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**THE SOCIAL UNREST  
ITS CAUSE & SOLUTION  
By THE RT. HON.  
J. RAMSAY MACDONALD, P.C., M.P.**

UNIFORM VOLUME

THE SERVILE STATE

BY HILAIRE BELLOC

THE  
SOCIAL UNREST  
ITS CAUSE & SOLUTION

BY THE RIGHT HON.

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## THE ARGUMENT

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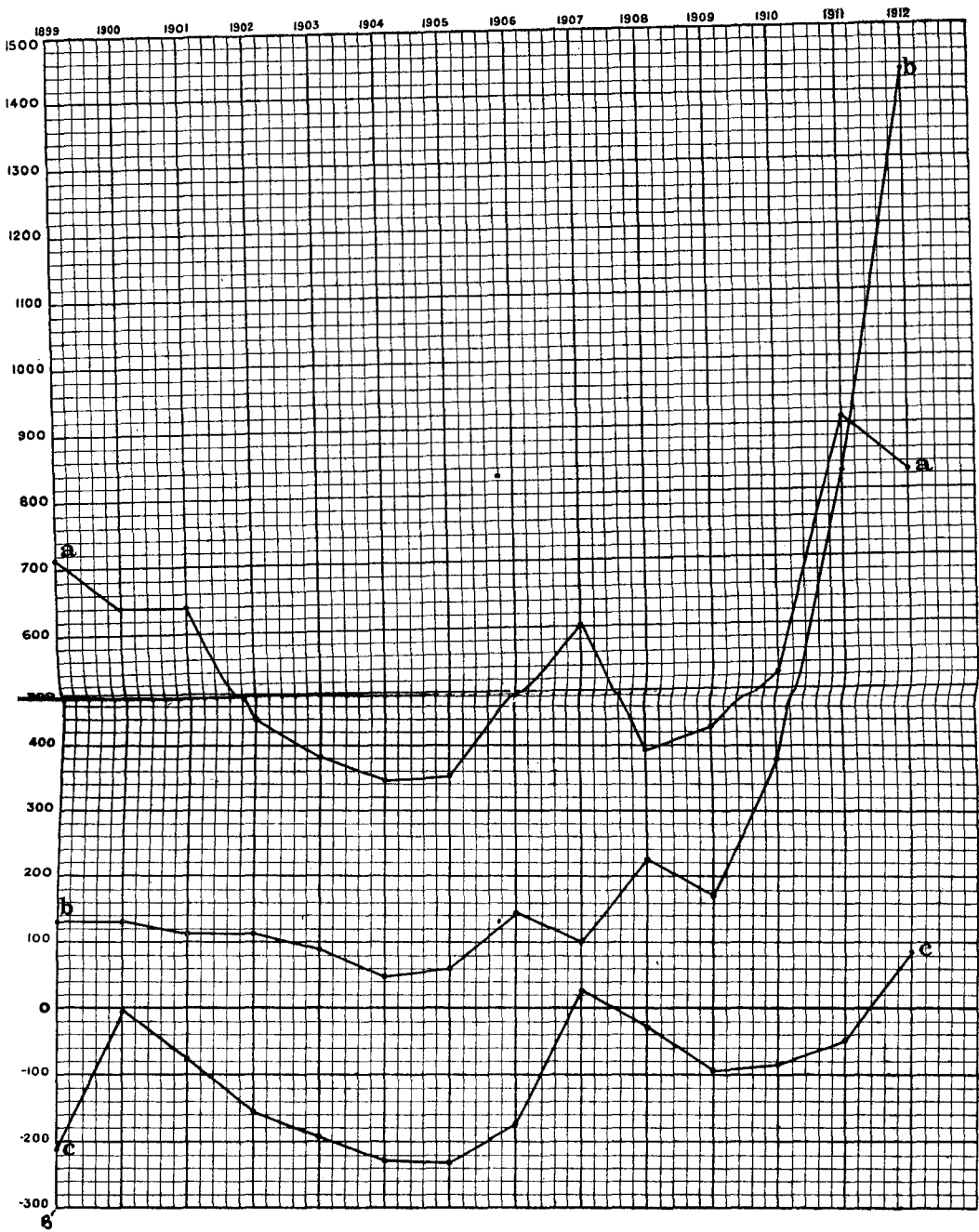
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**DIAGRAM SHOWING THE SYMPATHETIC  
RELATIONSHIP BETWEEN STRIKES AND  
WAGES, 1899-1912**



*a* indicates the number of strikes each year.

*b*, the number of persons, in thousands, affected by these strikes.

*c*, the annual increments and decrements in wages as shown by the figures of the Board of Trade, 1900 being taken as zero.

For general explanation of diagram, see page 73.

**PREFACE TO THIS EDITION**  
**By WILLIAM GRAHAM, LL.B., M.P.**  
**FINANCIAL SECRETARY TO THE TREASURY**

## PREFACE

THE TEN YEARS WHICH HAVE PASSED since Mr Ramsay MacDonald dealt with the cause and solution of social unrest have, in the main, confirmed the argument which he addressed to the British people. He discussed the issue on the historical side, with reference to moral and economic causes; he analysed the problem of trade union action, with special regard to fluctuations in prices and wages; and he urged the importance of the adoption of a socialist or collectivist principle in the interests of a humane economic and social order.

As regards the first, the British people may not know in detail the history of social unrest, but millions of them have certain ideas which they express and defend in their own way. They have been asked to look at progress in the transition from status to contract. They are certainly not born into serf conditions, from which they can only with difficulty escape. To some extent they shared the advantages of the material progress which preceded the outbreak of the European War. They have obtained important powers in collective bargaining. But the general contract they have made has not brought peace and security, and they seem to be a long way from the freedom they vaguely pursue.

For immediate and practical purposes they are in reality considering the economic change of last century and the way in which the Industrial Revolution

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has worked out. Freedom from such parts of mercantilism as survived was necessary. In order to secure a definite place in the markets of the world Great Britain had to face the transition from small-scale to large-scale production. Much attention was devoted to the doctrine that if the individual were given as much freedom as possible he would, in the pursuit of enlightened self-interest, minister to national interest. Prosperity would come more or less equitably to the masses. For great schemes of social progress there would be the necessary economic foundation.

In many directions, however, strict individualism has been modified. In the interests of millions of men and women and young people in factories and other establishments a somewhat slow legislation has enforced certain terms in hours and other conditions of labour. With the repeal of the Combination Laws trade union organisation grew, and collective bargaining has secured a widespread application of standard rates. Local authorities in all parts of the country, as representing the local ratepayers, own and control important revenue and non-revenue producing services. Over a large part of British industry the syndicate, combine, and trust have replaced the small individual manufacturer or proprietor; where the capital is not definitely amalgamated, interlocking directorships link up the efforts of innumerable

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companies on a principle of association rather than of competition; legislation itself, particularly in the Railways Act, 1921, has confirmed the tendency, for it abolished the surviving railway companies in this country in favour of four large amalgamations, on a geographical basis, and with a form of guarantee of the net revenue of the companies for 1913; in short, individualism as it used to be understood is in a bad way, and great change has overtaken the face of competition. That there has been considerable material progress is undeniable. But in the urban areas, and even in many of the rural districts, social conditions are often appalling. National interest in a complete and generous sense does not appear to have been remembered.

As regards the two chapters on trade union action, the reader may remark that they are strictly applicable to-day. Ten years is, after all, a short period in industrial effort. The loss due to strike and lock-out has been exaggerated, and there is a form of comfort to Great Britain in the fact that it occurs in most countries in the world. But within recent years the conviction has deepened that stoppage is a method of solution to be avoided at all costs. The contrast between 1913 and 1924 is remarkable. The former was a year of prosperity. In 1924, on the other hand, we have 7700 millions of national indebtedness; a budget of 800 millions, or more than four times the

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whole of the pre-war revenue from all taxes, direct and indirect; one and a quarter million people unemployed, after three years of exhausting distress; Continental markets largely closed because of post-war dislocation and financial disease; the competition of neutral countries more difficult because of their peculiar position in the war; the Colonies in some cases not disposed to give full consideration, partly because of the fading prospects of preference proposals; an arrangement for the repayment of the American debt of 900 million pounds without any immediate prospect of repayment to Great Britain by Allies in whose interest we borrowed the money; the erection of tariff barriers against our trade by most of the countries of the world, including some of the new Continental Powers, and, in particular, the Fordney tariff, the highest in the history of the tariffist policy of the United States; and our loss by death in the war of 700,000 men, many of whom were either at or approaching industrial efficiency, together with the further drain of large numbers of men temporarily or permanently disabled. Even if settlement of the reparations problem is much more favourable to Great Britain than anyone at present thinks it will be, it is clear that British industry will be exposed to remarkable strain, a strain certain to be increased by the growing power of reviving Europe. In these circumstances industrial stoppage becomes a calamity.

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By most of the trade union leaders the importance of such considerations is fully appreciated. At present they are not handicapped by substantial syndicalist tendency; the advent of a Labour Government will for the time being encourage belief in political effort; loss of membership in the unions may be considerable, but it is loss due to industrial depression and not to the formation of rival bodies pursuing policy radically different from that of the parent organisations from which they have broken away. In the midst of much discussion of economic reconstruction, the trade union movement has a remarkable opportunity. The folly of innumerable small and competing unions has been recognised; the overlapping in the appeal for membership is denounced as wasteful; and, subject to some recent check in the interests of maintaining a closer association of trade union leadership with the rank and file, the amalgamation of kindred unions proceeds. In other words, there is a form of "trust" in labour just as there is growing trust power in capital in industry and commerce. In some respects this change may make it easier for organised labour to face fundamental issues.

Ten years have not modified the attitude of British trade unionism to compulsory arbitration; they are opposed to it, and there is much in Colonial experience to strengthen the objection. Probably only a fraction of the employers are genuinely in favour of  
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it. It does not promise industrial peace. Nor is a wages system based on rise and fall in the cost of living a satisfactory solution. That tends to be a "fodder basis," which in many of its applications is neither humane nor scientific. Under the apparent variation, conditions for the masses tend to be static. The remedy lies rather in the adoption of all methods of industrial efficiency. They are sometimes grouped under the name scientific management, not, perhaps, the most fortunate description, but the one which at this stage it seems necessary to employ. By the organisation of raw material, machinery, and labour, it can give a low cost of production, a standard article in large quantity, and high wages; it is the effective combination of many well-known economic principles. Within the trust organisation in the industry of the United States it plays a leading part. In Great Britain it is distrusted by many of the trade unionists because they fear that it means intensified effort without additional reward, and because, where it has been tried in this country, the rate-fixing, which is easily the most important factor, has been kept in the hands of the employer or his agent, and the consequent rate-cutting has demoralised many a promising experiment. But there can hardly be any doubt that wages can only be truly safeguarded in a fully efficient industry. Above all, it is only in generous production with reduction in general prices that real

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wages—that is, wages measured in purchasing power—can be improved. The remedy is to bring the trade unions fully and frankly into every stage of the process. Let there be adequate publicity in industrial practice, save where it is necessary in the public interest to preserve industrial secret. Give to collective bargaining that higher duty of participating in a method, under which, in each industry, and in industry in general, the various factors interested are duly rewarded in proportions which recognise the contributions they make. The existing agreement in the British coalfields is far from satisfactory, but it is an illustration of what, with improvement, could be applied to other industries with beneficial results; it has at all events the merit of publicity. Many of the stoppages of recent years have been stoppages in search of information, only dragged from one side or the other after the public has suffered substantial loss. If systematically all interested in any industry knew the exact position of the industry, it should be possible to get an adjustable reward on ordered lines in place of the present wasteful readjustment—often a mere aggravation of the maldistribution—which comes from spectacular strike or lock-out, or from some of the so-called arbitration, which consists of someone with an air of wisdom and some quasi-economic verbiage splitting an obvious difference.

These suggestions go beyond the limits of the ex-  
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isting industrial system ; they reach to the third chapter in Mr MacDonald's book, in which he raises the whole issue of socialism as against private ownership and control. For if any form of public ownership is to succeed, it must be accompanied by the fullest measure of industrial efficiency. Ten years ago Mr MacDonald rightly attached importance to the choice between protection and the socialist or collectivist solution. For practical purposes protection may now be disregarded. One section of political thought in this country suggests that it will be sufficient to regulate the trust, encourage profit-sharing, and stimulate as much individual competition as can survive. But economic facts would seem to be against all three. Experience of anti-trust legislation in the United States shows that the trust can hardly be regulated. Profit-sharing in this country has had a chequered career. Individual competition, especially on a small scale, is regarded by big business as waste, and in many leading industries small scale competitors have practically disappeared. On the other hand, British labour (a comprehensive term involving millions of people engaged in all kinds of manual and professional toil) has increasingly accepted the principle of public ownership. For a majority, and certainly for the younger men and women of the movement, it is not the State Socialism of other days. There is a very definite effort to avoid the danger of bureaucracy.

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It is rather a suggestion that while ownership, in the first place of the basic industries, would reside in the people as a whole, the management of industry would be entrusted to those who knew it thoroughly; they would be trustees and stewards for the people as a whole. Moreover, the change to such a form of public ownership is regarded as the next stage in the evolution of the trust. The latter may represent efficiency; it may avoid the error of overcharging the community for the commodities at its disposal; but it does not profess to be a democratic proposition in industry, and it is inconsistent with the extension of industrial ownership to the masses which, curiously enough, most parties in Great Britain support in one way or other.

For this country such a change must always be exposed to two tests. In the first place it must minister to the comfort and happiness of the people at home. Secondly, it must enable us to maintain and strengthen our place in the economic counsels of the world. Without that we cannot safeguard a standard of life for the British people. In that way we shall merely continue in the twentieth century the definite modification of the industrial system which became pronounced in character in the nineteenth, in that private ownership and control existed side by side with an increasing amount of public ownership and control. Whether they liked the name or not, most people

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accepted some part of the socialist solution. It is probably for that among other reasons that millions of the British electors are not frightened by the name to-day.

In summary, taking the ten years that have elapsed since Mr MacDonald's book was first issued, it is fair to suggest that we have achieved a much better appreciation of the causes of social unrest on the historical side; the trade unions have a clearer understanding of the economic problems underlying the general controversies in which they are engaged; and the growth of the trust movement in British and foreign industry has established for a considerable section of the British electorate at least a *prima facie* case for the collectivist solution. There has also been the influence of the shattering effect of the world war. In some respects this change may be said to have been the environment of Mr MacDonald's personal transition from a valuable place in constructive criticism and opposition to that of first Labour Prime Minister of Great Britain.

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AS THIS BOOK WAS PASSING THROUGH the press a valuable Report on Prices and Wages was published by the Board of Trade.\* The Report bears out the general statements on the subject made in the body of the book, but it supplies important details which were not available when I wrote.

The extraordinary differences in rent between the centre of London and towns in the Midlands (if 100 be taken as the standard in the first case, 52·3 is that in the second) are, in the main, explainable by the operations of land monopoly. The increases in seven years are, however, slight except in places of rapidly developing size, like Coventry, where they have been as much as 18 per cent.

The movement in retail prices, calculated on articles which are consumed in working-class households and in proportion to the amount of these articles used, has been very marked, though again it varies considerably between town and town. Between 1905 and 1912 the working-class household in Stockport has had its food bills increased by 20 per cent.; Blackburn, Bolton, Liverpool, Bootle, Swansea, and Wigan show increases of 18 per cent.; Birkenhead, Burnley, Aberdeen, 16 per cent.; Bradford, Halifax, Keighley, Leicester, Manchester, 15 per cent.; and so on: Ports-

\* *Report of an Enquiry into Working-class Rents and Retail Prices, together with the Rates of Wages in certain Occupations in Industrial Towns of the United Kingdom in 1912.* Cd. 6955.

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mouth, where prices have risen least of all, showing an increase of 7 per cent. "The mean of the increases in the 88 towns is 13·7 per cent. If the figures for the separate towns be weighted according to population the resultant average is unchanged if London be omitted, but reduced to 13·0 per cent. if London be included." That means that in 1912 a sum of 22s. 8d. was required to purchase food which in 1905 could have been bought for 20s. And it is interesting to note that it was in Lancashire, the centre of the unrest of labour, that food prices rose most. In Lancashire and Cheshire the increase was 15·8 per cent. (in other words, in buying food the sovereign of 1905 was worth about 17s. 4d. in 1912); in Wales and Monmouth, 15 per cent.; in the Midlands, 14·4 per cent.; in Yorkshire, excepting Cleveland, 14 per cent.; down to the Southern counties, the increase for which is 9·8 per cent.

A series of tables also shows how the price of clothing has risen. It is at least 10 per cent., though the Board of Trade, in stating its conclusions under this head, will not commit itself to anything more definite than that "the cumulative effect of these independent tests is such that there can be no doubt as to the upward direction of the cost of clothing in the period."

A further section gives the result when rents and prices are combined. Blackburn, Bolton, Stockport,



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Swansea, Wigan then show an increase of 16 per cent. from 1905 to 1912; Coventry and Preston, 15 per cent.; Liverpool, 14 per cent.; Burnley, Leicester, Stoke-on-Trent, 13 per cent.—down to Swindon, which shows an increase of 5 per cent. only. The average of the combined increase works out at 13·7 per cent., London being omitted.

To make these figures more definite, I may summarise the tables relating to Leicester, which may be taken as a fairly average Midland town. The wages of its builders' labourers during the seven years under review increased by 6 per cent., and those of its compositors by 3 per cent. The wages in the trades investigated with a view to ascertaining the meaning of these increases in costs in terms of standards of life were otherwise stationary. Its rents increased by 6 per cent., the price of its food and coal by 15 per cent.

We thus see a steady pressure upon working-class families driving them downwards. From whatever point of view one studies the position of the working classes in the first decade of this century, one sees retrogression. Wages fell; compared with their economic standard of half a dozen years before, they were down; compared with the position of the wealthy classes, they were down. National wealth had substantially increased; working-class economic standards had substantially decreased. The rich had become richer and the poor poorer.

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