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## BRITAIN'S BUSINESS

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**W**HY can't Canada sell more to Britain? Use could surely be made of more newsprint for the thin British papers, more cheese, apples and canned salmon for the thin British people, more timber to house the families living in trailers, even Canadian washing machines and refrigerators for overworked British housewives. An open British market would seem to offer an answer to all our problems of surpluses and unemployment.

But where is the money to come from? The war used up Britain's investments abroad, acquired through the head start her eighteenth and nineteenth century inventors had given her in industrialization. She can no longer pay foreign countries for their goods with money obtained as interest. Now Britain must produce what other people want to equal what she imports. That is easier said than done.

Britain also has prior commitments. Defence is a first mortgage on Britain, and this is defence for Malaysians and Africans as well as the British people themselves. Rubber and tin, cocoa and palm oil are involved, but so are trade routes for Canadian exports. In addition the British government has undertaken to provide free doctoring and hospitals, and to fill all prescriptions below cost. For several postwar years it subsidized essential foods. Britain is aiming for a strong society, not merely a strong economy.

Does all this mean that Britain is to remain indefinitely the tough market it has been since the war, more tightly protected by exchange control, quotas, government bulk buying and other modern restrictive devices than Smoot and Hawley's

U.S.A.? We have a big interest in that question. Most present-generation Canadians planned their lifework in an economy just as closely related to the British market as that of a Welsh mining village. During the last great depression, the Welsh miners were reduced to the dole,—and they hark back about it the way the Irish do to Cromwell. But Canadian wheat farmers were reduced to nothing. Canadian gifts and loans since the war were made, from everybody's taxes, not for the interest but to revive trade. Foreign trade is bigger per capita to Canada than to any other country; its fluctuations quickly affect the jobs of bank managers and school teachers as well as farmers and lumbermen. We hear plenty about British parliamentary democracy, foreign policy, historic traditions, and a little about a few British industrial products such as motor-cars and tweeds. It could pay us to study Britain's business.

The first responsibility of Britain's business is to feed fifty million people. Britain can produce food in quantities and varieties that are not well known abroad, because of the preponderance of British manufacturing. There is a growing season twelve months long, with little frost and never a drought. The yields of wheat, as well as of potatoes and cabbages, surpass anything in Canada per acre. Fifty millions to feed means, nevertheless, a huge burden of essential imports. It also makes even Britain's home farming a liability to the government, because it is heavily subsidized for strategic reasons, e.g. the recent grant of \$14 for every acre of grassland ploughed and planted with grain.

Britain's business also includes maintaining peace and order among many more millions than her home population, and over distant and awkward areas. This is not only a matter of having the necessary defences to meet the possibility of war, although that involves training troops, keeping ships at sea and planes in the air. There is also active police work required in areas where the local inhabitants would not organize it for themselves. The United States and other countries are now helping by patrolling beats in the Caribbean, the Pacific and elsewhere. But Britain does this work in the Mediterranean and the Persian Gulf, central Africa and the Straits of Malacca. Stamping out banditry is as difficult and expensive in Kenya and Malaya as in Chicago.

Another British business responsibility is the employment of all the people who are able and willing to work in the areas Britain governs directly, namely the British Isles and the Colonies. The Jamaican sugar plantation workers are at the far

end of the queue, but the jobs must hold out until every Englishman has one, with enough over to make sure he has a choice. Although Beveridge calculated a normal 5 per cent unemployment, from people changing jobs and from old industries being replaced by new, the average since the war has stayed under 2 per cent. Not all of the jobholders are doing productive work. Attempts to lay off redundant employees have been countered by strikes.

The jobs of millions outside the British Isles and the Colonies are indirectly a responsibility of British business. The wool and cotton producers of Australia and Egypt, for example, depend on the efficiency of Yorkshire and Lancashire in manufacturing and marketing. In 1952 there was "short time" in Lancashire; there was a revolution in Egypt.

Britain keeps the account books on the international trade of all the countries in the sterling area. London used to boast of being the banker for the world. The cash on hand needed by a banker has not been available in London since the war sufficient for making sterling freely convertible into dollars. There was a run on London when it attempted to reopen after the war, by countries and individuals wanting goods they could get better or cheaper or quicker in North America than in Britain, and others simply wanting to transfer their deposits out of reach of a banker who was paying low interest and charging high taxes to finance welfare schemes for the bank's employees, the people of Britain.

Nevertheless, Britain has maintained convertibility throughout the large part of the world comprising the sterling area. It is an achievement of great value to the Australians that the Ceylonese can sell them tea in confidence that they can use the money anywhere in the sterling area, from Scotland to Singapore. Being reduced to barter, which would have been the alternative for many of the countries, would have tangled their trade so badly that buying from North America might have been lower than what can be done today through the area's combined dollar pool.

Capital formation is another responsibility which used to be Britain's business. The capital for aircraft factories, as earlier for ship-yards and railways, was found in Britain. The capital for digging gold in South Africa, irrigating for cotton in Egypt, tapping rubber in Malaya, also came largely from Britain. Capital is formed by saving, or by production exceeding consumption. There are other practical requirements also, before a capital market like London prewar can be restored. There

have to be people bold enough to do more with their own and their companies' money than buy government bonds. There have to be people who can judge the reports of mining experts, the character of promoters. There have to be brokers to compare yields, and a wide, free market for securities. And, of course, the primary requirement is savings available for investment. There is such a need now for capital within Britain,—for jet planes and plastics, as well as to modernize old but essential industries like coal mining and the potteries,—that overseas development will have to remain rationed indefinitely, or else find new sponsors.

New inventions, which today are directly related to the money invested in the education and maintenance of scientists and in laboratory equipment, have been Britain's business with conspicuous success. The pioneer experiments in radar, leading to the current development of electronics, were made in Britain. The story of Sir Frank Whittle and the jet engine will become as famous as that of James Watt and the steam engine. The extent of Britain's business in inventions is illustrated by medicine, in which Sir Edward Mellanby founded scientific nutrition and Sir Alexander Fleming discovered antibiotics. Doctors from all over the world have studied in London and Edinburgh, physicists in Cambridge, biologists in Nottingham, engineers in the pilot plants maintained in thousands of British factories. More of the world's population still looks to Britain than anywhere else for research and development, and the long process of education, in mature institutions, which precedes success. The fees charged, the royalties collected, never meet this cost. Britain pays. Canada may now be approaching the self-sufficiency in scientific education of, say, Sweden or Switzerland. Even so, more students probably go abroad than visit Canada, and more go to Britain than anywhere else except the United States.

The heavy overheads of Britain's business include the cost of culture. Culture costs money, as every parent knows, even when it is only a daughter's music lessons. Britain maintains symphony orchestra, opera and ballet companies, military bands (including one that can play on horseback), and the appropriate music schools, conductors and composers. A high proportion of all the books written in English are still written in Britain, despite the increasing contribution of the United States. A very low proportion of English books are written in Canada. Britain's business includes also the theatre,—actors, designers, directors to keep the memory of Shakespeare green, dramatists

like Christopher Fry to keep poetry in touch with contemporary life. Tourists flock to the Old Vic and Covent Garden, but again, like overseas students, they share benefits provided by the dependable patronage of the British public.

Is it good business to get mixed up with culture? Art is a luxury, and cultivating it may look like extravagance for a country in Britain's position. Indeed, the austerity which has been so much talked of by the British is relative. Life in Saskatchewan, or on a farm almost anywhere in Canada, is more austere than in England. Culture requires, however, a deep, mixed compost. The institutions which preserve it in Britain are many of them centuries old, and irreplaceable. They are worth going into debt to keep. Several of Britain's dukes and earls have solved the problem of keeping up their castles, parks and collections of portraits and silver, and have more cash than for generations, despite punishing taxes. They provide conducted tours for the public, at a fee. They can charge their gardeners and housemaids, their fire insurance and repairs, as expenses before tax. Some are rumoured to act as cloakroom attendants and pay themselves salaries. There is still enterprise in the blood that derives from the victors in the French wars and the founders of the East India and Hudson's Bay Companies.

Population was well understood by Napoleon, Bismarck and Stalin as a factor in the strength of nations. The labour force does not appear in the usual statement of the assets of a commercial business, prepared by a company's accountants. It would not be easy to represent numerically the value of skilled and loyal workers, shrewd and enterprising management, because they cannot be bought and sold like factories and patents. Directors have become increasingly aware, however, of the effects on costs and profits attributable to personnel. Certainly any improvement in the balance-sheet of Britain, whereby the country can become a better customer, of Canada, will have to be made by the people of Britain.

The living population of Britain, together with man-made assets inherited from previous generations, are a bigger proportion of Britain's resources than of any other country except Holland. Natural resources are slender indeed,—no oil, no hydro-electric power, comparatively little arable land or timber, few minerals except coal, and that worked with diminishing returns. But there are roads, starting with those the Romans built, railways, canals, harbours, airports. There are factories and machines, theatres and football stadiums and cricket fields.

There are houses,—castles and manor houses to attract tourist dollars, cottages for workers, most with gas, water and light laid on. There are buses, cars and bicycles. A car may well be an inheritance, because a Rolls or Bentley is good for twenty-five years on the paved and ice-free English roads. Everywhere there are people, amusing themselves in their own peculiar ways or quietly going about their business.

The British are an organized people. They work together like members of a family. This makes their methods different from those of the individualistic new countries whose people are recently descended from pioneers who came out alone. Britain's business is done by institutions, older than the characteristic corporation of North America, perhaps deeper rooted in human nature. Lloyds insurance is still a loose collection of people, like that which started meeting in a City of London coffee house in 1688 to compare and share the risks of the sea. The only management is a committee selected from the group.

In the larger British institutions committees are widely used on the top level of management. They bring together a variety of expert knowledge and ensure that policies and decisions are known throughout the organization. They also enable a vacillating individual to infect the whole group. This problem has led, however, to the evolution of a type known as a professional Chairman,—a man who can let the experts on his committees have their say, and then induce or force a group decision. The Civil Service, honeycombed with committees, produces an occasional queen bee, who is in demand after retirement for company boards. Sir Oliver Franks, a professor of philosophy at Oxford who went into the Ministry of Supply during the war, and later became the Labour Government's Ambassador to Washington, is now the Chairman of one of Britain's biggest banks.

The most deeply rooted institution, one which may seem so elementary that it could be taken for granted, but which is perhaps uniquely pervasive and powerful in the business of Britain, is the family. Farming is a hereditary occupation nearly everywhere, but in Britain there are families that have kept their identity for centuries and, aided by primogeniture and intermarriage, have obtained control of vast estates. The long view comes naturally to these people, and there are few wheat miners amongst them. Having given their tenant farmers long leases, they are opposed to changes in crops or methods which might give quick cash, in which they would not share, and which might damage the land. They choose tenants who can be relied on to pay and also to keep the land clean and in good

heart. In sentiment, and in law, there are rights belonging to the heirs.

The business of defence, which has realistic importance in Britain, is to a surprising extent the business of certain families. Besides the younger sons of the big landowners who go into the Guards, there are families who have been entirely in the Services for generations, sons following fathers to a boarding school like Marlborough, then to Sandhurst military college or Dartmouth naval college or to the modern third choice, Cranwell air college.

Banking provided another illustration of the family business in Britain. Besides branches of international families like the Rothschilds, who have become domiciled and more British than the British, there are banking families like the Hambros and the Hoares. Any London taximan driving along Fleet St. will proudly point out Hoare & Co., founded 1673, still a private partnership of the Hoare family.

In the large modern corporation, which is as fully developed in Britain as in other countries, existing alongside older institutions doing the business of Britain, the family has not been submerged. When a man gets established in a company, and is in a position to make suggestions about appointments, it is the usual thing for him to bring in his brothers, sons and nephews. The immense Cadbury business in chocolate and newspapers is a family affair, there being no less than eleven members listed in the British Directory of Directors. By coincidence, there are also eleven Pilkingtons in that family's glass and tile businesses. Guinness has six Guinnesses keeping it good for you.

The strong influence of inheritance and family tradition might seem to subject Britain to domination by the dead hand of the past. On the contrary, the family is an institution of tested superiority for taking care of the future.

Welsh coal used to have a good sale in Canada. It was able to command a price premium, but still give more British thermal units for the money than any other fuel. Also, we liked it because it burned clean and easily even in old furnaces and stoves. There was solid satisfaction in taking bags of grain and barrels of apples to market, when the leaves were red and the ground stiff from the first frosts of imminent Canadian winter, and coming back with a load of Welsh coal.

The trade stopped, of course, at the beginning of the war, when North Atlantic cargo space became too scarce for bulky coal. It has never come back. Luckily we found oil. In 1953 Britain had to import coal, from France, despite continued ration-

ing. They are carrying coals to Newcastle, proverbially an unprofitable operation.

Coal, the only primary power of any consequence in Britain, came into industrial use along with the first heavy machines. The coal-fired steam engine started driving pumps and turning wheels, and then coal was applied to smelting the increasing quantities of iron required for machines that would stand power drive. The resulting spiral of demand has been climbing for two hundred years in Britain. Coal was found, when the demand developed, in numerous seams in many parts of Britain. The seams are, however, narrow, and they have already been pursued deep and far, some right under the sea. Costs are rising, production is falling.

All coal in Britain was taken over by Act of Parliament in 1946, and vested in the National Coal Board. There is little criticism of the nationalization of coal mining to be heard today, and no one suggests giving the mines back to the former owners and operators. The private organization had been allowed to get hopelessly obsolete. The landowners had given permanent leases on mining rights, in return for royalties, generations ago, and titles got so tangled that amalgamations to improve efficiency were impossible. Mines were milked, when more money should have been going into improving mining technique, particularly by mechanization,—not to mention labour relations. But coal had become political, and the miners were completely antagonized, before the first world war. The private investor was not interested in putting or leaving money in the British mining industry, nor could it recruit the best class of engineers, accountants and other management.

The National Coal Board is introducing mechanical cutting, overhauling the trucking, lifting and grading equipment, training technicians, and trying to win labour's interest in results. This takes time as well as money. It still won't mean cheap coal, competitively priced power for Britain. It won't reverse the trend for mines to get deeper and more expensive, and eventually worked out.

Electricity is now available almost everywhere in Britain, through an efficient National Grid which links up most of the generating capacity, and with local delivery by underground cable, much safer and pleasanter than the rows of poles lining Canadian streets and highways. But British electricity is expensive, and not likely to come down, because it is all generated by coal. Gas lamps still light the streets except in the most modern suburbs. The mains are all in, and long since paid for.



There is convenience in having this alternative form of fuel widely available, but no economy. It is coal gas, not natural gas, and it is just another drain on the dwindling resources of the mines.

Neither natural gas nor liquid petroleum has been found anywhere under the British Isles. Britain is dependent on importation for the most versatile, characteristic and essential product of the first half of the twentieth century, the oil which gives more heat without any ash, more power with less weight, that flows instead of having to be carried, and that now gives just as important by-products as those derived from coal. But in the use of oil, even when buying on the open market, Britain has the advantage of low distribution costs. She has the world's largest fleet of tank ships. They can pump directly into seaside refineries, the newest of these being in the mouth of the Thames, at the centre of the concentrated London consumption area, still the greatest industrial hub in the world. Britain can still make something of this advantage, mainly a matter of location, her original and historic advantage in war and trade. The evidence is Britain's eminence in the design of aircraft and the operation of air lines, both of which are expressions of the oil age.

A new power looms over the second half of the twentieth century,—atomic energy. The uranium which is the source of this power has no commercial weight factor and can be carried anywhere. No uranium has been discovered in Britain, but if there is a free market for buying it, Britain may have advantages in applying it. There will be a huge capital cost for finding the technique and building the plant for converting radiation into a form of energy applicable to productive machines. This may be electricity, via steam generators, for which Britain already has the equipment.

Canadians became aware that tourists are worthwhile business back in the difficult 1930s. We found then that we could earn more scarce foreign exchange from entertaining visitors than from exporting our staple crop, wheat. We were handicapped by our big and rather shaggy landscape, our strictly utilitarian cities, our plain menu, our lack of luxury and cultural amenities. Nevertheless, being both self-reliant and hungry, we went to work. We became proud of our French-Canadian and Scottish traditions, we revived hand-weaving and wood-carving and we played the bagpipes. We paved the roads into the north woods, built motels and ski-lifts. We learned to clean motorists' windshields without being asked, to give service as friendly help, without loss of dignity or self-respect. Many of

the Americans who have poured investment money into Canada since the war, in such quantities as to put our dollar at a premium, came to know Canada and trust its people as tourists in the 1930s.

Visitors from abroad have always been expected by Britain. Colonials would want to get home, foreigners would make pilgrimages to Wordsworth's Lakes, Oxford, and the playing fields of Eton where they had lost so many battles. But touring was something the British did to other nations,—Switzerland, France, Italy. It is only fair to add that the British pioneered the custom of touring abroad, as they did seaside holidays and many other diversions and entertainments. The Swiss have become the world's best hotel managers, coping with generations of British tourists. The French made a "British cuvee" of champagne and, the British believe, sold the second grade to the Germans.

For Britain, it is a sudden change to need tourists. Having to pay debts by entertaining tourists can seem like having the bailiffs living in the house, especially when they finger and buy up the family heirlooms, as antiques. But the possibilities for earning badly needed foreign currency that are afforded by the tourist trade are far greater for Britain in the 1950s than they were for Canada in the 30s. Britain has an immense accumulated capital of tourist attractions, historic and traditional, the things that are there, the events that occur because it is Britain. Even the Edinburgh Festival of Music and Drama, deliberately organized since the war to attract tourists, owes its success to the local colour,—stone gray and tartan,—which it quickly acquired.

The Coronation was an occasion on which the British did themselves proud. Tourists strove to be present, as a privilege. As a result, 1953 was the greatest year for tourists in Britain's history, and the tourist trade earned more dollars for Britain than any other industry.

British prestige is at an all-time high throughout the world in cultural fields. The rapid rise of United States influence on world affairs, the simultaneous decline of Germany, Italy and France, have made the English language paramount. Everybody wants dollars, and is studying English to ask for them. Books in English are of course mostly by British authors, rather than Americans, Canadians or Australians, owing to a lead given by Chaucer and maintained by Shakespeare, Dickens and Winston S. Churchill. Britain's accumulated literary capital is enough by itself to give her an influence proportionately far

greater than her share of the English-speaking population of the world.

Opportunity for talent of all kinds to get a start is as great in Britain today as it has ever been. The self-assurance of the British people protects them from the rages that sweep the United States, making all Americans read only the ten current best-sellers, all scramble to see the hit play. People can be found in Britain to support a great variety of cultural activities, to give a new voice, however strange, a hearing. Theatres, for example, are numerous and small, keeping down the financial risk of launching a new play or reviving a little known classic. There are dozens of small art galleries, constantly holding exhibitions and stimulated by the hope of commissions to try and popularize new artists. The activity is not limited to the high brow arts. Ealing Studios, working on low budgets but with real talent, especially Alec Guinness, are creating films that are not spectacles, not epics, just money-making fun.

Working easily with private enterprise in promoting British cultural activity are two government institutions, the British Broadcasting Corporation and the Arts Council. The B.B.C. sound and television services open the nation's homes to a wide variety of artists. In theory the choice is greater than if sponsors were insisting on the lowest common denominator of popularity. It is pleasant to have programmes uninterrupted by commercials, —a luxury Canadians cannot afford,—but there are also limitations in leaving the choice of entertainment to a public body.

Unlike the B.B.C., the Arts Council does not act as a producer, but as an angel which steps in where private investors fear to tread. It assists by grants or relief from entertainments tax when private producers undertake opera, unusual plays and the like, and when the artistic interest is so much more evident than the box-office appeal that the producers are willing to accept profit limitation. Unlike the B.B.C., the Arts Council has few critics. The best indication of its success is that the public have come to take Arts Council sponsorship as a kind of hallmark of an interesting show, and thus artistic adventures become paying propositions, with little or no charge to the taxpayer.

The direct income to Britain from culture is exemplified by the highly profitable tours abroad of the Vic-Wells and Wells Theatre ballet companies. Incidentally, a British professor of economics who was also a successful operator in the stock market, the late Lord Keynes, had much to do with the development of ballet in Britain to its present excellence. He was a supporter of the Camargo Society which financed private ballet

performances starting in 1930. Money also comes in from foreign performance fees on Christopher Fry's plays and Sir William Walton's symphonies. British actors and musicians who go on tour, from Sir Thomas Beecham and Sir Laurence Olivier to the youngest dancing girls, must hand over to the British government all the dollars they earn except a strictly limited expense allowance, and must pay full British taxes on their incomes converted to sterling, as long as they remain domiciled in Britain.

Britain is losing assets because talent is emigrating to escape punishing taxes. This could be avoided, and indeed reversed, bringing creative people from abroad to enrich Britain, as T.S. Eliot did when he moved there from the United States. Britain is a beautiful and inspiring environment for the creative worker, and he finds at hand in the museums, reference libraries, experimental theatres, publishers and artists' suppliers a wide selection of the tools he needs.

The exploitation of the triumphs of British culture by industry seems often to be left to the Americans. The tie-up is of course an American idea, but more use of it by Britain could multiply the commercial results of successes in pure art and entertainment.

There is significance in the surviving prestige and influence of Britain for competitors, especially new entrants to the field of international trade in a broad way, like Canada. Manufacturers know that their customers in their home market are influenced by the appearance as well as by the performance of a product. The same thing happens in international trade. It will surely pay us as a country to invest enough in culture to make sure that we are always appreciative of the possibilities of applying fresh ideas to our products. We might be wise to risk something in the hope of developing some original creative talent which would be distinctively our own.

In a changeable world, it is safe to predict that Britain will change gradually. By contrast Canada has been transformed in a decade from farming, mining and forestry into a highly industrialized nation. The difference goes deeper than resources, opportunities and policies, into family attitudes. In Britain a farm, a business or a workman's trade is something to be passed on to one's children. Britain looks back much farther than Canada, and looks a long way ahead. But children and grandchildren have to stay with the investments parents have made in the long term future in order to get the money out. In our new, changing country, we give our children the best education we

can, to make them as free as possible to choose and change. We seek adaptability. The British seek stability.

Britain's recovery will be conducted in her own way and at her own pace. That leaves a meagre prospect for Canadian exports to Britain in the immediate future. But Britain's traditional customers are ripe for vigorous, promotional selling, particularly in Africa, Asia and Latin America, where standards of living are rising and new types of products can be introduced. If nobody else pursues these possibilities the Germans and the Japanese will. The way around the obstacles to the marketing of Canadian products in Britain leads directly to the colonies, protectorates and Dominions. Some members of the sterling area already earn large dollar surpluses. Others will not know what they can do until they have the incentive of seeing more dollar products they want to buy. Salesmanship has contributed powerfully to the expansion of trade within the United States and Canada. The methods applied to international trade since the war,—basically waiting till people have saved or borrowed the money before selling them,—have not worked too well. It would be a change to try high-powered selling.

Canada's business with new direct export markets may require some financial assistance from the Canadian government, but not necessarily more loans to foreign governments. Salesmanship offers the greatest opportunity, and specifically salesmanship in the form of demonstration and sampling. The government can help by providing insurance on credit and stocks, and with exhibitions where demonstration and sampling can take place.

What Canadian business has to offer in world trade is North American urge for results,—new improved performance in products, in sales. Canada is not distinctive in this from the United States, but we need the business more. Like the Scottish part of Britain, we have rocks, porridge, whisky and good education. This environment made the Scots travel a long way. It could do the same for Canadians.