is difficult to picture the social and industrial conditions which must then be dealt with. “War,” as Burke said, “never leaves where it found a nation.” Very many phenomena will be greatly changed, and the framing of detailed forecasts is likely to result in disappointment. But it seems possible that something may be accomplished in applying general principles based upon the teaching of Economics or on the experience of somewhat similar conditions in the past, or, again, upon known dispositions of human nature. Conclusions of this character will not, and cannot, predict details, but they may present an outline of the general appearance which economic life may assume, and it will be at least of some value to have an indication of the course which progress may be expected to
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take, even though we cannot tell all the particular diversions that may be encountered.

When the enquiry is stated in this way, there is a difficulty at the start. In so far as reliance must be placed upon previous economic analysis, how far does it apply during a state of war? Is a study of the Economics of War a possibility? If so, what is to be said of patriotism, and is it possible that the two ideas should be reconciled or is any reconciliation required?

The making of arrangements of several kinds “for the duration of the war,” suggests the conception of the period of hostilities as a species of economic *dies nunc*, and one wonders if this view is valid. Again, there is the restriction of individual freedom both by military service and by very many emergency measures, and the problem suggests itself as to what will be the relation of the State to economic activities after the war. Will vested interests in State-control of industry survive the war?

Then, as a special branch of these questions, there will be the position of overseas trade—will it be missionary or militant? The prominence of the submarine and likewise of air-craft may exert an influence upon the communications of Greater Britain. Defence may assume new forms, and will it be that the joint-effect of the embers of national animosity and the frustrating of the so-called German peaceful penetration may introduce a new arrangement of trade within Greater Britain and with Allied nations?

Whether we will or no, forecasts of the future must be framed. But hitherto this has been attempted in detail and purely empirically. Is it not possible to formulate the chief conditions which affect the faculty for anticipating the future, so as to have some means of correcting errors which may be expected to arise from the abnormal circumstances? For instance,
may not the possible optimism of the first months of peace involve some risk of a crisis; or again, if that be avoided, may not there be a later danger-point when revived commerce and industry might be pulled up sharply by a scarcity of capital?

Some light on the last question may be obtained from consideration of the psychological basis of saving. This, together with the chances of war, has revolutionised many standards of living. Such standards, again, are largely influenced by habit, and this suggests the further problem whether it may possibly happen that standards of life may be constituted on a proportionately lower scale, leaving a larger margin for peace-time savings than in the past.

Finally, what is to be the future arrangement of industry? “Organisation” seems to have become a term which is supposed to supply an answer; but that can scarcely be, when it is commonly used in different meanings. Is it possible that the influence of Evolutionary theory may have disguised the fundamental facts? May it not be that what has been considered a process is in reality a problem—namely how to unite in any act of Production the various factors (both human and inanimate) with the least resistance? Will there be State-intervention in this, and will it help or hinder? Should it take place, would it impair initiative?

These problems have many affinities, and they meet and interlace at many points. This fact, as well as the form of lectures into which the attempted solutions have been cast, will explain the reasons why the same topic is treated in different places—usually because the aspect is somewhat different from that previously discussed. But when the word “solutions” is used, it is not to be understood in the sense of a promise to solve these and other problems which have presented themselves. It is easy to dogmatise about the future; it is difficult to trace
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continuity when there has been a great upheaval such as that at present. Between the present time and the period at which the economic life will have become normal again, some, and it may be many, causes will come into action, the existence of which at present can be little more than guessed at. In such cases prediction may show more boldness than discretion. But that does not mean that the attempt to provide for the future is to be abandoned as a hopeless labour. Rather something may be accomplished, if, as a result of careful analysis, a way is discovered of re-stating a troublesome problem in a form that makes it more manageable. This, it is true, is not a solution, but it may be a very considerable step forward towards the solution.

W. R. S.

April, 1917.
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