
Oxford Again

During the war the Oxford University Institute of Statistics, housed in Nuffield College, was largely manned by an interesting collection of foreign economists and statisticians. The few Britons among them had generally not yet achieved the distinctions of their foreign colleagues and one of them, David Worswick, said that his job was 'simply to turn them all into Englishmen'.

The Institute had been founded in 1936 in order to introduce a little more scientific method into economics and get away from the rather literary approach of the nineteenth century. At first it was mainly a place where young post-graduate students could do their research under the guidance of the director, Jacob Marshak, and several other dons who supported the Institute such as R.F. Harrod and E.H. Phelps-Brown. Very soon, however, the upheavals in Germany began to have their effect and refugees arrived in Oxford, some already eminent in their own countries and others up-and-coming scholars at the institutes and universities they had been forced to leave. It became difficult to know what to do with this potential arriving in such quantity. Many of them spoke too little English to be able to contribute usefully to college life and security reasons barred them from any kind of government service.

The Oxford Institute of Statistics provided the answer. As war broke out and the Institute's English research staff were summoned to Whitehall to help with the war effort, or entered

the forces, their vacant posts were quickly filled by the refugee economists, many of them able, several of them with engaging or interesting characters.

Most important amongst the new staff was a Polish economist named Michal Kalecki. Many regarded him as the equal of Keynes and he became a focal point at the Institute. As well as his intellectual stature Kalecki had an engaging personality, quite genuine, without affectations, party manners or small talk, and a remarkable dedication to his subject which excluded any preoccupation with his own advancement.

Between 1933 and 1935 Kalecki had written a number of articles which contained some revolutionary ideas. In order to develop these ideas fully he obtained a year's leave from his institute to work in Sweden. Shortly after his arrival in 1936 he was handed a copy of a newly published work that was causing a great stir in Western economic circles. It was Keynes's 'General Theory'. It was the very work which Kalecki himself was writing. When he realized that Keynes had got there first he said, 'For three minutes I was ill. And then I thought, well, Keynes is much more known than I am and these ideas will catch on much more quickly with him. And then he can get on with the important thing which is their application to policy and so on.' And without another word Kalecki turned his attention elsewhere and did not mention this near-miss again. It was not until after his death that this astonishing story, which had its similarities with Fritz's experience, became more widely known, through the posthumous publication of a collection of Kalecki's articles prefaced by a description of his early ideas.

Frank Burchardt, or Bu, as he was called, later the Director of the Institute, was less brilliant than Kalecki but was also highly respected in Oxford as a person and as an economist. His reputation was equally high in Germany, which he had left, so that when he returned in the 1950s to participate in a conference of professors and trade union leaders, he had the unusual honour of receiving a standing ovation as he slipped into the back of the lecture theatre after the beginning of the conference.

Amongst the most colourful characters to be seen at the Institute was the Hungarian, Tommy Balogh. He was already

known to Fritz, having been one of Professor Schumacher's favoured pupils in Berlin. Fritz was aware that Balogh still resented the fact that Professor Schumacher had suddenly dropped him for another favourite and for a while there was a certain coolness between the two young men at Oxford, until one day Balogh strode across the road towards Fritz and shaking him by the hand said, 'I have wronged you.' He said he had read an article by Fritz and was sufficiently impressed to forgive Fritz for the wrongs of his father.

Balogh had been in England longer than the others. He was attached to Balliol College and was more part of the mainstream of academic life than his colleagues at the Institute. He was reputed to know everything about everyone that mattered and would casually drop into conversations that he had just been with the Prime Minister or some other important person. Keynes is said to have observed that in a new place he would rather spend half an hour with Tommy Balogh than with anyone else to find out what was going on!

The Institute's main work was to monitor the war economy, but Fritz worked with the International Committee, a group of economists loosely connected to Chatham House and concerned more with international questions of post-war reconstruction. These were the very matters on which Fritz had been working for the past few years, and it should have been an ideal situation for him. His colleagues were intelligent men who wanted to make a positive contribution to a better world. After months of isolation, here at last were people to whom he could talk, who were interested and able to understand what he was saying. Yet Fritz did not really appreciate his new company. He was entering one of the least attractive periods of his life and one of the more unhappy.

His self-made philosophy, his lonely pioneering road at Eydon, his insecurity and the absence of Muschi who was his anchor to human feeling, combined to complete his retreat into his intellect. A friend of David Astor's meeting Fritz at this time commented, 'I don't believe that man was born. I think he came out of a bottle.' Completely ruled by his head, he looked down on all his colleagues with arrogant contempt. In March 1942 after one week at the Institute he wrote to Muschi:

With the 'joint committee' meeting just passed here I have, I think (and hope), reached an all-time low period in my intellectual career. Give me farm labourers, or factory workmen - even shop assistants - I am certain they will talk more intelligently and more to the point than some of this scum of the earth, called Oxford post-war Reconstruction Planners.

I have had a week of suffering from the fatuousness and stupidity of my contemporaries. Not a very nice thing to say I know. But there it is ... I have ... written a devastating criticism on a memo produced by one of my so-called colleagues here and treated - in despair - two further memos as complete jokes, fit for immediate publication in *Punch*.

I have come to the point where I don't care two hoots whether people like me or not, but I shall force them to realize that I am made of somewhat different stuff. Sterner stuff, I am sure.

Fritz did not make such an instant and devastating impression. Or if he did it did not seem to affect his colleagues. Another month passed and he was as disappointed as ever. Again he wrote to Muschi:

I am bored with life, perhaps I shall go to a show tonight. Everything is terribly slack here. Some people are always very busy - but that is only to keep the machine going. Press cuttings, internal arrangements, etc. etc. But ideas? - none.

If they would only take up my ideas, and deal with them seriously; dismiss them, perhaps, but at any rate deal with the *problems* they were designed to solve. They are the biggest economic problems of the lot. If they can't be solved, then all the talkie talkie is in vain. But no. They prefer the little problems - study the button industry, or the distribution of sausages - they are scared of anything that may have practical consequences. It's a desert.

Harsh words. Was Fritz really close to despair? Had his arrogance really reached such a level of self-adulation and isolation? Where was the humour and charm that had carried him through life this far? Had his intellect eclipsed even that? A

postscript to the letter gives one hope: '(PS: Don't take anything I say too seriously, because things change - sometimes quickly).'

The optimist was still alive in him after all, and according to most of his colleagues, so was the charm, the elegance that attracted so many to him. The key to finding Fritz charming and not in the least arrogant was either to be regarded by him as an equal or to acknowledge that one was not. Fritz did not suffer fools gladly, and his definition of fools broadly covered anyone who dared to question him, regarding themselves as his equal or even superior. If they were not accepted as such by Fritz, they were worthy of contempt. The most humble and ignorant secretary was treated with consideration and respect, the most eminent economist disregarded at kindest as a bad joke. Not even the honour of being asked to advise His Majesty's Government humbled him. After one such meeting almost a year later he wrote to Muschi:

Well, this has been a very strange experience - and in a way depressing. There was such an extreme absence of understanding of modern economics that all our time was taken up by teaching fundamentals. We never got to the more concrete problems of post war Germany, etc. H.M. [Herbert Morrison] simply does not know how the Soviet system works - and why - how the fascist system works, how the war economy works, and why the peace economy fails to work. He swims in a sea of vague notions and orthodox prejudices. I am absolutely staggered. Ignorance and optimistic complacency are dancing on top of a volcano. None of Keynes or Marx has really got across and sunk in. The Left is as stupid as the Right. No line, no philosophy, no comprehension - only party politics. Little children playing with dynamite.

This conviction of his superior understanding never left Fritz although, as he grew older, the arrogance was softened by a kindly pity.

Fritz's situation at Oxford, leading a bachelor life during the week and returning to family life at Eydon at the weekend, did not help in keeping these isolating characteristics at bay. Nor

did the quite evident decline in Muschi's spirits. The strong brave wife of internment days was less in evidence on this second period of separation. It was not only her weakened inner state that caused this. When Fritz had suddenly been interned, the drama of the situation had brought their friends rallying round. Fritz had written heroic letters full of hope and courage. Muschi could not but remain strong under those circumstances, despite the uncertainty. Fritz's departure for Oxford was a different matter altogether. He was going to a job that would fulfil him, would bring him into contact with people nearer his intellect than she could ever be.

He would be living a new and separate life from her. She would be left alone, existing only for her children, waiting for the weekends in which they would resume their married life for a brief moment. Her letters to Fritz reflect the inadequacy and uncertainty that she felt. Did he really need her? Perhaps he would find that he was better off without her. She was very much alone, a stranger in a foreign land. Even Fritz's letters were less comforting than before. For a start he no longer wrote in German. Much later she was to confide in her mother that words of love were not the same to her in a foreign tongue. The man she had married had wooed her in German, now said he loved her in English. It was not the same and remained a hardship.

Fritz's arrogance, boredom and loneliness further weakened her self-confidence. While she was generous enough to be glad at the opportunity he now had to go to the theatre, meet people and generally benefit from a return to town life it also made her feel restless and discontented in her own situation. She was even less happy when he began to write to her of a woman who sometimes accompanied him. It was clear that his companion meant more to him than just a friend and yet he seemed so absorbed in himself that he was blind to the anguish he was causing Muschi, alone and insecure in Eydon. He was confident that his relationship with Muschi was so secure that she would see that his affair in Oxford was quite insignificant and irrelevant to their life together, taking place at the periphery of his life and not disturbing the central fact of their love for each other.

Muschi accepted his reprimands with humility and unhap-

piness. Her faith in his wisdom made her assume that she must be at fault to have these disturbing doubts, that she must be unreasonably possessive. He told her that a proper marriage meant not possession but a close inner centre of unity which enabled each of them to be fully independent growing individuals. Muschi, who for the last six years had been more and more taken over by Fritz, was not only confused but sometimes desperate. 'This morning when I got up I had the conviction that I have to regain my independence . . . What I shall have to try and avoid is to make *you* the whole contents of my life . . . Your philosophy has slowly undermined my prejudices and moral codes but I am not yet standing on altogether firm ground.'

It was a long and sad letter, written in September 1942, groping towards some sort of understanding of the new challenges Fritz had put before her. The will was there to try not to fail him, to live up to the ideals he seemed to be setting up for them, but she was not convinced that she had the strength to carry them out. She could not understand his reasoning when he told her that his Oxford friend needed him but that she, his wife, should be more independent. Her letter ended sadly: 'Can you see how difficult it is for a mother and wife who loves her family to be independent? . . . Often there is independence but not often coupled with burning love.'

Fritz did not appear to be willing to acknowledge that his actions were a legitimate cause for distress for Muschi. He would not even recognize that for Muschi at least it had caused a crisis in their marriage. He wrote to Muschi:

This is no crisis, neither in the ordinary sense of a turning point, because it is inconceivable that anything of importance should change; nor in the Chinese sense, because there is no danger in it, none whatever, neither for you or for me. Perhaps there is opportunity in it: that we should learn to trust one another completely; that we realize that the bonds between us are strong enough to hold without any kind of compulsion. Do you understand what I mean to say? I think that the best marriages are based on freedom, not on law or convention. Only if they can have freedom are they worth having . . .

He did not hold this view for long. It was more of a rationalization of his behaviour than a deeply held conviction. When he felt disturbing suspicions himself because of Muschi's infrequent letters to him during another period apart after the war, he acknowledged the importance of faithfulness in marriage and saw his failure as a weakness which had to be overcome. He was not entirely successful in overcoming it but it developed in him a strong devotion towards St Augustine and compassion towards others who failed. In 1942, however, the problem could only be resolved by ending the separation and it was not a moment too soon for either of them when Fritz found lodgings at the end of the year where the whole family could be reunited.

Together again with Muschi and the children, Fritz became happier and more productive. He was very short of money, earning less at the Institute in his first year than at the farm and he began writing articles for newspapers and magazines to boost his income. He enjoyed writing and wrote with ease, rarely needing to alter his first draft at all. His articles covered wide-ranging subjects from road safety to international finance, although always keeping an economic angle, and appeared in equally varied publications.

Fritz's journalistic career began with the *Observer*, where, contributing as a freelance journalist rather than as a member of the *Observer's* permanent staff, he found himself on the fringes of an extraordinary collection of journalists, many of them refugees, who had been engaged by David Astor. Donald Tyerman, political editor (simultaneously holding the deputy editorship of *The Economist*), referred to them as 'David's foreigners' and had the unenviable job of welding them into a team. They were all very different and very independent, and several of them brilliant men, later to become important political historians, such as Sebastian Haffner, a rather old-fashioned German conservative, later author of a book on Hitler; Isaac Deutscher, one-time member of the Polish Communist party, and best known for his biography of Stalin; Ruggero Orlando, an Italian who also broadcast for the Italian section of the B.B.C., and Jon Kimche, a Swiss. Even in this group (where he was regarded as a social democrat) Fritz did not consider himself to be amongst remarkable men.

It was not long before other papers approached Fritz. He wrote leaders for *The Times*; articles for *Peace News*; the *Architects' Journal* and many other publications, including a Fabian pamphlet. Occasionally he used a pseudonym, such as Ivor Moresby, when he wrote for the *Tribune*, or Ernest F. Sutor (derived from the Latin) for other periodicals which he thought might be sensitive to his nationality. Very occasionally he called himself Ernst, and some still called him James. But the name Schumacher was becoming known and Fritz's success was reflected in his growing post-bag of letters from readers, and more invitations to address conferences and meetings than his diary could accommodate. It seemed possible that he might be on the threshold of another career: that of journalism.

Donald Tyerman certainly thought it would be a good idea and wanted Fritz for the *Observer*. When David Astor took over the editorship from Ivor Brown at the end of the war, Tyerman wrote to him recommending Fritz:

The other essential piece in the new pattern is Schumacher. There on your books you have the man who, more than any other man I know, is capable of expounding and interpreting, with understanding and integrity, the social and economic policies of this Government, with all their implications, in simple and intelligible terms. Other economists will either (in the great majority of cases) survey these policies with a jaundiced carping and reluctant eye or else simply show quite expert enthusiasm.

But Fritz did not appear to consider journalism even as a serious option. His ambition lay elsewhere: it was not fame but action. In journalism he saw that something influential could be written that might lead to action but the effect of his words was not the journalist's responsibility. Fritz told David Astor bluntly, 'I could not bear the semi-responsibility of journalism.' And so once again a potential career became a sideline.

The publicity that writing gave Fritz, however, opened other doors. At last people began to take notice of him and people, moreover, who mattered. Members of Parliament asked for

his advice, invited him to address their meetings and to brief them. By 1944, Lord Faringdon, the vice-chairman of the Fabian International Bureau, was offering to act as Fritz's mouthpiece in the House of Lords.

The names on his files grew - Jennie Lee, Michael Foot, Hugh Dalton, Tom Driberg, Clement Davies, Stafford Cripps. It was an extraordinary turn of events that the obscure farm labourer of a few years before should suddenly be called upon by so many public figures. As a vulnerable enemy alien, he might have been expected to lie low in a period of crisis such as the one Europe was undergoing, but Fritz had the wrong temperament and instead of keeping a low profile, allowed himself to be drawn more and more into public circles, where he would quite often be deliberately provocative and controversial. He was not afraid to speak out and he knew his views were radical and to some even shocking.

In 1944, for example, he was invited to speak at a Fabian Conference on the question of German reparations after the war. It was widely believed that it was now only a matter of time before the war would be won, and preparations were being made for the immediate post-war period.

Fritz followed another German speaker, Walter Fliess, who had been asked to speak on the history of German reparations after the First World War. Fliess, a Jewish refugee, was a convinced socialist, a member of the Internationale Sozialistischer Kampf Bund, a strict anti-Marxist organization, founded by Professor Leonard Nelson. I.S.K. members were expected to have the highest standards of morality and ethics. They were all teetotal and vegetarian. Fliess and his wife Jenny, also an I.S.K. member, had opened a vegetarian restaurant, the 'Vega', in Leicester Square in London. It had become a central meeting place for a wide range of socialist groups. Fritz was to eat there often.

After a fairly straightforward, factual talk by Fliess it was Fritz's turn to address the Fabian conference on how reparations should be introduced to avoid the mistakes of the past. After some introductory remarks Fritz smiled at his audience with great charm. 'Well,' he remarked, 'if it goes according to the socialist principle of "to each according to his need and from each according to his capacity" then, as Germany is

ruined, and America is so rich, the Americans should pay reparations to the Germans.'¹

The audience was outraged. They had not come to hear this sort of thing. Most of them at that time felt nothing but hatred for the Germans after such a long war. But Fritz was serious. He suggested that even if this advice was not taken for socialist reasons, nevertheless it might be implemented in order to build Germany up as a bulwark against Communism. Four years later in 1948, the Marshall Plan ensured precisely the flow of funds that Fritz had suggested to such a roar of outrage.

Later on, after their talks, Fritz and Fliess found that they were sharing a room. Fritz questioned Fliess about the I.S.K. When Fliess told him that socialism should be built on the ethical principle of non-exploitation, even of animals, Fritz retorted, 'There is no such thing as an ethical principle. It does not exist. Everyone has a different view.' They talked late into the night, Fliess trying to persuade Fritz that there were absolute and eternal truths that could be deduced from logic and experience, for example that one should treat others as one wanted to be treated oneself. As night wore on Fritz's ridicule and sarcasm grew. 'There is no eternal truth in this world or any other,' he firmly insisted. 'How about $2 + 2 = 4$?' asked Fliess, 'is that true or not?' 'It's only an approximation,' countered Fritz. By this time dawn was breaking. As they undressed for bed Fritz poked his finger at Fliess's plump figure and burst into a song from Brecht's *Threepenny Opera*:

*Ihr die ihr euren Wanst und unsre Bravheit liebt,
Das eine wisset ein für allemal:
Wie ihr es immer dreht und wie ihr's immer schiebt,
Erst kommt das Fressen, dann kommt die Moral.*

(Those of you who love your belly and our virtue, however you may try and wriggle out of the truth, I'll tell you once and for all: first comes the belly and only then morality.)

Despite his ridicule that night, Fritz developed a high regard and a lasting affection for Fliess. He frequently ate at the Vega restaurant until it closed in 1969 and said of Fliess, 'One thing

is certain. If we ever get to heaven we shall find Walter Fliess there.'

Central to the problem of the post-war economy was the question of employment. The war had wiped out the horror of unemployment that had cursed the Western world in the 1930s. War production and mobilization had mopped up every last pair of able hands. But as thoughts turned to a post-war world, the question of unemployment again loomed large. How could full employment be achieved in peace time, particularly as thousands of men and women returned to civilian life; and once achieved, how could it be maintained to avoid the cyclical slumps and depressions that had cursed the pre-war years?

It was a problem that began to receive widespread attention and in 1944 several publications appeared on employment. Fritz had a hand in two of them. The first was a study published by the Oxford Institute of Statistics. Entitled *Economics of Full Employment*, it consisted of six essays written by Burchardt, Kalecki, G.D.N. Worswick, Balogh, Mandelbaum and Fritz. In this study Fritz was concerned not with international economics but with public finance.

At the same time Fritz was involved in another study on full employment which was of more importance, both in itself and in its impact on Fritz's personal development. Once again the opportunity had come through David Astor. Astor had lunched with Frank Pakenham (later Lord Longford), who was at that time secretary to Sir William Beveridge. Pakenham told Astor that Beveridge was planning to follow his famous report on the Social Services with another on full employment, but that he had little idea of economics and needed someone to explain the basics to him. Astor said at once. 'I've just the man. You need Schumacher.'

Without first asking Beveridge, Pakenham employed Fritz who at once sat down and drafted a lengthy report. Beveridge was one of the last great Victorians. He was an autocrat, paternalistic, and arrogant, but had a deeply compassionate heart and a zeal for action. He gave himself to his causes entirely in order to see them put into action, and had taken up politics specifically to get his report on the Social Services, on which the modern Welfare State was to be built, through Parliament.

Employment policy was not an entirely new subject to Beveridge. He had written a book on the subject before the war and had strongly held views which were diametrically opposed to those put forward by Fritz in his draft report. Pakenham knew he was in for an interesting spectacle as Fritz and Beveridge, whom he told Astor must be 'the two most arrogant men in England', faced each other across the table with Fritz's report between them. Point by point Beveridge challenged Fritz and point by point Fritz argued and explained until Beveridge was won over to his way of thinking and accepted Fritz's draft as the basis of his report.

Other economists then added their contributions. Nicholas Kaldor compiled the appendices and Joan Robinson helped knock the final book into shape, but the basis was Fritz's. Unfortunately Beveridge's report *Full Employment in a Free Society* did not have the success of the report on the Social Services, which is now known as *The Beveridge Report*. The government was producing its own White Paper on employment at the same time and refused to co-operate with Beveridge over his. Civil Servants were forbidden to speak to him and he was not allowed any access to papers which might have been useful for his work. Nevertheless, there was plenty of publicity when the report was published.

As its main author, Fritz expected to be in the limelight; he alone could explain the report and properly answer the questions that were bound to come. To his chagrin, when the time came for open debate, Beveridge took the chair himself. Fritz was furious. 'He doesn't know anything about it,' he fumed. 'He is going to make an absolute fool of himself.' To his surprise Beveridge did no such thing. He had the ability, as Fritz himself had, to get straight to the point of a new subject and grasp its essentials with astonishing speed. He had actually accepted Fritz's ideas because he had understood them and been convinced that Fritz was right and he had been wrong - an act in itself showing he was a great man. Fritz generously acknowledged Beveridge's success.

As a result the audience had the impression that Beveridge had not only mastered the terminology and ideas in *Full Employment in a Free Society* but that he had invented them. Fritz was amazed at his performance. He did not mind losing the

opportunity of being the spokesman for the report if Beveridge was able to give his ideas the force they needed to get across to the public.

Fritz was not after public recognition for himself. He wanted recognition for his ideas, so that they would lead to action. He did not mind taking a back seat, as long as someone was promoting his proposals.

Shortly after the publication of *Full Employment in a Free Society*, B.B.C. producer Christopher Salmon interviewed Beveridge and other eminent names in the employment debate with a view to making a radio programme. He also met Fritz to discuss the possibility of a more popular approach. Between them they cooked up the idea of writing a series of plays in which the issues would be raised. The 'actors' would be real - joiners, bank clerks, teachers and trade unionists - but they would have scripts. It was like a return to Fritz's childhood. He had always enjoyed writing plays and a play with a purpose appealed to him even more.

Of the eight broadcasts, three were written entirely by himself. David Worswick, from the Institute of Statistics, put together the other five by piecing together the dialogue which emerged from hours of planning meetings, recorded word for word by two stenographers, and then gave them to Fritz for editing. The result was a very successful series on the Home Service. Each programme was broadcast live and the script was always carefully adhered to, although there was sometimes some disagreement over it by the Communists in the cast.

There were other problems too. During one interval an 'actor' had too much to drink and it was with great difficulty that he was prevented from extemporizing. The finale of the series ended in dramatic and carefully orchestrated chaos, when David Worswick, presenter and leader of the discussion, 'lost' control and the programme ended in an apparent brawl of squabbling participants, with Worswick hammering on the table to restore order. Much time was spent before the final broadcast discussing what would be the best object with which to hammer the table - it was in the days before the B.B.C. had a sound effects department - in the end a broom handle was chosen. There was a dramatic fade-out as Worswick's broom

handle hammered out over the rising cries of anger around him.

Fritz's rekindled interest in unemployment and his subsequent work with Beveridge was of more importance than the report itself, or the immense pleasure that he got out of the B.B.C. programmes. Until he met Beveridge, Fritz's approach to employment was from an orthodox economic point of view. The report itself consisted largely of a critique of Keynesian economics and its implications for policy, and how to maintain an even flow of spending to ensure an even level of employment. Many interesting questions were raised in his analysis on how to achieve these aims. For example to what extent should the economy be controlled by government intervention? How far could private enterprise be allowed a free hand given its tendencies to severe swings between slump and boom and how should the priority of spending needs be determined and who should determine these priorities?

Beveridge approached the problem from a completely different angle from Fritz. He was not interested in a proper functioning of the economic system as an end in itself nor in arguments about what society could afford. He was a champion of the poor and in his fight against what he called the five 'giants' - of poverty, ignorance, squalor, idleness and disease - he insisted society had to afford certain social services if it was to be caring and humane. The same compassion motivated his interest in employment. He had no time for arguments put forward in some quarters that full employment was undesirable in a proper functioning economic system because it upset the balance of power or deprived society of a buffer of an 'industrial reserve army'. The unemployed were flesh and blood and not mere units in an equation. Moreover, while the five giants ran their oppressive régime, no man could be free; democracy could not flourish in an oppressed society. Only the right social, educational, employment, housing and health policies could achieve true freedom.

Although Fritz won all the economic arguments in his tussle to get Beveridge to accept his draft, the force of Beveridge's compassion, the ability he had to feel for the plight of the poor, had a profound effect on Fritz's own thoughts. His newly acquired socialism became the foundation for a more humane

way of thinking, an attempt to put himself into the position of the poor and the deprived. He realized that if full employment affected the industrial strength and bargaining power of the workers then some thought must be given to secure their respect and understanding for what the Government was trying to achieve. At all costs, crude tampering with economic freedom had to be avoided; subtlety was necessary.

Fritz's earliest teachers came back to mind: Adam Smith and his 'hidden hand'. This surely was the most desirable method by which the economy could be controlled: the 'hidden hand' could achieve results without removing the feeling of freedom. It was the perfect combination of freedom and planning. He advocated the use of incentives and disincentives for industry, as well as some measure of public control, and suggested that works councils and production committees, for example, 'may succeed in giving the worker the feeling that he is more than a cog in a big machine controlled by others'. He went on to say that to gain the co-operation of the workers it was necessary to persuade them that there was some equity in income distribution.

His loyal support can be obtained only if he can feel that a more moral principle governs distribution than the principle of ownership.

The temptation is great to avoid the issue of income distribution altogether. Most proposals for a 'full employment' policy prefer to by-pass this central issue, so as to avoid raising controversial issues. Thus they dwell mainly on such matters as industrial efficiency or the type of control which would assure a better co-ordination of economic enterprise throughout society. These questions, while important, fail to go to the root of the matter. They give the appearance as if the problem of our society were a mere technical problem to be solved by experts. Unfortunately, it is much more than that: it is a moral problem. How are the material benefits which our system is capable of producing to be distributed amongst the various members of the community?

I do not know whether it is good or bad policy to leave this central problem in the background. Since any full em-

ployment policy involves the adoption of a great number of novel techniques and controls, I have the feeling that the necessary measures will be adopted only if justified by reference to more than temporary expediency: if justified by reference to a moral principle.²

Here was a change indeed. In trying to think his way into the minds of people, Fritz had had to admit to the necessity of morality – whatever that might mean. The admission of morality took Fritz out of the realm of economics. Morality implied concepts Fritz had rejected such as ‘good’ and ‘bad’. He found that thinking about employment without such concepts did not take him far enough. Indeed, if work was a right and a need for man then Beveridge had not gone far enough in wanting full employment. Consideration should also be given to the type of work people did. ‘Factory workers can justly be called “factory hands”, and farm workers “farm hands”, because it is only their hands which are utilized in the process while their brains, their hearts, their higher aspirations, their whole human personality is sentenced to frustration.’³

A new door had opened. Fritz was glimpsing through into a new landscape where the tools of economics had to be used ‘as if people mattered’.

Beveridge’s report was published late in 1944. At the beginning of February the following year the Liberal Party (for which Beveridge was an M.P.) held its assembly in Kingsway Hall, in London. One of the items on the agenda was Beveridge’s report. Beveridge had anticipated a certain degree of opposition because of the emphasis on the need for state intervention to maintain full employment, but he did not anticipate what actually happened. Not only was he accused of betraying the Liberal cause by making suggestions more closely allied to socialism, but some maintained that the report was tantamount to advocating a totalitarian National Socialism. It was nothing less than a personal attack on Fritz whose involvement in the report had reached the ears of certain Liberal delegates. The attack was led by a Commander Geoffrey Bowles whose distorted view would have been laughable had it not had such potentially dangerous consequences for Fritz. Angrily Bowles shouted at the assembly: ‘Herr Schumacher is a Prussian who

came over here in 1934 and the National Socialism he left behind in Germany he is now advocating here in England. The Beveridge state slavery plan would require Englishmen to ask officials for a licence to live, and turn free Englishmen into Schumacher sheep to be herded about by officials. It is German state slavery.’⁴

Fritz was shaken. When interviewed by the press he dismissed the accusation light-heartedly saying that ‘the suggestion that Sir William Beveridge has fallen under my influence is too much flattery.’⁵ But he felt far from light-hearted. The attack was unjustified and contrary to all he had believed England to be about. He turned to his old Oxford friend Sonny Wax, who was working near Oxford during the war on a top secret government mission, and with whom he frequently put the world to rights over lunch. Wax was a lawyer and Fritz asked his advice. What should he do to defend his good name? Wax advised him to do nothing. ‘Tomorrow the headlines will be different,’ he said, ‘by the end of the week it will be forgotten.’ Fritz was reluctant to take his advice at first but by the end of the week he saw that Wax had been right. Moreover, by then, his friends had rallied round and restored his confidence. Tom Driberg, M.P., wrote a splendid profile of Fritz in the periodical the *Leader*, entitled ‘One Good German’, and while it elicited some bitter and critical letters, Driberg’s post-bag contained more letters of praise.

One in particular, from Glyn Thomas, understood Fritz’s position perfectly and leads the way into the next phase of Fritz’s life: ‘The fact that such folk as E. F. Schumacher, Burmeister and company are free in this and other allied countries, is one of the few hopeful factors which one can find these days towards the rehabilitation and re-education of the Nazi Germans. We should be glad they are here and thank friend Driberg for focusing our attention on them.’⁶