

**'THE GENTLEMAN IN WHITEHALL' RECONSIDERED: THE EVOLUTION
OF DOUGLAS JAY'S VIEWS ON ECONOMIC PLANNING AND CONSUMER
CHOICE,
1937-1947**

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ABSTRACT: In his book *The Socialist Case*, first published in 1937, Douglas Jay wrote: ‘in the case of nutrition and health, just as in the case of education, the gentleman in Whitehall really does know better what is good for people than the people know themselves.’ This phrase became notorious, and, as a result, Jay’s views on economic planning and consumer choice have frequently been misrepresented. Far from wanting to dictate to people what they should consume, Jay was a planning sceptic who believed that the price mechanism had many virtues. The experience of World War II, however, convinced him of the merits of central planning, and this was reflected in key changes he introduced to the new edition of *The Socialist Case*, published in 1947. The changed role envisaged for Jay’s ‘gentleman in Whitehall’ not only illustrates important points about the impact of war on the Labour Party’s attitudes to planning and consumer sovereignty, but also casts light on the relationship between the socialist revisionism of the 1930s and that of subsequent decades.

In his book *The Socialist Case*, first published in 1937, Douglas Jay wrote: ‘in the case of nutrition and health, just as in the case of education, the gentleman in Whitehall really does know better what is good for people than the people know themselves.’² This phrase was quoted in Conservative Party propaganda in 1949-50, in an attempt to discredit the Labour government of which Jay was by then a member, and again during the 1955 general election campaign.³ It has also gained a longer-lasting notoriety,⁴ and is often misquoted, even by writers sympathetic to Labour, as ‘the Gentleman in Whitehall is usually right’, or ‘the gentleman in Whitehall knows best’.⁵ Margaret Thatcher quoted it – selectively – in her memoirs, to help justify the proposition that the Labour Party ‘gloried in planning, regulation, controls and subsidies’.⁶ As Jay’s *Times* obituarist commented, ‘In spite of his protests that the implications drawn from a selective quotation conveyed the reverse of his general argument, his political opponents cherished and endlessly repeated’ the ‘gentleman in Whitehall’ remark ‘as a classic statement of Fabian arrogance and elitism.’⁷

However, the task of putting the quotation in its proper perspective is complicated by the fact that by 1947 Jay’s views had altered significantly. As Jim Tomlinson, Martin Francis and Daniel Ritschel have all noted, he gave a Fabian lecture in November of that year, in which he indicated that war-time and early post-war experience had made him more favourable to planning than he had been in the pre-war years.⁸ Moreover, a new edition of *The Socialist Case*, published the same year, reflected a significant shift in his views on the question of consumer choice which the ‘gentleman in Whitehall’ remark addressed: the overall context of the remark changed.⁹ The purpose of this article,

therefore, is to explore in detail, via comparison of the two editions, the way in which his opinions on this, and the related issues of planning and the price mechanism, evolved. The changed role envisaged for Jay's 'gentleman in Whitehall' not only illustrates important points about the impact of WWII on the Labour Party's attitudes to planning and consumer sovereignty, but also casts light on the relationship between the socialist revisionism of the 1930s and that of subsequent decades.

For *The Socialist Case* is not merely known as the vehicle for an infamous remark, but also as a seminal work marking a departure from the Labour Party's traditional ideology. Much, in particular, has been made of the book's 'Keynesianism'.¹⁰ Even if this has been exaggerated,¹¹ the book undoubtedly did differ in important respects from contemporary mainstream Labour economic thought. Noting this, some historians have seen the work of Jay, and other Labour 'young economists' with similar inclinations, as providing 'the intellectual inspiration for the party leadership in the 1940s and 1950s'.¹² As Ben Pimlott has put it, the 1930s revisionism of Jay, Durbin, Hugh Gaitskell, Colin Clark and others 'eventually became dominant in Labour Party thinking ... embryonic "Gaitskellites" established a tradition of reformist economic management which Labour's 1945 document *Let Us Face the Future* plainly reflects, and which soon became the basis of post-war British socialism.'¹³ However, the development of Jay's own views during this period sheds a rather different light on the nature of this process of 'catch-up and convergence'.

The life of Douglas Jay

Douglas Jay was born on 23 March 1907. He was educated at Winchester College. In 1926, the year he went up to New College, Oxford to read Greats, the long miners' strike 'aroused my political feelings and left me by the autumn an ardently convinced supporter of the Labour Movement.' In October 1929 he joined *The Times*. Concurrently, he began to study economics, and in 1930 was elected a fellow of All Souls, Oxford. In 1933, he joined *the Economist*.¹⁴

Jay's reading of economics led him to reject Karl Marx in favour of Alfred Marshall: 'Marshall, so it seemed to me, offered the secret of the whole controversy in lucidly explaining that in a pure *laissez-faire* system, despite its genuine merits, the demand represented by the rich man's pound would tend to be over-weighted in terms of need as compared with the poor man's pound – a basic truth which fully explained the worst human consequences of *laissez-faire*, but whose significance was often neglected both by some Marxists and the orthodox followers of Adam Smith.'¹⁵ He was therefore attracted by Hugh Gaitskell's ideas on the inefficiency and injustice of the financial system, and in particular by his contribution to G.D.H. Cole's edited collection *What Everybody Wants to Know About Money* (1933).¹⁶ The contacts with Gaitskell that followed helped bring Jay into the Labour movement in an active role, as did the patronage of Hugh Dalton.¹⁷ Jay joined the New Fabian Research Bureau (hereafter NFRB), participated in the activities of XYZ (Labour's unofficial group of financial experts), and served on various sub-committee's of the Labour Party's National Executive Committee.¹⁸

In January 1937, Jay started work as City editor of the *Daily Herald*. *The Socialist Case* was published later the same year. After the outbreak of war in 1939, Jay remained at the *Herald* until he was recruited into the Ministry of Supply in December 1940. In September 1943 he became personal assistant to Dalton, now President of the Board of Trade. In this role (and from June 1944 as a principal assistant secretary) he focussed on post-war regional development policy, drawing up plans to steer industry into areas of threatened unemployment. Labour's 1945 election victory came as a surprise to Jay, as did the subsequent invitation to him to serve as personal assistant and adviser on economic policy to Clement Attlee at No. 10. In July 1946 he was elected MP for Battersea North. In October 1947, he became Parliamentary Private Secretary to Dalton as Chancellor. Shortly after Dalton resigned the following month, Jay was appointed to the new post of Economic Secretary to the Treasury. He became Financial Secretary to the Treasury after the election of February 1950, and after Labour's 1951 defeat he became a front bench opposition spokesman. After the party's 1964 election victory, Harold Wilson appointed him President of the Board of Trade. In August 1967 he was dismissed, partly because of his resistance to the idea that Britain should join the EEC. He remained an MP until 1983. He entered the House of Lords in 1987, and died on 6 March 1996.

The first edition of *The Socialist Case*

Jay recalled that he started writing *The Socialist Case* after the general election of November 1935, and it was published in September 1937.¹⁹ He also recalled Gaitskell giving ‘a great deal of time and scrupulous trouble’ to advising him on the book, ‘on which I had rashly embarked ... in order to expound popularly our joint social democratic non-Marxist views’; and that to James Meade’s book *An Introduction to Economic Analysis and Policy* (1936) ‘I owed more than to any other printed work.’²⁰ He wrote in his autobiography that his book had three main theses:

First that the case for greater social justice rested on Alfred Marshall’s “broad proposition” that “aggregate satisfaction can *prima facie* be increased by re-distribution of wealth, whether voluntarily or compulsorily, of some of the property of the rich among the poor”, and had been sadly distorted by Marx’s obsession with ownership and out-dated theory of value. Secondly that there was no rational ground for believing re-distribution could not be peacefully and democratically achieved. Thirdly that unemployment and cyclical depression were monetary phenomena which could be overcome by intelligent management of what I boldly labelled “total effective demand”. I called the book *The Socialist Case* to emphasize the extent to which Marx was a revisionist, whose dogmatism and stridency were not shared by earlier socialists such as Robert Owen.²¹

One of the most interesting things about the book, however, was its approach to planning, the price mechanism, and its comparatively positive attitude to consumer choice. This must be seen in context of the Labour Party’s adoption, after its disastrous election defeat in 1931, of a concept of the planned economy based on nationalisation and physical controls. Allied to this was the widespread, but not unanimous, belief that consumer sovereignty was an unimportant luxury, at least while the poorest people in society were in want of necessities. As Dalton stated in at a Fabian Society conference in 1934, ‘It was pedantic to think consumers’ preference important so long as there was great poverty. A dictatorship of consumption was desirable ... There would be less dislocation on the

producers' side if the caprice of consumers' expenditure were controlled.' Some voices, such as that of Durbin, were raised against this.²² In *The Socialist Case*, Jay's attitude to consumer choice was in some ways equivocal, but his willingness to speak up in favour of it at all put him, with Durbin, very much in the minority.

In Chapter XXVIII ('Redistributive expenditure'), Jay argued that the money raised in a socialist state via higher taxation should be distributed to the poor partly in kind and partly in money. He claimed that 'ignorance distorts the working of consumers' choice ... where primary necessities are concerned the State will normally be a better judge than the spender of the family's income'; when a family was too poor to afford housing, heating, sanitation, health services, education, food and clothes, 'the State should supply them out of the unearned income at its command.' Over and above this provision of primary necessities, however, money should be distributed to the poor – in the form of pensions, family allowances, or through the remission of regressive taxation – 'and the advantages of free consumers' choice retained.'²³ As will be seen, Jay gave a rather more ringing defence of the principle of choice later in the book. Moreover, he put himself strikingly in the minority, not merely by speaking positively about consumer freedom (with key exceptions), but also by showing himself comparatively sceptical about the idea of economic planning in general.

In his Fabian lecture of November 1947, shortly after the publication of the second edition of the book, Jay said: 'It would be possible to have a great deal of Socialism, and not much planning. ... I must confess that before the war I used to think there was much

to be said for this solution, partly because it combined a great deal of social justice with a great deal of individual freedom, but mainly because I doubted the sheer practical ability of central authorities to control big sections of the nation's economic life.'²⁴ This doubt was manifest in the first edition of *The Socialist Case*. As Jay put it in Chapter XXI, 'Principles of redistribution', 'The tendency of socialists lately to think less of the dispossession of property and more of organization, "planning", efficiency, and so on, is in many ways unfortunate. What society fundamentally needs is not so much planning as socialism.'²⁵

In his doubts about planning, he was strongly influenced by the arguments put forward by F.A. von Hayek, Ludwig von Mises, N.G. Pierson and Georg Halm, in Hayek's 1935 edited collection *Collectivist Economic Planning*.²⁶ The central message of the book, summarised by Hayek, was that 'to-day we are not intellectually equipped to improve the working of our economic system by "planning" or to solve the problem of socialist production in any other way without considerably impairing productivity'; any attempt to abolish, or even substantially amend, the free market was bound to be economically disastrous.²⁷ Naturally, Jay did not accept this conclusion in its entirety, but he was prepared to make key concessions to Hayek's point of view.

This was shown in Chapter XXIX, entitled 'Should we interfere with the price system?'. Here, in line with arguments made earlier in his book, Jay posited a world

in which all unearned income would be gradually falling as a result of inheritance-taxation, into the hands of the State, in which many large industries

would be operated by public corporations working mainly on the price and profit principle, in which vast numbers of small entrepreneurs would still be working on that principle, in which inequalities of earned income would be slightly but not much less than now, and in which consumers' choice would be absolutely free. ...

Such an economic system, in which free prices, free consumers' choice, and free competition are retained unimpaired, but unearned income is being gradually distributed in social services, is a perfectly conceivable system. ... we may regard it as a half-way house towards socialism.²⁸

Nevertheless, he believed that it was theoretically desirable to go further; for in the 'half-way house' the remaining inequalities of earned incomes, together with the still-existing tendency to monopoly, would mean that the 'fundamental misdirection of resources' resulting from a completely free system of exchange would still prevail. 'It seems desirable, therefore, that we should proceed beyond the mere abolition of unearned incomes, and if practicable make at least some alteration in the working of the price system itself.'²⁹ Here, however, came the caveats.

For interference with the price mechanism, Jay went on to argue, 'raises some fundamental difficulties, which socialists, it must be admitted, have hitherto been inclined to ignore.' Socialists had traditionally been vague about how their proposed economic system would actually work. For 'it is plain that the automatic price system, though it misrepresents real needs and therefore fails to bring about a really "economic" arrangement of production and distribution, nevertheless does bring about *some* arrangement'; socialists thus had a positive duty to demonstrate that socialism could 'produce the right things in the right quantities.' Hayek *et al* had 'clearly if rather aggressively' stated a key problem – namely that if socialism arrived at an 'uneconomic'

rather than an ‘economic’ distribution of resources, this could mean the difference between scarcity and plenty.³⁰

Nevertheless, Jay did not allow the anti-planners to have it all their own way. The weakness, as he saw it, of the arguments in *Collectivist Economic Planning* was that the authors assumed throughout that an ‘economic’ distribution of resources meant a distribution in accordance with money demand, as it manifested itself under the existing economic system. That is to say, they took social and economic inequality for granted, and assumed that the allocations of resources that flowed from it were necessarily rational, and that attempts to reduce it would lead to outcomes that were necessarily irrational. Moreover, Jay detected that the anti-planners had, over time, been subtly shifting their ground. For example, Mises (whose essay was originally published in 1920) ‘pronounces any defection from the price system to be “impossible”. Professor Hayek, writing after the Russian experiment, explains that this means any “rational” or “successful” defection to be impossible. He thus jumps from one hot brick to another.’³¹

Nevertheless, Jay went on to make yet more striking concessions to the Hayekian point of view. He wrote: ‘To abandon the price index as the determinant of how much of each commodity is to be produced is to introduce authoritarian human direction into the system.’ (Jay defined the ‘question-begging’ word ‘planning’ as the substitution of such direction for the price system.) The price system itself was also authoritarian, in that it did not reflect real needs; ‘but in arguing that the price index is the only practical method

of getting economic decisions reached at all' the anti-planners were on fairly strong ground:

Imagine, as Professor Hayek quite legitimately imagines, a central economic body which has abandoned the price system *entirely* ... Such a body would have to know months in advance the exact preference of every individual for so many chocolates rather than peppermints, apples rather than oranges, cinemas rather than football, at all times of the day on every day throughout the year. ... the problem would be utterly beyond dispute impossible; and socialists had better admit this quite unequivocally.³²

Moreover, were an attempt made to solve the problem in practice, 'this central body would simply have to make decisions which Professor Hayek and Professor Mises may quite fairly describe as arbitrary.' Indeed, to abandon the price system entirely 'would certainly produce a worse misdirection of resources than to obey it entirely. It would result ... in the production of almost all the wrong things in the wrong quantities – in other words, "poverty in the midst of plenty".' In Jay's view, the complete planning of consumption so as really successfully to satisfy needs and desires was probably impossible in any unit larger than the family. (This was slightly ironic in view of his statement in the previous chapter that 'where elementary necessities are concerned ... men in a very real sense do not know what they need, or at any rate what their families need.') Therefore, the chapter concluded, 'the wiser course would seem to be not, like the Russians, to abolish the price system outright and then reintroduce it wherever its absence was obviously disastrous, but rather to preserve it and modify it bit by bit in all those ways in which modification is indisputably justifiable.'³³

Chapter XXX, 'Cost and prices in a socialist community', outlined Jay's views on how this might be done, and also contained the 'gentleman in Whitehall' remark. In answer to his own question, 'how should a socialist community determine the production and consumption of goods?', Jay argued that the most crucial issue to be decided was the value of free consumer choice.

Socialists have been inclined to depreciate the value of free consumers' choice for no better reason than that it has been used as a hypocritical defence of the unregulated price system. ... Gross inequality ... turns consumers' choice into a mockery. But may not the solution be to mitigate inequality rather than to abandon consumers' choice?³⁴

Jay pointed out that it would be irrational either to completely abolish or completely accept in all spheres the principle of consumer choice. By general consent, he suggested, there were certain areas, such as education and health, where the collective judgement of the community was more trusted than the unfettered decisions of individuals; hence society's willingness to spend on these areas out of taxation, and to lay down other rules, for example on drugs. Moreover, 'If there is an obligation on society to see that poor children should have medicine before a rich man has a cigar, there is an equally binding obligation to see that they should have milk. ... In fact, where inequality is in question, we are as bound to depart from free consumers' choice as we are in education or health.'³⁵

But, he wondered, was there any other reason, 'apart from inequality and the social necessity for health, education, etc.' to depart from the principle of free consumer choice? He suggested that, as between two consumers of roughly equal incomes, considering the

consumption of, say, oranges or apples, the case against state intervention 'is surely overwhelming.' Moreover,

Those who wish to 'plan' everybody's consumption should recall what their feelings are in a restaurant when they order green peas and the waitress brings them onions. For there is no reason to believe that, if *universal* planning of consumption were adopted, the Whitehall authority's idea of planning would approximate any closer to the individual's likes and dislikes than the idea of the waitress. [Emphasis in original.]

In 'neutral' circumstances, then, when no question of inequality or other moral issue arose, the value of free consumer choice was almost impossible to overestimate: 'To a large extent, in these circumstances, it *is* freedom and it *is* happiness.' (Emphasis in original.)³⁶

Jay's guiding planning principle, therefore, was to permit the price index to work in all 'neutral' cases, and to adjust its working wherever inequality or some other social need made such adjustment necessary. As many important social needs, such as education and justice, were already 'planned' by the state, the 'most pressing necessity at present is consequently for a modification of the price system directly designed to reduce inequality'. In order to achieve this, all commodities and services produced in the community should be classified as either necessities, luxuries, or 'neutral goods'. Having done this, Jay suggested, the planning authority had various options before it. It could simply redistribute money incomes in the form of family allowances, etc., 'and trust to luck that working-class housewives would spend the money on "necessities"'. But although he believed that this would be a logical way of diminishing inequality while

preserving maximum consumer choice, there were also, he suggested, powerful arguments against the exclusion of all other methods. Then came the crucial passage:

housewives as a whole cannot be trusted to buy all the right things, where nutrition and health are concerned. This is really no more than an extension of the principle according to which the housewife herself would not trust a child of four to select the week's purchases. For in the case of nutrition and health, just as in the case of education, the gentleman in Whitehall really does know better what is good for people than the people know themselves.³⁷

Therefore, as well as enabling poorer people to consume necessities, there was also a need to induce (and even compel) them to do so. Thus, whereas the production and sale of all neutral goods should be left to the working of the price system, the production of necessities should be subsidised out of taxes on the production of luxuries. This would 'gradually transfer resources from the luxury to the necessity industries without involving the planners in any impossible decisions about the scale of production of every commodity in every year.'³⁸

The first edition of *The Socialist Case*, hardly surprisingly, was by no means a paean to the virtues of the market or to consumerism for its own sake. There was an obvious paternalist element in Jay's attitude to the working class. Moreover, there may be an element of truth in Francis's view that the context of the 'gentleman in Whitehall' remark 'clearly reveals Labour's ... hidden assumptions about the essential "infantilism" of women.'³⁹ (Jay had some defence against the charge of sexism, however, in that, as seen above, he believed that men too tended to be ignorant of the necessities their families needed.) Yet, even so, Jay was adamant that working men and women should retain a

wide measure of freedom in their decisions about what to consume. His argument for state intervention in some areas of consumption was clearly offered as a qualification to an overall argument which stressed both the virtues of consumer choice and the limits and dangers of planning itself. As Jay put it in Chapter XXXII, 'The limits of planning', the penultimate chapter of the book, democratic governments found themselves on innumerable occasions in conflict with the vested interests of monopolistic capitalism. But 'The transformation of this conflict into a real régime of socialist planning will be justifiable exactly in so far as greater security and equality are purchased at the expense of existing monopoly interests and not at the expense of the freedom of the consuming masses.'⁴⁰

Reviews and reactions

Jay found the reception of his book 'unexpectedly heartening'.⁴¹ Even the *Times* was polite,⁴² and the *Economist* (Jay's former employer) noted that the book was honest, practical and undogmatic, although 'Purists, perhaps, may doubt Mr. Jay's Socialism and dub him rather an enlightened democrat'.⁴³ The *Times Literary Supplement* likewise commended Jay's 'persuasiveness and moderation'; but also noted that Jay's acknowledgement of the strength of Mises' argument against tampering with the price system 'would not be accepted by the majority of contemporary Socialists, who prefer to ignore or deny the difficulties raised by Professor Von Mises rather than squarely to face them and admit their weight.'⁴⁴

Socialist reviewers, for the most part, tempered their praise with caution. G.D.H. Cole, writing in the *New Statesman*, noted of the book that ‘there is very little in it of what most people habitually think of as Socialism’ – that is to say, there was little emphasis on nationalisation. He noted that the section on monetary policy was ‘broadly on Keynesian lines’, and concluded: ‘Even those readers who conclude at the end that Mr. Jay is much more of a Radical than of a Socialist in any ordinary sense of the term will find his book an important contribution to the monetary and financial policy which an incoming Socialist Government should adopt.’⁴⁵ Barbara Wootton, in the *Economic Journal*, found the book well-written and deserving of widespread attention, but was clearly not wholly in sympathy with its policy recommendations. She stated, perhaps a little surprisingly given the general belief that Jay was departing from the key tenets of standard socialism, that these recommendations followed the programme of the Labour Party fairly closely. However, ‘Mr. Jay is distinguished by his bold emphasis upon redistributive taxation (especially upon inheritances), and by his indifference to nationalising for the mere sake of nationalising.’⁴⁶ ‘Cameronian’, in the leftwing Sunday newspaper *Reynolds News*, wrote that Jay believed that socialists ‘can be cleverer than Tories in making capitalism work and that social revolution can be accomplished almost by inadvertence. ... He correlates a mass of statistics and arguments which establish beyond doubt the economic case for Socialism, even if his hopes are rose coloured and his methods too angelic for this hard new world.’⁴⁷ The most enthusiastic review came from J.A. Hobson, the pioneer of the theory of underconsumption, an instinctive liberal who never felt quite at home in the Labour Party.⁴⁸ Hobson, writing in the *Manchester Guardian*, summarised Jay’s argument: ‘The absorption by the State of ownership and control of monopoly and key

industries must proceed apace, but care must be taken to keep this administration free from the central bureaucracy of Whitehall and to allow an improved price system the free play required to meet the choice of consumers.' *The Socialist Case* was 'the most thoughtful, unbiased, and well-informed case for a British Socialism that has yet appeared.'⁴⁹

Thus, not only did no reviewer pick up on the 'gentleman in Whitehall' comment and invest in with sinister implications, but at least one of them, Hobson, read the passage in the anti-*dirigiste* sense that it was intended. Nor, Wootton's review aside, was there a general tendency to associate Jay's arguments closely with the Labour Party's own programme – there was rather an appreciation that there was something unorthodox about his version of the socialist case, whether it was the lack of emphasis on nationalisation, or the acknowledgement of some of the merits of the antiplanners' viewpoint. (This is significant given that some historians have tended to use his views as evidence for the attitudes of the Labour Party as a whole.) But what effect, if any, did Jay's ideas have on that programme?

Jay recorded in his autobiography that Dalton – the man with perhaps the greatest influence over Labour's economic policy in the 1930s - reviewed his book in the *Daily Herald*. However, no such review appeared in the *Herald* from September through December 1937 (when Dalton departed on a five month world tour). He also recorded that, during discussions in the winter of 1944-5, Dalton sympathised with 'the basic arguments' of *The Socialist Case*.⁵⁰ If Dalton did write a review, he was likely to have

praised the well-written arguments of his gifted protégé, who shared his passion for solving the problem of inequality; he was likely also to have been gratified at Jay's adoption of his variation of the Rignano death duty scheme.⁵¹ Nevertheless, like so many other socialist reviewers, he was likely to have had reservations, whether or not he expressed them publicly. In 1935, he had stated his opposition to 'Unplanned Socialism', which he found 'of theoretical interest only, combining public ownership of the means of production with free movement of all prices.'⁵² Jay, of course, did not advocate the free movement of *all* prices, but his argument that the price mechanism should only be modified bit by bit perhaps came close to the view that Dalton had caricatured. Jay, like his NFRB colleagues Gaitskell and Durbin, was remote from the Labour Party machine and the parliamentary process, and thus depended on Dalton for influence.⁵³ In some instances, for example over the question of rearmament finance, Jay's ideas had previously been taken up through this channel;⁵⁴ but there is no evidence that his diminuendo approach to planning and positive view of consumer choice had any significant impact on the Labour Party's official programme in the immediate pre-war years. By 1939, Labour was still heavily wedded to a concept of physical planning of the kind that Jay had criticised.

Jay himself, however, saw the book as having a rather more general impact. He recalled: 'Any influence which the book had in 1937-9 lay probably in countering – together with Hugh Dalton's *Practical Socialism for Britain* – the flood of quasi-Marxist volumes pouring forth in the 1930s from Gollancz's Left Book Club and proclaiming the imminent collapse of capitalism.'⁵⁵ The most concrete example of this was the book's

effect on John Strachey, the former Labour and New Party MP who, during the 1930s, turned to communism, but who subsequently rejoined Labour and became a minister in the Attlee government. In 1938, Strachey wrote to Jay, having read *The Socialist Case*, expressing interest in the ideas it contained, and the ensuing correspondence led to a lasting friendship between the two men. In 1954, Strachey told Gaitskell:

I became a communist supporter in 1931, because I saw no way through the dilemma that the moment a democratic socialist policy began to be implemented, the economy got into crisis ... and so democratic socialist governments were bound to be impotent. Keynes and your own group – Douglas [Jay], Evan Durbin and yourself, and the experience of the New Deal, had converted me by 1940 to the view, which I put forward in a book called *Programme for Progress*, that a way through did exist.⁵⁶

Clearly, Jay was not solely responsible for Strachey's conversion back to social democracy; but Strachey's comments to Gaitskell show that his book had, at least, had a rather more tangible effect than could be claimed for many 1930s socialist tracts. The coming of WWII, however, would lead to a significant shift in Jay's own views.

The development of Jay's thinking, 1939-46

In the 1947 lecture mentioned above, Jay argued that the years since 1940 had 'shown the remarkable power of large-scale organisation at its best.' In spite of his previous doubts about the ability of the government to control large sections of the nation's economic life, it had now been proved that, in a highly organised democracy like Britain, the job of planning could be done after all.⁵⁷ Moreover, whereas in *The Socialist Case* he had been somewhat hesitant about the use of term 'planning' itself (preferring in places to repeat

instead the clumsy phrase ‘interference with the price system’),⁵⁸ by 1945 he had latched on to its value as a slogan.⁵⁹ His civil service experiences did not lead him to become harshly *dirigiste*, however. At the Ministry of Supply he soon learnt that ‘despite all the wartime powers of so-called “direction” of labour, and the Essential Work Order supposedly holding people in existing industries, it was in fact pay differentials that were more effective than any other single weapon in moving large blocks of labour quickly, as we had to, from one form of production to another.’⁶⁰ In December 1945, he pressed Attlee to state ‘firmly and formally’ that government controls over labour would not continue permanently.⁶¹

Nevertheless, Jay was by no means an absolute planning minimalist. At this time, there was an emerging division amongst civil servants between ‘Thermostatters’ (who wanted to plan in terms of aggregate demand management) and ‘Gosplanners’ (who favoured more direct physical planning). Meade, whose work had earlier been a key influence on Jay, was the leading light of the former group.⁶² Jay’s position in relation to the controversy was ambiguous. In November 1945, he expressed general support for Meade’s approach, which he found ‘admirable’. Yet at the same time he offered an important criticism:

To suppose that in peacetime in future we should leave the great bulk of economic decisions to be determined by the haphazard effect of competing consumers’ demands on the basis of unequal incomes, and to make a few ‘State interventions’ on the basis of special criteria such as nutrition, is to misunderstand the problem. The right course is for the State (a) to decide on a plan for production and consumption at a high level of all the main necessities and some of the amenities of life, and (b) to leave certain luxury commodities and trades alone to the haphazard influence of market prices, private monopolies etc. Necessities should

no longer be left to the mercy of these haphazard forces. This conception of a guaranteed minimum of consumption for all, together with full employment, should be the guiding principles of the whole planning process.⁶³

Moreover, Jay's maiden Commons speech of October 1946, which dealt with problems in the coal industry, suggested that 'some definite targets might be set ... both for production and manpower in this industry. The very attempt to set targets is salutary, because it brings home to one how serious the outlook is.'⁶⁴ These comments located him, to some extent, in the territory staked out by the Gosplanners – although it should be stressed that this group's objectives were nowhere near as drastic as its name (a reference to the Soviet planning agency) suggests. His sometimes conflicting impulses notwithstanding, Jay clearly now had an increased enthusiasm for central planning, and this would be reflected in the second edition of the *Socialist Case*, published in 1947.

The second edition of *The Socialist Case*

The new edition seems to have been ready by November 1946, the date that Jay put to his introduction. In that introduction, Jay wrote:

Five years' practical acquaintance with the Government's efforts to organize industry, first for the war effort and then for reconstruction, has convinced me that the case for Socialism, and in particular for conscious economic planning of the economic system, is stronger than appeared to me writing in a more philosophic, or academic, spirit nine years ago. Then I knew it to be desirable, and believed it to be practicable. Now I know it is both practicable and necessary ...

The practical justification for planning lay in war-time and post-war successes in the field of social policy: 'What sort of distribution of food and other necessities should we have

had from 1939 to 1947 if we had left it not to rationing but to the price scramble of *laissez-faire*?'⁶⁵ These passages suggest a significant shift in the balance of the book's argument.

However, he also wrote that only 'minor revisions' had been necessary to bring the book up to date, 'with alterations in the emphasis, but not the basis, of the argument.'⁶⁶ David Reisman, in his introduction to a 1996 republication of the second edition, has taken this comment too much at face value: 'Only very minor changes were in the event made in the second edition. ... on balance ... the typical revision was a cosmetic one – from "such is" (p. 41) to "such was" (p. 33), from "before the war" (p. 44) to "before 1914" (p. 37)', etc.. Kenneth O. Morgan, however, has written that 'Jay's second edition ... added a firm chapter at the close about the "limits" to planning and the transcendent values of human freedom with much more force than in the 1937 version.'⁶⁷ In fact, the chapter as a whole was not new, and the implication that Jay was increasingly doubtful about the virtues of planning is unsustainable. But Morgan is quite right in suggesting that the changes to the second edition were far more than cosmetic. For although the broad philosophic sweep of Jay's argument against *laissez faire* remained unchanged, when it came to practical policy regarding economic planning and consumer choice, his changes of emphasis were actually extremely significant, even if the quantity of text amended was actually quite small. Not only did the new introduction go quite some way to making this clear, but Jay subsequently made, in his Fabian lecture, an even more explicit acknowledgement of the extent of his change of heart.

The shift in his views can be measured by close examination of some of the key changes in the new edition. To begin with, Chapter XXI now omitted the statement that socialists' concentration on planning was unfortunate, and that society needed not planning but socialism. Chapter XXIX, now retitled 'Planning and prices', now argued that there was a conclusive case not merely for 'positive interference with the price system' (as per the first edition), but for 'deliberate central planning' (the replacement phrase). Moreover, the whole passage which admitted that socialists had tended to ignore fundamental difficulties raised by Hayek *et al* was now left out. Jay still admitted that the question of the principles on which the planners should work was 'a real problem' that the anti-planners had clearly, if aggressively, stated. But he had a new riposte. Hayek, 'writing after the Russian experiment, but before the war', had argued that any rational or successful defection from the price system was impossible. But 'After the experience of 1941-5, it is less easy to argue that Russian economic life is not "rationally" or "successfully" organized!'⁶⁸

As seen above, the original final paragraphs of the chapter had argued that planning would introduce authoritarian human direction into the system, had spelled out the immense difficulties faced by a central planning body, had suggested that to abandon the price system entirely would lead to a worse misdirection of resources than to obey it entirely, and had said that the price system should only be modified bit by bit. In the second edition, these paragraphs were completely omitted. In their place came the following:

The truth is that the defenders of *laissez-faire* are on utterly weak ground in (1) regarding money demand as a fair test of need, and (2) in thinking that a struggle between private producers, unregulated by the State, leads to competition and a “system” of prices. ... *Therefore whenever some rationally recognizable human value is at stake, such as housing, nutrition, education, health or employment, we should organize deliberately for the attainment of it – i.e. “plan”, if the word is preferred.* Only when purely personal preferences between inessentials are involved should we be content with the haphazard price scramble. [Emphasis in original.]

This, Jay now argued, was the basic reason for proceeding from redistribution of incomes to central planning of production, employment and consumption on a nation-wide scale. ‘And even though we remember that the planners are human, the experience of 1940-47 in Great Britain has shown again that over a wide field far better results – not merely for production but for general consumption – can be achieved by such planning than by *laissez-faire*.’⁶⁹

Significant changes were also made to Chapter XXX. However, with the exception of the insertion of a paragraph stressing the need to move labour to essential industries through the adjustment of wage differentials,⁷⁰ the first part of the chapter, up to and including the ‘gentleman in Whitehall’ remark, remained more or less unaltered. That is to say, Jay’s advocacy of the principle of consumer choice, and his strictures against *universal* planning of consumption, remained in place. Nevertheless, they were cast in a rather different light both by his earlier remark in favour of planning ‘not merely for production but for general consumption’, and by changes in the subsequent paragraphs. Drawing on wartime experience, he now specified further methods, other than the redistribution of money incomes and subsidies for the production of necessities, by which the price process could be adjusted in favour of the poorer. These methods were rationing, price

control, and ‘utility’ production. Moreover, whereas the first edition had stated that it was unquestionably best to leave the production and sale of almost all ‘neutral’ goods to the working of the price system, now Jay thought it merely ‘best in many cases.’ Furthermore: ‘While regarding money costs as a rough guide to real costs, we must repudiate altogether the idea that the price of a necessity must depend on the producers’ incomes, e.g. the price of coal on miners’ wages.’ Therefore, ‘In general ... we should regard *laissez-faire* prices as only a rough guide to costs and to the demand for “neutral goods”’.⁷¹

In Chapter XXXII, further significant passages were added, at the point where, in the first edition, the chapter had concluded. Jay argued: ‘*one absolute limit must be set to the extension of planning in normal times; and that is the point at which it infringes on personal as opposed to economic freedom.*’ (Emphasis in original.) Personal freedom was the freedom to choose one’s occupation.

Apart from emergency needs like defence, there must, therefore, be no compulsion on a man in a Socialist community to take, or retain, or refuse a job, and the required system of labour must be secured by a flexible system of rewards and inducements.

On the other hand, economic freedom – the freedom to buy or sell, to employ or refrain from employing other people, to manufacture or not manufacture – is a secondary freedom, often approaching a luxury, which can and should be limited in a good cause. [Emphasis in original.]

Between ‘personal’ and ‘economic’ freedom, however, stood ‘the normal freedom of the consumer to buy what he chooses’. This, Jay stated, should be encouraged wherever possible ‘within the framework of the production, income, and employment plan of the

country, and of the provision of a national minimum consumption of essentials.’ The revised chapter concluded with a statement of three main aims of economic planning: first, to secure the employment of all resources available ‘in at least some useful work’; second to guarantee by means of social insurance a sufficient money income to all unable to earn; and third ‘to provide by deliberate organization a sufficient supply of the essential goods and services needed for civilized life at prices which those at the lowest incomes can afford to pay; leaving luxury and semi-luxury goods in general to the tender mercies of the price-cost calculus.’ Finally, Jay wrote, ‘planning should normally stop short at the point at which personal freedom would be infringed.’⁷²

Morgan sees the addition of these passages to Chapter XXXII as a sign of Jay’s increased commitment to ‘the transcendent values of human freedom’. What seems most striking, however, is Jay’s insistence on the divisibility of personal and economic freedom; he offered a ringing defence of the former, not the latter. Overall, his textual changes make clear, not only that he was converted to central planning as a general proposition, but that he now believed that the state should have a significantly greater control over the consumption habits of individuals than he had favoured in 1937. The scope for consumer choice had narrowed; the ‘gentleman in Whitehall’ would have a good deal more say.

Conclusion

The new edition of the book was not widely reviewed. However, the *Times Literary Supplement* – which in its review of the first edition had suggested that Jay’s concessions

to the anti-planners would not be accepted by the majority of socialists – noted that ‘Right or wrong, Mr. Douglas Jay’s findings in the new edition of his *The Socialist Case*, reflect much of the economic thinking in Great Britain today.’⁷³ This was doubtless true, not least in Labour circles. Whereas most reviewers had felt in 1937 that key parts of Jay’s arguments would not be welcome to mainstream socialists, the new edition gained official approval. Attlee himself contributed a foreword in which he stated that he believed Jay’s arguments to be ‘unanswerable’.⁷⁴ But had Labour orthodoxy caught up with Jay, or had Jay caught up with Labour orthodoxy?

The answer is that there had been a convergence on middle ground. Jay’s enthusiastic (but in Labour terms belated) embrace of the concept of central planning made him much more of a mainstream voice. Equally, the Labour Party’s (admittedly rather inchoate) view of planning had itself mellowed somewhat since the beginning of the war. The tendency to think in terms of rigid budgets of production had declined; and by 1947 the emphasis was very much on ‘democratic planning’, to be undertaken without compulsion of labour.⁷⁵ This was a nebulous concept, but one which Jay explicitly endorsed.⁷⁶ As he stated in his November 1947 Fabian lecture, ‘We must get away from the idea that planning consists in laying down a series of rigid statistical directives, and the somehow enforcing them on a recalcitrant economy. ... If I had to define planning in a phrase, I would call it “purposive improvisation”.’⁷⁷

On the basis of that lecture, in which Jay very clearly stated his conversion to planning, Francis has remarked that ‘Labour’s vision of socialist planning might have been

incoherent and ineffective, but it still had sufficient vitality in the post-war years to withstand total submergence under the new tide of [Keynesian] economic management.⁷⁸ This is a very fair comment. Moreover, Jay's change of views casts doubt on the assumption implicit in many accounts that not only the Keynesian revolution, but the progress of Labour revisionism in general, were essentially heroic sagas in which young intellectuals acted as trailblazers, with the rest of the party stumbling along later in their wake. This is not to say that *The Socialist Case* in fact had no impact on developments in the forties and fifties. Its original effect on John Strachey, for example, was not undone because Jay later changed his own mind about pricing policy.⁷⁹ But it is to point out that, if the war helped stimulate some currents of revisionism, it also provoked powerful cross-currents of *anti*-revisionism that, in Jay's case at least, were by no means merely the unthinking knee-jerk responses of socialist fundamentalism.

Indeed, his change of heart can be seen, broadly speaking, as sensible and pragmatic. A cynic might suggest that the increased role he envisaged in 1947 for the 'gentleman in Whitehall' was the result of his own taste of power as a war-time civil servant; as bureaucrats will, he had become intoxicated with bureaucracy, and desired to spread its healing benefits to all. Yet, although there may be a certain element of truth in this hypothesis, it should be admitted that a fundamental part of Jay's overall assessment was sound. In 1937, when the key economic issue facing Britain was unemployment, widespread government planning and control of individual consumption – other than, perhaps, for a strictly limited range of necessities – was of dubious relevance and virtue.

In 1947, when Britain's very weak external economic position was matched by conditions of scarcity combined with high levels of pent-up domestic demand, such planning and control was, more than arguably, essential. (Whether or not it should have persisted indefinitely, as Jay seemed to envisage, was another matter.)⁸⁰ Of course, for individual consumers this could be deeply frustrating, which helps explain why the 'gentleman in Whitehall' comment, which had apparently caused no-one to bat an eyelid when originally published, now became ripe for exploitation by the Conservatives. It was perhaps inevitable that the 'gentleman in Whitehall', originally invoked as someone who only knew better than the people in a limited range of cases, should become a hated symbol of arrogance and elitism at a time when, out of pressing necessity, he was forced to act *as if* he knew better than them in virtually the whole field of consumer choice.

¹ I am grateful to Dr. Lawrence Black, Mrs. Mary Jay, Mr. Peter Jay and Lord Gilmour for comments, information and suggestions. Errors that remain are, of course, my own responsibility.

² Douglas Jay, *The Socialist Case*, London, Faber and Faber, 1937 (henceforward *Socialist Case I*), p. 317.

³ Ina Zweiniger-Bargielowska, *Austerity in Britain: rationing, controls and consumption 1939-1955*, Oxford, Oxford University Press, 2000, pp. 232-3, 240.

⁴ It is quoted, for example, in Matthew Parris and Phil Mason, *Read My Lips: A treasury of things politicians wish they hadn't said*, Harmondsworth, Penguin Books, 1997, p. 166.

⁵ Ben Pimlott, *Hugh Dalton*, (London, 1985), p. 398; Kenneth O. Morgan, 'Practically, a socialist' (obituary of Jay), *The Guardian*, 7 March 1996. See also Martin Francis, *Ideas and policies under Labour, 1945-51*, Manchester, Manchester University Press, 1997, p. 217; Steven Fielding, 'The Good War: 1939-1945', in Nick Tiratsoo (ed.), *From Blitz to Blair: A New History of Britain Since 1939*, London,

Weidenfeld and Nicolson, 1997, pp. 25-52, quotation at p. 47; and Brian Brivati, *Hugh Gaitskell*, London, Richard Cohen Books, 1997, p. 420. (Brivati gives the variant ‘Whitehall knows best’.)

⁶ She omitted the qualifying words ‘in the case of nutrition and health, just as in the case of education’. Ian Gilmour, reviewing her book, criticised ‘the obligatory misrepresentation of Douglas Jay’, rightly pointing out that ‘Jay was arguing almost the exact opposite’ of what Thatcher suggested he was saying. Margaret Thatcher, *The Downing Street Years*, London, HarperCollins, 1993, p. 6; Lord Gilmour, ‘The Thatcher Memoirs’, *Twentieth Century British History*, 5, 2, 1994, pp. 257-77. Quotation at p. 259.

⁷ Obituary of Jay (unsigned), *The Times*, 7 Mar. 1996.

⁸ Francis, *Ideas*, pp. 48-9; Daniel Ritschel, *The Politics of Planning: The Debate on Economic Planning in Britain in the 1930s*, Oxford, Clarendon Press, 1997, p. 339; Jim Tomlinson, *Democratic socialism and economic policy: The Attlee years, 1945-1951*, Cambridge, Cambridge University Press, 1997, p. 129; Douglas Jay, ‘Plans and Priorities’, in Douglas Jay *et al*, *The Road to Recovery*, London, Allan Wingate, 1948, pp. 9-26. The lecture was given on 6 November 1947.

⁹ Douglas Jay, *The Socialist Case*, 2nd edn., London, Faber and Faber, 1947 (henceforward *Socialist Case II*). Some writers, clearly unaware of the differences between the two editions, quote from the second edition in a way which might well give readers the impression that in 1937 Jay held views which in fact he only expressed ten years later. See for example Edmund Dell, *A Strange Eventful History: Democratic Socialism in Britain*, London, HarperCollins, 2000, pp. 113-5.

¹⁰ See Ben Pimlott, *Labour and the Left in the 1930s*, Cambridge, Cambridge University Press, 1977, pp. 38-9, 201; Francis, *Ideas*, p. 38; and Stephen Brooke, *Labour’s War: The Labour Party during the Second World War*, Oxford, Clarendon Press, 1992, p. 238.

¹¹ See Noel Thompson, *Political Economy and the Labour Party: The economics of democratic socialism, 1884-1995*, London, UCL Press, 1996, pp. 96, 107. For evidence of Jay’s slight scepticism towards Keynes, see in particular his review of the *General Theory* (Douglas Jay, ‘Mr. Keynes on Money’ *The Banker*, XXXVIII, no. 123, Apr. 1936, pp. 10-14), and also his description of the multiplier effect as ‘a red herring’: Jay to John Strachey 20 Aug. 1938, cited in Michael Newman, *John Strachey*, Manchester, Manchester University Press, 1989, p. 88.

¹² David Marquand, *The Progressive Dilemma: From Lloyd George to Kinnock*, London, Heinemann, 1992, p. 56. See also Nicholas Ellison, *Egalitarian Thought and Labour Politics: Retreating visions*, London, Routledge, 1994, p. 18.

¹³ Pimlott, *Labour and the Left*, p. 201.

¹⁴ Douglas Jay, *Change and Fortune*, London, Hutchinson, 1980, pp. 15-49, quotation at p. 22. Additional recollections by Jay can be found in Douglas Jay, 'Civil Servant and Minister', in W.T. Rodgers (ed.), *Hugh Gaitskell*, London, Thames and Hudson, 1964, pp. 77-103; Douglas Jay, recollections of Clement Attlee (untitled), in Geoffrey Dellar (ed.), *Attlee as I knew him*, London, Tower Hamlets Directory of Community Services, 1983, pp. 25-6; Alan Thompson, *The Day Before Yesterday: An illustrated history of Britain from Attlee to Macmillan*, London, Sidgwick and Jackson Ltd., 1971) pp. 46, 52, 62, 64; and Peter Hennessy, *Muddling Through: Power, Politics and the Quality of Government in Postwar Britain*, London, Victor Gollancz, 1996, pp. 172-86 *passim*. A retrospective memorandum written by him in the early 1960s, reviewing the Attlee government's experience of planning, is also relevant: Douglas Jay, 'Planning Under the Labour Government', Labour Party Finance and Economic Policy Sub-Committee, RD. 201, Jan. 1962, Labour Party Archive, National Museum of Labour History, Manchester. For personal recollections of Jay by others, see in particular Shiela Grant Duff, *The Parting of Ways: A Personal Account of the Thirties*, London, Peter Owen, 1982; Peggy Jay with Eva Tucker, *Loves and Labours: An Autobiography*, London, Weidenfeld and Nicolson, 1990; and Nicholas Davenport, *Memoirs of a City Radical*, London, Weidenfeld and Nicolson, 1974, pp. 102-4. See also David Reisman, 'Introduction', in David Reisman (ed.), *Democratic Socialism in Britain: Classic Texts in Economic and Political Thought 1825-1952: Volume 8*, London, Pickering and Chatto, 1996, pp. vii-xiv.

¹⁵ Jay, *Change and Fortune*, p. 34. See also Douglas Jay, 'The Economic Strength and Weakness of Marxism', in G.E.G. Catlin (ed.), *New Trends in Socialism*, London, Lovat Dickson and Thompson Ltd., 1935, pp. 105-122.

¹⁶ Jay, 'Civil Servant', in Rodgers, *Hugh Gaitskell*, pp. 77-8.

¹⁷ Jay, *Change and Fortune*, pp. 61-2; Hugh Dalton, *The Fateful Years: Memoirs 1931-1945*, London, Frederick Muller Ltd., 1957, p. 417n; Davenport, *Memoirs*, pp. 103-4.

¹⁸ Jay, *Change and Fortune*, pp. 58-60.

¹⁹ Confusingly, Jay also recalled that he had worked on it ‘virtually every evening and weekend for *three* years’ (emphasis added). Jay, ‘Civil Servant’, in Rodgers, *Hugh Gaitskell*, p. 81; and Jay, *Change and Fortune*, pp. 62-3.

²⁰ The whole first part of this book, on unemployment, was, Meade wrote, inspired by the work of Keynes. And crucially, from the point of view of the argument here, the book stated that ‘The problem of a general planning commission, unaided by a pricing system ... would be incapable of solution.’ Jay, ‘Civil Servant’, in Rodgers (ed.), *Hugh Gaitskell*, p. 81; Jay, *Change and Fortune*, p. 63; J.E. Meade, *An Introduction to Economic Analysis and Policy*, Oxford, Clarendon Press, 1936, pp. vi., 199.

²¹ Jay, *Change and Fortune*, p. 62.

²² ‘Conference on Some Aspects of Socialist Planning’, 4-5 November 1933’, Fabian Society Papers J14/2, British Library of Political and Economic Science, London. See also Richard Toye, *The Labour Party and the Planned Economy, 1931-1951*, London, Royal Historical Society, forthcoming 2002, Ch. 3.

²³ Jay, *Socialist Case I*, pp. 295-6.

²⁴ Jay, ‘Plans and Priorities’, in Jay *et al*, *The Road to Recovery*, pp. 9-26. Quotation at pp. 9-10.

²⁵ Jay, *Socialist Case I*, p. 237.

²⁶ This book, a landmark in the discussion in English of economic planning, consisted of translations of articles previously published at different times in various parts of Europe, with additional material by Hayek: F.A. von Hayek (ed.), *Collectivist Economic Planning: Critical Studies on the Possibilities of Socialism*, London, Routledge and Kegan Paul, 1935. Jay reviewed it when it came out, concluding that ‘Most readers ... will probably lay the book down with the conviction that the solution of the problem must ... come from some sort of blending of competition and collectivism.’ ‘Collectivist Planning’ (unsigned review, by Jay), *Times Literary Supplement*, 20 June 1935. For evidence of Jay’s authorship, see the *TLS* Centenary Archive database.

²⁷ F.A. von Hayek, ‘The Present State of the Debate’, in Hayek, *Collectivist Economic Planning*, pp. 201-43. Quotation at p. 241.

²⁸ Jay, *Socialist Case I*, pp. 297-8.

²⁹ *Ibid.*, pp. 297-9.

³⁰ *Ibid.*, p. 299.

³¹ *Ibid.*, pp. 299-300.

³² *Ibid.*, pp. 301-2.

³³ *Ibid.*, pp. 301-3, 295.

³⁴ *Ibid.*, pp. 314-5.

³⁵ *Ibid.*, p. 315.

³⁶ *Ibid.*, pp. 315-6.

³⁷ *Ibid.*, pp. 316-7.

³⁸ *Ibid.*, p. 318.

³⁹ Francis, *Ideas*, p. 217.

⁴⁰ Jay, *Socialist Case I*, p. 351.

⁴¹ Jay, *Change and Fortune*, p. 63.

⁴² Review of *The Socialist Case* (unsigned), *The Times*, 5 Oct. 1937.

⁴³ 'Practical Socialism' (unsigned review of *The Socialist Case*), *The Economist*, 9 Oct. 1937, pp. 72-3.

⁴⁴ 'The Economics of Socialism: Inequality and Redistribution' (unsigned review, by George O'Brien, of *The Socialist Case*), *Times Literary Supplement*, 2 Oct. 1937. For evidence of O'Brien's authorship, see the *TLS Centenary Archive* database.

⁴⁵ G.D.H. Cole, 'Socialism for radicals' (review of *The Socialist Case*), *New Statesman and Nation*, 20 Nov. 1937, p. 846.

⁴⁶ Barbara Wootton, review of *The Socialist Case*, *Economic Journal*, XLVIII, Mar. 1938, pp. 95-7.

⁴⁷ 'Cameronian', 'Rose-Coloured Hopes' (review of *The Socialist Case*), *Reynolds News*, 3 Oct. 1937.

⁴⁸ See John Allett, *New Liberalism: The Political Economy of J.A. Hobson*, Toronto, University of Toronto Press, 1981, p. 232.

⁴⁹ J.A. Hobson, review of *The Socialist Case*, *Manchester Guardian*, 15 Oct. 1937.

⁵⁰ Jay, *Change and Fortune*, pp. 63, 124; Pimlott, *Dalton Political Diary*, p. 221. Jay also noted that reviews were written by Lionel Robbins, Redvers Opie and Keith Feiling. It has not proved possible to trace these articles; but perhaps Robbins, Opie and Feiling were amongst the authors of the various unsigned reviews that appeared, and perhaps Jay was aware of this.

⁵¹ See Jay, *Socialist Case I*, pp. 280-6 (and especially p. 283); and Pimlott, *Hugh Dalton*, pp. 140-1.

⁵² Attlee appears to have been similarly unenthusiastic about ‘unplanned socialism’, in that he was opposed to G.D.H. Cole’s belief, stated in 1937 in a draft pamphlet, that ‘the prices of goods and services should correspond as near as possible to the real cost of producing them’. Attlee protested: ‘This statement belongs to the era of free competition. If I am to organise the Fuel industry, I must in my view base it upon adequate wages for the miners not upon the wages which competition in the world market will enable the industry to pay. Unless planning is based upon giving to all enough purchasing power to make them effective consumers at least of necessities, it will break down ...’ Dalton, *Practical Socialism*, p. 247n; Attlee to John Parker 2 Aug. 1937, G.D.H. Cole Papers D1/1/56/5, Nuffield College, Oxford.

⁵³ Martin Francis, ‘Old realisms: Policy reviews of the past’, *Labour History Review*, 56, 1991.

⁵⁴ See Richard Toye, ‘The Labour Party and the Economics of Rearmament, 1935-39’, *Twentieth Century British History*, 12, 3, 2001, pp. 303-26, at pp. 318-9.

⁵⁵ Jay, *Change and Fortune*, p. 63.

⁵⁶ *Ibid.*; Hugh Thomas, *John Strachey*, London, Eyre Methuen, 1973, pp. 175, 273. See also John Strachey, *A Programme For Progress*, London, Victor Gollancz, 1940, p. 73n.

⁵⁷ Jay, ‘Plans and Priorities’, in Jay *et al*, *Road to Recovery*, p. 10.

⁵⁸ Jay, *Socialist Case I*, p. 349.

⁵⁹ See Jay to Attlee, 4 Dec. 1945, Clement Attlee Papers MSS.Attlee dep. 28 ff.135, 137-8, Bodleian Library, Oxford, making some suggestions for a speech.

⁶⁰ Jay, *Change and Fortune*, p. 89.

⁶¹ Jay to Attlee, 6 Dec. 1945, Attlee Papers MSS.Attlee dep. 29 ff.60-1.

⁶² See Richard Toye, ‘Gosplanners versus thermostatters: Whitehall planning debates and their political consequences, 1945-49’, *Contemporary British History*, 14, 4, 2000, pp. 81-106.

⁶³ Jay to E.M. Nicolson, 9 Nov. 1945, Public Record Office, Kew, London, CAB 124/891. See also Tomlinson, *Democratic socialism*, p. 129 n.17.

⁶⁴ Parliamentary Debates, House of Commons, 5th Series, Vol. 427 16 Oct. 1946 cols. 940-1.

⁶⁵ Jay, *Socialist Case II*, pp. xi-xii.

⁶⁶ *Ibid.*, p. xi.

⁶⁷ Kenneth O. Morgan, *Labour in Power 1945-1951*, Oxford, Oxford University Press, 1984, p. 297.

⁶⁸ Jay, *Socialist Case II*, pp. 194, 243-4.

⁶⁹ *Ibid.*, p. 245.

⁷⁰ *Ibid.*, p. 254.

⁷¹ *Ibid.*, p. 259.

⁷² *Ibid.*, pp. 273-4.

⁷³ 'Economic Thinking' (unsigned review, by Wenzel Jaksch, of the second edition of *the Socialist Case*), *Times Literary Supplement*, 15 Nov. 1947. For evidence of Jaksch's authorship, see the *TLS* Centenary Archive database.

⁷⁴ Jay, *Socialist Case II*, p. vii.

⁷⁵ See Toye, *Labour Party*, Chapters 5, 6 and 8.

⁷⁶ Douglas Jay, *Labour's Plan for 1947*, London, Labour Party, 1947, p. 6.

⁷⁷ Jay, 'Plans and Priorities', in Jay *et al*, *Road to Recovery*, pp. 17-18.

⁷⁸ Francis, *Ideas*, pp. 48-9.

⁷⁹ In his 1956 book *Contemporary Capitalism* (London, Victor Gollancz, 1956, pp. 138-40) Strachey quoted at length and with approval passages on the distribution of the national income from the second edition of *The Socialist Case*, which Jay had revised to take account of the passage of time.

⁸⁰ See speech by Jay, at a meeting in Stafford Borough Hall on 28 January 1950, Hugh Gaitskell Papers C33, University College, London.