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SYLLABUS SERIES No. 1.

THE BRITISH LABOUR MOVEMENT

(Sixth edition, revised to March, 1925)

A HISTORICAL INTRODUCTION FOR
CLASSES AND STUDY CIRCLES

BY

=====
G. D. H. COLE
=====

(Author of *THE WORLD OF LABOUR*, etc.)

PRICE SIXPENCE

(SPECIAL TERMS FOR QUANTITIES)

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THE BRITISH LABOUR MOVEMENT

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PREFACE.

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The following syllabus is an attempt to provide a clue to the labyrinth of Labour organisation in Great Britain, by showing how the British Labour Movement has developed in the period since the Industrial Revolution of the Eighteenth Century. It seeks to bring together into a connected story the histories, so often separately, recounted, of the various forms and aspects of working-class organisation, and especially of the three movements the growth of which, during the Nineteenth Century, is the central fact in the story of the British working class. Not in Great Britain alone, but in nearly all civilised countries, the Nineteenth Century was the period of the formation and growth to power of these three movements. It witnessed the rise of Trade Unions expressing the corporate solidarity of the wage-earners, their will to resist oppression, and their desire for the creation of a more free and democratic industrial order. It witnessed the rise of Co-operation, both as a means of protecting the working-class consumers against high prices and profit-making industrialism, and as an expression in the sphere of production, of the desire of workers for independence of the capitalist employer. It witnessed the rise of Socialism, as above all a movement of ideas aiming at the substitution for a Society based on class divisions and competition for the good things of life of a Society based on the principle, "to each according to his needs, from each according to his ability." And out of these movements, and particularly out of Trade Unionism and Socialism, has come political organisation of the workers aiming at the conquest of political power.

In two of these three movements, Great Britain led the way to the rest of the world. British Trade Unionism and British Co-operation, however they may have been surpassed in particular directions by other movements, historically have served as models upon which the workers in other countries have largely based their forms and methods of organisation.

A more than national interest, therefore, attaches to the history of British Labour development. Its story, as told in a brief syllabus such as this, can hardly help seeming often dull and uninspiring. Here can be no adequate account either of the men who have been the makers of the movement in its various phases, or of the prodigious obstacles, deeply rooted in the system, with which they had to cope. Nor can there be any proper exposition of the various theories and ideas which have, at different periods, dominated this or that section of the movement. These things are told in the books to which this syllabus is only intended to introduce the reader, and must be reserved for the lectures, papers, and discussions, which are intended to be based upon it. All that has been attempted is to give, not a mere chronicle of isolated facts, but as far as possible a connected story with a meaning and a quality of suggestion.

Appended to each section will be found a list of the most important books dealing with the questions discussed. This list is necessarily rather lengthy, as the ground covered is very wide. There is, however, no reason for the reader or student to be alarmed by the number of books suggested for further reading. One will find his interest attracted especially by one phase of the movement, one by another. I have had to do my best to give the book which each will find most useful. The list is not a list of books that must be read, but one from which a selection must be made by the individual according to his particular interest.

It is impossible, however, to stress too strongly the need for every member of any class or circle that meets to discuss this syllabus to read for himself as much as he can. If he wants to get a clear picture of the growth of the Labour Movement, there are certain books which he must read. I give the following as an indispensable *minimum* list:—

(a) Some general short economic history of England. The best is: "*The Economic Organisation of England*," by W. J. Ashley, which has the merit of being short and simple, and of giving a good broad outline.

(b) Some book of Nineteenth Century Social History, such as "*The Making of Modern England*," by Gilbert Slater. This is not very good, but it is the best available.

(c) "*The History of Trade Unionism*," by S. and B. Webb.

(d) A book on Co-operation, such as Beatrice Potter's (Mrs. Webb's) "*The Co-operative Movement*," or L. S. Woolf's "*Co-operation and the Future of Industry*."

(e) It is most unfortunate that there is no even reasonably good short book on the Socialist Movement. One of those available should, however, be read by any student who does not tackle Max Beer's books. (See (g) below).

In addition to these, any student who really wants to get a grip of the working-class movement on its historical side ought to make an effort to read certain larger and more specialised books.

(f) "*The Village Labourer*" and "*The Town Labourer*," both by Mr. and Mrs. Hammond, are by far the best written and most informative books on Social History that I have ever read. They deal with the period from 1760-1832. Reading them will be, for any student, not a duty but a pleasure and an inspiring experience.

(g) Max Beer's two volumes on "*The History of British Socialism*," which cover the whole period, are the only really good account of the growth of Socialist theories and policies.

(h) I am at present writing a brief text-book, designed to accompany this syllabus, and to present a general view of the growth of the whole working-class movement—Trade Union, Co-operative, and Socialist—in the light of economic development. This, I hope, will be ready in the autumn in two editions, at 5/- and 2/6.

It would, of course, be possible to continue indefinitely the list of special books. I have set out the above three because they seem to me to stand out head and shoulders above the rest. For others the student is referred to the fuller bibliographies given in the text.

G. D. H. COLE.

October, 1920.

REVISED March, 1925.

A FEW GENERAL BOOKS.

(Included here are only books which do not fall definitely under one or another of the divisions in the syllabus. There are a few repetitions, but not very many).

(A) GENERAL ECONOMIC HISTORIES :—

“The Growth of English Industry and Commerce,” by W. Cunningham. Three vols.

“The Economic Organisation of England,” by W. J. Ashley (brief and simple).

“Economic History of England,” by H. O. Meredith (brief, but difficult).

“Economic History : Select Documents,” by Bland, Brown, and Tawney (for reference).

(There are, of course, many other text-books of varying merits.)

(B) MODERN ECONOMIC HISTORIES :—

“The Making of Modern England,” by Gilbert Slater.

“The Industrial History of Modern England,” by G. H. Perris.

“Industrial and Commercial Revolutions,” by Dr. L. Knowles.

“Life and Labour in the Nineteenth Century,” by C. R. Fay.

“The Evolution of Modern Capitalism,” by J. A. Hobson.

(C) GENERAL HISTORIES OF ENGLAND :—

J. R. Green's “*Short History of the English People*” is still as good as anything as an outline. G. K. Chesterton's “*Short History of England*” gives an interesting and distinctive point of view, but is emphatically not a text-book. There are many short text-books by A. D. Innes, T. F. Tout, and others.

Of larger histories, probably the most useful is G. M. Trevelyan's “*British History in the 19th Century*” (1 volume). The “*Political History of England*,” published by Longman's, has two volumes dealing with the Nineteenth Century. The better history, published by Messrs. Methuen, covers the period in one large volume. The “*Cambridge Modern History*” is useful for reference.

I. HISTORICAL INTRODUCTION—TO 1760.

THE Labour Movement, as we know it to-day, is the child of the capitalist system and the industrial revolution. Long before the period which has come to be known by this name (about 1760-1832), there had, of course, been class divisions and class antagonism. Capitalism did not arise suddenly in the middle of the eighteenth century, and still less did struggles between classes begin then for the first time. England had her Peasants' Revolt in 1381, and throughout the Middle Ages there were occasional struggles against the abuses of "feudalism" in the country, and to a less extent, between the richer and poorer classes concerned in industry and commerce in the towns. Under the Guild system journeymen sometimes combined to resist their masters, and, in the latter days of the Guilds, there were frequent class conflicts between rich and poor. Trade Unionism of the modern kind, even, has, in a number of crafts, a history dating back beyond the Industrial Revolution to the beginning of the eighteenth century. Nevertheless, it cannot be said that the Labour Movement developed until the Industrial Revolution, by introducing new methods of production and widening the operations of commerce to a world scale, crowded the workers into the factories, degraded the life standard of many, and immensely increased the social and economic distance separating master and man. It was not until the nineteenth century that, slowly and painfully, the Labour Movement developed for the protection of the workers against the new capitalist conditions.

- See "The Economic Organisation of England." By W. J. Ashley.
"The History of Trade Unionism." By S. and B. Webb.
"La Révolution Industrielle." By Paul Mantoux.
"Industrial Organisation in the 16th and 17th Centuries." By G. E. Unwin.
"English Economic History: Select Documents." By Bland, Brown and Tawney.

Especially for the period before the Industrial Revolution, the student will find useful the companion syllabus in this series, "English Economic History." By G. D. H. Cole.

II. THE INDUSTRIAL REVOLUTION.

1760—1832.

The period known as the "Industrial Revolution" was marked by (1) an immense widening of markets and increase in the relative importance of foreign trade; (2) a series of inventions, resulting in a widespread introduction of large-scale machine production, the application of power to industry, and an immense improvement in the facilities for transport by land and water; (3) the enclosure of a large proportion of the common fields, resulting in new methods of agricultural production, the dispossession of large classes of the rural population and consequent migration from the country to the towns; (4) a shifting of population and a new and frightfully rapid growth in the new industrial centres, situated principally in the North of England; (5) the supersession, slow or rapid, of many forms of handicraft, resulting in intense distress for large classes of workers; (6) foreign wars which gave Great Britain the opportunity of establishing an early pre-eminence in world markets; (7) the French Revolution, and consequent waves of revolutionary feeling and unrest elsewhere, met by severe repressive measures by the governing class; (8) the rise of a new class—the Capitalist class—to economic power, resulting in a change in the distribution of political power also.

The French Revolution of 1789 was followed by unrest all over Europe. In this unrest Great Britain shared, but only to a comparatively small extent. Societies, including many working men, sprang up in sympathy with the revolutionary principles, and aiming at Radical transformation of the British political system. Of these "Corresponding Societies," the most important were in London and Glasgow. Inspired by these movements, and by the Bread Riots of the 1790's, with the fear of a revolutionary movement in Great Britain, the Government, especially under Pitt, adopted a policy of repression, which was particularly severe between 1797, the year of the Seditious Meetings Act, and about 1820. The Combination Acts of 1799 and 1800, and the notorious Six Acts of 1819, were only part of a general policy, including the systematic suppression of popular movements and the regular use of espionage. During the economic depression which followed the peace of 1815, there were many riots, often coupled with "Luddite" attacks on machinery. The notorious Peterloo massacre, and the Six Acts, mark the culmination of the epoch of repression.

Tyrannous as the Combination Acts were, the working class was as yet not enough capable of united action to make any considerable effort for their repeal, and the work of destroying them was left in the main to sympathisers drawn from other classes. The attack on them was organised by Francis Place, the "Radical tailor," and led by Joseph Hume in the House of Commons. It succeeded beyond all expectations, and in 1824 the Combination Acts were completely repealed. Strikes and unrest, however, followed so rapidly that in 1825 the Act of the previous year was replaced by a much less liberal measure, which still placed very great restrictions on Trade Union freedom. The bare right to combine was, nevertheless, won, and Trade Unionism began to develop, although Place and other supporters of repeal, who held, in accordance with current economic theories, that Unions were powerless to raise wages, had contended that they would tend to disappear, save as friendly societies, when freedom of combination was granted. It should be noted that, even under the Combination Acts, many Unions had existed secretly or disguised as Friendly Societies, and many prosecutions of workers for combination had taken place. Although employers were also legally liable to penalties for combination, there is no single recorded case of an employer having been penalised for such an offence. The employers combined openly throughout the whole of this period.

The Trade Union Movement did not attract great attention during this period, because of the Political Reform agitation, which was then in full swing. This, backed by the manufacturers, as well as the working class, was the first big social movement in which the workers took a prominent part. The writings of William Cobbett, and especially the periodicals published by him, were big factors in causing the first real awakening of working-class opinion. Nevertheless, when the Reform Act was finally carried in 1832, after an agitation which had succeeded largely through working-class support, the working class found itself still excluded from the franchise.

For the Industrial Revolution—

- See "The Town Labourer." By J. L. and B. Hammond.
 "The Skilled Labourer." By J. L. and B. Hammond.
 "The Industrial Revolution." By Arnold Toynbee.
 "The Industrial Revolution." By C. A. Beard.

For the Agrarian Revolution—

- See "The Village Labourer." By J. L. and B. Hammond.
 "Short History of English Rural Life." By M. Fordham.
 "British Farming." By R. E. Prothero (Lord Ernle).
 "History of the Agricultural Labourer." By W. Hasbach.
 "Cobbett's Rural Rides" and other writings.

- For the effects of the French Revolution—
 See "The Rights of Man." By *Tom Paine*.
 "The French Revolution in English History." By *P. A. Brown*.
 "Godwin, Shelley and their Circle." By *H. N. Brailsford*.
 For Government repression—
 See "The Town Labourer."
 "The Revolution in Tanner's Lane." By *Mark Rutherford*.
 "The Life of Francis Place." By *Graham Wallas*.
 "The History of Trade Unionism."
 For the Reform agitation—
 See "Cobbett's Writings."
 "The Life of William Cobbett." By *G. D. H. Cole*.
 "The Genesis of Parliamentary Reform." By *G. S. Veitch*.
 "The Passing of the Great Reform Bill." By *J. R. M. Butler*.

III. OWENISM, CHARTISM AND THE CORN LAWS. 1832—1848.

The passing of the Reform Act was almost immediately followed by a great industrial crisis—the first mass movement of British Trade Unionism. The voteless workers turned from political to industrial agitation, and the Trade Union movement swelled suddenly to vast proportions. Already, in 1829, the cotton spinners had formed a National Union, and in 1830 the first real attempt had been made to unite the whole Trade Union movement in a single organisation, the National Association for the Protection of Labour. Both these bodies, however, soon fell to pieces, the various local societies which had formed them for the most part surviving. In 1832 the Builders' Union was founded, and included in its programme aspirations not unlike those of the Building Guild to-day. In 1834 this was followed by the Grand National Consolidated Trades Union, which in a few weeks claimed to have enrolled three-quarters of a million members, partly by the adhesion of numerous local societies, but also largely from new recruits, including agricultural labourers, women, and many classes of workers never previously organised. The great General Strike planned by this body with a view to the assumption of control over production by the workers, never developed; for the Grand National soon found itself involved all over the country in premature sectional disputes, often provoked by employers who insisted that their employees should leave the "Trades Union." Moreover, savage attacks were made upon the members through the law. The most famous case is that of the Dorchester labourers who were sentenced, in 1834, to seven years' transportation for the taking of illegal oaths.

Soon, financially exhausted and torn by dissensions within, the Grand National began to collapse, and at the end of 1834 it practically disappeared. The first great industrial working class movement thus ended in ignominious collapse. The Trade Union movement as an organisation for destroying Capitalism at a blow and erecting a new Society in its place fell asunder, but the local societies which had entered the Grand National in many cases survived, to become the nuclei of the modern national Trade Unions.

The "Grand National" was largely under the influence of the ideas of Robert Owen and his circle. Owen, idealist and business man, the first great factory reformer, probably the first man to call himself a "Socialist," the father, in many respects, of the Co-operative movement, had, long before he became prominently associated with Trade Unionism, been well-known and widely influential as a social theorist. Himself an employer, he had shown in his mill at New Lanark that humane principles could be applied to the factory, and that they conduced to efficiency. Without faith in political agitation, he saw the need for a total change of industrial system—for the substitution of co-operation for competition, of industrial democracy for autocratic control, and for education as the indispensable basis of the new system. It was largely under his influence that the first developments of Co-operation were made, though his ideals, which included the establishment of Co-operative Settlements, differed widely from the practice of modern Co-operation. His followers occupied a prominent position in nearly all the working class movements of the period.

The collapse of the Grand National was less felt than it would otherwise have been, because the attention of the workers was already being attracted by other movements. The Chartist Movement, which, although its economic policy was far from clear, deserves to be regarded as the forerunner of modern Socialism, was the direct consequence of the Reform Act. Although its programme was purely political, its aims were definitely social, and the motive power behind it was largely economic. Especially in the North of England, the principal factor was the hatred of the new Poor Law, passed by the Reformed Parliament in 1834. It also attracted to itself all the economic unrest caused by the "industrial revolutionary" changes, as well as the theoretical support based on the writings of the early "Socialist" economists (Bray, Thompson, Hodgskin, etc.) and their followers. Although middle class Radicals took some part in it, it was throughout essentially a working class movement, and not

merely so, but to a great extent an anti-Capitalist movement, and definitely Socialist in the sense of a proletarian uprising. The Chartist agitation falls into two periods. The first section closes with the rejection by the House of Commons of the Chartist Petition of 1839, and the wholesale suppression and arrests which followed. The second, the revival of the "'Forties," is marked by increasing dissensions among the various sections. After the Petition of 1842, there were serious internal dissensions, especially on "the moral force *versus* physical force" issue, and defections increased as the movement passed completely under the sway of Feargus O'Connor. A further great Petition was presented in 1848, the year of many European revolutionary movements; but thereafter Chartism slowly expired.

During the second period of Chartist activity, it proceeded side by side with, and often in stormy hostility to, the agitation for the repeal of the Corn Laws, which, backed as it was by the manufacturing interests, Chartists often denounced as a Capitalist movement, designed to lower wages. The Free Trade movement, however, secured widespread public support, and the Corn Laws were repealed in 1846, though not at once with the effects expected on agricultural prices. The "Hungry 'Forties" were a period of great working class distress, which none of the popular movements of the time were able, or strong enough, to remove.

- See "The History of Trade Unionism."
 "Life of Robert Owen." *By Himself.*
 "Robert Owen." *By G. D. H. Cole.*
 "The Builders' History." *By R. W. Postgate.*
 "History of Co-operation." *By G. J. Holyoake.*

For Chartism—

- See "The Chartist Movement." *By Mark Hovell.*
 "The History of Chartism." *By Julius West.*
 "The History of British Socialism, Vol. II." *By Max Beer.*
 "Life and Struggles." *By W. Lovett.*
 "Sybil." *By B. Disraeli.*
 "Alton Locke." *By Charles Kingsley.*
 See also "Condition of the English Working Class in 1844."
By F. Engels.
 "The Public Health Agitation." *By B. L. Hutchins.*

v. THE "NEW MODELS," TRADE UNIONISM AND CO-OPERATION. 1848—1880.

The period following the decline of Chartism witnessed the creation of the movements of Trade Unionism and Co-operation in something like their modern forms. The Roch-

dale Pioneers' Co-operative Society began business in 1844, and, whether or not the society was the first to adopt the method of "dividends on purchases," the development of the Co-operative Movement, as we know it to-day, dates from this period. The Co-operative Wholesale Society, a federation of local societies for trading purposes, was formed in 1863, and the Co-operative Union, the propagandist and educational representative of the movement, in 1869. Throughout this time Co-operation, as a method of mutual trading, was growing rapidly. It developed, however, like the Trade Unionism of the time, on strictly reformist and moderate lines, putting aside the revolutionary ambitions of the previous period.

During this period, Trade Unionism was being slowly built up again into a national movement. The collapse of the "Grand National" had left in existence for the most part only local associations of workers of a single craft. The leaders of these bodies, abandoning their wider and more revolutionary ambitions, set to work to build up the Unions into moderate and essentially constitutional defensive organisations, whose chief function lay, for the time, in the provision of friendly benefits. Strikes were deprecated, and attempts at combination on a basis wider than that of a single trade were regarded with suspicion. When, in 1845, an attempt was made to co-ordinate the Unions in all trades, the new body, the National Association of United Trades for the Protection of Labour, was intended only as a loose consultative committee, and not as an offensive mass formation. The Union, as bodies, took very little part in the Chartist Movement, though, of course, many individual Trade Unionists were active in it.

In 1850-1, the Amalgamated Society of Engineers, the first big amalgamated national Trade Union, was formed by the fusion of most of the local societies of skilled mechanics. Its structure and rules served as a "new model" for other national craft Unions, which were subsequently formed in the same way. The Amalgamated Society of Carpenters and Joiners was formed in 1860. Thus the recovery of Trade Unionism from the collapse of 1834 became complete, and the movement grew again to power, though now each Union was more or less isolated, save for occasional assistance in disputes. From about 1858 onwards, largely as a result of temporary combination for particular purposes, permanent Trades Councils began to be formed in the larger towns, uniting all the local Unions and branches in a district. The London Trades Council was

formed in 1860. The Trades Councils represent the first renewal of the attempt to form a united Labour Movement, including all trades.

The progress made by Trade Unionism was the signal for fresh attacks upon it through the law. The Protection afforded it by the repeal of the Combination Acts was very inadequate, and many workmen were condemned for breach of contract for leaving their employment, or given savage sentences for other offences. Trade Unionism had itself no legal security, and, with the development of considerable funds for benefit purposes, this became a matter of very great importance. The attack on the workers through the law stimulated the desire to unite the whole Trade Union Movement for resistance, and a Special Conference, the first to represent anything like the whole movement, was convened by the Glasgow Trades Council in 1864. In the same year the (First) International Working Men's Association was founded in London, under the inspiration of Karl Marx. The British Trade Union leaders at first played a considerable part in this, and numerous Trade Unions and Trades Councils affiliated to it; but, as it became more definitely a revolutionary Socialist body, the moderate Trade Union leaders withdrew. Numerous working-class propagandist bodies, such as the Land and Labour League (1869), were formed during these years of agitation.

At about this time (1864-5), the employers in a number of trades embarked on a series of lock-outs, and in 1866, a second Trade Union Conference met in Sheffield to consider methods of resistance. In the same year occurred the famous Sheffield outrages, which drew the attention of the governing classes still more to the Trade Union Movement. There were cases of "rattening" or "sabotage," i.e., destruction of machinery and the like. An enquiry was demanded with the object of getting Trade Unionism suppressed; but the Royal Commission of 1867 showed these practices to be entirely exceptional. Its result was to vindicate Trade Unionism completely. William Allan, Robert Applegarth, and the rest of the group known as the "Junta," who had for ten years or so been the recognised leaders of the Trade Union Movement, marshalled the evidence, working through the Conference of Amalgamated Trades, founded in 1867. In the same year, the Master and Servant Act for the first time put employer and workman in the same position in respect of breach of contract, and abolished imprisonment as a punishment inflicted on the worker for breaking his contract by striking. In 1868 the first regular Trade

Union Congress met; but most of the "Junta" held aloof till 1871, when unity was secured, and the first Parliamentary Committee of the Trades Union Congress appointed. The Royal Commission resulted in the Trade Union Act of 1871, which assured the legal position of the Unions; but the Criminal Law Amendment Act of the same year, which prohibited picketing and imposed other restrictions, largely neutralised this gain. A big agitation followed, and at the General Election of 1874 many Trade Union candidates went to the poll, and T. Burt and A. Macdonald, the miners' leaders, were returned to Parliament. The Liberal Government was defeated, and the Unions secured from its Conservative successor the Acts of 1875-6, which greatly improved the position, and gave Trade Unionism its assured legal position and a freedom of action which was adequate until the Taff Vale decision of 1902. These successes were greatly facilitated by the Reform Act of 1867, which, preceded by a strong Labour and Radical agitation, enfranchised the town householders, and thus for the first time created a large working class electorate.

Thus, in the period under review, Co-operation developed with astonishing rapidity and success. Big national Trade Unions were created in a number of trades, the legal status of Trade Unionism was assured, the Trades Union Congress came into existence, and Trade Union representatives appeared in Parliament. Considerable advances were also made in the sphere of factory and other industrial legislation. One important movement arose, only to disappear. In 1872, under the leadership of Joseph Arch, the Agricultural Labourers' Union was founded. It enjoyed a brief period of very great success, and then collapsed. For most of the period the Trade Union Movement was guided by a group of leaders, including the "Junta" and the miners' leaders, who combined great caution and restricted vision with considerable administrative ability.

For Co-operation—

See "The Co-operative Movement." By *Beatrice Potter (Mrs. Webb)*.

"History of the C.W.S." By *P. Redfern*.

"History of Co-operation." By *G. J. Holyoake*.

For Trade Unionism—

See "History of Trade Unionism." By *S. and B. Webb*.

"Builders' History." By *R. W. Postgate*.

"History of Trades Councils." By *C. Richards*.

"History of Labour Representation." By *A. W. Humphrey*.

"Robert Applegarth." By *A. W. Humphrey*.

"Life of Joseph Arch." By *Himself*.

"History of the Agricultural Labourer." By *F. E. Green*.

"Village Trade Unions in two Centuries." By *E. Selleg*.

- For Socialism—
 See "History of British Socialism, Vol. II." By Max Beer.
 "The Workers' International." By R. W. Postgate.
 For Industrial Legislation—
 See "History of Factory Legislation." By B. L. Hutchins and
 A. Harrison.

v. SOCIALISM & THE NEW UNIONISM. 1880—1892.

The successful culmination of the Trade Union struggle for legal recognition was followed after a few years by the great industrial and commercial crisis of 1879. The depression of trade had a serious effect on the Trade Union Movement, which had none the less by this time sufficient stability to survive intact. The early 'eighties are, however, a period of no great significance in Trade Union history, although, after the temporary set-back, the Unions continued to grow in numbers and power. Their policy remained essentially pacific, and, after their legal successes, unenterprising. Consisting mainly of skilled workers, they showed a tendency to dry up into friendly societies. At the most they aimed only at protecting their members under Capitalism, and had no large ambitions or thought of challenging the Capitalist system as a whole. Considerable progress was, however, made, especially by the miners, in securing legislative reforms, culminating in the Mines Act of 1887.

On the other hand, the early 'eighties are notable for the first appearance, apart from the brief career of the First International, of a definite Socialist Movement in Great Britain. In the late 'seventies there was considerable growth and activity among the Radical Clubs in the big centres, especially in London. In 1879 Henry George, the American "Single Tax" advocate, published his "Progress and Policy." This book exercised a great influence in paving the way for Socialist propaganda. It was, however, under definitely Marxian influence that the Socialist Movement made its appearance. The Democratic Federation, which became the Social Democratic Federation in 1884, was founded in 1881, largely on the basis of the more advanced London Radical Clubs. The S.D.F., led by Hyndman, was the first Socialist body of any size in Great Britain. William Morris, at first connected with the S.D.F., left in 1885, and founded the Socialist League, which subsequently became practically "Anarchist." The Fabian Society, adopting a moderate policy of "permeation," was founded in 1884, but did not become influential until after the appearance of "Fabian Essays," in 1890. The S.D.F., and to a less

extent the Socialist League, were the pioneer bodies of British Socialism. The influence of William Morris's ideas and activities in the Socialist Movement, which is often under-estimated, was of great importance in these formative years.

The new ideas abroad in the working class world were not long in producing their effect upon the Trade Union Movement. Hitherto the great mass of the less skilled workers, except in the mining industry, had remained totally unorganised, and had been regarded as "unorganisable" by the leaders of the Trade Union Movement. When Socialists began to emphasise the idea of the class struggle and of the unity of purpose and interest of workers among all grades, the older conceptions of Trade Unionism no longer satisfied those who were touched by the new ideals. Although the S.D.F., judging Trade Unionism by its leaders of the early 'eighties, saw in it no hope of effective anti-capitalist action, and therefore tended to ignore it in their programmes, some of the Social Democrats soon began to agitate among the unorganised less skilled workers, and to try to stir in them the spirit of revolt. New Unions, such as the Gas Workers' and General Labourers', sprang up, and a series of strikes occurred. By far the most important of these was the London Dock Strike of 1889, which is generally regarded as one of the principal landmarks in Trade Union history. The movement, led by Tom Mann, John Burns, and Ben Tillet, attracted widespread public sympathy, and subscriptions poured in. These, and the spirit which animated the strikers, secured a substantial victory. Out of this strike arose the Dockers' Union, and this body, together with the Gasworkers' Union, took the lead in a great organising campaign. Thus the less skilled workers were organised in separate Unions, apart from the skilled workers, whose Unions did not attempt to open their doors for their admission. Indeed, the general attitude of the old school of Trade Union leaders was to regard the new Unions as mushroom growths, which would disappear as soon as the temporary excitement passed over. But, although after a few years there were big drops in membership, the new Unions had come to stay, and the "unskilled" workers had definitely begun to play their part in the Labour movement. It was not long before the new Socialist spirit and the change in the character of Trade Union membership produced a considerable effect on the attitude of the Trades Union Congress, which was for some time a battleground for the rival sections.

The Co-operative Movement continued during this period to make rapid progress within its own sphere, but it was practically unaffected by the coming of Socialism, or by the new spirit animating the Trade Unions. Its record is one of steady commercial growth and expansion, and of a rapid development of the Co-operative Wholesale Society, without any participation in politics or in the Labour Movement in its wider aspects.

The third Reform Act, which enfranchised the householders in the county divisions, was passed in 1885.

For Socialism—

- See "The History of British Socialism, Vol. II." By Max Beer.
"Life of Keir Hardie." By W. Stewart.
"The Record of an Adventurous Life." By H. M. Hyndman.
"Further Reminiscences." By H. M. Hyndman.
"The History of the Fabian Society." By E. R. Pease.
"Fabian Essays." By Bernard Shaw.
"The Early History of the Fabian Society." By Bernard Shaw.
"The Life of William Morris." By J. W. Mackail.
"Socialism, its Growth and Outcome." By William Morris and E. Belfort Bax.

For Trade Unionism—

- See "The History of Trade Unionism." By S. and B. Webb.
"Trade Unionism, New and Old." By George Howell.

VI. LABOUR POLITICS AND INDUSTRIAL UNREST.— THE WAR. 1892—1918.

The influence of Socialist ideas on Trade Unionism was paralleled by its influence in the political sphere. In 1892 many Labour candidates appeared in the field, and Keir Hardie was elected to the House of Commons as the first really independent Labour Member, previous Labour representatives in Parliament having sat as Liberal-Labour Members. In 1893, the year of the great Coal Strike, the Independent Labour Party was formed at Bradford, absorbing a number of local bodies. The I.L.P. soon became the most influential Socialist Society, and at once began to press in the Trades Union Congress the demand for Labour political action, which it visualised as the principal means to the attainment of Socialism. In 1899, the Trades Union Congress voted in favour of forming a Labour Representation Committee. This was formed in 1900, on the basis of a Trade Union-Socialist alliance, and at the General Election of that year it returned two Members, of whom Keir Hardie was one. The L.R.C. assumed the name of "The Labour Party" in 1906.

The most important industrial events of this period were the Coal Strike of 1893, the National Engineering Lock-out of 1896, and the formation of the General Federation of Trade Unions in 1899, as an attempt to unite the workers of all industries for mutual assistance in case of strikes. Both the L.R.C. and the G.F.T.U. were founded by the Trades Union Congress, but in such a way as to be completely independent of it.

In 1902 the whole energy of the Labour Movement was called out by the Taff Vale decision in the House of Lords, which, against all previous opinions as to the meaning of the Trade Union Acts, declared Trade Union funds to be liable for breach of contract and other offences committed by the members. This jeopardised the whole position of the movement, and the agitation caused by it was one of the causes of the return of 29 Labour Members at the Election of 1906. The first action of the new Party was to secure the passage of the Trade Disputes Act of that year. This practically reversed the Taff Vale decision and made Trade Union funds secure. But in 1908 a second legal decision of the House of Lords—the Osborne Judgment—threatened the existence of the Labour Party, by declaring illegal the use of Trade Union funds for political purposes. This also was quite against previous views of the law; for Unions had so used their funds without interference for more than thirty years. Only partial reversal of the judgment, however, was secured in the Trade Union Act of 1913. The Labour Party about maintained its position in the General Elections of 1910, in which the miners' M.P.'s, who had previously sat as Liberals, joined it. The Party, from 1906 to 1914, was sometimes in opposition to, but at other times almost in alliance with, the Liberal Government of the day.

The period before 1900 was one of falling prices and almost stationary nominal wages. From 1900 onwards, prices rose, and up to 1910 at least, real wages fell steadily. This fact, with some disillusionment at the meagre results of political action, led to the growing industrial unrest of the period 1910-1914. The new industrial movement took definite shape in the Seamen's and Dockers' Strikes of 1911, which resulted in important victories. These were immediately followed by the National Railway Strike of the same year, which was a partial victory, and led the way to an important amalgamation of Trade Unions. The National Union of Railwaymen was formed in 1912-13 on an industrial basis, which made it to some extent the twentieth century "new model" of Trade Union structure. The Railway

Strike of 1911 was followed by the National Miners' Strike of 1912, which resulted in the unsatisfactory compromise of the Coal Mines (Minimum) Wage Act. The great Dublin Lock-out of 1913, and the London Building Dispute of 1914, are the outstanding crises of the next two years, and it is certain that, but for the outbreak of war in August, the autumn of 1914 would have been a period of great industrial trouble. The outbreak of war caused a suspension of industrial hostilities, and throughout the war years the number and severity of strikes was very limited in comparison with the years immediately preceding it. The years of war were, however, years of great Trade Union activity; for the enormous rise in prices soon compelled the workers to demand compensating wage advances, and the peculiar conditions of modern warfare necessitated industrial re-organisation. "Dilution" in the workshops led to the growth of a new militant type of Unionism in the "Shop Stewards" Movement, and questions of military service, State control of industry and prices, and foreign policy, all caused the Labour Movement to play a very big part. Despite legislation which greatly abridged industrial liberties, Trade Union membership grew very rapidly, especially among women, whose numbers in the big industries greatly increased. As the war dragged on, both industrial and political unrest became more acute, and the Socialist Movement gained many new recruits. Despite the Munitions Acts, the Military Service Acts, and the Defence of the Realm Acts, Labour emerged from the war far stronger than before. From 1916 onwards, the Labour Party was represented in the Coalition Governments, leaving definitely after the conclusion of hostilities, just before the General Election of 1918. In this year the Party also re-organised itself by admitting individual members as well as affiliated bodies, and by adopting a new programme. The Representation of the People Act, 1918, further widened the franchise for men, and admitted women over 30 to voting rights.

For Labour Representation—

See "The History of Labour Representation." By A. W. Humphrey.

"Life of Keir Hardie." By W. Stewart.

"The History of Trade Unionism." By S. and B. Webb.

For Labour Unrest—

See "The World of Labour." By G. D. H. Cole.

For the War period—

See "Workshop Organisation." By G. D. H. Cole.

"Trade Unionism and Munitions." By G. D. H. Cole.

"The Labour Year Book." Issues of 1916 and 1919.

"Labour in Transition." By W. A. Orton.

VII. LABOUR AFTER THE WAR. 1918—1925.

At the General Election of 1918, Labour, fighting as an independent Party, returned 61 members; but the Coalition Government of Mr. Lloyd George secured an overwhelming majority. Industrial troubles soon began. Every important Trade Union came forward with its programme of demands, and during 1919 important concessions were secured. The working week was in most industries reduced to 48 hours or less; but unofficial strikes on the Clyde and in Belfast for the 40 and 44 hours' week respectively were defeated during the first months of 1919. Then came a mining crisis, resulting in the appointment of the Coal Commission to report on the miners' demands, including national ownership and democratic control of their industry. At the same time the Government summoned a fully representative Industrial Conference of Employers and Trade Unionists to consider industrial reforms. It is now easy to see how these steps, by postponing Trade Union action till demobilisation had been accomplished, tided over the period of greatest danger to the Government.

The Coal Commission first granted higher wages and shorter hours to the miners, and then dealt with the questions of ownership and control. A majority declared the nationalisation with some workers' control, but the Government refused to carry out the decision. The miners threatened direct action, and appealed to the Trades Union Congress, which declared in favour of action to compel the Government to carry out the Commission's Report. But early in 1920 the Congress determined against direct action for this purpose, and in favour of "political action," thus shelving the whole question indefinitely.

Meanwhile, in September, 1919, a national railway strike, on the question of wages, had taken place. Excitement ran high. The Government mobilised all its resources against the strikers, running road services and trains with blacklegs, and spending vast sums in propaganda. Nevertheless, the settlement was favourable to the workers, clear indications having been given that the trouble would become general unless the Government gave way. The power of Labour was at this point at its height. At the municipal elections in November there were sweeping Labour gains.

In 1920 the position was already changing. The withdrawal of the threat to strike for public ownership of the mines was the first sign of the set-back. In the middle of

the year the threat of British intervention in the Russo-Polish War caused a rally. A Council of Action was formed by the national Labour bodies, and local Councils of Action were created in all parts of the country. War was prevented, and Labour credit again stood high. But by the autumn of 1920 the trade slump, following on artificial post-war prosperity, was beginning, and the number of unemployed was rapidly increasing. A national mining strike in the autumn ended in a temporary and inconclusive settlement.

By the beginning of 1921 the position had fundamentally changed, and the great counter-offensive against Labour was beginning. Its first outstanding incident was the national mining lock-out of April, 1921, following on the premature decontrol of the mines by the Government, which, armed with arbitrary authority under the Emergency Powers Act passed in 1920, mobilised the whole resources of the State to defeat the workers. The miners appealed to their Triple Alliance partners, the railwaymen and transport workers, who decided on a sympathetic strike. But the other Unions quarrelled with the miners on the question of strategy, and the Triple Alliance strike was cancelled on April 15th ("Black Friday"). The miners fought on until the end of June, when they had to admit defeat in face of the depression. Throughout 1921 wages in all trades came tumbling down, often more rapidly than the cost of living. When the workers struck they were worsted; when they yielded without a stoppage the result was the same. The national engineering lock-out of 1922, ending in the defeat of the engineers, was the culminating point of the Capitalist offensive which began with the mining dispute. Meanwhile, the number of unemployed varied between two millions and a million and a half, and Trade Union funds were wholly depleted by payment of benefits. Trade Union membership, which had reached nine millions at the end of 1920, decreased fast to about five millions in 1924. Nevertheless, at the General Election of 1922 the Labour Party secured 138 seats, and the Co-operators, who had entered politics in the 1918 election, another four.

Another General Election in 1923 gave Labour over 190 seats and deprived the Conservatives of their majority. They resigned, and the Labour Party formed a minority Government with the qualified support of the Liberals. This Government—the first Labour Government—held office from January to October, 1924, and was then turned out nominally on a minor issue (the *Workers' Weekly* prosecution), but really over its proposal to conclude a treaty with Russia.

The Election of October, 1924, was fought on the Russian issue. Labour increased its poll, but lost seats owing to much heavier voting, due to the *canard* of the so-called "Zinovieff Letter." Labour M.P.'s fell to 151, and a Tory Government returned to power.

Meanwhile, unemployment had continued, almost unaffected by the changes of Government, and the slump in wages and Trade Unionism had gone on, but at a decreasing pace. In 1924 there was much talk of "stabilisation," and wages and prices actually became more stable, at a considerably reduced working-class standard of living. Towards the end of the year there began a marked revival in Trade Union activity. Proposals were made for an Anglo-Russian Trade Union alliance, and deputations of Trade Unionists from the two countries paid mutual visits. Early in 1925 most of the big Unions came forward with new programmes, asking for improvements in wages and conditions. Trade Union membership began to pick up, and attempts were made to improve organisation and to bring the Trades Councils into closer relations with the Trades Union Congress. As I write, the Labour position seems distinctly better than at any time since the collapse of 1921. But unemployment is still widespread, and there has been no real recovery of trade prosperity.

See "The Workers' Register of Capital and Labour." *By the Labour Research Department.*

"Wages, Prices and Profits." *By the Labour Research Department.*

"Labour in Transition." *By W. A. Orton.*

"Labour in the Coal Mining Industry, 1914-1921." *By G. D. H. Cole.*

VIII. THE PRESENT POSITION OF LABOUR ORGANISATION, 1925.

There are four main sections of the organised Labour movement to-day—Industrial, Political, Socialist, and Co-operative. These are related and linked together in various ways.

Industrially, the workers are organised in over a thousand separate Unions of every conceivable type and structure, conflicting, overlapping, and acting together in most diverse ways. In some cases there is an approximation to union by industry; that is, the combination in one union of all grades of workers employed in a particular

industry. Of this type are the National Union of Railwaymen, the Miners' Federation, and others. Others are craft, or kindred craft, Unions, organising only workers possessing a common craft, or belonging to a number of kindred crafts. Such are the Amalgamated Engineering Union, the Spinners' Amalgamation, and many others. Often, where an industry is organised on a craft basis, there is a federation covering the industry as a whole. (Building, printing, etc.). The less skilled workers are still largely organised apart in the general labour Unions, which have grown immensely in recent years, and are federated together in the National Federation of General Workers. Despite the very large number of separate Unions, the real power of the Labour Movement is largely concentrated in a comparatively few very large Unions and Federations.

The central industrial body is the Trades Union Congress, to which nearly all the big Unions belong. This now represents 4,328,000 (1924) out of a total of about 5,400,000 (1923) Trade Unionists. It carried through, in 1920-1, a scheme of co-ordination designed both to create a "General Staff" and central direction for the whole Trade Union Movement and to secure close co-operation with the Labour Party. Locally, Trade Union branches are co-ordinated by Trades Councils; but, on the industrial side, quite inadequate use has hitherto been made of these bodies, which are for the most part weak, owing to lack of funds and co-ordination. An attempt is now being made to strengthen the Trades Councils and to link them up with the Trades Union Congress. A remarkable tendency of the last few years has been the development of Trade Union organisation among non-manual workers, united since 1920 in a Federation of Professional Workers.

Politically, the Trade Unions and some of the Socialist Societies are united in the Labour Party, with its local Parties in most constituencies. There is an increasing tendency for the Labour Party and the Trades Union Congress to act jointly on big questions of policy, especially on international matters.

The leading Socialist Societies are the Independent Labour Party and the Communist Party, formed in 1920, which absorbed the old British Socialist Party. The Socialist Movement is much divided at present in the question of policy, especially in relation to the question of Bolshevism or Communism. A more extreme point of view gained

ground rapidly after the Russian Revolution. This dispute is one which exists in the Socialist Movement in practically all countries at the present time. The Communist Party applied for affiliation to the Labour Party, but was refused. It secured the return of one M.P. in 1924.

The Co-operative Movement, with its four million members in distributive stores covering almost the whole country, is linked up nationally for three distinct objects. The Co-operative Wholesale Society (and for Scotland the Scottish C.W.S.) is a federation of local societies with an enormous wholesale business, large productive works, and banking and insurance departments of its own, and a growing international trade. An International C.W.S. has recently been formed, but is still in an embryonic condition. The Co-operative Union is a more inclusive federation, uniting not only the local and wholesale societies, but also the producers' societies and the women's and men's Guilds. Through its Annual Co-operative Congress, it represents the propagandist and educational side of the Movement. The Co-operative Party, created by the Congress in 1918, generally works in alliance with the Labour Party in the constituencies, but is not formally linked up with it. This recent entry of the Co-operative Movement into politics, and also the closer relations between the Trade Unions and the Co-operative Movement for industrial purposes, are likely to lead to important further developments. Considerable trouble, however, has arisen in recent years between the Co-operative Societies and their employees, and these hinder a complete common understanding. The Women's Co-operative Guild is an important educational and propagandist body, representing women co-operators.

A great deal remains to be done in order to make the organisation of any section of the Movement really effective, or adequate to the task before it.

For Trade Unionism—

See "Organised Labour: An Introduction to Trade Unionism."
By G. D. H. Cole.

"The History of Trade Unionism." By S. and B. Webb.

There are no up-to-date books describing the political Labour or the Socialist Movement. See the literature issued by the various bodies.

For Co-operation—

See "Co-operation and the Future of Industry." By L. S. Woolf.

"The Consumers' Co-operative Movement." By S. and B. Webb.

IX. SOCIAL THEORIES OF TO-DAY. 1925.

Trade Union policy has developed in recent years in a quite definite direction—that of a demand for a real share in the “control of industry.” This is seen most clearly in the change of attitude on the question of “nationalisation.” With the demand for public ownership, common to Socialism and Trade Unionism since the ’nineties, is now coupled the demand for “democratic control” or “workers’ control” in industry. The demands placed by the Miners’ Federation before the Coal Commission in 1919 form the clearest Trade Union exposition of this new policy.

The new Socialist Movements of the past decade have all stressed this demand. Syndicalism and Industrial Unionism before the war, the Shop Stewards’ Movement and Guild Socialism, are alike in this respect, and the older Socialist bodies, such as the I.L.P., have been led to accept the new demand, of which the Guild Socialists, working through the National Guilds League, the Marxian Industrial Unionists, and latterly the Communists and the “Minority Movement” in the Trade Unions have been, from their varying standpoints, the most active propagandists. These developments of British Trade Unionism have been closely akin to developments of Socialist thought in other countries. On the other hand, a school of Co-operative theorists is inclined to reject the demand for producers’ control in favour of consumers’ control of industry exercised through Co-operation.

Recently, the new situation caused by the Russian Revolution has caused a vast upheaval of opinion throughout the Labour Movement, and acute differences have arisen concerning Communism with its insistence on the “Soviet System,” and the “dictatorship of the proletariat.” The Communists, who are revolutionaries, are sharply divided from the evolutionary political Socialists, and there is a large body of Intermediate opinion that has not yet found coherent expression in any organisation.

It is impossible, in a syllabus, to discuss the rival Socialist theories and policies, or to do more than state a few of the leading questions of immediate policy involved. The principal problems seem to be:—

- (1) The question of revolution. To what extent should the policy of Labour be directed to catastrophic, or revolutionary, action, and to what extent only to constitutional or ordinary industrial action?

- (2) The attitude of Labour towards the State. Is it to be regarded as an instrument of class domination to be captured in order to be overthrown, or as a piece of social machinery, to be captured by constitutional parliamentary action and thereafter used for the establishment of Socialism?
- (3) The industrial policy of Labour. How is Labour to take the next steps towards its ideal of democratic control in industry? Is the Guild method, which has been tried in certain trades, capable of general application, or workable at all within a capitalist Society?
- (4) The question of "Direct action." Is Labour wise in seeking to use its industrial power for political purposes to bring pressure on the State by strike action?
- (5) The question of Parliamentary action. What use should Labour make of the political weapon, and what should be the policy of Labour representatives, or of a Labour Government, in Parliament?
- (6) The question of internationalism. What should be the attitude of Labour on questions of world politics, and what its relations to foreign Labour movements, industrial and political, and to international revolutionism? What should be its relations with Russia?

For Trade Union Policy—

- See "Trade Unionism: a new model." By *R. Page Arnot*.
 "Workers' Control in Industry." By *G. D. H. Cole* (I.L.P.)
 "Further Facts from the Coal Commission." By *R. Page Arnot*.
 And many other pamphlets.

For Guild Socialism—

- See "National Guilds." By *S. G. Hobson*.
 "Guild Socialism Re-stated." By *G. D. H. Cole*.
 "National Guilds: an Appeal to Trade Unionists." (National Guilds League). And many other books and pamphlets.

For Co operation—

- See "The Consumers' Co-operative Movement." By *S. and B. Webb*.
 "Socialism and Co-operation." By *L. S. Woolf*.

For the latest attitudes of political Socialists—

- See "A Constitution for the Socialist Commonwealth of Great Britain." By *S. and B. Webb*.
 "Socialism, Critical and Constructive." By *J. R. MacDonald*.

- For Communism—
 See "The State and Revolution." By *N. Lenin*.
 "The A B C of Communism." By *N. Bucharin and E. Preobrazhensky*.
 "Left-Wing Communism," an Infantile Disorder. By *N. Lenin*.
 For Syndicalism—
 See "Syndicalism in France." By *L. Lemm...*

x. THE INTERNATIONAL LABOUR MOVEMENT. 1847—1925.

International Socialism found its first clear expression in the Communist Manifesto, drawn up by Marx and Engels in 1847. Effective international organisation was, however, much longer in arriving.

The First Socialist International was founded in London in 1864, after an address by Karl Marx. It included at first the British Trade Union leaders, as well as the Continental Socialists. Many of the former, however, withdrew as its policy became more clearly revolutionary. The Paris Commune of 1871 made this finally clear. Soon dissensions broke out, especially between the followers of Marx and Bakunin. The headquarters were removed from London to America, where the International expired in 1876. The movement which created the Second International began in 1889, when the First International Socialist Congress met in Paris. In 1900, there grew out of the Congress the more permanent International Socialist Bureau, which in 1914 had its headquarters in Belgium, and during the war in Holland. The office of the Bureau is now in London. The British Labour Party, as well as the Socialist Societies, was affiliated to this body. In 1901 was held the first regular International Trades Union Congress, though less formal conferences had been held much earlier. Out of the 1901 Congress grew the International Federation of Trade Unions, to which only the British General Federation of Trade Unions, and not the Trades Union Congress, was affiliated. This Federation had its headquarters in Germany before the war. There were also International Federations of workers in most of the principal industries, including miners, textile workers, metal workers, transport workers, postal workers, and many others. Most of these had their headquarters in Germany. The Co-operative Movement was linked up internationally by the International Co-operative Alliance, founded in 1895.

The war has profoundly altered the face of international Labour organisation. The International Co-operative

Alliance, indeed, continues largely unchanged, and an International Wholesale Society has at last been formed. The International Federation of Trade Unions, and most of the separate Industrial Federations, have been reconstructed, and new ones, including one for agriculture, have been formed. The British Trades Union Congress is now affiliated to the International Federation of Trade Unions, which is centred in Amsterdam. International Socialism is, however, now sharply divided between the reconstituted Second International, and the new Third (or Communist) International, which is centred in Moscow. Opinion in almost every country is acutely divided, and a number of important bodies are not at present affiliated to either International. This division has extended to the industrial sphere, and there is a "Red International of Labour Unions," in sharp hostility to the Amsterdam I.F.T.U. Attempts have recently been made to bring the I.F.T.U. and the R.I.L.U. together in the name of international industrial unity, but so far these show little hope of success, though the establishment of friendly relations between the British and Russian Unions may modify the position. In some countries, notably France, the Trade Union Movement has been split in half by the struggle between Communists and Anti-Communists. The position is changing so rapidly that it is useless to attempt to describe it. Again, it is only possible to indicate certain questions, while pointing out that the main problems involved are the same as those raised at the end of the preceding paper:—

- (1) Is an inclusive Socialist International possible?
- (2) What is the proper function of International
 - (a) Socialist; (b) Trade Union; (c) Co-operative organisations?
- (3) What are the real questions at issue between the Second and Third Internationals?

For International Socialism—

- See "The Workers' International." By *R. W. Postgate.*
 "Socialism and the Social Movement." By *W. Sombart.*
 "International Socialism and the War." By *A. W. Humphrey.*
 "The Socialists and the War." By *W. E. Walling.*
 "The War of Steel and Gold." By *H. N. Brailsford.*
 "The Labour Year Book, 1919."
 "Labour Party Annual Reports."
 "The Manifesto of the Communist Party, 1847."
 "The Bolshevik Theory." By *R. W. Postgate.*
 "The Two Internationals." By *R. Palme Dutt.*

For International Trade Unionism—

- See "Le Syndicalisme Européen." By *Paul Louis.*
 "Reports of the International Federation of Trade Unions."
 "Labour's Alternative." By *Edo Fimmen.*

x1. LABOUR AND EDUCATION.

Though there were many earlier attempts to provide education for the working class by Settlements, Working Men's Colleges, Extension Lectures, Adult Schools, etc., educational movements actually controlled and directed by the workers are of comparatively recent date. There is likely to be a great development of such agencies in the near future, as the demand is rapidly growing, and the Labour Movement is realising its responsibilities in this respect. The principal existing agencies are, first, the two residential colleges, Ruskin College, Oxford, and the Labour College, London. The latter is jointly owned and controlled by the National Union of Railwaymen and the South Wales Miners' Federation. It has a propagandist auxiliary in the Plebs League, and is connected, through the National Council of Labour Colleges, with a number of (non-residential) Colleges and Councils for Independent Working-Class Education throughout the country. All the Labour Colleges, except Ruskin College, are predominantly Marxian in attitude. Ruskin College maintains a large Correspondence Department, in addition to its collegiate work. Of a different type is the Workers' Educational Association, with branches throughout the country, to which many Trade Unions and other Labour bodies are affiliated. It is both a propagandist body focussing Labour opinion on all educational matters, and a body for the organisation of classes, both on its own and in conjunction with the various University Tutorial Classes Committees, the local education authorities, and the Board of Education. The W.E.A. is criticised by the Plebs League, whose motto is "I can promise to be candid but not impartial," for its "non-sectarian and non-party-political" attitude. It maintains, jointly with a number of Trade Unions, a Workers' Educational Trade Union Committee, which provides special educational facilities for Trade Union members. The Co-operative Movement also does important educational work, and both it and the W.E.A., in addition to organising winter classes throughout the country, conduct a number of summer schools. Ruskin College has also a Trade Union Summer School. The work of the Labour Research Department, which acts as an information bureau, research department, and publishing agency for Labour, and has many hundreds of affiliated Trade Unions, Co-operative Societies and other Labour bodies, has also important educational aspects.

Recently the Trades Union Congress has taken up the question of working-class education and endeavoured to end the quarrels, and to co-ordinate the work, of the various educational bodies. The W.E.A., N.C.L.C., Ruskin College, and Labour College are all represented, together with the Educational Department of the Co-operative Union, on the T.U.C. Education Committee, which is attempting to draft an inclusive scheme of educational work under which the Unions will be able to use the services of all the bodies concerned. A resolution endorsing this policy was adopted at the T.U.C. in 1924.

See Final Report of the Adult Education Committee of the Ministry of Reconstruction.

Report of the Trade Union Education Enquiry Committee on "Educational Facilities for Trade Unionists."

Trade Union Congress Reports, 1921-4.

"The Plebs" (organ of the National Council of Labour Colleges, monthly).

"The Highway" (organ of the W.E.A.)

Information concerning the various movements can be obtained by direct application to the organisations concerned.

DATES.

PERIOD II. 1760-1832.

- 1766 Agrarian troubles.
- 1789 French Revolution.
- 1791 Riots at Birmingham (Dr. Priestley).
- 1792 London Corresponding Society formed.
- 1793 Reform Convention at Edinburgh (Transportation of Leaders).
- 1794 Trial of Horne Tooke, Hardy and others.
Suspension of Habeas Corpus Act.
- 1795 Agricultural troubles. Speenhamland decision.
Treasonable Practices and Seditious Meetings Acts.
- 1797 Mutiny at the Nore.
- 1799 Unlawful Societies Act and Combination Act.
- 1800 Further Combination Act.
Owen at New Lanark.
- 1801 Enclosures (Consolidation) Act.
- 1802 First Factory Act (Health and Morals of Apprentices). Cobbett's *Political Register* begins.
- 1810 Durham Miners' Strike.
- 1811 Luddite Riots.
- 1813 Elizabethan Wage Legislation repealed.
- 1814 Elizabethan Apprenticeship Legislation repealed.
- 1816 Spa Fields and other Riots.

- 1817 The March of the Blanketeers and the Derbyshire troubles. Seditious Meetings and Assemblies Act. Corresponding Act renewed. Suspension of Habeas Corpus.
- 1819 Peterloo Massacre. Six Acts.
- 1821 London Co-operative and Economic Society.
- 1824-5 Repeal of Combination Acts.
- 1825 Stockton and Darlington Railway.
Northumberland and Durham Colliers' Union.
- 1826 Lancashire Power-Loom Riots.
- 1829 London Co-operative Trading Association.
Grand General Union of the United Kingdom.
- 1830 National Association for the Protection of Labour.
"Captain Swing." Last Labourers' Revolt.
- 1831 National Union of the Working Classes and Others.
- 1832 First Reform Act.
- PERIOD III. 1832-1848.
- 1832 Owen's Labour Exchange.
Builders' Union founded.
- 1833 First effective Factory Act. Builders' Guild.
1834. Grand National Consolidated Trades Union
founded.
- London Building dispute.
Dorchester Labourers condemned.
New Poor Law.
- 1835 Municipal Corporations Act.
- 1836 London Working Men's Association founded.
- 1837 Financial Crisis.
- 1838 Charter adopted.
Manchester Anti-Corn Law Association founded.
- 1839 Chartist Convention and Petition.
Newport "Insurrection."
- 1840 National Charter Association.
- 1841 Miners' Association of Great Britain (d. 1848).
- 1842 Complete Suffrage Movement.
Second Chartist Petition.
First Mines Act.
Peel's Corn Law.
- 1844 Rochdale Pioneers start business.
Peel's Factory Act.
- 1845 National Association of United Trades for the
Protection of Labour.
- 1846 Repeal of the Corn Laws.
- 1847 Ten Hours Act.
Communist Manifesto.
- 1848 Year of Revolutions in Europe.
Last Chartist Petition.

PERIOD IV. 1848-1880.

- 1848 Public Health Act.
1849 Repeal of Navigation Acts.
1850-1 Amalgamated Society of Engineers founded.
1858 London Building Lock-out.
Glasgow Trades Council formed.
1860 London Trades Council formed.
Amalgamated Society of Carpenters and Joiners
founded.
Conciliation Board in Hosiery Trade.
The Beehive founded.
1863 Co-operative Wholesale Society formed.
1864 First Trade Union Conference on Law of Contract.
International Working Men's Association formed.
1866 Trade Union Conference on Lock-outs.
United Kingdom Alliance of Organised Trades
formed (d. 1870).
London Working Men's Association formed.
Sheffield "Outrages."
1867 Royal Commission on Trade Unions.
Conference of Amalgamated Trades ("Junta")
formed.
Second Reform Act.
Master and Servant Act.
1868 Trades Union Congress founded.
1869 Co-operative Union and Scottish C.W.S. founded.
Labour Representation League founded.
National Land and Labour League founded.
1870 Education Act.
1871 Trade Union Act.
Criminal Law Amendment Act.
First Parliamentary Committee of Trades Union
Congress appointed.
North-East Coast Engineers' Strike.
1872 Agricultural Labourers' Union founded.
1874 First Labour M.P.'s (Burt and Macdonald) elected.
1875 Conspiracy and Protection of Property Act.
Employers and Workmen Act.
Public Health Act.
1876 Factories and Workshops Consolidating Act.
Trade Union Amending Act.

PERIOD V. 1880-1892.

- 1880 Henry George in England.
Employers' Liability Act.
1881 Democratic Federation formed (S.D.F.).

- 1883 Fabian Society and Co-operative Women's Guild formed.
- 1885 Socialist League formed.
Third Reform Act.
- 1886 United Textile Factory Workers' Association formed.
- 1887 Trafalgar Square (Unemployed) Demonstrations.
- 1888 Scottish Labour Party formed.
Miners' Federation of Great Britain formed.
Local Government Act (County Councils).
- 1889 London Dock Strike. Gasworkers' and Dockers' Unions formed.
- 1890 Fabian Essays.

PERIOD VI. 1892-1922.

- 1892 Keir Hardie and John Burns elected to Parliament.
- 1893 Independent Labour Party founded.
Royal Commission on Labour.
- 1894 Trades Union Congress votes for Nationalisation.
Parish Councils Act.
- 1895 Trades Councils expelled from Trades Union Congress.
- 1896 Engineering Lock-out.
- 1897 Workmen's Compensation Act.
- 1899 General Federation of Trade Unions formed.
Ruskin College founded.
London Government Act (L.C.C.).
- 1900 Labour Representation Committee formed (Hardie and R. Bell elected).
International Socialist Bureau formed.
- 1901 Taff Vale Judgment.
International Federation of Trade Unions formed.
- 1902 Education Act.
- 1903 Workers' Educational Association founded.
- 1904 L.R.C. joins Socialist International.
- 1906 L.R.C. becomes Labour Party (29 Labour M.P.'s returned).
Trade Disputes Act.
- 1907 Railway All-Grades Movement.
- 1908 Old Age Pensions Act.
Coal Mines (Hours) Act.
Osborne Judgment.
- 1909 Central Labour College founded.
Poor Law Commission Reports.
Trade Boards Act.
Labour Exchanges Act.

- 1909 "Lloyd George" Budget.
- 1910 Two General Elections.
Transport Workers' Federation formed.
Syndicalist Movement in England begins.
- 1911 Railway and Transport Strikes.
Insurance Act.
Parliament Act.
- 1912 Coal Strike and Coal Mines (Minimum Wage) Act.
London Transport Strike.
Shops Act.
Daily Herald and *Daily Citizen* founded.
- 1913 National Union of Railwaymen formed.
Trade Union Act (Political Action).
Labour Research Department founded.
- 1913-4 Dublin Dispute (Larkin).
- 1914 London Building Lock-out.
Outbreak of War.
- 1915 Treasury Agreement and Munitions Act.
Shop Stewards' Movement begins.
National Guilds League founded.
Triple Alliance formed.
Labour enters Coalition Government.
- 1916 Clyde Deportations.
First Military Service Act.
Irish Rebellion.
- 1917 First and Second Russian Revolutions.
Iron and Steel Trades Confederation formed.
Consumers' Council formed.
Trade Union Amalgamation Act.
Corn Production Act.
Whitley Report.
- 1918 Trade Boards Act.
Education Act.
Representation of the People Act.
New Labour Party Constitution.
Termination of War.
Labour leaves Coalition. General Election.
- 1919 Forty Hours' Strikes—Clyde and Belfast.
National Industrial Conference.
Coal Industry Commission.
Police Strike.
Railway Strike.
Washington Labour Conference.
Industrial Courts Act.

- 1920 : Dockers' Inquiry.
 Building Guilds founded.
 Amalgamated Engineering Union formed.
 Communist Party founded.
 Council of Action formed.
 Trades' Union Congress adopted "General Staff"
 proposal.
 Mining Strike.
 Emergency Powers Act.
- 1921 Mining Lock-out.
 "Black Friday."
 National Council of Labour Colleges formed.
- 1922 Engineering Lock-out.
 General Election (Labour strength 142).
- 1923 General Election (Labour strength, 191).
- 1924 Labour Government in Office (Jan. to Oct.).
 Red Letter Election (Labour strength, 151).
- 1925 Report of Trade Union Mission to Russia issued.
 Trades Councils recognised by T.U.C.

HINTS FOR STUDENTS AND CLASS-LEADERS.

1. TO STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all

other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class education. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2. TO TUTORS AND CLASS LEADERS.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there: recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, &c.). Select the books carefully, yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

Look out for——

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AUTHOR'S NOTE.

THIS introduction to the study of finance has been prepared with a view to helping the student to realise, not only the abstract mechanism of finance, but also the growth of the financial system and the part it has played in the development of industrial production. The syllabus has not, therefore, been confined to "pure" finance, many of the details of which are of little interest except to bankers.

For the first five studies, the standard financial text book, "The Meaning of Money," by Hartley Withers (Murray, 6/-), is almost indispensable. A shorter and necessarily less exhaustive work, which however deals with certain newer financial developments, is "Modern Finance," by Emile Burns (Oxford University Press, 2/6).

For the ground covered by the second five studies no text books exist. At the same time, the ground covered is the actual development of industrial finance at the present day; the daily Press, some recent studies issued by the Labour Research Department, and any balance-sheets of industrial companies that can be got hold of are the main aids to study. Some compensation for the absence of any definite text book is the fact that the subjects dealt with are actually current subjects of discussion in the Press, and have a more definite interest for that reason. The class-leader at least should make himself familiar with the facts given in the "Labour and Capital" series (1/- each) issued by the Labour Research Department, covering the financial operations in the main industries. He should also make a point of securing a balance-sheet of some company known to the class, and of noting any current company reports in the Press, for discussion by the class.

The syllabus is divided into ten sections; the class will decide for itself which subjects should be examined in greater detail, if it wishes to divide it into twelve or more studies. After Section IX. has been reached, the accounts of special companies would afford an inexhaustible series of studies.

E. B.

I.—WHY THE FINANCIAL SYSTEM HAS ARISEN,

IN beginning a study of the financial system one point must be got hold of immediately. In any modern community, there is an established system of law which lays down rules of *property* and the *right to use things*. That system does not, in most countries, correspond with either the need of people to use things, or their ability to use them.

Hence it follows that the community could not continue to exist if there were not some means of getting over the barriers of private property, and effecting transfers of the right to use from the people who have, and do not want to use, to the people who have *not*, and *do* want to use.

The class which has no *property* must produce in order to live ; it must, by some means, get the right to use the sources of production. The feudal system was one method ; the industrial capitalist system, working through financial middlemen, is another.

The financial system has grown up as a device for making industrial production possible in spite of the system of private ownership and private rights, which, rigidly adhered to, would have stifled the community. It has made possible, not only barter—the exchange of goods or rights—but also credit, the lending of goods or rights.

Nevertheless, it has been built up by those who *have* the goods and rights according to established law, so that the system is devised so as to give, to those that have, something more, which is *interest* for lending their rights to enable the world to live ; while it gives to the actual users of the productive resources, not what they produce, but wages, only a partial equivalent to their production. The balance goes to maintain (1) those that have legal rights to use, but do not produce, and (2) the financial middlemen who arranged the business. The whole financial system as we know it, therefore, depends on the system of private ownership, and is the means by which private owners enable production to go on so long as they can draw tribute from it.

In studying the financial system we must never lose sight of the fact that, ingenious and useful as it undoubtedly is in an established system of private ownership, many of the processes involved would be done away with under public ownership. Further, we must remember that money, whether gold, silver, notes, or finance-money, is essentially a *title to the use of things*.

Money is primarily a medium of exchange, to simplify the process of barter on which modern life depends. Historically, any

object—such as a shell or an iron ring—which is commonly used as a medium of exchange may be called money. In the modern pre-war period, gold, silver, or other metal coins, and Notes (Bank or State) were the universal forms of money used for comparatively petty transactions. Up to perhaps 150 years ago, normal transactions could actually be carried out in gold; in the early part of last century the common use of Bank Notes developed, and economists insisted on the importance of gold backing for Notes. Gold was important because it had *intrinsic* value; Notes had only credit value derived from the fact that they were exchangeable into gold. But when general confidence in Notes had been established, the gold basis, although still required by legislation, became meaningless, and Notes became the usual form for larger transactions.

The rapid expansion of industry and of commercial transactions on a large scale, however, soon made both gold and notes useless as means of exchange; and these forms have no special importance in modern finance. Their place has been taken in ordinary business transactions by an abstract "money of account." It is this money of account, with the financial machinery that creates it and controls it, which requires study; coins and notes are now only the small change of finance-money.

Suggestions for Reading :—

"The Meaning of Money," Chapters I. and II. The student should note the author's unquestioning acceptance of the facts he describes: the question of *why* the money system has arisen does not seem to occur to him.

Todd, "The Mechanism of Exchange," Chapters II. and IV. (Humphrey Milford, 7/6).

II.—THE FUNCTIONS OF BANKS.

Historically, finance-money was made possible by the growth of financial institutions. For convenience, these are here referred to generally as Banks, although they have had many forms—as one department of a general business; as Banks in the modern sense; as specialised firms, doing only money-lending or foreign exchange, etc.

In this wide sense, Banks grew up as institutions for (a) collecting money, (b) lending money, at a charge for interest.

The collecting of money is carried out in three ways :—

(1) On the formation of the Bank, the group forming it brings in a sum of money as the "capital" of the Bank. In former times, this group would be an individual and his family or friends; at later periods, it would be a group including not only the promoters, but also such of the "investing public" as could be induced to put their money into it.

(2) When it starts business, the Bank receives money from the public in "current" and "deposit" accounts. Originally, the attraction offered by Banks was that they were safe places where money not wanted immediately could be left. The second attraction was the payment of interest on money thus left in the Bank. But the third and most important was the convenience, growing almost to a necessity as business transactions grew in size, which Banks offered through the cheque system.

[NOTE.—*Deposit Accounts* are those in which a customer pays into the bank a fairly large sum of money, which he can only withdraw after giving notice. The period of notice varies—a few days for small sums, weeks or months for large sums. On such deposits the bank pays interest to the customer. *Current Accounts* are those in which a customer pays in money, but retains the right to take it out at any time without notice. As a rule, banks do not pay interest on money in current accounts (except where fairly large balances are habitually kept). The customer, however, benefits by the cheque system; he can write an order to the bank (*i.e.*, a cheque) to pay some or all of the money in his account to any person, and that cheque is negotiable through any other bank, in any part of the country.]

(3) Some of the profit made by the Bank (from interest on loans, etc.) is usually kept in the business, the rest being paid as dividends to shareholders.

Banks lend the money thus collected in a variety of ways, the most important being :—

(1) A simple loan to a customer; interest is payable periodically, and usually there is (*a*) a fixed term for repayment of the loan, (*b*) some "security," as when the borrower gives a mortgage on some property, entitling the Bank to sell the property and recoup itself if the loan is not repaid.

(2) On "overdraft," *i.e.*, the customer is allowed to draw on his current account more than he has to his credit. Interest is charged on the amount "overdrawn," the customer wiping out the debt gradually by payments into his current account.

(3) Discounting "bills of exchange," *i.e.*, cheques drawn by one trader, who has sold goods, on another, who has bought them; the second having to pay the bill (by arrangement) some months later. The bank pays the amount of the bill to the first trader immediately, deducting "discount" or interest for the period until the bill is payable; and when the bill falls due for payment, usually three or six months later, the bank collects the whole amount from the second trader, thus clearing the interest.

(4) Investing in some other concern.

NOTE.—Banks have other ways of making money, for example, by acting as agents in the formation of companies, or doing other work on commission. But interest on loans and discount on bills of exchange form the main sources of income.

Suggestions for Reading :—

"The Meaning of Money," Chapter IV.

"Modern Finance," Chapters I., III., and IV.

Todd, "The Mechanism of Exchange," Chapter IX.

For more detailed study—Dunbar, "The History and Theory of Banking."

III.—THE CREATION OF CREDIT MONEY.

UP to the present we have assumed that the Banks could only lend such money as they have collected (as capital, deposits by their customers, or profits retained in the business). Before the invention of Bank Notes this was obviously the only money they could lend. When, however, a Bank could issue Notes, which in practice were accepted by the public, the Bank could also lend (and charge interest on) its Notes.

The Notes, however, had to be exchangeable into gold, or the public would not have accepted them; therefore, at first the Bank had to keep in reserve a large sum of gold in case the public demanded payment of the Notes in gold. There was, however, always a margin between the number of Notes issued and those presented at the Bank for payment in gold, owing to the fact that some holders of Notes would use them to pay their debts, instead of going to the Bank, drawing gold, and paying their debts in gold.

This margin (the Notes usually outstanding) set the limit to the additional amount of loans the Banker could give by means of Notes. As public confidence in Notes grew, the margin also grew, enabling the Banker to increase the Notes issued without an actual gold reserve to exchange them for if presented.

Thus the amount of loans the Bank could issue was determined by the margin of Notes outstanding—the amount the public usually kept in circulation without asking for their exchange into gold—in addition to the amount of the Bank's capital, deposits, and profits kept in the business.

Notes were the first form of "finance money" by the Banks, enabling them to issue as loans (and earn interest on) *more money than they had*. The development of the financial system enabled them later to develop a new form of "finance money" in the following way:—

The utility of cheques in the growing transactions of modern times led every business, public authority, and moneyed person to put their money into banks on current account, drawing cheques from time to time to meet their current needs. But just as in the case of Notes there were always some outstanding, so in the case of current accounts there was always a balance not yet drawn by the

mass of customers. As the number of customers increased, the aggregate balances not yet drawn became considerable. After a time the Banks came to know the approximate size of this balance, being then able to use that amount as loans (at interest) to other customers.

The second stage was the development of branches of banks all over the country. It became increasingly common that A, who was making a payment to B, used the same bank, or another branch of the same bank as B. In such cases A draws from his current account say, £1000 by cheque and B pays the cheque for £1000 into his own account. The Bank makes the transfer in its books, *but has not used any actual money in doing so*. The daily aggregate of such transactions (especially now that the number of important banks in England is reduced to five) is enormous. The Bank can use that sum in loans (at interest) to its customers, for, in practice, they never draw it away from the Banks.

The third stage was the realisation by the Banks that what was true of ordinary customers' current accounts was true also of the accounts of customers to whom they made loans. To lend £1000 to A does not mean that A immediately withdraws £1000. He may want it to pay to B, who is another customer of the same bank. The bank knows from experience that only a certain percentage of a loan placed at the disposal of a customer will actually be taken away from it in cash, or in payments to customers of other banks.

The fourth stage was the development of mutual relations between banks. At the same time as Lloyds is lending to A, Barclays is lending to X. That proportion of Lloyds' loan to A which is paid to a customer of Barclays is balanced by a proportion of Barclays' loan to X which is paid to a customer of Lloyds. Here again no money is actually drawn; Barclays and Lloyds simply exchange cheques.

Thus it is that Banks can lend (at interest) considerably more money than they actually have, which at first sight seemed impossible. This extra credit or finance-money is the product of a highly-developed Banking system, in which Banks are everywhere, are used for practically every transaction, and enjoy public confidence.

Suggestions for Reading :—

- "The Meaning of Money," Chapters III., V., and VII.
 - D. H. Robertson, "Money" (Nisbet, 5/-), Chapter IV.
-

IV.—THE CLEARING HOUSE AND CENTRAL BANK.

ALL important business transactions are carried out by cheques. It is clear that cheques drawn from one account and paid in to another at the same bank involve mere book-keeping. In the case of cheques drawn on Bank A, but paid in to an account with Bank B, B has to collect the amount from A. Originally, this was done by a messenger actually cashing the cheques. But through the "Clearing House" system all cheques on other banks in the hands of Bank B are daily exchanged against cheques on Bank B in the hands of other banks. Any balance is settled by a transfer from one bank's account into another at the Bank of England. The result is that all cheque transactions are reduced to book-keeping, all banks having an account with the Bank of England. Thus no bank need keep any cash beyond what its customers need for small payments; it pays all cash into the Bank of England—cash nowadays being practically all Notes.

The Bank of England itself maintains a certain reserve of gold, as a backing for its Notes. But it also lends money (finance-money) just as other banks do; and it is able to control the granting of credits by other banks by means of its own rate of interest on loans or discounting bills.

"Bank rate" is the rate (per cent. per annum) at which the Bank of England will discount reliable bills of exchange.

The way in which the Bank of England's control works is quite simple. At each moment the general financial transactions of every bank include loans to bill-discounting firms, generally "on call"—loans to be repaid when demanded. When the banks have been issuing loans freely, their account at the Bank of England tends to diminish; they therefore recall some of the loans to bill-brokers. The bill-brokers, however, have used the loans to discount bills, and their only way of raising the money at once is to go to the Bank of England and there re-discount some of the bills they hold.

Therefore if the Bank of England thinks that too many loans are being made, it can check the process by raising the bank rate. This means that bill-brokers raise their own rates of discount, because they know they will have to pay the higher rate, if they have to re-discount any bills at the Bank of England. The other banks similarly raise their discount rates and rates of interest on other loans (because if they lent at low interest their reserves would be soon drained), and thus the demand for loans is checked.

If, on the other hand, too few loans are being made, the Bank of England can lower bank rate; bill-brokers lower their rates of discount and take on business more freely, knowing that they can re-discount cheaply; the other banks do the same, in order to keep some of the business.

In normal times (*i.e.*, pre-war), a rise in the bank rate had an influence on the exchange with other countries. This was because all interest rates in England rose, and people in other countries would send money to England to earn the higher rates of interest. This led to English money (*i.e.*, money in any form payable in England) being in demand in other countries, so that the English £ was above par—or could be exchanged for more dollars or francs than previously. This, in turn, caused people abroad to ship gold to England—as gold is not affected by exchange rates, having intrinsic value.

The lowering of bank rate had the opposite effect.

A further result of any change in bank rate was that banks in other countries tended to follow suit—if bank rate rose, they raised their rates of interest in order to check the sending of money (especially gold) to England, and thus brought the exchange back to par. Thus the Bank of England in practice controlled the amount of loans made not only in England, but indirectly all over the world. This is not altogether the case now, owing to the special conditions in foreign exchanges.

On what motives does the Bank of England act in changing bank rate? Originally, on pure banking motives; it held all the cash reserves in the country, and if in consequence of a too free granting of loans these reserves were being depleted, it naturally checked the process. If on the other hand its reserves were getting larger than was necessary, it would encourage the granting of loans by reducing bank rate. It might also raise rates in order to prevent too much gold leaving the country, or lower rates to get rid of the gold which was lying idle.

Since the war, however, certain wider motives have been operative. These are industrial rather than directly financial, and may even be called political. Its main attempt recently has been to encourage loans in order to revive industry and lessen unemployment. But this could only be successful if new markets for industrial products could be created by loans; if there is no market, industry will not produce, however cheaply it could borrow the money to enable it to produce. To encourage industry loans must be made to the *consumers*, not the *producers*.

This is the importance, for example, of loans to Russia, or to any other impoverished consumer of English products; no process of facilitating loans to English producers can have any lasting effect on unemployment.

Suggestions for Reading:—

“The Meaning of Money,” Chapters XI., XII., and XIV.

“Modern Finance,” Chapter VIII.

For further study—Dunbar, “The History and Theory of Banking,” and Todd, “The Mechanism of Exchange,” Chapters X. and XII.

V.—FOREIGN EXCHANGE.

WE have now seen the outline machinery of internal finance. For transactions between one country and another a special machinery was necessary. First, the currency of one country must be converted into that of another. Gold is the most easily interchangeable form; it can be simply re-minted. But (1) payments in gold are cumbrous and expensive; (2) international transactions are nowadays on such a large scale that payments in gold are not possible.

Therefore the system of payments by^d cheques (usually bank drafts—cheques drawn by Banks on Banks) or bills of exchange developed, involving no actual transfer of currency. English exporters of lace want to get money from America for goods shipped to America; English importers of raw cotton from America have to send money to America. Instead of the money coming and going, the importer pays his debt into the financial machine in England, and the machine then pays the exporter out of that money. In America, the same thing happens—the importer pays the exporter, through the medium of the financial machine. The actual process is that banks buy *credits* from exporters, and sell them to importers, who use them to pay their *debts* in the other country.

As long as imports and exports between any two countries are of equal value, the *credits* for exports balance the *debts* for imports. In such a case the exchange would be at “Par,” which means that in such transactions dollars would be converted into pounds, and *vice versa*, on the basis of the intrinsic value of the gold currency—the weight of pure gold in the standard sovereign or five dollar piece.

But if the British imports from America are higher in value than the British exports to America, the result is that there is a balance of debts to America which cannot be cancelled out against the credits. Therefore the debtors are competing for the credits, and have to pay more English money than usual in order to get the American credits. Moreover, the balance of debts (for which there are no corresponding credits) has to be settled against *future* credits, which means that in addition to the amount of the debt, interest must be added, to cover the period during which the bank (which arranges payment of the debt now) is out of pocket, *i.e.*, till it finds a corresponding credit. In practice, the whole volume of debts as compared with credits is affected, and not any special items forming the unpaid balance.

In normal times, variations in the exchange from par are generally seasonal—such as when a harvest is being shipped from one country to another, for which the latter pays by the export of manufactures during several following months. The trade balance, in fact, tends to right itself.

This tendency is assisted by (a) “invisible” exports—for ex-

ample, credits in America for services rendered by British ships, lecturers, etc.; (b) investments, the special sending of money (creation of credits over and above trade credits) abroad for new investment; (c) exports or services to a third country, which in turn sends its own exports to the second.

In any case, the exchange cannot be at par if there is a large and steady adverse balance of trade. Since the war, in addition to most unequal trade between countries, there has been added further indebtedness for loans or indemnities, for which sufficient credits cannot possibly exist in the ordinary course of trade. The rate of exchange, therefore, reflects not only the competition of buyers of credits, but also interest for very long periods. In fact, the actual rate at any time is governed, not by knowledge (as is possible in seasonal fluctuation) of *when* trade will balance, but by (a) the intensity of the demand for immediate payment, (b) the hope—or despair—of payment within any measurable period of time. This is why political events (such as have occurred in France and Germany) have such an immediate and devastating effect on exchanges. Further, this state of things encourages the speculator in exchange, who is able to make huge sums by buying and selling foreign money, and whose transactions have a further bad effect on the exchanges.

The relation of prices in each country is also important—but in the long run prices follow the changes in exchange rates. The mere fact that the actual exchange rate is not the same as in pre-war days does not affect trade. Thus, the change from 25 to 150 francs to the £ does not matter if prices in France have gone up six times; French importers of English goods can sell them for 150 francs instead of 25, and can thus buy the £ (to pay the English exporter) with the proceeds, just as before. What does matter is continued fluctuation, which prevents, for example, the French importer from knowing how much he will have to sell for in order to buy the English £.

Suggestions for Reading:—

“The Meaning of Money,” Chapter X.

“Modern Finance,” Chapter VI.

Also, for further details, “Foreign Exchange: Before, During, and After the War,” by T. E. Gregory (Oxford University Press, 2/6); and Todd, “The Mechanism of Exchange,” Chapters XI. and XIV.

VI.—MONEY CAPITAL.

ALL industrial enterprise requires "real" capital, *i.e.*, it must have land, buildings, plant, tools, etc. It also needs labour, which itself needs "real" capital to enable it to work—food, clothing, housing, etc.

Under the system of private ownership money capital is essential, *i.e.*, money to buy the "real" capital required. Modern enterprises are on such a large scale that one person cannot, as a rule, find enough money to start them with; therefore he must attract other people with money to join him in the scheme. The usual method is to start a public limited company, inviting the public to contribute the money required, the attraction being the prospect of dividends or interest to be paid out of the profits. Such an invitation to the public is called a prospectus, which usually states (1) the capital of the company, and the amount of shares offered; (2) for what purpose the money is required; (3) the profits expected on the enterprise; (4) the terms to the public, besides other details. The whole business of getting money from the public is called "an issue of capital," *i.e.*, an issue to the public of the opportunity of contributing the money-capital required by the company. When the money has been contributed, the contributor has exchanged his money (a general right to use things) for a "share" in the company. For convenience, the share is described in money units (a £1 or £10 share, instead of $\frac{1}{1000}$ th or $\frac{1}{100}$ th share).

The capital of the company is the total sum with which the company is to be or has been formed. The authorised capital is the total that may be issued; the issued capital is that part of the authorised capital that has been allotted or issued to subscribers (shareholders).

Shares may be issued at par (£1 for £1 share) or above or below par. They may also be issued "part paid"—a £1 share may be issued with only 10/- paid up; the subscriber to such shares only has to pay 10/- at once, but has to "subscribe" for a £1 share, and may be called upon to pay a further 10/- at any time. Most industrial shares are, however, "fully paid."

Shares may be of different kinds; the two most usual classes are:—

- (1) Preference shares, entitled to a fixed but limited dividend out of any profits, as a first charge on the profits.
- (2) Ordinary shares, entitled to the whole balance of profits after the dividend on the preference shares has been paid.

The promoters may settle how many classes of capital there will be, and may give each class any rights (in voting or profits) they like; and in practice there is no uniformity even in the names of the different classes of shares. But it is very important to dis-

tinguish between the classes in any particular case. There may be hundreds of small investors in one class of share, say the preference, with the fixed dividend of five or six per cent., and with no voting rights; while there may be a dozen or fewer investors in another class, say the ordinary, with complete voting rights, unlimited dividends, and the sole right to any distribution of bonus shares, etc.

A company may also, in addition to its share capital, raise further money from the public by way of a loan. It may accept money from anyone, paying a regular rate of interest on it; but being prepared to pay back the loan at short notice; or it may issue "debentures," in which case the lenders cannot get their money back for a certain period (5, 10, 50 years); but they can sell the debentures at any time, of course, at the market price. The debenture holders, however, usually have no control over the company, which is vested in the holders of ordinary and (in some cases) preference shares.

This loan capital, or debenture capital, is not usually spoken of as part of the capital of the company; but it has the same function as the share capital—to buy the property or goods required to enable the company to work.

A company may be either a "public" or a "private" one. Private companies are those with less than fifty shareholders; they are not required by law to publish any balance-sheet, and have only to register their capital, directors, and shareholders at Somerset House. Public companies are those with more than fifty shareholders, they are obliged to file (in addition to particulars as to capital, etc.) a balance sheet at Somerset House, and usually issue it also to the Press.

Suggestions for Reading:—

"Modern Finance," Chapters II. and III.

"An Outline of Economics," published by the Plebs League, 2/6.

VII.—COMPANY ACCOUNTS.

The published accounts of companies are, even in the best cases, only summaries. There is no regular form required by law, and as enterprises have grown in size there has been a tendency to reduce the amount of information as to the company's position which is given in the published accounts.

The usual statements are:—

(1) An income and expenditure account. This theoretically is a summary of all business done during the year, and shows a balance on the year's working of gross profit (or loss).

(2) The profit and loss account. This includes the balance of profit from the income and expenditure account; adds to it special items of revenue (such as interest from investments, which is not treated as ordinary working income), and from the total profits thus arrived at deducts special items of expenditure (such as income tax, etc.). The balance of this account is the net profit, out of which dividends to shareholders are paid.

(3) The balance sheet. This theoretically shows the financial position of the company, taking into account its property and debts, and reflecting past profits (or losses) as well as the profit or loss for the last year.

The income and expenditure account is often not published, only the balance (gross profit or loss) being stated. In any case, it is usually so vague that it contains very little information. It includes on the expenditure side, all current working expenses—for salaries, wages, materials, etc.—and on the revenue side, the total proceeds of sales or other normal income.

The profit and loss account is the most useful for information as to the current year's working. It includes on the revenue side :—

(a) The net balance (after paying dividends) of profit "brought forward" from the previous year's profit and loss account.

(b) The balance from the income and expenditure account—the current year's gross profit.

(c) Special receipts, from interest, etc., during the current year.

On the expenditure side it includes :—

(a) Special payments, such as income tax.

(b) Interest paid on loans or debentures, if any.

(c) Amounts not actually spent by the company, but set aside, out of the gross profits for the year, for some special or general purpose. Such purposes are, in one form or another, general reserves, or special reserves, such as "dividend equalisation fund" (to maintain a fixed rate of dividend even in years when not enough profit has been made); employees' pensions fund; insurance fund (to cover losses of property by fire, etc.); depreciation fund (to make good the wear and tear of plant, etc.).

The balance sheet professes to give the actual financial position of the company at the end of the year's working covered by the profit and loss account.

It contains on the liabilities (left hand) side :—

(a) The amount of capital issued and paid up, distinguishing the various classes of shares. This is on the debit side because the company (as a legal unit) owes its capital to the shareholders.

(b) The amount of loan capital (debentures, or loans from banks, or from individuals).

(c) The amount of its various reserves from past profits, which the company "owes" (*i.e.*, has decided to use later) for special purposes.

(d) The net balance (after paying dividends) of the profit and loss account ; this is really on the same basis as the reserves—the company has decided not to distribute it as dividends, but has not otherwise allocated it.

(e) "Sundry creditors"—the amount it owes, in the ordinary way of business, for materials, etc. This may or may not include such items as :—

(f) Liabilities for income tax ; "bills of exchange" which the company has to pay later on, etc. Such items are usually given separately if they are large.

On the assets (right hand) side of the balance sheet are :—

(a) The valuation of the company's property—land, buildings, plant, etc. This may be either the *depreciated* value (*i.e.*, original cost less the amount set aside for depreciation each year out of profits) or the original cost ; in the latter case an item "depreciation fund" would appear in the liabilities side of the balance sheet, just like any other reserve.

(b) The valuation of stock and materials on hand.

(c) The valuation of investments (if any) in other companies.

(d) The amount owed to the company on ordinary trading accounts.

(e) The cash (in hand or at the company's bankers).

The items enumerated above are not exhaustive, but cover practically everything ; other items which appear are generally only detailed examples of some of the above, which are set out separately because of their importance.

No reading is suggested for this subject. Any work on book-keeping might be consulted, but would contain masses of details which are not relevant. Any published statement of a company's accounts would be much more useful ; students should examine any published company balance sheet they can secure and make themselves familiar with the terms used.

"Wages, Prices, and Profits," Chapter III., contains a useful section, "The Interpretation of Company Accounts," which, however, includes the question of subterfuges dealt with in Section IX.

VIII.—RESERVES AND THEIR SIGNIFICANCE.

IN the small business enterprise of the early days, the owner or group of owners normally took each year any profit made by the concern. Any "reserve" was a personal one, and was usually invested in some safe security, in case the enterprise in which the person was directly concerned proved a failure. With the growth of the large public company in the course of last century, the idea developed of setting aside part of the profits each year as a reserve against any period of bad trade. Only part of the profits was paid out to shareholders in each year of good trade, the balance being "deferred dividends," to make up a dividend to shareholders during a bad year. With that aim in view, the balance reserved for the future was kept either on deposit at a bank or in some investment outside the industry,—an investment, such as consols, which would not be affected by a bad year for the company concerned.

As companies developed in size still further, and the idea of large combines began to govern the policy of the more important companies, the former conception of a reserve as cash or a realisable security, to meet a bad period, was lost sight of, and reserves became of fundamental importance in developing combines. For a reserve, accumulating year by year out of profits not distributed to shareholders, was an easy source of *new capital* required for expansion. A larger and larger proportion of the profits made each year was withheld from the shareholders, and, nominally assigned to a "reserve," was actually used for expansion—to buy up new property or plant, or, especially in more recent years, to buy up shares of other companies in the same or allied industries, in order to create large combines.

In addition to the motive of steady expansion without the trouble and expense of new public issues of capital, two new motives have given this policy of reserves a special impetus. The first was the institution of super-tax, which is payable by individuals but not by companies. The directors of important companies are mostly liable to super-tax; the more money that the company distributes in dividends to them as shareholders, the more they have to pay in super-tax. They do not need the dividends to live on, and in any case would simply re-invest them. Therefore by leaving current profits in the company they have their investment and avoid the super-tax on that amount—often running into thousands of pounds yearly. And it is the directors who decide in practice what part of the profits is to be paid out as dividends and what part retained as reserves.

The second new motive has been the enormous increase of profits during and since the war, coupled with the desire not to flaunt these profits by paying enormous dividends.

These are the main factors which have led to the growth of the reserves policy, with the comparatively recent development—as labour began to appreciate that dividends were not an indication of actual profits—of “secret” reserves—funds which are put aside by methods aiming at concealment which are dealt with in the next section.

We have next to consider the actual uses to which reserves are put, and the general effect of the policy on finance and industry.

The issue of bonus shares from reserves, or “capitalising” the reserves, is a frequent practice; its significance is often misunderstood. Broadly speaking, it does not give the shareholder anything that he did not have before—except a new-share certificate. As was explained earlier, the ordinary shareholder has the right to (his share of) all profits left after dividend on any preference shares has been paid. He, therefore, is part owner of the reserve; when “bonus shares” are issued he merely gets a certificate in which his right to the reserve is expressed in money units; he gets no new rights. An issue of bonus shares is only window-dressing; though it may be intended to deceive labour with regard to future dividends. For example, a company may pay ten per cent. regularly on each £1 share; after a bonus share of £1 is issued in addition to each original share, the 10 per cent. dividend is really a 20 per cent. dividend on the original investment.

The financial importance of reserves does not consist therefore in their potential issue as bonus shares, but rather in the use to which the actual money is put. Where a company uses its reserved profits for expanding its own business, or for investment in other companies in the same industry, it is clear that these reserves do not help the company when a depression in that industry occurs.

Moreover, the control by the directors of large sums easily got together, besides the combine-motive referred to above, in practice leads the directors to buy up other concerns at inflated prices—paying more for them, in order to get control, than they are worth judged by ordinary business standards. This tendency was naturally most strongly marked during the war and early post-war period, when it seemed that boundless profits could be made, no matter what was paid for an enterprise in working order. The importance of this is that when such purchases took place, the enterprise concerned would be “recapitalised,” *i.e.*, the money paid, say £300,000 for a former £100,000 concern, would become the capital, and in order to pay a 10 per cent. dividend, £30,000 annual profit would be necessary, instead of £10,000 as formerly.

It is clear that, on a smaller turnover resulting from industrial depression, the profit per unit of output would have to be not three times, but perhaps six times what was previously normal.

The foregoing factors are undoubtedly of great importance in the present financial difficulties of industry.

Suggested Reading:—

“Modern Finance,” Chapter V.

“Labour and Capital in the Engineering Industry” (Labour Publishing Co., 1/-) contains a clear exposition of the development of combines in that industry, showing the financial effects for Vickers and other important companies (Chapters II. and III.).

“The Workers’ Register of Labour and Capital” (Labour Research Dept., 5/-), should also be consulted.

IX.—SUBTERFUGES OF COMPANY FINANCE.

It is a criminal offence to “cook” company accounts so as to show greater profits, or a better position, than is actually the case; but to cook the accounts so as to conceal profits or a good position is praiseworthy, and is called “sound finance.” The practice of cooking accounts in this latter direction has become almost universal, and has developed with the later stages of the policy of reserves. Every such act creates a “concealed reserve”—either in actual money, or, more usually, in additions to property which are not included at their full value in the company’s assets, as shown in the balance-sheet.

Full knowledge of the concealed reserves in any particular company is not possible for the outsider; but fairly clear inferences can often be drawn. The main devices adopted are:—

(1) The under-valuation of assets—all of which, except cash and some forms of investment, have not any exact realisable value at any moment; the valuation given in the balance-sheet is necessarily arbitrary.

The usual method of valuation of property and plant is to use the actual cost as the basis, and year by year to “write it down” or “depreciate” it, *i.e.*, to assume that it is wearing out or losing its value at a fixed rate each year.

It is obvious that if the amount written down each year is more than the actual depreciation in value, at the end of some years the property may be valued in the balance-sheet at nothing, while in fact it is still serviceable. Some property, such as land or buildings in industrial centres, may actually be worth more at the end of ten years than its original cost, while in the ten years it may have been written down in value by 5 per cent. each year.

An inference as to the “over-depreciation” of property can be drawn from comparing the amount written off for

depreciation each year with the total value of the property. If the depreciation, for example, is one-twentieth of the total value, this means that the company assumes that the property becomes valueless in twenty years. From knowledge of the type of property owned by the company (land, buildings, ships, etc.) a rough idea can be formed of how much this depreciation is exaggerated.

Further, if an item for "repairs and maintenance" occurs in the revenue and expenditure account, or in the profit and loss account, this item also should be compared with the total value of the property. There are many cases of companies maintaining their property at full value by repairs (often improvements!) charged as current expenditure (as if they had been wages or fuel) and at the same time writing off heavy depreciation.

Actually, of course, the value of the assets given in the balance-sheet does not as a rule fall, because the amount assigned from the profits to cover depreciation is used to buy additional property.

(2) A special form of the under-valuation of assets is the under-valuation of investments in subsidiary companies. A point to note is that subsidiary companies are often "private" companies, and therefore do not have to publish accounts. The accounts of the large public company may show as an asset only the cost of its shares in the subsidiary, while in fact the subsidiary may be amassing huge reserves. In recent years many former public companies have been converted into private ones, when they were bought up by a combine, in order to conceal not only the position of the subsidiary, but that of the parent company as well. This is often done also for a special department of a large firm. In all such cases it is easy to arrange for the private firm to sell to the combine at fictitiously high rates, so that the combine, a public company, shows a loss in working, while its subsidiaries, being private companies, make but do not show enormous profits.

(3) A third device for concealing reserves is to show as "current expenditure" real additions to property. This is practically impossible to detect, without access to the company's books; but occasionally it is given in speeches at company meetings.

(4) Another method is to include, among the "sundry creditors" in the liabilities side of the balance sheet, fictitious items under various names. This also is difficult to detect, but comparison of the amount given for "sundry creditors" in the balance sheets for several years often reveals large jumps from which inferences can be drawn.

There are numerous other devices, but they all fall under the main types given above ; each item in a balance-sheet should be carefully considered, and its real significance discussed. If possible, it should be compared with similar items in previous balance-sheets. It is important to note that there are several actual cases of secret reserves amounting to millions of pounds being distributed as bonus shares ; so that the system of secret reserves in one form or other enables companies to conceal real profits and even to pretend to be running at a loss.

Suggested Reading :—

“ The Workers’ Register of Labour and Capital,” also “ Railways,” “ Shipping,” “ Steel ” (1/- each from Labour Research Dept.).

X.—FINANCE, PRODUCTION, AND DISTRIBUTION.

IN the preceding studies we have traced the machinery of finance, and seen how it facilitated the growth of large scale enterprise leading on to the accumulation of large scale profits and industrial expansions or combines. We have also seen that this process, accentuated by the war and the short-lived boom after the war, has created a general position of financial unsoundness—the difficulty of paying dividends on an increased nominal capital, while the demand for products is shrinking.

This financial unsoundness of industry is aggravated by the position of public finance. The development of society has forced the State to take on a growing burden of public services ; the war added special new burdens, especially interest on war loans (themselves largely credit money from banks). Under the system of private ownership the State has to find the money to provide these services by taxation ; and this must come, directly or indirectly, out of the real wealth produced. Thus the present position of public finance involves a higher charge on annual production than formerly ; as the volume of production has decreased, this means a very serious burden on each unit of production—each thing produced.

This heavy burden on industry, together with the heavy burden resulting from over-capitalisation, necessarily raises prices (or keeps them high in spite of a falling demand), so that demand is further checked. The position of both industrial finance and public finance is therefore tending to perpetuate and aggravate the industrial stagnation.

The financial system, which facilitated the growth of industrial capitalism and large-scale production, with its developments in imperialism, war, and State bankruptcy, has now reached a stage in which it is a hindrance to production.

Is production possible without the financial system as it now exists? The way in which it facilitates production at present is (a) through banking institutions, which collect and create money; (b) through industrial companies, which are enabled, by the loan of this money, to acquire rights to use the privately-owned sources of production; (c) through a commercial machinery which uses money as a means of exchange in the distribution of industrial products from manufacturer through wholesaler and retailer to consumer.

It is clear that the utility of finance for purpose (b) only holds good under the legal system of private ownership in the means of production. Under a system of public ownership, the right to use could be given without the intervention of finance.

This would to some extent render useless purpose (a), the collection and creation of money by the banks. But only to some extent, for banking machinery is also necessary for purpose (c), the financing of distribution, or the exchange of products between their production and consumption. Even for this latter purpose, under a system of public ownership in the means of production, there would naturally be coupled machinery for distribution, which might make all financial machinery unnecessary, at least up to the stage of actual transfer to the consumer. Even at that stage money might be dispensed with (consider the free public services now given in England, such as roads); but it is probable that a legal system of public ownership would have to prevent the use by citizens of more than a fair share of the country's resources. Again, even that could be done by rationing; but a ration in money, exchangeable for any particular things up to a certain amount, would be less irksome and more economical of administrative machinery.

Therefore it is probable that money, in the form of currency, would be retained under a system of public ownership for wages (or allowances) and retail purposes, but that finance-money, and therefore banking institutions, could be dispensed with altogether.

Russia's financial experiments are of great interest in this connection. During the period of attempted complete public ownership of manufacture and distribution, no banking institutions were at work, and money was systematically lowered in value (by constant issues of notes) with a view to its ultimate abolition.

When, however, it was found essential, for the sake of securing greater output, to create semi-independent State trusts and to allow some private manufacture and trading, a State Bank was established. It was later found that, while the manufacturing industries retained by the State did not need finance-capital to acquire the means of production, yet, because the distributive apparatus was not in the hands of the State, it was necessary to have finance-capital to enable them to distribute their goods. Thus there is a growth of

the financial machinery of credit (under State control) to cover the period between manufacture and sale of goods to consumers. Experience has therefore shown that public ownership eliminates the financial machine (with its cost to industry) ; but that if any stage from manufacturer to retailer is still in private hands, the financial machine is required to carry out transactions at that stage.

The bearing of these facts on the necessity for "savings" is important. Economists who accept the present legal system of private ownership as permanent insist that individual savings are essential to production. Historically, it is true that such savings made possible the accumulation of money in banks and the growth of large scale enterprises.

But we have seen that already individual savings have become less essential, owing to (1) the development of credit money ; (2) the creation of reserves (company savings). Public ownership of the means of production, and of any credit machinery still retained, would altogether eliminate any necessity for personal savings. The development of production would be provided for by reserves from the annual output, on the same lines as company reserves at present, *i.e.*, by assigning a certain portion of the annual output (or its equivalent in money, if still in use) for the building of new works, construction of new plant, etc. Thus public ownership can facilitate not only current production and distribution, but also the development of new productive resources, without the intervention of costly machinery for the accumulation of savings, investment, loans, and finance generally.

Suggested Reading :—

"Modern Finance," Chapters VII. and IX.

HINTS TO STUDENTS AND CLASS-LEADERS.

1. TO STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class, there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class education. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2.—TO TUTORS AND CLASS-LEADERS.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there: recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, &c.). Select the books carefully yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

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PREFATORY NOTE.

THE student must not be alarmed by the number of books referred to. He is not expected to read them all. The simpler books are usually indicated by an asterisk (*); the more advanced by a dagger (†). Every student is recommended to possess himself of Ashley's *Economic Organisation of England*, which has been treated, wherever possible, as the class text-book. Students who take up the subject seriously should also get Bland, Brown, and Tawney's *English Economic History: Select Documents*, references to which are given throughout. It is a most valuable collection of original documents. References have not been given to Cunningham's big three-volume *Growth of English Industry and Commerce*, which is, however, very valuable for reference. Students who do not mind rather stiff reading should use Meredith's *Economic History of England* as a text-book supplementing Ashley. Text-books by Gibbins, Townsend Warner, Waters, or others may be used as substitutes, if Ashley and Meredith are not available.

The syllabus does not profess to deal with taxation or public finance. This can be studied in Meredith, supplemented by Rees' *Fiscal and Financial History of England, 1815-1918*. Nor does it deal specifically with Scotland, for which see Mackinnon's *Social and Financial History of Scotland from the Union* and T. Johnston's *History of the Working Classes in Scotland*. The history of Labour organisation is dealt with in the companion syllabus, *The British Labour Movement*, by Cole; and another syllabus in the series, by M. H. Dobb, describes in more detail the *Development of Capitalism*.

No definite number of classes is indicated for the syllabus. It is intended mainly for courses of at least twenty-four classes and if the course is shorter than this, some of the later sections should be cut down.

G. D. H. COLE.

September, 1922.

(Revised November, 1925—G. D. H. C.).

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Others in preparation.

HINTS FOR STUDENTS AND CLASS-LEADERS

1. TO STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class, there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class educa-

tion. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2.—TO TUTORS AND CLASS-LEADERS.

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(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

INTRODUCTION.

INDUSTRIAL or economic history is not a "subject" apart and distinct from history itself; it is a particular, and a very important, way of approaching the study of history. Where the ordinary historical text-book deals with a succession of political and military events, economic history attempts to lay bare the causes underlying these events. It deals directly with the life of the people, not merely by describing their situation at different points of time, but by showing how this situation was influenced by changes in the forms and methods of production, that is, by changes in man's command over nature and in the organisation of the forces through which he seeks to exercise that command. The different stages of civilisation, the different relations of social classes, the different forms assumed by the Government, are bound up with changes in production, transport, and communication. Without the means of rapid long-distance transport by land and sea, the great centralised States and Empires of the modern world, and the immense complexity of modern international trade, would be alike impossible. Without power-driven machinery and large-scale production the modern wage-earning class, congregated in the industrial towns and subject to factory discipline, would never have come into existence. Modern finance, modern politics, modern wars and imperialism, cannot be understood unless the underlying character of the economic system is fully appreciated.

In studying economic history, therefore, we are studying the development of the bones and sinews of the modern world. Whatever we would do, we must do with that system as a basis. Whatever we would make of the world, we must make with the materials that system provides. It is indeed constantly changing; and in studying it we have to estimate the strength and direction of the forces at work within it. If we would shape the future, we must grasp the possibilities hidden in the present; but we can only understand the present by understanding the past—that is, the method of growth by which we have arrived at our present condition.

The economic approach to history is not the only possible approach. The various epochs can also be studied through their literature, through their political systems, through their manners and customs, and so on. But the economic way of approach is the most fundamental, as sociologists, equally with Socialists, have been forced to recognise. The bread and butter question underlies all the others. When we have studied that, we have not finished our study of history; but we have in our minds the clue which will give a clear meaning to all our further study.

The following syllabus is intended mainly, not for academic, but for working-class students. It assumes that their interest in the study of history is practical, that they are students because they want not merely to understand the world in which they live,

but to understand it with a view to changing it. The way in which most text-books of economic history are written is calculated to put obstacles in the way of the working-class student. He finds his author beginning with a study of primitive conditions which have no apparent relation to the world of to-day, in which he is directly interested. As the growth of the manorial system, the origin of towns and guilds, the various phases of the economic life of the Middle Ages, are slowly unfolded, he is apt to lose patience with a study which seems so remote from the work-a-day world. Unless he sees that these things are important for his purpose, he will hardly study them with profit. It is always wise to begin study as near as possible to the immediate practical interest of the student.

The opening sections of the syllabus are, therefore, devoted to a brief retrospect of industrial development, beginning not with that which come first in point of time, but with the conditions of the present, and showing how these conditions grew out of the past. This survey is necessarily no more than a mere outline, designed only to give the student a clearer insight into the purpose and meaning of the later sections. If the whole course is divided into twenty-four evenings, which is the best arrangement, the preliminary survey should not occupy more than six evenings at most; if the whole course is crowded into twelve evenings, it should take two, or at the most three.

We come now to the main body of the syllabus. The most usual way in studying economic history is to deal with each period as a whole, bringing into relation the various aspects, industrial, agricultural, financial, etc., of its development. I have discarded this method, which may easily put too great a strain on the memory and co-ordinating faculties of the untrained student, in favour of a sectional method of treatment. If the economic conditions as a whole are the underlying factors determining social development, the land and its use are the factors underlying those conditions. Until very recent times, all civilised communities have been predominantly agricultural, and work on the land has been the main employment of their peoples. We begin, therefore, with a survey of agricultural changes, of the life of the village and its place in the social system in successive periods. Until agriculture had reached a high stage of development, any considerable industry was impossible. Towns grew when the country became settled and productive.

From the village and agriculture, we pass to the town and industry, studying next the development of productive power, and the various forms of industrial and social organisation which accompanied its various phases. These two things—towns and industry—are throughout their phases inseparably linked together, and our general study of the growth of towns leads us on naturally to a more detailed inquiry into the forms and methods of production. We shall, therefore, in the next section study the actual development of the instruments of production, tracing their evolution from the

simple tools of the hand craftsman to the complex power-mechanism of modern industry.

The powers of steam and electricity, however, have shown their revolutionary effects not only in productive industry, but equally in their influence on transport. We shall, then, study next the development of transport by land and sea—on the one hand, the history of roads and their maintenance, canals and railways, and on the other the evolution of shipping to meet the needs and aid in the expansion of overseas trade.

As the industrial system has become more complicated, financial questions have become more and more important in relation to production, and finance has become a separate power and interest, nowadays the dominant power, in society. We shall have to trace the development of the modern financial system by a gradual evolution from the very simple financial arrangements which sufficed for the conduct of production and trade before the coming of large scale industry. In this section we shall see very clearly the interaction of the economic and political systems shown in the close relationship between the growth of the financial power and the rise of the national debt. We shall see, too, how ideas about the morality of financial operations (usury and interest) changed under the influence of changing economic conditions.

These sections will have led us already into some discussion of the exchange of commodities. But we shall next take this up as a separate question, studying the development of trade and commerce from the "local" or "town economy" of the Middle Ages, to the "international economy" of the modern world. We shall see the growing importance attached to foreign trade in the countries of high industrial development, and the economic and political consequences of the change from the self-sufficiency of the agricultural community to the dependence on essential imports of the modern industrial nations. We shall record the growth of the struggle, first for markets, and then for sources of raw materials and other supplies, and we shall trace the connections between this struggle and the imperialist rivalries of the modern world.

The consideration of this aspect of economic history will lead us to take a closer look at the development of political society, in the light of the economic changes which we have studied. We shall see how the functions and methods of government have changed under the influence of changing economic conditions, and how the State of the modern world has been developed in response to the stimuli of large-scale capitalist industry and finance. The gradual growth of State power in the Middle Ages, the regulative and paternal State of the Tudors, the rise of individualism and *laissez-faire* in the earlier stages of modern capitalism, the emergence of new forms of control and State authority in the later phases of capitalism, and with all these the changing social and political ideas which accompanied each phase, will next occupy our attention.

Lastly—and in this section we shall be trying to draw together the threads of all the others, and to interpret the facts which have been passed in review before us—we shall study the changes in the class-structure of society which have gone with each step in the evolution of the economic system. We shall see the serfdom of the mediaeval manor give place gradually to a status of personal freedom, still coupled with economic subjection. We shall see the gradual emergence of the capitalist and wage-earning classes, both before and after the Industrial Revolution, the changing forms of class-antagonism, and especially its development under the conditions of modern industrialism. We shall study also the rise and historical position of the middle classes, and attempt to provide the basis for an estimate of the forces behind the various classes in the society of to-day.

There the syllabus will end; but there is no reason why the class or group which has been studying with its aid should stop short at that point. For the study of history is valuable to the workers, as I have pointed out, because it can help them not merely to understand but to alter the present system. This syllabus should be, therefore, for all good students an introduction to the study of present-day problems. The group, therefore, should make up its mind what it will study next, and it should not disperse, even for a recess, without asking itself and discussing the question whether and in what respects its study of economic history has increased its members' understanding of the present and helped to equip them for the task of moulding the future.

FIRST PART.

LOOKING BACKWARD.

SECTION I.—THE ECONOMIC SYSTEM AS IT IS.

LET us begin our search into the past by a brief survey of the economic system of to-day. The factory, the office, the mine, in which we work all form parts of this system. What are its distinguishing features, its methods of operation? We must get a broad view of it as a whole before we try to explain how it has grown up.

(a) First, it is predominantly a system of large-scale production. Although many small factories and workshops, small masters, and tradesmen, jobbing craftsmen and sub-contractors, continue to exist, the bulk of modern industry is carried on in large establishments with the aid of costly power-driven machinery. Mass production is practised to an ever-increasing extent. The individual skill of the worker is more and more subordinated to the machine and the power house.

(b) One result of this is that the workers are congregated together in these great establishments. Large-scale production has

called into existence the modern proletariat or wage-earning class, and, by assembling the workers in the factories, has made vastly easier their task of organisation into Trade Unions. The great modern Trade Unions are the natural accompaniment of the large-scale system of factory production. The great factory destroys personal contact between employer and employed, and sets in its place the impersonal relationship of the wage-contract. The subjection of large bodies of workers to identical conditions leads to collective bargaining—the attempt by the Trade Unions to establish collective standards of wages, hours, and working conditions. Organisation among the workers creates the sense of power, and leads to ideas of workers' control and collective management of industry.

(c) Large-scale production leads not only workers, but also employers, to organise. Employers organise mainly in two ways—to meet and combat the Trade Unions, and to regulate the industries in which they are engaged. In almost all industries the employers are strongly organised for the former purpose (employers' associations). In recent times, there has also been a great increase in combination among employers for the regulation of industry (combines, trusts, cartels, rings, pools, etc.). These combines regulate prices and output, eliminate or limit competition, and work together in securing concessions both at home and abroad. Especially marked is the recent growth of 'vertical' combines, in which a great firm or group brings under its control successive or related branches of production, from the supply of the material to the disposal of the finished commodity. There are still unorganised employers; but more and more, in all the great industries, employers act collectively in their dealings both with the workers and with the public.

(d) Large-scale production requires big accumulations of capital. The typical business unit is no longer the individual employer, owning the tools, machines, and buildings used in industry, but the joint stock company, in which many different individuals hold shares. The investor usually has no interest, except the profit-making interest, in the businesses in which his money is employed. He invests sums in many different businesses, and, as a rule, plays no part in their management and has no real control over their policy. The joint stock method, with shares available to the public, enables the directors of modern businesses to apply to industry the savings and capital of every section of the investing public. But, while shareholdings become more and more dispersed, the actual control of modern businesses is concentrated in the hands of a comparatively few "captains of industry," who employ a large staff of salaried managers and experts. The interest of these "captains of industry" is often not confined to a single industry or business. They control many businesses, and capital subscribed by many thousands of shareholders.

(e) Large-scale production has profoundly altered the composition and status of the middle classes. Side by side with the small employers and the professional men there has grown up a huge class of salary-earners, ranging from clerks (the black-coated proletariat) to managers and officials drawing huge salaries and often interested also in the profits of business. Of those middle classes some (e.g., clerks and the lower-paid technicians) are in practically the same situation as the wage-earning class, while at the other extreme the great officials and managers are virtually capitalist employers. The professional men who work for fees form another great group which exercises social power through its strong 'Institutes.' Lawyers, doctors, engineers are all organised in powerful corporations, with a distinct class-consciousness of their own. The attitude of the intermediate classes between capitalist and wage-earners is a factor of great importance.

(f) Not only does large-scale production require large initial capital for plant, buildings, etc., it also must have large resources at its disposal for the carrying on of business. The great mass of goods is no longer made to order or in response to a known and immediate local demand. Production is carried on in advance of demand, and largely on a basis of *credit*. In other words, manufacturers and traders borrow money (chiefly from the banks) in order to buy materials and pay wages in anticipation of the sums they will receive when their goods are sold. This credit basis of modern industry gives the banks and financial houses their predominant position in the modern economic system. Almost all manufacturers depend for advances on the banks, and the policy of the banks in granting or refusing advances largely regulates the quantity of goods which manufacturers are able to produce.

(g) The modern productive system is to a great extent international. While the greater part of the goods produced is still consumed at home, a very large part is exported and so exchanged for the products of other countries. This country imports a very high proportion of its foodstuffs and raw materials (corn, meat, cotton, iron, etc.) and pays for them mainly with exports of coal and manufactured goods. This international economy accentuates trade fluctuations; for it makes industry here sensitive not only to events at home but also to events abroad which affect our foreign markets. Inability to sell our goods abroad not merely makes it more difficult for us to import the goods we need, but, by throwing out of work those who produce for export and so destroying their purchasing power, reacts on the home market.

(h) Unemployment, in greater or less degree, is thus a normal feature of modern capitalist production. As the markets are uncertain and fluctuating, so is the demand for labour. Good trade may temporarily absorb all but a small margin of unemployed; a famine in India, or political or economic disturbance in Europe, will at once throw British workers out of employment.

(i) The capitalist, as a rule, finds difficulty in securing a market for all the goods which his plant is capable of producing. He is, moreover, constantly seeking to extend his business and laying down new plant with the object of conquering fresh markets. The search or scramble for fresh markets between rival capitalists, and also between rival groups of capitalists, national or international, is a marked feature of modern industrial development. This leads to national rivalries and to wars between nations for the control of foreign markets. This rivalry is not confined to the struggle for selling facilities; it tends more and more to become a struggle for the right to exploit and develop the undeveloped countries, a scramble between nations for the control of sources of material (coal, iron, oil, etc.), and for concessions for exclusive rights to build railways, undertake mining operations, etc., abroad.

(j) This struggle in its later phases necessarily becomes more and more political. The rival capitalist groups seek the support of their various Governments for their claims. Protectorates, mandates, political concessions wrung from undeveloped countries such as China, are largely the expressions of underlying economic forces. Modern wars are intelligible only in the light of economic considerations. Imperialism is mainly an economic phenomenon.

(k) Effective control of the Government and of the machinery of the State at home and abroad, therefore, becomes more and more important to capitalists. The existence of nominally democratic political institutions does not in fact prevent this control from being exercised. The economic power of financiers and capitalists enables them largely to control public opinion and the Government.

(l) The immense development of industry and commerce in Great Britain has reduced agriculture to a position of inferiority. Only a small fraction of the people is now employed on the land, and Great Britain imports foodstuffs on a vast scale, and is therefore dependent on her commerce for the bare means of life. This obviously adds to the difficulty of any purely national change of system which might lead to a stoppage of supplies from abroad.

The above summary is not meant to be complete or exhaustive, and the class leader or tutor is not meant to deal with it except in broad outline. The student should bear in mind that the object of it is not to settle, at this stage, any of the controversial problems which it raises, but merely to provide a general view of the existing economic system preparatory to the study of its growth and of its separate aspects.

HINTS ON READING.

J. A. Hobson's *The Science of Wealth* (Home University Library) is probably the most useful introductory book for the student beginning this course. The same writer's *The Industrial System* will be useful to more advanced students. More detailed references are given in later sections of the syllabus. For Economic Imperialism, see especially the Plebs League's *Outline of Economic Geography*.

SECTION II.—A CENTURY AGO.

With our analysis of the present economic system in mind, let us go back a hundred years or so and study in outline the conditions which existed at the height of the Industrial Revolution.

The Industrial Revolution is the name used to describe the succession of great economic changes which came about, with overwhelming rapidity, during the last half of the eighteenth and the first half of the nineteenth century. We shall have to study these changes in more detail later; for the present it is enough to say that under their influence the whole system of production and transport was revolutionised. A succession of inventions and discoveries created large-scale industry. The application of steam power to industrial uses caused the concentration of the workers in large factories, made deep mining possible, gave birth to railways and steamships, and in doing all these things created the modern wage-earning proletariat and the industrial towns. At the same time, revolutionary changes in agricultural methods and the widespread enclosure of the commons destroyed the old peasantry of England and drove into the towns those who did not find employment as wage-earning agricultural labourers.

These changes were taking place at the same time as the wars between Great Britain and France, generally known as the Napoleonic Wars, which ended in 1815. While the war in some directions retarded development and very greatly aggravated the distress among the workers, the disturbance of conditions in Europe, and the British command of the seas, gave Great Britain a start in applying new economic methods and developing large-scale industry and commerce. Only at a later period in the nineteenth century did industrial development on the Continent follow to any great extent the course already followed in Great Britain.

Following the arrangement adopted in the previous section, we can now attempt a general description of the economic system of a hundred years ago.

(a) Large-scale factory production was beginning to oust the earlier methods of handcraft and production in the home (the domestic system) and the small workshop. Water power was beginning to give place to steam power, and machinery made of iron was beginning to displace the wooden machines of earlier times. Expansion was most marked, and the new methods were being most extensively applied, in the textile industries. The wool industry in Yorkshire, being Britain's principal industry, was adopting the new methods; but the change was most marked in the newer cotton industry of Lancashire, which now sprang rapidly to the first rank. Britain was entering upon the textile period of capitalist development. The metal and mining industries were beginning to grow fast in response to the demand for fuel and machinery; but the textile interest was the dominant capitalist interest of the day. Not till

the latter half of the nineteenth century did coal and metal fully assume their dominant position in modern industrialism.

✓(b) The congregation of the workers in the new factory towns of the North and Midlands was proceeding apace. The centres of population were shifting from the south to the north of England. The new towns, hurriedly built and often without any form of local administration, were centres of pestilence and squalor. The old-established craftsmen (*e.g.*, the handloom weavers) were being displaced by the new machines, and children and women, under abominable conditions, were being largely employed in the new factories. In face of severe repression working-class organisation was difficult and dangerous; but Trade Unions were being widely formed, and strikes were frequent and often accompanied by violence. From 1799 to 1824 Trade Unionism was prohibited by law, and both before and after that date legal repression of the workers was common. Trade Unions were formed, forcibly dissolved, and re-formed again and again. Socialist ideas were beginning to develop, and movements, forerunners of Chartism (1836-1854) were beginning to arise. The workers were, however, badly organised, and no match as a rule for the organised power of the employers and the Government.

(c) Among employers there was little formal organisation. Unrestricted competition was the order of the day, and the rapidly expanding market afforded little inducement to combination. There was room for all, and abundant opportunity for profit. The employers, indeed, combined readily enough against the workers; but this was done informally for the most part. The employers mostly refused to recognise or have any dealings with the Trade Unions, and the resources of the State were readily available to crush any movement of revolt. There are cases of formal organisation among employers, and of collective bargaining between them and the Unions; but these are exceptional, and are mainly found in the older trades less affected by the Industrial Revolution.

(d) The need for accumulation of capital larger than a single individual could provide was beginning to present itself as a normal feature of business operations. Joint stock companies, however, were few and far between, for, in relation to ordinary industries, the joint stock principle could not be widely applied without limited liability; and this was not generally conceded until 1855. The ordinary investor put his money not into industry but into the loans raised by the Government for war purposes. The rising captains of industry borrowed money individually on the strength of their character and expectations, or went into private partnership with rich men. Slowly, however, industry was beginning to feel its way towards the joint stock form of organisation, already existing in the Bank of England and in a few trading companies (East India Company, etc.).

(e) The middle class a hundred years ago was composed mainly of the rising employers and the professional men. Salary-earners formed a very small class. The manufacturers had not yet risen to political power, but they were vigorously agitating for it. The Reform Act of 1832, which enfranchised the middle classes and left the workers without votes, signalled their conquest of the machinery of State. The repeal of the Corn Laws (1846) represents the definite triumph of the manufacturing over the agricultural interests.

✓ (f) The need for credit, which was already becoming urgent, led to the formation of numerous private banks. Joint stock banks, with the exception of the Bank of England, were illegal until 1825, and were not fully legalised until 1844. The private banks, often with inadequate resources and prestige behind them, frequently failed, and caused crises which affected the smooth working of production. Banking, then, was still in a rudimentary and experimental stage, and the modern credit system was only at the beginning of its development.

✓ (g) International trade was rapidly expanding. During the period of the Industrial Revolution, Great Britain ceased to feed herself and began to import corn regularly. Cotton goods were made largely for export. Trade with the Americas, with India, and after the peace with the Continent of Europe assumed large dimensions. But foreign trade remained small in proportion to the total volume of production.

✓ (h) Population was increasing with extraordinary rapidity (England and Wales 5,000,000 in 1700, 6,000,000 in 1750, 9,000,000 in 1801, nearly 14,000,000 in 1831). The static conditions of the previous century, under which there was little unemployment, gave place to conditions of rapid change. Workers in the old crafts were displaced by factory labour of women and children, and crises due to failures or rapid trade fluctuation tended to make factory employment discontinuous. The bulk of the greatly increased population was, however, rapidly absorbed by expanding industry. Fluctuations in prices, especially during the war, made the workers' standard of life very uncertain. Wages as a whole were very low, and they sank frequently below tolerable subsistence level. Hours were very long—the twelve hours' day was common for women and children as well as for men.

(i) Trade rivalries and trade wars had their place in the economic system a century ago as they have to-day. Indeed, the Napoleonic wars were, in one aspect, the culmination of our long trade rivalry with France, and had throughout a distinctly commercial character. (Napoleon's Berlin Decrees and our Orders in Council were the measures of the rivals against each other's trade—the capture of the French colonies was largely a commercial measure). Trade expansion had led already to the subjection of India by the East India Company, acting under Government charter; British recognition of the revolted Spanish colonies in South America was

designed to open up trade. British colonies were regarded as closed fields within which British commerce could exercise a monopoly, and monopoly was also the aim of the Navigation Acts designed for the protection of British shipping. The desire to secure supplies of the precious metals and of the riches of the East and of America were already powerful political, as well as economic, motives. Protectionism had not yet yielded to the assaults of the Free Traders interested in exports, and trade treaties played an important part in foreign policy.

(k) The manufacturers, as we have seen, had not yet secured control of the State. The House of Commons, under a corrupt electoral system (rotten boroughs, etc.), still represented mainly the landed interests. Seats, however, could be bought; and merchants and financiers had already found their way into Parliament. Governments, moreover, had become increasingly amenable to financial influences, especially during the war, when the need to raise loans placed them largely in the hands of the moneyed interests. The governing landed aristocracy did not like the new rich classes of financiers and industrialists; but they were at one with them in suppressing all forms of popular revolt, especially while they were under the influence of the terror which the French Revolution spread throughout the governing classes of Europe.

(l) Agriculture, we have seen, was passing through a revolution. Methods of tillage were being rapidly improved, and high war-time prices, aided by protection, led to extended cultivation. These factors also provided the inducement for the widespread enclosure of common land, carried out greatly to the detriment of the small peasantry, who were driven off the land or reduced to wage-labourers. The farming class prospered; but the land-owners also secured greatly increased rents. The increase of wealth among the landed classes was, however, far less than among manufacturers and financiers, and much of the surplus drawn from the land was invested in industry. Agriculture declined in national estimation, and with the rise of the traders and manufacturers the landowners lost their monopoly of political power. The way was prepared for the great rural decline of the middle of the nineteenth century.

HINTS ON READING.

Arnold Toynbee's *The Industrial Revolution* is still the handiest short description. There is a wealth of illustration and comment in the first volume of Karl Marx's *Capital*. Mr. and Mrs. Hammond's *The Rise of Modern Industry* is an admirable outline of the coming of modern industrialism, and their *Town Labourer* gives an extraordinarily graphic account of the mind of the governing classes and the condition and attempted revolts of the workers. The same writers' *Village Labourer* is by far the best and most readable account of the agrarian revolution. See fuller references on p. 23.

SECTION III.—THE SEVENTEENTH CENTURY.

We can deal more shortly with the remaining periods covered by this preliminary survey. The seventeenth century—the period

of the Stuarts, the great Civil War, the Restoration, and the Revolution of 1688—is in many respects the most interesting period of English history. In the economic sense, it was marked by a considerable development of overseas trade, and an increasing accumulation of wealth, which prepared the way for the Industrial Revolution. The period preceding the Industrial Revolution is commonly described as the period of the *domestic system*. The phrase is not very happy; but it must serve. The point behind it is this:

(a) Until power-driven machinery was introduced, there was in most trades no incentive to large-scale production. Goods could be made at least as cheaply and as well (probably more cheaply and better) in small workshops or in the workers' homes than in large factories. Considerable factories existed here and there for centuries before the Industrial Revolution; but they were exceptional. Work was done mainly in small workshops, often attached to the workers' home. Defoe, in his *Tour round England*, gives excellent pictures of the position of the domestic workers at the beginning of the eighteenth century, and the broad features of his description would apply to much earlier conditions. Few employers employed more than a few men; and much production was carried on by isolated workers or families in their own homes (e.g., spinning, weaving, blacksmithing, tailoring, etc.).

(b) Class-divisions, strongly marked between "gentle" and "simple," were not at all clear between different grades of producers. The rich merchants or traders constituted indeed a separate class, but there was no sharp line of division between the working master-craftsman and the journeyman. Some master-craftsmen were getting rich and rising towards the merchant class; others were being gradually merged in the journeyman class. But the process was slow, and no clearly marked working-class consciousness had found opportunity to develop, or did find real opportunity, despite the existence of Trade Unions among the journeymen of particular crafts, until the Industrial Revolution was in full swing. A lower proletariat of less skilled workers was emerging in the towns; but industrial work was very largely carried on by families which combined it with work on the land, and were thus able to some extent to meet fluctuations in trade by shifting from the one type of work to the other.

(c) Master-craftsmen and merchants were still to some extent organised in guilds and companies (see next section). But on the whole the mediaeval system of industrial regulation had broken down and had not been replaced by any other. Where organisation existed, it tended to take the form of exclusive privileges and monopolies (patents) in the hands of particular groups. Generally speaking, after the Civil Wars, industry was largely unregulated, while trade tended to remain under the control of privileged groups.

(d) As a rule the producer employed and required little capital. Accumulations of capital were mainly in the hands of traders, who increasingly interposed themselves between producer and consumer. For example, merchants called clothiers collected or bought the woven cloth from the scattered weavers, carried out the finishing processes in factories or workshops under their control, and re-sold. To a growing extent, in many trades, the merchants or traders actually supplied and owned the materials which the producers worked up for them at a price. The producer was largely a sub-contractor, dependent on the traders both for his materials and for his market. This is not universally true; but it was generally the case that wealth belonged to the traders and merchants, and not to the working masters who carried on production.

(e) A middle class composed of small landowners and of farmers, and of the merchants and the richer master-craftsmen of the towns, showed its strength in the Civil Wars. Only in a very broad sense, however, can the predominantly religious struggle of Cavaliers, and Roundheads be explained in economic terms. But the Puritans were drawn mainly from the middle classes, and Puritan individualism exercised a powerful influence on the later course of economic development.

(f) Banking institutions, apart from the occasional deposit of money with goldsmiths for safety, hardly existed until the foundation of the Bank of England in 1694. But the lending of money at interest had become a normal and recognised economic practice, and the big merchants were also financiers prepared to float ambitious schemes. Early forms of joint stock enterprise and of joint ventures were largely found in connection with foreign trade (the various licensed companies of merchants trading with the Levant, Russia, etc.).

(g) Imports from abroad were almost wholly confined to luxuries. Woollen goods were the principal export. Foreign trade as a whole was small; but the expansion of Britain beyond the seas had already begun with the colonisation of North America, and the foundations of the Indian trade had been laid. Britain, however, was a self-sufficient country, and foreign trade was regarded not as a national necessity, but as a means to wealth and luxury.

(h) Unemployment was not a problem, save when society was upset by upheavals such as the Civil War, or large numbers of soldiers were disbanded after the war, *i.e.*, the general condition of industry was static, and there was little fluctuation in employment. But industry could not readily adapt itself to changed conditions, or absorb additional workers.

(i) Commercial rivalries found expression in wars and buccaneering expeditions. The wars and affrays of the sixteenth century were with Spain, for the opening up to Britain of the wealth of America. Spain pillaged the natives of America, and the British seafarers pillaged the Spaniards. In the seventeenth century trade

rivalries were rather with the Dutch, who became our principal competitors in the Eastern trade. But by the end of the century the French had become our leading rivals, and the long series of trade wars with France had begun.

(k) At the beginning of the seventeenth century the Elizabethan system of social and industrial regulation had been completed. Industry had been regulated by the Statute of Artificers (1563), the Poor Law system had been developed on a national scale, each man had been assigned to his appointed place and status in the community. The Civil War helped to destroy this system, and industry largely escaped from regulation, moving from the older towns into the country. The Elizabethan system was worked through the Justices of the Peace, administering local affairs under the strong control of the central Government. The revolution of 1688, by placing political power in the hands of the landowners, who were the Justices, destroyed the central control over them, and made eighteenth-century Britain the landowners' paradise.

(l) The great mass of the people were employed on the land. Few were pure wage-labourers; for though most worked part of their time for wages, most had some land of their own, or at least valuable common rights. The squire, however, was practically omnipotent in the village, of which he commonly owned the greater part, letting it to tenant-farmers in farms of varying extent.

HINTS FOR READING.

The best account of conditions on the eve of the Industrial Revolution is, unfortunately, available only in French, in Paul Mantoux's *La Révolution Industrielle*. The period is treated fully in W. Cunningham's *Growth of English Industry and Commerce*. Shorter accounts will be found in Townsend Warner's *Landmarks in English Industrial History*, H. O. Meredith's *Economic History*, and similar books. There is excellent material for Section (d) in G. Unwin's *Industrial Organisation in the 16th and 17th Centuries*.

SECTION IV.—THE MIDDLE AGES.

It is, in one sense, unscientific to treat the Middle Ages, extending in England over four or five centuries, as a single economic period. Vast changes took place, and whole systems grew up and decayed, during that time. But for our purpose this simple treatment will suffice; for we need only describe the essentials of the mediaeval system at the point of its fullest development. Changes within the period are discussed in each of the sections which follow this introductory retrospect.

(a) The mediaeval system of production was that of handicraft. Production was directed by the master-craftsmen, working as a rule with only a very few journeymen and apprentices. In the towns, where nearly all industry was carried on, the master-craftsman (and usually his workmen also) belonged to the Guild of their craft, which imposed stringent regulations as to the form, quality, and price of the product, the number and conditions of the workers

employed, and even the personal conduct of the Gild members. Price-fixing, in accordance with the idea of the "just price," was a very important function of the Gild, and prices were also regulated in some cases by the municipal authorities. Mediaeval economics cannot be understood unless the idea of the "just price" is thoroughly grasped. The Gild, like practically all spontaneous organisations in the Middle Ages, was a religious as well as an industrial body and acted as a friendly society for its members, and played a large part in the organised life of the mediaeval town.

(b) In the productive industries, the Gild system did not, as a rule, give rise to any sharp division of classes. The journeyman of to-day hoped to become the master of to-morrow, and in the earlier days the road to mastership was kept wide open by the severe restriction on the number of journeymen a master might employ. But in the later Middle Ages many of the Gilds became restrictive, and by imposing high entrance fees, etc., closed the road to mastership to the ordinary journeyman. In the trading Gilds, which required larger capital, oligarchical tendencies appeared at an early stage. Power passed into the hands of small groups of the richer Gildsmen, and there were struggles between the Gild masters and the journeymen, whose position became more that of wage-labourers. But in the days before the decay of the Gilds had set in there were no acute class-divisions within them. A large proportion of mediaeval workers, however, including all workers on the land and such industrial workers as there were outside the towns, were not included in the Gilds, which thus represented to some extent privileged sections of the community.

(c) The Gilds have sometimes been regarded as the ancestors of modern Trade Unions (wrongly if any historical continuity is implied). They can also be regarded as the forerunners of employers' associations. They organised masters and journeymen together, most of the control resting with the master-craftsmen, who mostly worked side by side with other journeymen. The Gilds, as we have seen, performed, with a different social purpose, many of the functions which modern capitalist combinations seek to assume—regulation of output, quality, prices, etc., limitation of competition, trade defence, and so on. They took charge of the organisation and control of the productive process, and held themselves responsible for the conduct of industry in the consumer's interest. Whether they did well or ill, the student must be left to determine.

(d) Capital, in the modern sense, hardly existed. Merchants trading overseas or between different parts of the country had to acquire ships and expensive stocks. But most operations, and nearly all productive operations, were on a small scale. In the early Middle Ages much of the more capitalist trading was in the hands of foreigners (the German Hanse merchants, etc.). Capital gradually accumulated in the hands of traders, especially from the profits of overseas trade, and the increase of urban land values also pro-

vided many landowners with an initial capital for trading purposes. The market, however, was purely local for most commodities, and in these little capital was needed.

(e) The Gild masters and merchants formed the greater part of such middle class as existed in mediaeval times. But the idea of a "middle" class is really foreign to the period. The townsmen really occupied an exceptional status in a society in which class-divisions were mainly agrarian. The real main classes of the Middle Ages were the nobles (greater and lesser), the knights and squires, the lesser free tenants farming their own land, and the various classes holding land by some form of subject tenure (tenants or leaseholders of the land, villeins, and cottagers). The villeins and the grades grouped with them were serfs, with only strictly limited customary rights, bound to the land (manor) and subject to the law of the lord's manorial court.

(f) The financiers of the Middle Ages were, first, the Jews, who before their expulsion in 1290 were under the king's special protection, and later the Lombards and other foreigners. These lent money at interest (especially to kings and nobles). Mediaeval society despised and often ill-used the Jew, but it tolerated him for his financial uses. Mediaevalism, broadly speaking, condemned in Christians the receipt of interest on money (which it regarded as usury) except where personal service was given by the lender. This view gradually gave way during the later Middle Ages as commercialism developed.

(g) Britain's principal foreign trade in the Middle Ages was in wool—at first in raw wool, which was then manufactured on the Continent. The kings, especially the Edwards, used great efforts to establish the woollen manufacture and dyeing and finishing in England, and a trade in manufactured woollen goods was developed. Wool and woollen goods remained England's chief export down to the Industrial Revolution. Imports were almost wholly luxuries (silks, spices, etc.) and the precious metals.

(h) Unemployment in a sense was prevalent in the Middle Ages. The social organisation was a fixed thing, and anyone who fell out of his appointed place was liable to become a "masterless man." Mediaeval society was always perplexed by the problem of the "vagabond," against whom it took drastic measures. Villeins who fled from their manors and disbanded soldiers from the wars chiefly made up this class. Brigandage was common (cf. the story of Robin Hood). Enclosures (see under (l)) in the later Middle Ages drove many peasants off the land and swelled the "vagabond" class. But seasonal and cyclical fluctuations of employment hardly existed under the static conditions of mediaeval organisation.

(ij) Throughout the Middle Ages, Great Britain was industrially a backward nation. Her position in foreign trade was largely *passive* (i.e., her imports and exports were largely under control of foreign merchants). By means of the Navigation Laws, repeated

attempts were made to develop shipping. Commercial rivalries and regulation chiefly centred round the wool trades (merchant staplers, merchant adventurers, etc.). In the great trade struggles of the Middle Ages, e.g., in the Mediterranean, England was only a passive spectator.

(k) The struggles for political power in the Middle Ages were mainly between the kings, who sought to establish the power of the central State, and the nobles, who upheld a feudal system and claimed both large autonomy for themselves and collectively control of State policy. The towns were most often on the side of the king, but sometimes with the nobles (e.g., Magna Charta—"the Barons' Charter"). Under the Tudors, when the power of the nobles had been largely destroyed by the Civil Wars (Wars of the Roses), a system of State absolutism was established. This was followed under Elizabeth and the Stuarts by the rise in power of the towns and the lesser landowners. (See last section).

(l) Mediaeval England, we have seen, was almost wholly agricultural. The organisation of society in the earlier Middle Ages was based on the Manor, with the lord at its head, and its grouping of dependent land-holders (free tenants, villeins, etc.) subject to manorial control. During the later Middle Ages, especially after the Black Death (1349) and the Peasants' Revolt (1381), the manorial organisation broke up, and the villein or serf gave place to the tenant farmer or peasant. Enclosures of the open fields and conversion of arable land to pasture caused widespread evictions, especially in the fifteenth and sixteenth centuries, and drove many workers off the land. The Elizabethan system was largely an attempt to check this process in the interests of national strength.

HINTS FOR READING.

The best book on English economic history in the Middle Ages is E. Lipson's *Economic History of England: the Middle Ages*. Shorter accounts will be found in Townsend Warner, Meredith, and other general economic histories. R. H. Tawney's Introduction to Wilson's *Discourse on Usury* is a really important contribution to the economic history of the Tudor period.

NOTE.—At this point, the class would do well to devote an evening to a general discussion of the ground traversed, attempting to look at the process of economic development as a whole down to the present time. Ashley's *Economic Organisation of England* can be used as a text-book for this purpose.

SECOND PART.

ASPECTS OF ECONOMIC DEVELOPMENT.

FOR this second part of the course, which should occupy at least two-thirds of the total number of classes, only bare outlines are given, together with fuller book references for consultation. The object

here is to break up the study into a number of sections, within each of which the course of development can be studied more simply in greater detail, and still, by virtue of the preceding general outline, related at every point to the general evolution of economic conditions. It is important that the class leader's method of treatment should be such as to show this general relationship throughout the survey.

SECTION I.—THE VILLAGE AND AGRICULTURE.

GENERAL HINTS FOR READING.

Montague Fordham's *Short History of English Rural Life** is the best general elementary book. W. Hasbach's *History of the English Agricultural Labourer*† is the best longer work (continued in F. E. Green's *History*,† see below). *Old Village Life*,* by P. H. Ditchfield, is gossipy, but contains a lot of information. R. E. Prothero's *English Farming, Past and Present*,† is strongly recommended to advanced students.

(1) THE MANORIAL SYSTEM.—Disputed origin of the Manor (was its origin communistic or servile?)—classes in the Manor—its relation to the national system and to the State—methods of cultivation—the open fields, meadow and waste—the lord's demesne—enclosures in the Middle Ages—the legal status of the villein—the Black Death (1349), the Statute of Labourers, and the Peasants' Revolt (1381)—commutation of labour services and the break-up of the Manor—sheep-farming and its social effects.

See *Ashley. *Economic Organisation*. Lectures 1 and 3.
Bland, Brown, and Tawney. *Economic Documents*. Part I. Sections 1, 2, and 4.

† Tawney. *The Agrarian Problem in the Sixteenth Century*.

† Vinogradoff. *Villeinage in England*.

† Vinogradoff. *The Growth of the Manor*.

† Oman. *The Peasants' Revolt*.

*† Lipson. *English Economic History: The Middle Ages*, Chaps. 1-4.

(2) THE TUDOR VILLAGE.—Objects of the Elizabethan System—The Statute of Artificers (1563) in relation to the village—The Elizabethan Poor Law and the Justices of the Peace.

See *Ashley. *Economic Organisation*. Lectures 3 and 5 (latter part).
Bland, Brown, and Tawney. Part II. Sections 1 and 4.

† Ashley. *Economic History*. Part II., Chapter 5.

(3) SQUIREARCHY.—Effects of the Civil War and the Revolution of 1688 on village life—political power and local government in the hands of the landowners—changes in the ownership of land—the rising merchants buy estates—the village in the early eighteenth century—village life as depicted by Defoe, Fielding and Addison—was it Merrie England?

See *Ashley. *Economic Organisation*. Lecture 6.

† Johnson. *The Disappearance of the Small Landowner*.

Defoe. *Tours*. (Cassell's National Library).

Fielding. *Tom Jones*.

Addison. *De Coverley Papers* from the *Spectator*. (Separate reprint in Cassell's National Library).

(4) ENCLOSURES AND SPEENHAMLAND.—The Enclosure movement in the latter half of the eighteenth and the first half of the nineteenth century—social effects of enclosures—Enclosure Acts and their administration—enclosures controlled by landowners—disappearance of the peasantry—economic effects of enclosures—did they increase production?—changes in farming methods—rural wages in the eighteenth century—the Poor Law and the Speenhamland decision—low wages made up out of rates—The New Poor Law of 1834 and its social effects.

See Ashley. *Economic Organisation*. Lecture 6.
Bland, Brown, and Tawney. *Economic Documents*. Part III.
Section 2 and 5.

*† Hammond. *The Village Labourer, 1760-1832*.

† Gonner. *Common Land and Enclosure*.

* Toynbee. *Industrial Revolution*. Chapters 1 and 5.

Cobbett. *Rural Rides*, and many other writings.

(5) THE VILLAGE UNDER INDUSTRIALISM.—Effects of the Industrial Revolution on agriculture and village life—decline in agriculture—migration from villages to towns—the great agricultural depression of the later nineteenth century—agriculture before the war—agriculture in war-time, the Corn Production Act—classes in the countryside, the economic position of landowners, farmers, and labourers—small-holders and agricultural co-operation—Labourers' Trade Unions and wages—the Agricultural Wages Board and after—politics in the countryside.

See * Selley. *Village Trade Unions in Two Centuries*.

† Green. *The English Agricultural Labourer*.

* Fordham. *The Rebuilding of Rural England*.

† Prothero. *English Farming*.

SECTION II.—THE TOWN.

GENERAL HINTS FOR READING.

Curiously enough, there is no short general book available on the history of the Town. There is a useful brief account in Jenks's *English Local Government*, and much information can be got from R. H. Gretton's readable historical study of *The English Middle Class*. Otherwise the subject must be studied in a general economic history, or in the other books mentioned under each head below.

(1) TOWNS IN THE MIDDLE AGES.—Towns under the Romans—destruction of town life by the Anglo-Saxons—growth of towns in the early Middle Ages—the steps towards self-government—Borough Charters—The Gild Merchant—Relations of Towns and Gilds—town government in the Middle Ages—local isolation of towns and localisation of markets—smallness of urban population—classes in the towns—was mediaeval town life democratic?—political position of the towns in relation to king and barons—town representation in Parliament.

- See * Ashley. *Economic Organisation*. Lecture 2.
 Bland, Brown, and Tawney. *Economic Documents*. Part I.,
 Section 5, and Part II., Section 2.
 * Pirenne. *Mediaeval Cities*.
 † A. Stopford Green. *Town Life in the Fifteenth Century*.
 † Gross. *The Guild Merchant*.
 * † Lipson. *English Economic History*. Chapter 5.

(2) TOWNS BEFORE THE INDUSTRIAL REVOLUTION.—Decay of Local Government after the break-up of the Gilds—rise of town oligarchy and corruption in the seventeenth century—rotten boroughs and unenfranchised towns—the eighteenth century town as depicted by Defoe and Fielding.

- See * Toynbee. *Industrial Revolution*. Chapter 2.
 † Webb. *The Manor and the Borough*.
 † Webb. *Statutory Authorities*.
 † George. *London Life in the 18th Century*.
 Defoe. *Tour*.
 Fielding. *Tom Jones*.

(3) TOWNS UNDER INDUSTRIALISM.—Growth of towns during the Industrial Revolution—the new factory towns—social conditions, sanitation, etc.—movement for health reform—the Municipal Corporation Act of 1835—The Public Health Acts—development of the modern system of local government—housing and town-planning—municipal enterprise—urban government to-day.

- See * Slater. *The Making of Modern England*.
 Hutchins. *The Public Health Agitation*.
 * Odgers. *Local Government*. Chapter I.
 † Fay. *Life and Labour in the Nineteenth Century*.
 Ferris. *Industrial History of Modern England*.
 * Masterman. *How England is Governed*.

SECTION III.—THE METHODS OF PRODUCTION.

GENERAL HINTS FOR READING.

Any good text-book of economic history deals with this subject. The best for this purpose is H. O. Meredith's *Economic History of England*, but it is difficult reading.

(1) EARLY HANDCRAFT.—Methods of production did not alter greatly in their fundamental characteristics from the Middle Ages to the introduction of power-driven machinery. Tools became more complex, labour was further divided, and increased use was made of water-power; but handcraft predominated right up to the time of the Industrial Revolution. The methods of organising production, however, changed fundamentally.

Early handcraft auxiliary to agriculture—primitive crafts—carpentering, building, tanning, etc.—simple weaving and spinning in the home—gradual differentiation of trades in primitive society.

- See * Ditchfield. *Old Village Life* and cf. such a sociological work as
 † Muller-Lyer. *History of Social Development*.

(2) **THE GILD SYSTEM.**—As soon as towns began to develop as craft and trade centres, the craftsmen began to organise into Gilds—Gild system general in Europe—The Gild Merchant—rise of the Craft Gilds—organisation and functions of the Gilds—the “Just Price”—relation to municipalities and to State—Gild Charters—classes and grades within the Gilds—rise of oligarchy in them—their decay or survival in perverted forms—how far did they include all workers?—confined to towns—did they hamper productive development?—their localism in face of national expansion.

- See * Ashley. *Economic Organisation*. Lecture 2.
 Bland, Brown, and Tawney. *Economic Documents*. Part I., Sect. 5 and Part II., Sect. 2.
 * Renard. *Guilds in the Middle Ages* (largely foreign, but useful general survey).
 *† Lipson. *English Economic History*. Chapters 7 and 8.
 † Penty. *A Guildsman's Interpretation of History* (vivid, but unreliable).
 † Salzmann. *English Industries in the Middle Ages*.
 † Gross. *The Gild Merchant*. Vol. I.

(3) **THE DOMESTIC SYSTEM.**—Partial escape of industry from Gild regulations in the sixteenth and seventeenth centuries—increase of industry in the country towns and villages—the “domestic system,” *i.e.*, work done at home and marketed by traders—social effects of “domestic system”—it was never general—partial continuance of the Gilds in the towns—Stuart Corporations and monopolies—restrictive character of later Gilds.

- See * Ashley. *Economic Organisation*. Lecture 5.
 Bland, Brown, and Tawney. *Economic Documents*. Part III., Sect. 1.
 † Unwin. *Industrial Organisation in the 16th and 17th Centuries*. Defoe. *Tow* (especially Yorkshire and South Western Counties).
 † Mantoux. *La Révolution Industrielle*. First Part.
 * Toynbee. *Industrial Revolution*. Chapter 4.

(4) **THE FACTORY SYSTEM.**—The great inventions—Watt's steam engine (1776)—textile machinery—the race between spinning and weaving (Kay, Hargreaves, Arkwright, Crompton, Cartwright, etc.)—development of coal mining and metal industries—economic causes of concentration of work in factories—economy of large-scale production under steam-power—from the division to the subdivision of labour—the increasing size of the factory unit—limits to its increase—the problem of economical management—rise of electrical power and its effects—factory organisation to-day.

- See * Ashley. *Economic Organisation*. Lecture 7.
 Bland, Brown, and Tawney. *Economic Documents*. Part III., Sect. 1.
 *† Marx. *Capital*. Vol. I., Chapter 15.
 † Hobson. *Evolution of Modern Capitalism*. Chapter 4.
 * Perris. *Industrial History of Modern England*. Chapter 1.
 * Toynbee. *The Industrial Revolution*. Chapter 8.
 † Ashton. *Iron and Steel in the Industrial Revolution*.

SECTION IV.—THE DEVELOPMENT OF TRANSPORT.

GENERAL HINTS FOR READING.

The history of roads and their administration is told by Mr. and Mrs. Webb in *The King's Highway*. Dr. Lillian Knowles' *Commercial and Industrial Revolutions* gives a good account of the economic effects of the transport revolution of the nineteenth century. See also E. A. Pratt's *History of Inland Transport and Communication in England* and A. W. Kirkaldy's *British Shipping*.

(1) TRANSPORT IN THE MIDDLE AGES.—Badness of mediaeval roads—survival of Roman highways—responsibility for roads—large use of packhorses—difficulty of moving heavy goods by land—mediaeval shipping—small size of vessels—dangers of overseas trade—use of coastwise shipping—the policy behind the Navigation Acts.

See * Webb. *The King's Highway*. Chap. I.

Look up indexed references to "Roads," "Rivers," "Shipping," "Navigation Acts," etc., in Cunningham, Lipson, Ashley, Meredith, or other economic histories.

(2) TRANSPORT BEFORE THE INDUSTRIAL REVOLUTION.—Scant improvement since Middle Ages in land transport—bad state of roads and their administration—highwaymen—early turnpikes—continued difficulty of land transport—increased size of shipping—effect on smaller ports—big development of shipping in eighteenth century.

See References given above, and add :

† Parkes. *Travel in the 17th Century*.

Defoe. *Tour* (Cassell's National Library selection).

Eighteenth-century novels, such as *Tom Jones*, give a graphic picture of the state of roads from the standpoint of the traveller.

(3) THE REVOLUTION IN TRANSPORT.—(a) Road development—road engineers (Telford and Macadam)—Turnpike Acts and military roads—road administration becomes a function of local government in the nineteenth century ; (b) canals—the great canal development from 1761 (Bridgwater Canal—Brindley) ; (c) Railways—Trevithick—Stephenson's Rocket, 1829—the great railway boom after 1840 ; (d) Ships—Bell's Comet, 1813—development of the steamship—from wood to iron and from iron to steel—vast expansion of shipping—the revolution in methods of communication—cables and telegraphy—development of the Post Office—telephones.

See Cleveland Stevens. *English Railways*.

Webb. *The King's Highway*.

* Knowles. *Industrial and Commercial Revolutions*. Parts IV. & V.

Fleming and Brocklehurst. *History of Engineering*.

* Perris. *Industrial History of Modern England*. Chapter 3, Sect. 5.

Hemmeon. *History of the British Post Office*.

(4) TRANSPORT IN THE MODERN INDUSTRIAL SYSTEM.—Modern railway development—comparison with other countries—importance of railways in industrial expansion—decline of the canals and its

causes—canals in other countries—rise of road transport—economic importance of the road motor—modern shipping—big capitalist development—importance of British shipping in world trade—freight wars—beginnings of commercial aviation—modern communications—wireless telegraphy, etc.

See Knowles, Kirkaldy, Pratt, Cleveland Stevens, as above.

SECTION V.—THE GROWTH OF TRADE.

(1) **TRADE IN THE MIDDLE AGES.**—The market for most goods essentially local—the localism of the Gilds—importance of fairs—position of travelling merchants, English and foreign—the Hanse Merchants in England—overseas trade and its regulation—importance of trade in wool—the Merchant Staplers—the Merchant Adventurers—trading predominance of London—trade from Bristol, Hull, Newcastle—the regulated companies for trade with distant markets—State regulation of trade.

See * Ashley. *Economic Organisation*. Lecture 4.
Bland, Brown, and Tawney. *Economic Documents*. Part I., Sect. 6; Part II., Sect. 5.

*† Lipson. *English Economic History*. Chapters 6, 7, 9, 10.

† Unwin. *Gilds and Companies of London*.

(2) **THE RISE OF THE CAPITALIST TRADER.**—Capitalism in trade precedes industrial capitalism—trade policy in the seventeenth and eighteenth centuries—the “Mercantile System”—trading wars and treaties—the wars with France—the Portuguese treaty of 1702—colonies regarded as spheres of trade monopoly—the American colonies in the eighteenth century—rise of traders to social consideration and political power.

See * Ashley. *Economic Organisation*. Lecture 4.
Bland, Brown, and Tawney. *Economic Documents*. Part II., Sect. 5.

† Hewins. *English Trade and Finance*.

* Fox-Bourne. *English Merchants*.

* Seeley. *The Expansion of England*.

Horrocks. *Short History of Mercantilism*.

(3) **TRADE IN THE NINETEENTH CENTURY.**—Britain ceases to feed herself and imports pass from luxuries to necessaries—vast growth of export trade—economic importance of cotton industry—growth in export of machinery—relations of merchant and manufacturer in modern industry—the search for markets—grows more acute as industry develops in Germany and America—the rise of concession-hunting—relation of trade policy to modern imperialism.

See * Ashley. *Economic Organisation*. Lecture 8.

* Bowley. *England's Foreign Trade in the 19th Century*.

Hobson. *International Trade*.

Knowles. *Commercial and Industrial Revolutions*.

Boudin. *Socialism and War*.

Brailsford. *The War of Steel and Gold*.

- * Pavlovitch. *The Foundations of Imperialist Policy.*
- * Woolf. *Economic Imperialism.*
- † Woolf. *Empire and Commerce in Africa.*
- * Plebs League. *Outline of Economic Geography.*

SECTION VI.—THE FINANCIAL SYSTEM.

GENERAL HINTS FOR READING.

Meredith's *Economic History of England* deals most satisfactorily with the financial aspect. For the accumulation of capital, see Marx's *Capital*, especially Vol. I., Chapters 23-25.

(1) FINANCE IN THE MIDDLE AGES.—Unimportant in relation to most forms of industry—greater importance in trade and commerce—how did capital accumulate in the Middle Ages?—the position of the Jews—and the Lombards—how the money was raised for mediaeval wars—taxes and tax-farming—mediaeval ideas about money—interest as “usury”—change in attitude as capitalism developed.

- See * Ashley. *Economic Organisation.* Lecture 4.
 Bland, Brown, and Tawney. *Economic Documents.* Part I., Sections 3 and 6.
 † Ashley. *Economic History.* Part II., Chapter 6.
 † Lipson. *English Economic History.* Chapters 7 and 11.
 † Tawney. Introduction to Wilson's *Discourse on Usury.*
 † Sombart. *The Jews and Modern Capitalism.*
 Meredith. *Economic History.* Book I., Chap. 4; Book II., Ch. 6.

(2) FINANCE IN THE SEVENTEENTH AND EIGHTEENTH CENTURIES.—The accumulation of capital—finance under the Stuarts—how banking began—the Bank of England and the origin of the National Debt—slow growth of banking in the eighteenth century—early experiments in joint stock organisation—the South Sea Bubble.

- See † Andreades. *History of the Bank of England.*
 Cunningham. *Growth of English Industry and Commerce* (use Index).
 Meredith. *Economic History.* Book III., Chapter 3.
 Hobson. *Evolution of Modern Capitalism.* Chapter 3.

(3) FINANCE AFTER THE INDUSTRIAL REVOLUTION.—How the Industrial Revolution was financed—the rise of banking—paper money and crises—growth of joint stock banking—the Bank Charter Act of 1844—the rise of the joint stock company—growth of the capital market—the evolution of the investor—public loans and industrial securities—development of Stock Exchanges—how industry is financed to-day—power of the financier in modern society—the “Big Five” banks.

- See * Ashley. *Economic Organisation.* Lecture 8.
 † Andreades. *History of the Bank of England.*
 * Perris. *Industrial History of Modern England.*
 † Hobson. *Evolution of Modern Capitalism.* Chapters 7 and 10.
 * Burns. *Modern Finance.*
 Withers. *The Meaning of Money.*
 Hirst. *The Stock Exchange.*
 Rees. *Trusts in British Industry.* Chapter 10.

SECTION VII.—STATE ACTION IN THE ECONOMIC SPHERE.

(1) THE MEDIAEVAL STATE.—Its loose organisation in comparison with modern States—the expansion of its power through the King's Courts—its attitude to industry—"the policy of plenty" and "the policy of power"—regulation of the wool trade—the Navigation Acts—regulation of wages from the Ordinance of Labourers (1349) to the Statute of Artificers (1563)—the Elizabethan system.

- See * Ashley. *Economic Organisation*. Lecture 5.
 Bland, Brown, and Tawney. *Economic Documents*. Part I., Sect. 6; Part II., Sects. 3 and 5.
 Meredith. *Economic History*. Book I., Chapter 4, and Book II., Chapter 2.
 Jenks. *The State and the Nation*. Chapters 10 and 11.

(2) THE MERCANTILE SYSTEM.—"Bullionist" and "mercantilist" theories in the seventeenth and eighteenth centuries—"the balance of trade"—the State and commercial policy in the eighteenth century—breakdown of Elizabethan system of internal regulation of industry. See Section V. (2) above.

- See Bland, Brown, and Tawney. *Economic Documents*. Part II. Sect. 5; Part III., Sect. 6.
 † Cannan. *Theories of Production and Distribution*; esp. Chap. 1.
 Meredith. *Economic History*. Book 3.
 Horrocks. *Short History of Mercantilism*.
 Benians. *From Renaissance to Revolution*.

(3) LAISSEZ-FAIRE.—State regulation breaks up under stress of the Industrial Revolution—the new "dismal science" of economics—Adam Smith and Ricardo—the repeal of the laws regulating industry (Elizabethan Statutes) and of the Combination Laws—the repeal of the Corn Laws and the coming of Free Trade—the economic forces behind the Free Trade movement—the Tariff Reform controversy.

- See * Ashley. *Economic Organisation*./ Lecture 7.
 † Hammond. *The Town Labourer*.
 Slater. *The Making of Modern England*. Chapter 11.
 * Perris. *Industrial History of Modern England*; esp. Chaps. 4 & 5.
 * Armitage-Smith. *The Free Trade Movement*.
 * Price. *Political Economy in England*.
 † Cannan. *Theories of Production and Distribution*.

(4) THE RETURN OF STATE INTERFERENCE.—Abuses of the Industrial system—the Factory Acts—the Mines Acts—expansion in sphere of State and local government action—modern social legislation—Trade Boards—Insurance Act, etc.—towards Collectivism or the Servile State?—collectivist tendencies—tendencies of modern taxation.

- See Ashley. *Economic Organisation*. Lecture 8:
 * Slater. *Making of Modern England*. Chaps. 9, 13, 15, 18.
 * Perris. *Industrial History of Modern England*. Chaps. 5-9.

- Williams. *The Main Currents of Social and Industrial Change, 1870-1914.*
- Belloc. *The Servile State.*
- Webb. *Towards Social Democracy.*
- † Webb. *State and Municipal Enterprise.*
- Davies. *The Collectivist State in the Making.*
- Hobson. *Taxation in the New State.*

SECTION VIII.—THE DEVELOPMENT OF SOCIAL CLASSES.

HINTS FOR GENERAL READING.

The Communist Manifesto (1847), by Marx and Engels, should be read for the clearest exposition of the Socialist view. See also Marx's Preface to the *Critique of Political Economy*, and, for a sociological view, Oppenheimer's *The State*.

NOTES.—(a) This concluding section should be so treated as to gather together the preceding sections, and to present a general view of the social effects of the general course of economic development.

(b) Class distinctions arise at each period of history out of the forms of social and economic organisation. All class distinctions arising within a given society are originally based on differences of economic function. Primitive society differentiates from the general mass the classes to which it looks for economic protection against other societies or against the powers of nature—the fighting-man and the war-leader, and the medicine man or priest. Other forms of differentiation arise through conquest, the conquerors assuming the positions and functions of economic power.

Class distinctions are never absolutely clear-cut. There are always marginal cases, groups difficult to place in the social scale. The number and variety of such groups tends to increase with the complexity of social organisation. But such groups exist at all stages in greater or less degree.

(1) CLASS DISTINCTIONS IN THE MANORIAL SYSTEM.—Feudalism—the hierarchy of the feudal State based on land-holding—king—tenants in chief—lesser lords—classes within the manor—growing disparity between manorial classification and actual economic classes breaks up the manor—the status of the free tenant and of the serf—their legal rights—the force of custom in securing rights to the serf—effects of the Black Death and the Peasants' Revolt—rise of the yeomen farmers.

See under Part II. s. 1 (1), page 22.

(2) CLASS DISTINCTIONS IN THE MEDIAEVAL TOWN.—Exceptional position of the towns in feudal society—the consideration shown them based on their wealth—class divisions in town and Guild—town aristocracies—class divisions between Guild masters—between masters and journeymen—was there an oppressed class in the mediaeval town?—the rise of a capitalist class in the towns.

See Gretton. *The English Middle Class*. Chapters 2 and 4. And under Part II., Sect. 2 (2) of this syllabus.

(3) CLASS DISTINCTIONS IN THE SIXTEENTH AND SEVENTEENTH CENTURIES.—The position of Parliament—from what classes were M.P.'s drawn?—attitude of the towns to Parliament—importance of the middle classes in the Civil Wars and the Puritan movement—the town artisan in the time of the Gilds' decay—combination among journeymen—how did the Civil Wars affect the common people?—village life under Elizabeth and the Stuarts.

See under Part II., Sect. 1 (3) and Sect. 3 (3) of this syllabus.

See also Gretton. *The English Middle Class*. Chapters 5-7.

Dekker. *The Shoemakers' Holiday*.

* Webb. *History of Trade Unionism*. Chapter 1.

(4) CLASS DISTINCTIONS IN THE INDUSTRIAL REVOLUTION.—Rise of (a) manufacturing capitalists, (b) wage-earning proletariat. Effect of agrarian revolution (enclosures) in swelling the ranks of the latter—rise of combination amongst the wage-earners—beginnings of modern Trade Unionism—the Chartist movement—social and industrial conditions during the Industrial Revolution.

* Cole. *Short History of the British Working-Class Movement*. Vol. I.

* Webb. *History of Trade Unionism*. Chapter 2.

† Hammond. *The Town Labourer*.

† Hammond. *The Skilled Labourer*.

Gretton. *The English Middle Class*. Chapters 8 to 10.

† Beer. *History of British Socialism*.

For a guide to the history of the Labour movement, with full bibliography, see the companion syllabus in this series—**The British Labour Movement*. By G. D. H. Cole.

(5) CLASS DISTINCTIONS IN THE MODERN COMMUNITY.—Who are the "capitalists"?—captains of industry, financiers, employers of labour, managers—the investing public—growth and present position of the middle classes—"workers by hand and brain"—class-distinctions among wage-earners—skilled and unskilled—what is the "proletariat"?—theories of the class-struggle—the Marxian interpretation—the international working-class movement.

See Marx. *Capital*. Vol. I., Part 8.

Gretton. *English Middle Class*. Chapter 11.

Cole. *Labour in the Commonwealth*.

Veblen. *Theory of the Leisure Class*.

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SYLLABUS ON BIOLOGY.

PREFACE.

The student of social development cannot afford to ignore the results of the modern science of biology. The theory of evolution alone has introduced as fundamental a change in man's conception of the world of living beings as the views of Copernicus achieved with regard to the system of the universe.

Biological theories applied to society have continually aroused interest and stimulated controversy. Forty years ago it was "laissez faire" and "the survival of the fittest"; to-day it is Eugenics and Dean Inge. As knowledge advances the old works quickly become out-of-date. Too often popular accounts of biology, especially those intended for working class audiences, are inaccurate and are filled with the lumber of outworn controversies.

The object of this syllabus is to present a guide to modern knowledge, modern problems and modern lines of experiment and reasoning. It is not intended to supply the place of a text-book, even if there existed one covering all the ground here dealt with. It is not complete in itself. Many subjects, which need for proper understanding a whole book to themselves, are dismissed in a line or are not even mentioned at all.

It may seem that excessive space has been allotted to the recent experimental investigations of heredity, but the results gained in this field are new and of vital importance to the theory of evolution. It is essential that class-leaders and students should consult works such as Morgan's *Physical Basis of Heredity* and Punnett's *Mendelism* (1922 edition).

Scientific text-books are mostly very expensive. It is therefore advisable that students should make the fullest possible use of Public Libraries. The method of co-operation in buying books may also be recommended.

This syllabus may seem a little difficult at first sight, for there has been no attempt of over-simplification. The main ideas, however, will be found to be fairly simple when once grasped. It is *not* necessary that the class-leader should be a biological expert with a specialised training, but he should have studied some of the recent books beforehand. If it is desired to extend the course, Chapter II. could easily be divided and elaborated; on the other hand, the course could be shortened by the omission of Chapter VIII. and the fusion of Chapters IX. and X.

C. P. D.

HINTS FOR STUDENTS AND CLASS-LEADERS.

1.—TO STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class educa-

tion. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2.—TO TUTORS AND CLASS-LEADERS.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there: recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, &c.). Select the books carefully yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

SYLLABUS ON BIOLOGY.

CHAPTER I.

BIOLOGICAL SCIENCE.

1.—Scientific Method.

The essence of scientific study lies in the method of investigation and not in the nature of the subject investigated. The field of science is not restricted to the study of certain materials, like rocks or plants or chemical substances, but embraces all natural phenomena, all the data of human experience.

The steps in the scientific method may be described as description (involving observation and experiment), classification, generalisation, and verification. The mere collection of facts is not scientific study. They must be classified so as to bring out their common relationships. This leads on to the formulation of hypotheses or theories which, if verified in a sufficient number of instances, stand out as generalisations connecting together facts that would otherwise appear unrelated.

For example, in investigating the subject of "burning," the chemist, after many observations and experiments, formulates the theory that it is due to the combination of oxygen from the air with the substance burnt. He verifies this in as large a number of cases as possible and finds that it applies to a number of different phenomena, whether the burning of a candle, the explosion of gunpowder, the rusting of iron, or the breathing of an animal. He has arrived at a generalisation which may be called, if you like, the law of oxidation. He has arrived at an 'explanation' of burning, but, like all scientific explanations, it is only a completer description of the facts. Science does not attempt to explain 'why' things happen, but only 'how' they happen.

Generalisations by which the scientist is able to sum up the course of events in a large number of phenomena are spoken of as "scientific laws." The use of this term does not imply any notion of compulsion, or any idea of a "law-giver"; scientific laws are only generalisations based on what has so far been found to occur. Thus it is that science has built up a mass of systematised, verifiable and communicable knowledge.

2.—Biology.

Scientific enquiry is usually classified into separate "sciences" according to the material dealt with, but this is only a rough and

ready method, as no one science can be marked off sharply from the others, and each of them makes use of generalisations obtained in other fields of scientific enquiry.

Under the term 'biological science' is included all scientific knowledge about plants and animals, *i.e.*, living organisms. Its enormous scope has led to a great deal of further sub-division into special sciences such as physiology, anatomy, genetics, pathology, bacteriology, etc., the number of which is continually increasing as fresh fields of enquiry are opened up. A rough contrast is usually drawn between these biological sciences and the so-called physical sciences like astronomy, geology, chemistry, etc., but there is no real division between them.

The basis of biological science rests on the mass of descriptions that have been recorded of different kinds of animals and plants, observations on their appearance and structure, and on their behaviour and life histories. This has been collected in books on classification (floras and faunas), on morphology (the study of form), on anatomy (the study of structure), and in books on natural history. This syllabus, however, is not concerned with these descriptive data as such, but with the interpretation of them, with the generalisations which have been based on them about the phenomena of life, and especially those generalisations which are important because of the changes they have produced in man's outlook on the external world and on his understanding of human society and the possibilities of human development.

SUGGESTIONS FOR READING.

For an account of scientific method perhaps the best book to consult, though rather tough reading, is Karl Pearson, "The Grammar of Science," 3rd edit., 1911, Vol. 1, Chaps. 1-3. Others which may be mentioned are Norman Campbell, "What is Science?" 5/-, Methuen, 1921. J. A. Thomson, "Introduction to Science" (Home University Library); and F. W. Westaway, "Scientific Method," 2nd edit., 1919. The last is mainly a text book for teachers.

For introductory books covering the whole field of botany and zoology—A. Johnson, "Botany for Students," and F. W. Gamble, "The Animal World" (Home University Library). For more advanced several text books—Strasburger, "Textbook of Botany," 1921, 31/6, and Parker & Haswell, "Zoology," 2 vols., 50/.

For the scope of this syllabus, the two following books are especially recommended—E. S. Goodrich, "The Evolution of Living Organisms" (The People's Books), and Dendy, "Outlines of Evolutionary Biology," Constable, 1918. These two should be consulted throughout, and will not be referred to again.

CHAPTER II.

THE NATURE AND ORIGIN OF LIFE.

Biology is the science of life and the whole of its subject matter might almost be included under the above heading. But the central problem to be studied here is the problem *how* the organism works. A wide enough generalisation should supply a theory of life. It should explain what constitutes life. This has still to be discovered and we are limited to the less fundamental but rapidly growing field of knowledge about the different kinds of life processes that go on in living beings.

The following paragraphs and the next chapter deal with some of the aspects of these studies. It has not been possible in a few words even to state the problems fully, much less to describe the results of modern research, but further study can be made in the books mentioned at the end of the chapter.

Certain facts have become clear as to the nature of the difference between living organisms and non-living matter. All living organisms, in spite of the wide range of forms that occur among both animals and plants, show certain common characteristics in structure and behaviour. Thus they all assimilate food, respond to stimuli, grow and reproduce themselves, and they all contain a jellyish matter, consisting of a complex mixture of substances, which is the material basis of life, and to which the term protoplasm is applied, although it has not the same composition and structure in all organisms.

It used to be thought that the chemical substances of the living body could not be produced artificially from non-living substances, hence the old distinction of organic from inorganic chemistry. It is now known that the chemical compounds of the living body, although more complex in structure, are yet made up of the same elements, and their behaviour governed by similar chemical and physical laws to those which hold good for the inorganic world.

Living organisms are continually building up non-living material into living protoplasm, but apart from this there is no evidence of such a conversion ever taking place in nature, that is to say, rigorous tests have in every case failed to substantiate the old belief in spontaneous generation. Nor is it possible, owing to its extremely complex nature, to manufacture protoplasm in the laboratory. The origin of life can therefore only be guessed at, but since (1) living matter is produced daily by living organisms, and (2) life could not have appeared on the earth until the latter had become sufficiently cool, it would appear probable that life arose spontaneously under conditions at present unknown.

The simplest kinds of organisms at the present day consist of a mass of protoplasm, though even that protoplasm has a relatively

complex organisation and structure. It is natural to suppose that the earliest forms of life consisted of a much simpler type of protoplasm. But the production of even such a substance is beyond the resources of a modern laboratory.

The dispute that has raged between the vitalists and mechanists turns on the question whether it is possible, or will ever be possible, to explain all the phenomena of life in terms of chemistry and physics. It cannot be settled in favour of the mechanists until living substance has been produced artificially, but it must be allowed that the mechanistic hypothesis, which assumes that the organism is a machine behaving in accordance with physical and chemical laws, has been the more fruitful in discoveries as to the nature of the life processes.

The manifestations of life are always accompanied by physical and chemical changes. The simple organisms especially can well be described as self-regulating, physico-chemical machines. Their body is a complicated chemical laboratory in which a series of chemical changes takes place, connected in such a way that the results of one reaction determine the course of the next. The machine is self-stoking, it provides its own fuel by assimilation, and by burning the fuel in the process of respiration it liberates energy for the performance of all the vital activities.

Research into the chemistry of colloidal systems (suspensions of particles which are larger than molecules but too small to settle spontaneously), is proving very important in its application to the chemistry of living organisms, as is also the related study of surface-tension and surface effects.

Chemical study of life processes is becoming increasingly more important and the discoveries made have an important bearing on the problems of human life and health. Reference must be made to special books. A mention may be made of the extensive occurrence in organisms of enzymes, substances which act as accelerators, bringing about chemical interactions without themselves being consumed. Corresponding inorganic substances are well known. Organisms possess a host of special enzymes, each of which, in most cases, can only influence one particular chemical reaction.

The discovery of vitamins, substances occurring in foods in minute quantity and the absence of which is the cause of certain diseases such as scurvy, beri-beri, and probably rickets, and the discovery of the internal gland secretions is still recent history. With regard to extravagant accounts which appear in the newspapers, *e.g.*, as to the effect of transplantation of gland tissue from monkeys to man, it can only be said that such accounts are mostly written by men without scientific knowledge, and that they should be accepted with the greatest caution. Knowledge is continually advancing but new results can only be established after stringent verification.

SUGGESTIONS FOR READING.

- For general physiology, J. C. McKendrick, "The Principles of Physiology" (Home University Library); A. Keith, "The Human Body" (Home University Library); J. A. Thomson, etc., "The Outline of Science," 1922, Chap. X.; W. M. Bayliss, "Principles of General Physiology," a comprehensive, up-to-date text book of outstanding value.
- For plant physiology, Timiriazeff, "Life of the Plant," 1912. A simple and fascinating introduction; Jones and Rayner, "Textbook of Plant Biology," 1920. Part I. on the Plant as a machine is a short and clear statement of physiological principles.
- Note also J. A. Thomson, "The Control of Life," 1921, 7/6. Other references are given at the end of the next chapter.

CHAPTER III.

GROWTH, REPRODUCTION AND DEATH.

The smallest and simplest of living organisms consist of a minute mass of protoplasm which may or may not be surrounded by a firm wall. Within the protoplasm is usually a smaller, rounded, deeply staining mass, the nucleus.

In such an organism growth is simply increase in size. Since absorption of food, interchange of gases, etc., takes place through the surface, which does not increase at the same rate as the volume, growth is followed after a certain time by the organism splitting into two, each half becoming a new individual. This is reproduction in its simplest form.

It is one of the most triumphant and far-reaching generalisations of biology that the bodies of all plants and animals, however complex, are built up of units comparable to the simple type of organism described above. This generalisation is usually called the Cell Theory, the word cell having been first applied to the compartments of the honeycomb-like structure revealed under the microscope. The important part of the cell, however, is not the wall but the protoplasm with its nucleus. All tissues are built up of these protoplasmic units together with substances that they secrete (including the wall, if present). There is evidence that the nucleus determines the activities of the cell and is the bearer also of the hereditary characters.

All organisms start life as a single cell, but in the higher forms growth is followed, not by splitting into two, but by *cell-division*, the two new cells remaining in organic connection. In this way, together with *differentiation*, the specialisation of different cells along different lines, the complex tissues are built up.

One of the most arresting features of cell division is the very characteristic and complex series of changes which takes place in the nucleus. In a resting cell (*i.e.*, one not in process of division) the nucleus is typically composed of an intricate tangle of very fine filaments, which, when the cell is about to divide, shorten up

into deeply staining rods, the chromosomes. In the course of cell division each chromosome divides into two by a split along its whole length, one half of each passing to either end of the cell so that as cell division is completed each new daughter cell contains a descendant of each of the original chromosomes of the parent cell. The object of the process appears to be to ensure an equal division of the nuclear matter, and especially of the hereditary material. The nucleus thus consists of a definite number of chromosomes; each cell of a particular kind of animal or plant having its own constant number. Thus in man the number is 22, in one of the fruit flies it is 8, in one of the water fleas it is 168, in the onion 16.

The importance of the cell theory lies not merely in the statement that all living tissues are composed of cells, but in the proof that all the life processes of an organism depend on the activities of the separate cells. The cell is a physiological as well as a structural unit. The problems of life are problems of the cell.

In single-celled organisms growth and reproduction are very closely allied. In higher forms reproduction takes place either asexually by the splitting off of parts of the parent body, or sexually by the production of special single cells which fuse in pairs to form the starting point of new individuals. A comparative study of the different methods of reproduction among animals and plants reveals a very striking gradation of methods from the lower to the higher forms—stages which throw light on the evolution of sex.

In simple organisms the sexual cells, or gametes, are all alike and may even have the power of developing independently without fusing. In higher forms the gametes are differentiated into two kinds, one set, the egg cells or female gametes, becoming large, immobile and stored with food material, the other, the male gametes, the spermatozoa of animals or spermatozoids of plants, being small and active. The egg cell does not develop unless it has been fertilised by fusion with one of the male gametes. The essential character in fertilisation is the fusion of the two nuclei of the sexual cells, and the stimulus to development which results from fusion. Recent experiments suggest that the stimulus to development can be provided, at least to some extent, by the substitution of mechanical or chemical means.

The sexual cells normally die if unfertilised, and this always happens to the cells of the body after a shorter or longer period. From the point of view of science, death is a physiological and not a religious or metaphysical problem.

Strictly speaking, single-celled organisms are immortal, for reproduction involves the rejuvenation of their whole body. In higher organisms this immortality is reserved for the special reproduction cells which carry on the life of the species. There is no inherent reason why the cells of the body should get worn out and die. The sex cells renew their power of division by fertilisa-

tion. Why should not the body cells be stimulated similarly by appropriate means? The work of Metchnikoff who showed that the phenomena of senility are due to the action of phagocytes, may be cited as an example of the scientific attack on the problems of death. In spite of the work on gland secretions, the conquest of death remains a biological triumph for the future.

SUGGESTIONS FOR READING.

- Jones and Rayner, "Plant Biology," Part 2 deals with reproduction of plants; Shull, "Principles of Animal Biology," 1920, 21/-. Chaps. I.-VIII. gives a concise statement from the animal side.
- For the modern physiological outlook, consult W. C. Curtis, "Science and Human Affairs," Bellamy, 1922, Chaps. VI. and VIII.; J. Loeb, "The Mechanistic Conception of Life," 1912, 6/-; J. Loeb, "The Organism as a whole," 1916, 12/6.
- E. B. Wilson, "The Cell in Development and Inheritance," 1900, is a classical work on cell problems.
- Metchnikoff's work is dealt with in his books, "The Nature of Man," 1903, and "The Prolongation of Life," 1908. The new work on glands is dealt with in a semi-popular way by Dr. B. Harrow, "Glands in Health and Disease," 1922.

CHAPTER IV.

EVOLUTION.

Modern biology is dominated by the idea of evolution. During the last half century it has monopolised the attention of biologists to such an extent that there has been a tendency even to neglect other aspects such as those coming under the head of the previous chapter.

The theory of evolution forms the second great generalisation which provides a key to the interpretation of life phenomena, the first being the cell theory already mentioned. Actually these two far-reaching generalisations are in no way separate and modern research shows an increasing tendency to relate the problems of evolution to the problems of the cell.

The problem for which the theory of evolution provides the key is that of the existence of the enormous multitude of different kinds of organisms that populate the world. Following the title of Darwin's epoch-making book it is often called the problem of the "origin of species," but this is not strictly accurate. As will be seen, the grouping together of a number of individual organisms all more or less alike under the term species is an artificial procedure and the difference between the individuals in the artificial group called a species may be greater than the difference between two individuals put in different species groups. The actual problem is the origin of differences of whatever kind or amount.

The evidence of evolutionary change is now overwhelming. It may be considered under the following heads:—

1.—Evidence from Comparative Morphology and Anatomy.

The classifying of different forms and structures was largely done before the theory of evolution was formulated. It led to the so-called law of "Unity of Type," which expressed the fact that organisms may be grouped in assemblages with an underlying common type of organisation, in spite of modification of the different parts to suit different modes of existence. Thus the wing of the bird, the paddle of a whale, the fin of a fish are all modifications of a five-fingered limb which may even be represented by a rudimentary and useless structure, as *e.g.*, in the skeleton of the kiwi or of a snake. The presence of rudiments or vestigial organs is only satisfactorily explained by the theory of evolution.

A specially important body of evidence resulted from the study of embryology—the study of the development of the organism from the embryo. The embryo of one type during development may pass through stages during which it exhibits the characteristics of a different type. As explained by the evolutionary theory this led to the so-called law of recapitulation, the great biogenetic law so strongly emphasized by Haeckel and others in the last century, *viz.*: that the organism in its individual development tends to repeat in a condensed form the history of its evolutionary development. Much less importance is now attached to this, as often the stages compared are not really comparable.

2.—Evidence from Geological Succession.

While comparative anatomists were tracing the similarities and dissimilarities between living organisms, geologists were tracing a chronological sequence of rock deposits, each with a different set of fossil remains of former living organisms. They established:

(a) That, taking one of the anatomists' groups of organisms, it was represented in former geological periods by types different from those of the present day.

(b) That the ancient forms are often generalised types; thus, for instance, the extinct bird *Archaeopteryx* combines the characteristics of birds and reptiles.

(c) That rocks geologically near together in time of deposition contain fossils close together in degree of resemblance, hence successive stages of change are found in successive geological periods. Incidentally it was found that types which once became extinct never appeared again.

3.—Evidence from Geographical Distribution.

From the work of Wallace and Darwin on this subject the following important facts emerged:

(a) Large groups are generally more widely distributed than small groups.

(b) Closely similar species are usually found in adjacent areas.

(c) Areas which have been long cut off from connection with one another show more striking differences in flora and fauna than areas which have been more recently separated.

Wallace expressed the results of his researches in his 'Principle of Succession,' which stated that "every species has come into existence coincident in time and space with a pre-existing allied species."

4.—Evidence from Physiology.

Resemblances in vital processes mark species which are closely related. Specific chemical resemblances, shown *e.g.*, by blood tests, may be used as tests of relatedness of species.

5.—Evidence from Experiment.

The most direct evidence of evolution is the proof that evolutionary change is still going on. New forms are continually arising. Reference may be made to the changes brought about by domestication, the appearance of "sports," and particularly to the results of the modern study of breeding and crossing.

The theory of evolution thus stands impregnable. Modern research is concerned not with the fact of evolution but with the problem how evolutionary changes have occurred.

It should be emphasised that study of the evolutionary series does not reveal a progressive change from the simple to the complex. Biologists like Haeckel and Huxley in the last century were too much inclined to assume a simple series of changes represented by forms left surviving at the present day. Hence the idea that the ancestors of man closely resembled the present-day anthropoid apes.

The evolution of man and the social problems that arise in connection with it are considered later, as they can only be dealt with after gaining a knowledge of the evolutionary mechanism of the factors governing evolution in the organic world as a whole.

SUGGESTIONS FOR READING.

J. A. Thomson and Geddes—"Evolution" (Home University Library Chaps. I.-III).

D. H. Scott—"Evolution of Plants" (Home University Library).

C. Darwin—"Origin of Species," Chaps. VI., X.-XIII.

Shull—"Principles of Animal Biology," Chap. XVI.

CHAPTER V.

HEREDITARY TRANSMISSION.

In considering the 'law' of evolution, the first fact of experience with regard to the succession of living beings that has to be taken into account is that living forms are only known to arise from pre-existing ones through the process of reproduction. The second significant fact is that, while like tends to beget like, on closer examination this turns out to be true only in general terms, and that side by side with the mechanism of heredity conserving the properties of the organism, we are confronted also with the mechanism of *variation*. Following the scientific method of interpreting the unknown in terms of the known it follows that the solution of the problem of the origin of specific differences must be sought in a study of the mechanism of inheritance.

Taking first the study of variation; this may be approached in two ways. The first is the method of *Biometry*, consisting in the *measurement* of the degree of resemblance between parent and offspring with regards to characters like height, etc. It is essentially a statistical method giving results only on the average, for whole populations, like the statistical tables compiled by insurance offices. It does not shed any light on methods by which variations take place in the individual.

The second method is the study of the results of crossing. Many laborious experiments were made by this method during the last century (see *e.g.* Darwin's 'Variation of Animals and Plants under Domestication'), but as the earlier workers all made the mistake of considering the individual as a whole they did not obtain any generalisations throwing light on the mechanism of variation. Mendel, a contemporary of Darwin, however, succeeded in finding an appropriate method, the rediscovery of which at the beginning of this century, has led to the opening up of a whole new field of research, which for the first time is supplying clear information for the understanding of the mechanism of inheritance. The essential features of the Mendelian method lie in the fact, firstly, that it takes single, marked characteristics as the units of study; secondly, that it deals with the crossing of stocks which breed true for the 'unit character' considered; and thirdly, that it records the progeny of each cross separately.

The typical behaviour of Mendelian characters in crossing is described in any of the modern books on heredity, and only certain important points in the interpretation of these phenomena will be mentioned here.

The first point is the importance of the factorial hypothesis, according to which it is assumed that the germ cells which unite in reproduction contain each a single "factor" which is responsible for the appearance of a particular character in the new generation.

The result of the fusion of the germ cells is the production of an individual containing two factors for each particular character. If these factors are alike, the individual will be 'pure bred' for that character, if not, then usually one of the factors is 'dominant' over the other and the individual appears outwardly as if both the factors for the dominant character were present. But the phenomenon of dominance is not essential, it may be absent or incomplete. The important generalisation of Mendel is the law of the segregation or separating of the factors in the germ cell, the evidence of Mendelian crosses showing that the germ cells contain only *one* of each of the paired factors of the parent. It follows that if the two factors of the parent for a single character are different in nature, the germ cells will be of two kinds, some possessing the one factor and some the other. In this way we have a mechanism which will explain the mathematical results of the proportion of individuals bearing a certain character as a result of a cross.

It will be obvious that the Mendelian conception of unit characters destroys entirely the idea of a single difference between species. Individuals may differ by any combination of an enormous number of different paired characters. The distinctions between one species and another depend really on convenience in the sense that we select as the basis for distinction, single or multiple factorial differences the visible effects of which happen to be striking. Moreover, the individual is not to be judged by its appearance but by its genetic constitution, that is to say by the factors which it is capable of supplying to its germ cells.

Mendelian methods have now been extended to the study of the hereditary transmission of characters among the most diverse groups of animals and plants. A full account of the work up to 1909 will be found in Bateson's 'Principles of Heredity,' the best account of later work is T. H. Morgan's 'Physical Basis of Heredity.' The phenomena studied have usually been very much more intricate than the pioneer experiments of Mendel himself, but the factorial hypothesis has been applied to the study of these complications with striking success. For example, it may be found that more than one pair of factors may be involved in the difference between two varieties with respect to a single character, or again a single factorial difference may be responsible for more than one character in the individual. It should be noted that the characters, for whose behaviour in crossing the factorial hypothesis provides an explanation, may be very large or so minute as to be only visible under the microscope. They may also be physiological differences, and not differences of structure at all.

An important extension is the theory of multiple factors, for which experimental evidence has been found in many cases of quantitative variation, *i.e.*, measurable variation such as has been studied by biometrical methods. According to this theory

the length of an ear of wheat, for instance, depends on the presence of a number of pairs of factors for wheat length, each of which separately adds its quota to the total result. By this means the numerous intermediate lengths found in the progeny from a single cross may be accounted for. Another complication is the occurrence of sex-linked characters, characters which are inherited by males and females in unequal proportions. Still more important is the phenomena known as "linkage," which in the case of two pairs of factors the pairs do not behave independently, but there is, as it were, a tendency of a given factor of one pair and a given factor of the other pair to adhere, so that the progeny from a cross consists entirely or preponderantly of individuals with both dominant and recessive factors only.

There is no need to describe these complications further. It is sufficient to say that the work of the last twenty years supports the view that the Mendelian principles hold good for the entire range of inherited characteristics which distinguish one variety of animal and plant from another.

The results of the modern science of genetics, as the scientific study of inheritance, crossing, etc., is called, have led to very important practical applications. It has revolutionised the old ideas as to breeding. Formerly it was believed that the result of crossing a new type with the ancestral stock would lead to a gradual 'swamping' or dilution of the new characteristics, which would gradually disappear in later generations. Now, it is known that not only are the unit characters persistent, and thus that the persistence of new types can be explained, but it is possible by scientific experimental means, replacing the old haphazard crossing, to obtain true-breeding strains of any desired combination of qualities. A signal example was the production of special varieties of wheat containing a number of desirable qualities, such as high yield, stiff straw, resistance to rust, etc. These varieties of wheat are now everywhere replacing the old strains and leading to a considerably increased yield per acre.

Light has also been thrown on other problems confronting practical breeders, such as the effect of inbreeding, the causes of reversion, sterility, etc. For an up-to-date account of these subjects the student is referred to the book by East and Jones, mentioned below.

The bearing of the new body of evidence on the theories of evolution, *i.e.*, theories explaining how it is that new forms of life have arisen is discussed later. But it may be noted at once that the fact that new characters persist in virtue of the mechanism of segregation does away with the need for insisting on the all-important role of such agencies as natural selection, geographical isolation, etc., which Darwin and others had to rely upon to overcome the difficulties due to the assumed phenomenon of 'swamping.'

In the course of Mendelian breeding experiments considerable

evidence has been obtained of the origin of new hereditary types in pure breeding stocks. The most significant results have been obtained by Professor Morgan and his pupils in America, through the study of inheritance in the fruit-fly. During the last dozen years something like a hundred new types have come into being, the inheritance of which conforms to Mendelian principles. This production of new pure-breeding types is an indubitable example of evolution in operation. Of course these experimental results are naturally limited to those forms which breed in a rapid and prolific manner. Furthermore, there is reason to believe that a stock may remain comparatively stable over a long period and at other times produce new types prolifically.

SUGGESTIONS FOR READING.

R. C. Punnett, "Mendelism," new edit., 1922. This is perhaps the best, small up-to-date account. Bateson, "Mendel's Principles of Heredity," 1909, is the standard account of Mendelism up to its date. Further books worth consulting are L. Doncaster, "Heredity in the Light of Recent Research," 1922 (Cambridge Manuals); R. H. Lack, "Recent Progress in the Study of Variation, Heredity, and Evolution," 2nd edition; A. D. Darbishire, "Breeding and the Mendelism Discovery"; East and Jones, "Inbreeding and Outbreeding," 1919, Chaps. I., V.-XI.; Thomson and Geddes, "Evolution," Chap. IV.; Shull, "Principles of Animal Biology," Chap. XI. Biometry is treated in K. Pearson, "The Grammar of Science," 3rd edit., 1909, Vol. 2, as well as in chapters of the above. The works of Morgan are cited in the next chapter.

CHAPTER VI.

THE MATERIAL BASIS OF INHERITANCE.

The Mendelian theory assumes the presence of a number of separate 'factors' in the two gametes which unite to develop into the new individual, each pair of these factors independently determining the development of a special character.

The question immediately arises whether these factors are material things. If so, it would be natural to look for them in the germ cells, or rather in the nuclei of the latter, as the nucleus is the most important part of the cell.

Close research, by means of microscopical methods, into the manner in which the germ cells are produced, reveals an interesting fact, viz.: that the number of chromosomes in the nuclei of the gametes is only half the number in the nuclei of other cells of the parent. The ordinary process of nuclear division involving the longitudinal splitting of each of the chromosomes has been described above. In the production of the gametes, it is found that during one of the nuclear divisions, the "reduction division," the chromosomes instead of splitting into two lengthwise merely unite in pairs and then when division of the nucleus follows, each

pair behaves like a single chromosome, the two whole chromosomes separating, so that one whole chromosome from each pair passes to each of the daughter nuclei. Thus it follows that the nucleus of the gamete has only half the number of chromosomes characteristic of the body cells of the parent. When the male and female gametes fuse in reproduction the chromosomes retain their individuality and thus the double number is again restored.

It is clear that this behaviour of the chromosomes corresponds exactly to the method of distribution of factors assumed by the Mendelian theory. If each of the chromosomes were supposed to carry a single factor, the mechanism of the reduction division and sexual fusion would account exactly for the persistence of the factors, for their presence in duplicate in the fertilised egg cell and for their segregation into maternal and paternal components in the gametes. If, however, each chromosome carried a number of factors and always separated as a whole from the paired chromosomes in the reduction division then these factors would always be linked together in inheritance. As before mentioned this phenomenon of "linkage" is of common occurrence and provides additional evidence for the theory that the chromosomes are the bearers of the hereditary qualities.

Thus the factorial pairs in the fruit fly are found to fall into four groups, those in any one group showing linkage among themselves and independent segregation with regard to the factors in other groups. It is no coincidence that the number of chromosomes in the gametes is also four. Recent microscopical work has provided very interesting evidence that where partial linkage occurs this is related to the fact that the paired chromosomes in the reduction division often twine together or "cross over," so that when the longitudinal split occurs, the whole chromosomes which are separated contain some segments of one and some of the other of the original pair.

The chromosome theory also provides an explanation of the determination of sex. Very often the cells of the male are found to contain an odd number of chromosomes and then in the reduction division the odd chromosome is unpaired and passes undivided to one or other of the daughter nuclei. Thus there are two kinds of male gametes according to whether they possess an extra chromosome or not. The female, however, in these cases has an even number of chromosomes and all the female gametes are alike. The fertilised egg cell will then have an extra chromosome only in those cases where it is fertilised by a male gamete with an extra chromosome. Since only males have an extra chromosome it is an obvious conclusion that the sex of the offspring is determined by the presence or absence of the extra chromosome. It follows that sex is predetermined by the constitution of the gametes.

This explanation applies also to the phenomenon of sex linkage, where characters such as colour blindness, night blindness, and

"bleeding" in man, can only be transmitted by the father to his daughters although the mother can transmit them to offspring of both sexes. These sex-linked characters must not be confused with secondary sex characters such for instance as the horns of a ram or the moustache and beard in man. The latter appear to be determined by the reaction of the genetic factors to the physiological activities of the ovaries and testes; any individual appears capable of inheriting the factors responsible for the secondary sexual characters of either sex. This question has not yet, however, been satisfactorily settled.

What the factors in the chromosome consist of and how they produce the characters they represent is still a matter for conjecture. It has been suggested that they are enzymes. They must certainly influence a long chain of chemical reactions in the development of the organism.

The present knowledge of the mechanism of inheritance emphasises the importance of the germ cells. The inheritance of the offspring is the sum of the unit factors provided by the gametes from which it arises. The constitution of the germ cells of the following generation will depend on this inheritance. In view of the fact that there is very often a very early separation, in the embryo, of the germ cells which will give rise to the next generation of gametes, from those cells which produce the tissues of the body or "soma" (this separation sometimes occurring at the first division of the fertilised egg) it is natural to look upon the germ cells as the persistent element continuing from generation to generation, while the body or "soma" is simply an offshoot periodically produced by the germ cells and destined to die within a shorter or longer time. On this view the parent is not the producer of the child but merely the temporary trustee of the protoplasm of the germ cells, or 'germplasm.'

With this in mind it is possible to get a clearer view of the mechanism by which variations occur. It is necessary to think in terms of the germ cells. Similar characters are only present in successive generations owing to the presence of something in the germ cells which form the sole link between parent and offspring. Fundamentally then, variations are due to change in the germinal constitution. Four possible methods are (1) by recombination of factors in sexual reproduction; (2) by outside influences directly affecting the germ cells; (3) by alteration in the germ cells caused by outside influences affecting the soma, the influence being transmitted in some way to the germ cells; and (4) modification of the germ cells through unknown internal causes. The first is, of course, of common occurrence. The majority of new forms produced by crossing can be accounted for on this ground. With regard to (2) a few experiments, such as those made by Tower on the potato beetle, indicate that it is possible that such changes

can be induced by environmental factors without visible effect on the parent.

The third method raises a controversy which has been of great importance in the history of biology, viz. : the question of the inheritance of acquired characters. Much of this controversy has been based only on speculation and most of it is now obsolete. Without considering the historical aspect the following statement is given of the present position.

The development of any character, for which a factor is present in the fertilised egg cell, is dependent on suitable environment. Nature and nurture co-operate in the production of the finished product. In one sense, therefore, all characters are acquired, but the term is usually restricted (*a*) to such characters as need special stimuli not normally present in the environment, before they manifest themselves, or (*b*) to those characters which are developed in varying degree according to the reaction of the organism to environmental forces of greater or less than normal intensity.

The question is whether acquired characters in this sense are inherited. A great deal rests on the answer. Herbert Spencer wrote "A right answer to this question underlies right belief not only in Biology and Psychology, but also in Education, Ethics and Politics," and he dogmatically asserted "either there has been inheritance of acquired characters or there has been no evolution." From Aristotle onwards, until the challenge of Weismann in 1881, biologists confidently assumed the answer to be yes.

Now, however, the doctrine of inheritance of acquired characters is generally discredited because :

(1) Practically all of the evidence adduced in favour of it is capable of other explanation. It should be remembered *e.g.*, that the existence of adaptations, such as blindness in cave animals, is no proof at all.

(2) Experimental evidence conducted under rigorous conditions is against the assumption. (Some recent experiments such as those of Kammerer, Guyer and Smith, have still to be repeated by other investigators).

(3) The impossibility of reconciling any general belief in such a mode of transmission with the widespread applicability of the Mendelian analysis showing the persistence of unit characters.

Other ideas of somatic influence, such as the popular view that the experiences of the mother during pregnancy can exercise a corresponding influence on the child, or that the offspring can be influenced by the character of a previous mate (*telegony*), must also be given up.

The fourth method of germinal variation mentioned above includes those sudden changes which have been called *mutations*. These are often large and striking (as in the sudden appearance of new types), but may be very small and are then often caused by the loss of the factor for a single unit character.

Variation not due to any of the above causes, but simply the result of environmental influences affecting the functioning of an innate factor must be distinguished from those which are the result of a change in germinal constitution. Variations of this kind, caused by inequalities of nurture are usually, but not necessarily, small, but they are not inherited and therefore it is convenient to distinguish them by a special name—fluctuations.

SUGGESTIONS FOR READING.

An account of the chromosome theory will be found in Punnett's book, also in T. H. Morgan and others, "The Mechanism of Mendelian Inheritance," 1915, Henry Holt & Co.; and T. H. Morgan, "The Physical Basis of Heredity," 1920, Lippincott.
 Note also Bateson, "Problems of Genetics," 1916; East and Jones, "Inbreeding and Outbreeding," Chaps. III.-IV.
 On sex, see L. Doncaster, "The Determination of Sex," 1916. All the books on heredity mentioned will give some discussion of the inheritance of acquired characters. Some of the old school, such as Denty, etc., are still inclined to support it, and their views should be read critically. See also A. Weismann, "The Evolution Theory," 2 Vols., 1904, and "The Germ Plasm," 1893 (Contemporary Science Series).

CHAPTER VII.

FACTORS IN ORGANIC EVOLUTION.

Having considered the evidence that evolution has taken place, having studied the mechanism by which new hereditary types come into existence at the present day, it remains to use the evidence obtained in the latter study to build up a theory of evolution, *i.e.*, to apply it to explain the facts of evolution.

Before summing up the present position it is useful to consider the historical development of evolutionary theory.

Among ancient writers Aristotle is the only one who deserves serious consideration as contributing towards the recognition of the principles of scientific thinking. He described a number of organisms, vaguely recognised the principle of unity of type and speculated on the descent of organisms from common ancestry. More important, he adopted the empirical method and strove to avoid giving explanations in terms of 'purpose' or 'design.'

Feudalism and the religious authority of Christianity suppressed scientific investigation; it was not until the fourteenth or fifteenth century that the new mode of wealth production compelled the liberation of science. But until the end of the 18th century the doctrine of 'special creation' still passed uncontested. Then, coincident with the industrial revolution, there arose a galaxy of speculative biologists; Goethe in Germany, Lamarck

and St. Hilaire in France, and Erasmus Darwin in England, who openly suggested the evolutionary origin of living organisms.

The last-named based his interpretation of the factors of evolution entirely on the assumption that modifications acquired during life can be transmitted to the offspring so that they re-appear independently of the original stimulus.

Lamarck applied this principle in a more restricted and even more questionable sense. He assumed (1) that the development or disappearance of organs depends on their use or disuse, (2) that such effects could be transmitted to the offspring and concluded that evolutionary change has proceeded continuously by these means.

Bernard Shaw in a recent preface (*Back to Methuselah*) has attempted to espouse the Lamarckian view quite regardless of the investigations that have been made since the time of his first ventures in journalism. It must be emphasised that the inheritance of acquired character, and even more so the idea of the participation therein of conscious will, is a dogma for which there is no evidence.

Such theories were still speculative and did not attempt to find justification in terms of actual accredited experience. The first scientific statement of evolutionary theory was that given by Darwin. He recognised, for the first time, the importance of variation, that the tendency to produce new types is as much inherent in the character of reproductive processes as the tendency for like to produce like, and saw that this must form the foundation for evolutionary theory.

To explain the fact of the extinction of types and that on the whole organisms are adapted to their environment Darwin put forward the theory of Natural Selection.

The following is the essential basis of reasoning :

1. Organisms tend to multiply themselves at a geometrical rate of increase.

2. Struggle for existence results by reason of the limits of space and nutrition.

3. Organisms tend to vary in all directions.

4. Organisms which show variations which adapt them more satisfactorily to the requirements of their environment will necessarily have more chance of surviving and leaving offspring.

5. The variations are transmitted in inheritance.

6. Consequently a continuous selective process goes on in Nature whereby the more highly adapted characters tend to be conserved and non-adaptive features eliminated. This is the process which Huxley called the survival of the fittest.

If the theory of natural selection is largely discredited as a result of modern investigation, it should be noted firstly that this does not mean that the idea of an evolutionary process is any way

discarded. The theory has been modified because of (1) the new knowledge of the mechanism of variation and (2) the new knowledge of unit characters and their persistence. Darwin made no analysis of variations, he did not know that most variations are either mere recombinations of factors or fluctuations which are of no importance in inheritance. Neither was he aware of the persistence of germinal variations or mutations which makes the constructive role of natural selection, as promoting the survival of favourable variations and preventing "swamping," unnecessary and even impermissible. The negative role of natural selection, of eliminating organisms with harmful characters, is still supported.

Foundations for the analysis of the heterogeneous phenomena lumped together by Darwin as variation were first laid down by the English biologist Bateson in 1895 in his "Materials for the Study of Variation," which emphasised the occurrence of discontinuous and abrupt changes breeding true to type.

Contemporaneously, de Vries in Holland was studying variation by statistical and hybrid experiments on plants and his book on the "Mutation theory" (1902) has done much to put the selection principle of germinal variations as the starting point of evolutionary theory.

Since then has accumulated the enormous knowledge of the mechanism of inheritance and variation provided by extension of the Mendelian method. Recent work (*e.g.*, Professor Duerden's observations on ostrich breeding, 1917-18) indicates that changes in the germinal, factorial composition may occur simultaneously in a large number of individuals over a large area. This emphasises their importance as the main factors in bringing about organic diversity.

Clearly our knowledge of the factors in evolution is still unsatisfactory. We know that germinal factors persist; but also that they are subject to loss or change by unknown causes. The tendency seems to be to interpret evolution as the result of changing environment acting selectively on periodic factorial changes. The adequacy of this theory has yet to be established, but at present it sums up the available data and until further knowledge is obtained it must supersede both the Lamarckian and Selectionist hypotheses as the most in harmony with experimental study.

SUGGESTIONS FOR READING.

- Bateson—"Mendel's Principles of Heredity" (1909), V., pp. 283-290.
 Osborn—"From the Greeks to Darwin" (Columbia University Press).
 J. A. Thomson and Geddes—"Evolution," Chaps. V., VI.
 J. A. Thomson, etc.—"The Outline of Science," Chap. XI.
 J. A. Thomson—"The Control of Life," Chaps. III.-V.
 R. H. Lock—"Recent Progress in the Study of Heredity," 1916.
 W. Curtis—"Science and Human Affairs," Chap. VII.
 H. de Vries—"The Mutation Theory," 2 Vols., 1910-11.

CHAPTER VIII.

EVOLUTION AND ENVIRONMENT.

It is impossible to separate living organisms from their environment. The study of the relations of the organism and its environment is of general biological importance. In dealing with evolution the question of the relative importance of nature and nurture has been discussed. But only a few of the adjustments of the organism to environmental changes were taken into account.

The relations of organisms to the conditions in which they live have been made the subject of elaborate study within recent years, and dignified as a special science—ecology. It is concerned largely with *adaptations*, those characters, physiological or structural, which fit an organism for life under given conditions. On the whole animals and plants are adapted by their structure to their environment. But not all structures are adaptive. Moreover (1) the danger should be borne in mind of assuming an adaptation; *i.e.*, assuming that a particular feature in the organism performs a certain function, which may not exist. Thus the pattern of certain butterflies is supposed to “mimic” that of unpalatable species and so protect them from being devoured. Recent work has thrown doubt on whether such a relation actually exists. (2) An adaptation refers only to the fact of adjustment to the environment. It does not imply either purpose on the part of the organism or explain the origin of feature in question.

In studying the relation of animals to their environment the following classification of subjects is useful :—

1. Relations between individuals of the same species.
 - (a) Colony formation.
 - (b) Society formation.
2. Relation between individuals of different species.
 - (a) Parasitism.
 - (b) Symbiosis.
 - (c) Slavery.
 - (d) Predatory habit.
 - (e) Mimicry.
3. Relation of animals to plant environment.
 - (a) Plants depended on for food.
 - (b) Plants depended on for shelter, etc.

The subjects of parasitism and symbiosis are of particular interest, both among animals and plants. A parasite attaches itself to the body of another organism, the host, from which it derives its nourishment. If the relation between two organisms is such that it has mutual advantages, their association is termed symbiosis. It is rare among animals and though commoner among plants, as in the case of the lichens, or the fungi infesting

the roots of many plants, the view has recently gained ground that many apparent examples of symbiosis are really cases of parasitism. One of the most remarkable cases of animal symbiosis is that between a marine 'worm' (*Convoluta*) and a green unicellular organism. The green cells swallowed by the former multiply and flourish inside its body.

The relation called "mimicry" is one seriously open to doubt. The evolutionary naturalists placed considerable importance on its adaptation, as a result and proof of natural selection. It is impossible to imagine how the early stages of imitation could have any survival value. Mendelian breeding work also has shown that in many cases variations of the whole butterfly wing pattern were determined by a single factor.

On the botanical side, particular attention has been paid to the study of the factors of the environment which determine why certain plants are able to flourish under certain conditions, and to succeed in competition with other plants. This has led, on the one hand, to the mapping out of plant groups or 'associations,' dependent upon certain characters of the soil or climate, and on the other, to detailed physiological investigations of the relations between single plants and the environmental factors.

SUGGESTIONS FOR READING.

- J. H. Thomson, etc.—"Outline of Science," 1922, Chaps. III., IV.
 Gamble, "Animal World" (Home University Library), Chap. VII.
 Shull—"Animal Biology," 1920, Chap. XIII.
 Jones and Rayner—"Plant Biology," Part III.
 Keeble—"Plant Animals," a study in Symbiosis (Cambridge Manuals);
 a fascinating account of a rare phenomenon.
 A. G. Tansley—"Types of British Vegetation," 1912.

CHAPTER IX.

EVOLUTION OF MAN.

Man is an animal with greater power of adapting himself to changing environment than any other. In the fossil record he appears at a very late stage. But there is abundant evidence that, like the reptiles, or before them the fishes, he has undergone progressive development as in the other great groups of animals which once dominated the world. Whether, like some of them, he is destined to become extinct and his supreme position occupied by another form of life is a problem for the future.

However superior in mental powers, structurally man is clearly a member of the Primates, a group of mammals comprising the monkeys, gorillas, etc., and clearly more akin to the anthropoid apes than any other. Anatomists have tabulated more than a

hundred vestigial characters in human structure, relics now without function but which correspond to useful structures in other animals. Man bears still "the indelible stamp of his lowly origin."

The fossil evidence of his origin and connections is still meagre, but there is no room to doubt the common ancestry of man and the apes. Not that the ancestors of man were necessarily like the most similar present-day anthropoid apes, but that the common stock of both became specialised in different directions, that common stock itself showing the closest relation with the ancestry of the Carnivores or flesh-eating animals. The date when this divergence into humanoid and ape stocks took place is very uncertain, even geologically, and in years it may be estimated at anything from half to two million years back, or even more.

The oldest fossils, while indisputably "missing links" in their combination of human and ape-like characters, seem to have been rather specialised types of the human stock. The chief are (1) The Java fossil (a skull cap, a thigh bone, and two teeth); (2) the Heidelberg jaw; (3) Neanderthal man (of which a good many skeletons are known); (4) the Piltdown skull; and (5) the Rhodesian skull discovered in 1921. Next come ancient skeletons of men of the modern type, viz.: men of the early Palaeolithic period, and then, after the Ice ages, men appeared of the Neolithic or new stone age, who used polished stone implements.

On the causes of man's evolution it is impossible to say very much, any more than on the causes of evolution generally. It would seem there must have been successive variations of considerable size, especially as regards evolution of the human brain. The change from tree life to life on the ground must have been of considerable significance—though this is not meant to imply that change of environment has affected the course of evolution directly. The probability is rather that the course of evolution has been determined by internal causes. Comparison may be made with the rise and extinction of other groups, like the great Dinosaurs, which apparently went on evolving until they were entirely unable to cope with their environment.

SUGGESTIONS FOR READING.

J. A. Thomson, etc.—"Outline of Science," 1922, Chap. V.

C. Darwin—"Descent of Man."

R. Marett—"Anthropology" (Home University Library).

A. Keith—"Antiquity of Man."

Dendy, etc.—"Animal Life and Human Progress," 1917, Chap. V.

M. and C. H. B. Quenell—"Everyday Life in the Old Stone Age," 5/-,
Batsford, 1922.

CHAPTER X.

MAN AND OTHER ORGANISMS.

Man is the dominating organism in the organic world, but he has only gradually attained that position. It is a truism that primitive man was very much more at the mercy of natural forces than modern civilised man. The 'conquest of nature' has involved not only mastery of inorganic forces, such as the harnessing of energy, but also an ever-increasing control over all the forms of animal and plant life. With the equipment that scientific knowledge has provided he is ever extending his control but he has not yet obtained absolute mastery. His food supplies are still subject to damage by insect and plant pests, his body still only too often falls a prey to the attacks of minute organisms.

From the economic point of view, that of helpfulness or harmfulness in the preservation of life and production of wealth, animals or plants in their relation to man can be classified as follows:—

1. Those captured for food or other products.
2. Those that are domesticated or cultivated.
3. Those indirectly useful, *e.g.*, earthworms, insects that aid in pollination, flowers providing honey for bees, etc.
4. Those that act as hindrances, *e.g.*, mosquitoes, weeds, etc.
5. Those directly injurious to animals and plants, *e.g.*, economic pests of cultivation (plant and animal), that carry disease, organisms, etc.
6. Those injurious to man's products, *e.g.*, fungi that cause rotting of timber, etc.

Even now the central weight of man's struggle against his organic environment is directed against those organisms in the fifth class above. Here notable advances are being made day by day, but much remains to be done.

The struggle against pests of cultivation forms the main subject of economic biology: This field is very extensive as there is hardly a single kind of crop or domesticated animal that is not liable to attack. Even now millions of bushels of wheat are destroyed yearly by grain weevils, attacks of rust, etc. A prodigious variety of organisms are concerned and their attacks can only be controlled on the basis of a scientific knowledge of all the phases of their life history, and of their relation to the plant or animal attacked.

Another important field is the study of organisms in relation to human disease. Everyone knows of the enormous part in causing human disease performed by the microscopically minute plants known as bacteria. Very interesting are the complicated inter-relations between different organisms that occur in the causation of many important diseases such as malaria, yellow fever, etc.

These relations are only gradually being elucidated and with the knowledge gained successful methods of controlling the disease discovered.

Take, for instance, malaria. This disease is caused by the action of a minute animal in the red blood corpuscles. It passes into the body of a mosquito which sucks human blood, where it undergoes various complicated changes and finally passes into the blood of another man through the insect bite. To destroy the organism it is enough to destroy the mosquito. The mosquito at one stage of its life cycle is a larva living in water and breathing at the surface. It can be suffocated by spreading a film of oil over the water. Malaria is now being stamped out in this way. The organisms which cause yellow fever and elephantiasis are carried by mosquitos in the same way. Another example is the dread disease of sleeping sickness which is caused by a minute organism (*Trypanosoma*) carried by the tsetse fly. A recent discovery is the life history of the organism that causes hookworm, a prevalent tropical disease.

Another aspect of man's relation to other organisms is the part he plays in the general inter-relatedness of all organisms, in what is often spoken of as the 'balance of nature' or 'web of life.' Darwin emphasised the complex adjustment of organisms one to another, and gave the example of the connection between cats and clover. Man has often caused disturbances of this delicate adjustment and unexpected results. Thus the introduction of trout in Tasmania caused damage to the crops, for the trout destroyed dragonflies which left insects undevoured which caused the crops to suffer. The introduction by man of an organism into a new habitat where it is able to multiply unchecked has frequently had far-reaching results, *e.g.*, the introduction of rabbits into Australia and sparrows into the U.S.A. This rapid multiplication of an organism in a new environment is especially devastating in the case of those that cause disease. Many plant diseases, such as the gooseberry mildew in America, when transferred to Europe have become virulent to an extent unknown in their original environment.

SUGGESTIONS FOR READING.

J. A. Thomson—"Darwinism and Human Progress," Chap. II.

Ray Lankester—"The Kingdom of Man," Chap. III.

J. A. Thomson—"The Control of Life," Chaps. II. and VIII.

Dendy, etc.—"Animal Life and Human Progress," Chaps. I., IV., VIII.,

CHAPTER XI.

HEREDITY AND HUMAN SOCIETY.

The bearing of biological knowledge on the development of man and human society cannot now be ignored by the student of social affairs. Besides problems such as those mentioned previously, it is necessary to consider—

- (1) the application of biological laws to man.
- (2) the application of biological laws to society.
- (3) social conclusions to be drawn from the modern knowledge of heredity and evolution.

(1) Man is a member of the organic world, biologically one animal among others, and consequently as an individual conforms to the same biologic laws. He has the same bodily structure as other animals and our knowledge of the mechanism of development, variation, and inheritance applies as much to him as to other animals.

Various Mendelian factors for different characters have been enumerated in man, and his sex is determined also by the presence of a special sex chromosome. So far the study of inheritance in man has been applied mainly to diseases or malformations which are easily observable and can be traced by public records from generation to generation. Details can be found in the books on heredity or in works on eugenics. In many instances, the results are very complicated, and apparent blending may occur, *e.g.*, in negro-white crosses, but the scientific analysis of human inheritance is very difficult and much has yet to be learnt.

(2) What is the part played by biological factors in the evolution of human society? This is still a subject for heated controversy and the views expressed usually betray the influence of class bias rather than of scientific knowledge.

To the evolutionary biologist of the last century it seemed natural to apply at once the new found theory of Darwinism to human society. Evolution was a continuous process, man was an evolving animal, and the development of social institutions was the outcome of progressive increase in man's intelligence through the struggle for existence and natural selection.

In its crudest form particular stress was laid upon the pressure of increasing population as determining the struggle for existence in society. There are still many writers who regard 'over-population' as the source of most present-day social ills, and as the most alarming danger for the future. Actually, however, at no time since Malthus wrote has population outstripped increase in food supply, etc. Insistence on this factor is usually connected with a desire to shirk immediate questions of social organisation.

In spite of modern knowledge very many middle-class biologists and theorists still adhere to the view that the evolution of society can be explained in terms of the struggle for existence (see *e.g.*, Benjamin Kidd and other writers of that type). Not only do they maintain that it forms the mainspring of individual action in society, but they also use it as an argument against any form of socialist organisation, for the latter, by interfering with its beneficent action, would prevent the 'survival of the fittest.' This comforting bourgeois view still persists in spite of its being open to the devastating reply that the effect of the struggle for existence under conditions of capitalism leads to the survival of the most harmful types.

This controversy has been dealt with on this basis, for instance, by Enrico Ferri and Pannekoek. They go to the other extreme, the first asserting that, while the only scientific explanation of the history of animal life is to be found in the grand Darwinian law of the struggle for existence, for human life it is to be found in the "grand Marxian law of the struggle between classes."

The argument on both sides illustrates the danger of applying scientific generalisations gained in one sphere to another and very different one. It should be pointed out that it rests on a confusion of social and biologic change. From the Mendelian standpoint evolution is discontinuous and the study of fossil remains gives no evidence that the general level of mental capacity among Europeans has appreciably changed since historic times. Physical data indicate that modern types of Europeans were in existence at the conclusion of the old stone age. The study of ancient cultures leaves no room for the belief that man's innate capacities are more advanced to-day.

It follows from this discussion that the dynamic factors in social change are economic and not biological, and that the chief difference of the modern biological standpoint from the simple views of the last century lies in its recognising that biological results do not throw light on changes in social organisation.

Increasing knowledge has come with increased control over nature (not by biological alteration of 'human nature'). Changes in social organisation depend upon (1) the traditional basis, the foundation on which changes are made; (2) reaction to an ever-changing artificial environment created by the tool-bearing habit.

It follows also that the attempt to justify "evolutionary socialism" on biological grounds is founded upon a confusion between social development and organic evolution, which do not stand in the intimate relation to one another assumed by biologists in the time of Spencer.

(3) The application of the principles of genetics to the human race has been termed eugenics. Owing, at least in part, to the

character of its advocates, it has not yet received serious consideration by the Labour Movement, but the questions raised are too fundamental to be ignored.

The idea of the social regulation of parenthood dates back to Plato, but the modern movement is based on the new knowledge of heredity, which emphasises the importance of the germinal constitution compared with the influence of environment, and demonstrates that human society could, if it wished, control its own composition.

Positive proposals, for the breeding of super-men, are still to seek. In spite of the eugenists' easy assumption of the "inmate inferiority of the lower classes," they admit their ignorance as to the inheritance of socially desirable characters and of mental characters in general. As Bateson comments "whereas our experience of what constitutes the extremes of unfitness is fairly reliable and definite, we have little to guide us in estimating the qualities for which society has or may have a use. There is as yet nothing in the descent of the higher mental characters to suggest that they follow any simple system of transmission. It is likely that they result from the coincidence of numerous factors rather than from the presence of any one genetic element."

Moreover, as pointed out by Huxley long ago, the question remains, "Who is competent to do the necessary selecting?" If class bias is going to have a hand in determining the points of a good citizen, the results might be peculiar.

The negative aspect of eugenics, with its proposals for the "elimination of the unfit," is of more immediate significance, for already in the United States and elsewhere measures have been adopted for the sterilisation of criminals and imbeciles, an operation which can to-day be accomplished by the X-Ray method without recourse to surgical procedure or methods involving danger or bodily discomfort.

The danger is just as obvious as on the positive side. Who is to decide which individuals shall be prevented from propagating? The extreme class bias of the eugenic advocates may be illustrated by one writer, a doctor, who declared that "sterilisation should go hand in hand with detention behind prison bars."

The fact, however, that the eugenists are almost universally unfit to be trusted with the power of deciding what constitutes social unworthiness, and that genetic science has been prostituted for anti-socialist propaganda, is not a reason for disregarding the part played by man's inborn nature in social organisation. Certain types of imbecility cannot be eliminated from the race without preventing the propagation of those affected, for it is a defect inherent in the germinal constitution. This is possibly the case also with that residuum of causes of crime which cannot be attributed to the operation of economic factors.

Whether we consider the extreme measure of sterilisation should be adopted, *at present*, will depend on whether we believe those who will have the authority to decide can be trusted to exercise it with the needful restraint. It will be agreed that the extension of knowledge in the field of human inheritance must eventually place in our hands a powerful weapon for moulding society nearer to our desires. For this reason alone it is important that the labour movement should create its own eugenics as well as its own economics.

Above all, more and still more research is required. As new knowledge is gained, it is for Labour to see to it that it is devoted to right ends.

SUGGESTIONS FOR READING.

- (1) Heredity in Man. Most of the text books and works on heredity already mentioned have special chapters dealing with inheritance in man. See *s.g.*, Bateson's "Mendel Principles of Heredity," Chapter XVI.
- (2) Carr Saunders, "The Population Problem," 1922, Clarendon Press. This is a large book written from the modern standpoint. E. Ferri, "Socialism and Modern Science," 1917, Kerr & Co. Originally written in 1895, the controversy is now out of date. Assuming the validity of Darwinism this is the best refutation of the anti-socialist use of the theory. A. Pannekoek, "Marxism and Darwinism," 1912, Kerr & Co. This covers the same ground as the former, less well, and the biological views expressed are almost ludicrous.
- (3) Most of the books on heredity touch also on the question of eugenics, usually from a class point of view.

Note also—

Guyer—"Being Well Born," 1916, Bobbs, Merrill Pub. Co. This book is to be recommended.

East and Jones—"Inbreeding and Outbreeding."

Castle—"Genetics and Eugenics," 1916, Chaps. XXIV.-XXVII.

Whetham—"Heredity and Society," 1909.

Saleeby—"Progress of Eugenics," 1914.

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EXTENSIVE BIBLIOGRAPHY THROUGHOUT.

PREFACE.

THIS narrative does not pretend to give more than the main threads of the story, on which the student may string his own reading. There is no attempt at analysis; and even in the narrative pressure of space has forced me to omit some of the most important matters, while pressure of time compelled me to use again an article written two years ago for the Labour International Handbook; and there is much in it I would now write in a different way.

Nevertheless, in spite of these detractions, this narrative will be found useful, for the simple reason that there is no other syllabus or short history of the Russian Revolution existing in English. The same applies to the list of books given. For the completeness of the book-lists (which make the fullest select bibliography so far published in this country), I am largely indebted to the knowledge and skill of G. Allen Hutt. But the whole marrow of the subject can be found, without going any further, in the books and pamphlets by Lenin and Trotsky, in John Reed's "Ten Days," and in Price's "Russian Revolution."

It is, perhaps, needless to add that no full understanding of the Bolsheviks, or of the Revolution itself, is possible without an understanding of the work of Karl Marx and Friedrich Engels: but I have considered it unnecessary to put their books into the bibliography.

R. P. A.

March, 1923.

CHAPTER I.

THE EXPANSION OF RUSSIA.

RUSSIA emerges into history in the Ninth Century when the Viking chief, Rurik, set up his rule amongst a Slav population. During the Middle Ages Russia was cut off from the rest of Christendom, partly by the different form of its religion (derived, like the later Tsardom, from the Byzantine Empire and true heir to its stiffness and servility), and partly through its almost complete subjection to the Mongol or Tartar invaders. By the Sixteenth Century the Tartar invaders had been repelled or subdued and communications were opened up between the Tsar Ivan the Terrible and Queen Elizabeth of England. Under the Eighteenth Century rulers, from Peter the Great, who had laid down the foundations of absolute monarchy after the model of Louis XIV. of France and wrested the hegemony of Eastern Europe from the Swedes, to Catherine II., whose generals, Potemkin and Souvaroff, broke the power of the Ottoman Empire, the power and extent of the Russian Empire was enormously extended and many non-Russian peoples were brought within its territories. Poland was partitioned. Courland and Lithuania absorbed, Moslem Khanates in the East and South-East were conquered, the territories of the Northern and Western Shores of the Black Sea were taken from the Turks, while year after year saw a steady extension eastwards into Siberia, along the Northern March of the Chinese Empire, which continued into the Nineteenth Century until the sea was reached and Vladivostock founded on the shores of the Pacific. Still Russia had remained as it were on the outskirts of Europe—untouched by the influence of the Crusades or the Renaissance, and immune from the effects of any later development—when the wars of the French Revolution and the disastrous invasion of the French in 1812 made the Tsar the leader of the Continental Monarchies, a position which was signalled by his headship of the Holy Alliance. From this time onwards, the strength of Russia began to give anxiety to the other powers of Europe and though the help of the Tsar was gratefully accepted for the crushing of the revolutionary movements of 1848, the policy of the other powers was largely affected by this growing fear. The Crimean War was an attempt to curb the Russian expansion and the British Cabinet right up to 1890, or even later, was continually nervous of the proximity of Russia to Afghanistan which seemed to them to threaten the safety of the British Empire in India. In Persia, too, the southward thrust of the Russian influence caused a continual anxiety which finally led to the Anglo-

Russian Agreement of 1907 over the demarcation of spheres of influence in that country.

It has often been said that the motive of the Russian territorial expansion was the desire for a warm-water sea-port (the Baltic and the White Sea are ice-bound in winter) and that the founding of Vladivostock, the thrust toward the Persian Gulf and the continual yearning for the possession of Constantinople and the Straits are thus explicable. In the Secret Treaty between the Tsar and the Allies of March, 1915, Constantinople was bargained for as the price of Russian support for British and French claims in the Near East, and as late as the autumn of 1916, a speaker in the Duma roused imperialist enthusiasm by his cry that "the Shield of Oleg was still stretched out over Constantinople." It was nearly a thousand years since the unforgotten Viking Oleg had hung his buckler upon the gates of Byzantium.

P. Kropotkin, "Memoirs of a Revolutionist" (Amur chapters, 2nd Ed., 1907, Smith-Elder).

M. Philips Price, "Siberia" (1912, Methuen, 12/6).

J. Mavor, "Economic History of Russia" (Dent, 2 Vols.)

V. O. Kluhevsky, "History of Russia" (Dent, 3 Vols., 28/6).

F. H. Skrine, "Expansion of Russia, 1815-1900" (Cambridge U.P., 7/6).

Beazley, Forbes, & Birkett, "Russia: from the Varangians to the Bolsheviks" (Oxford U.P., 8/6).

CHAPTER II.

THE TSARDOM.

A brief summary of the internal condition of Russia at the end of the Nineteenth Century is an even more essential preliminary to a study of the present position. To understand its recent history it must be realised that there existed two Russias, one the Russia of the peasants, released in 1861* from medieval serfdom and grouped in their villages and conducting a primitive agriculture under the loose organisation of the village Mir, somewhat like the English manor of the Middle Ages, or the village communities of India at the present day. They were almost all unable to read or write, and were intensely ignorant and pious, while their conditions of housing and sanitation, their miserable means of existence, often accentuated by famine and disease, brought a high mortality which was only compensated for by an extreme fecundity which made their birthrate by far the highest in Europe. It is important to note that the so-called "emancipation" of the peasants was due

* It should be noted that the emancipation of the serfs (at a heavy price to themselves) followed hard on the Crimean war, the erection of a Duma on the Russo-Japanese war, the Socialist-proletarian Revolution on the Great War.

to three economic causes: (a) the requirements of up-to-date large-scale landlords for "proletarianised" peasants, *i.e.* peasants who were not tied to the land and could be taught modern processes; (b) the requirements of industry in the towns for free labourers; (c) the financial needs of the Tsardom, which wanted to tax the small landworker, and particularly to sell him vodka (which was a State monopoly, and from which the Tsardom drew 40 per cent. of its revenue). These in turn suggest to us what were the conditions of the peasantry in this period.

On the top of this Russia of the peasants was super-imposed another Russia, of officials and functionaries, of landlords and merchants, of law-courts and gendarmerie and secret police and spies. This was the Government of Russia which seemed in some aspects to be a survival from the monarchies of the Seventeenth Century and in others to be an actual example of the fabled Despotisms of the Orient. The Tsar was the head of this system, and to him, as absolute monarch, fell the final responsibility. Against this absolute power there had been in 1825 a rebellion of army officers tinged with Western ideas (the Dekabrists), but after the cruel suppression of this attempt the Tsardom under Nicholas I. (1825 to 1855) seemed stronger than ever. In the latter half of the Nineteenth Century there developed a revolutionary movement whose various phases are well portrayed in such writers as Turgenieff, Tolstoi, and Dostoievsky. By 1890 it was possible to divide the revolutionaries (as apart from those Nobles and Landowners who had imbibed "Liberal" ideas) into three clearly marked groups—those who based their doctrines on Marx (these were very few), those who followed Bakunin and other Anarchist Communists such as Prince Peter Kropotkin, and those groups which were afterwards to be known as the Socialist Revolutionaries. It was the last of these who pursued the policy of personal terrorism and endeavoured to alter the Tsarism by their *attentats* with revolver or bomb on the lives of the Tsar and his higher officials.

In many instances they were successful, the most notable being the assassination of Tsar Alexander II. in 1881. But the net result of their policy was a stiffening of the despotism, and ever more savage repression by hanging, flogging, and transportation to Siberia of revolutionaries of every shade of opinion. The Okhrana or secret police were enormously developed in State and Church and in every stratum of society until it became dangerous for a man to whisper his thoughts to his neighbour. This spy system, it appears, is the means always employed by a tyranny to maintain itself in power, and has not been unknown in other countries. But in Russia the Okhrana became so powerful and all-embracing that at last it could be accurately described as a vast secret society which permeated and poisoned the whole of Russian social life. The very Ministers of the Crown were also under continual surveillance

through what was called the Cabinet Noir or Black Bureau, a postal censorship from whose operations not even the members and relatives of the Royal Family were exempt. The existence of this Cabinet Noir was never proved—it had been described in the Duma as a myth—until 1917 when it was found that it had been in continual operation from as far back as the time of Catherine II.

For this section the most useful books for British students to read are not formal histories, but the works of Tolstoi, Dostoievsky, Turgenieff, and their like ; and especially :—

- Tolstoi, " War and Peace " (Heinemann, trans. Constance Garnett, in 1 Vol. O.P.).
 Dostoievsky, " House of the Dead " (Heinemann, 7/6).
 Turgenieff, " Fathers and Children " (Heinemann, 4/-).
 Kennan, " Siberia and the Exile System " (Osgood, M'Ilwaine, 1891, O.P., and N.Y. Century Co.).
 Gogol, " The Inspector-General " (Walter Scott); " Dead Souls " and " Taras Bulba " Cossack Stories (Everyman Library, 2/-).
 Stepniak, " Underground Russia " (1883, Smith, Elder, O.P.).
 Bernard Shaw, " Great Catherine " (Constable, in " Heartbreak House " volume, 7/6).
 See also Wilcox, " Russia's Ruin," Chapters vi. and xiv.—The Okhrana ; Early Career of Lenin (Chapman & Hall).
 Mme. N. Jarintzoff, " Russia : the Country of Extremes " (1914, Sidgwick & Jackson).

CHAPTER III.

THE GROWTH OF CAPITALISM.

From 1890 onwards this human society, thus governed, began to undergo a profound social change which was finally to bring about the downfall of the unaltering Tsardom. This change can be described as the coming of Capitalism, with an accompanying unprecedented increase in population. Between 1897 and 1914 the numbers rose from 128 millions to 175 millions. Capitalist industry, largely with the aid of foreign capital, developed with enormous rapidity in the towns, and the need for an urban proletariat was met by immigration from the villages. These urbanised peasants often returned to their villages bringing with them the disturbing and novel ideas acquired by them in their factory life. Thus on the one hand a town proletariat arose, amidst conditions unparalleled except in the worst times of the English Industrial Revolution, and on the other hand the spirit of discontent thus engendered was spread amongst the peasants. To this population of proletariat and peasants the different revolutionary parties maintained distinctive attitudes. The Marxian Social Democratic Labour Party, which was founded in 1898, from previously organised Marxian bodies, concentrated itself upon propaganda amongst the town workers, while the Socialist-Revolutionaries bent their attention upon the peasants.

But from the very beginning of the Social Democratic Labour Party, a division showed itself between a section afterwards defined as the Mensheviki, which considered that a coalition with the bourgeois Liberal Parties against the Tsardom was a necessary stage in the development of Russia, and the Bolsheviki who considered that Capitalism was already sufficiently advanced for the industrial proletariat to be capable of leading a revolution on its own account, and who therefore refused to have any truck with the bourgeoisie. Of the Mensheviki, Martoff, and later Tschheidze and Tseretelli were the leaders. From the beginning Lenin was the most unflinching of those who favoured the Bolshevik policy.

For this chapter again, the most illuminating books are not those of the historians, but of the imaginative writers. See especially Anton Tchekov, all of whose works are a study of the social classes, particularly the bourgeoisie and the intelligensia—"Tales," in 13 vols., trans. Constance Garnett (Chatto & Windus, 3/6 each) and "Plays," in 2 vols. (Duckworth, 7/6 each). For the peasants and the proletariat, see Maxim Gorki, "Three of Them" (Unwin), "Twenty-Six Men and a Girl" (Duckworth), "Through Russia" (Everyman Library), "My Childhood" (Werner Laurie), etc.

There is no satisfactory history in English of the various revolutionary parties. Materials can be found in the Reports (practically unobtainable) of the International Socialist Congresses; and also Appendix VI. of the British Govt. Report, Russia No. 1 (1921—Cmd. 1240).

CHAPTER IV.

1905 AND AFTER.

We return to the external policy and foreign relations of the Tsardom. The policy of Bismarck had been to keep "friendly relations" with Russia, while binding Italy, Austria, and Germany together in the Triple Alliance. In this isolating of Russia, he was able to count on the coldness of Britain, ever anxious about Afghanistan, toward the Tsardom, and in the case of France upon the natural repugnance of the Tsars to the French republican form of Government. The successors of Bismarck had not his ability, and this, coupled with the need of the Tsars for financial aid, began to make overtures possible. In 1892, the Tsar visited Cherbourg and the dual Entente was initiated. Britain maintained her aloofness for more than another decade, until the growing power of Germany was felt as a new menace. Meantime the Russian expansion in Siberia and its penetration of the Northern provinces of China had proceeded apace. The Trans-Siberian Railway was completed, and a line was run down through Manchuria to Port Arthur. Here a new power into the East suddenly began to disturb the Russian Eagle as it made its meal off the carcass of China. The conflict of interests between the two imperialisms ended in the

Russo-Japanese War of 1904-5, in which the Tsardom was heavily defeated. This defeat brought about a new occidentation of Tsarist policy, and at the same time the added misery and dislocations of the war brought things to a head inside Russia.

The working-class had already gained considerable experience in organised action. The first semi-political strikes on a large scale took place as far back as 1894, in Petrograd; and their continuation during the following years was actively promoted, encouraged, and utilised by the Social-Democrats, who, being an illegal party, were forced to organise in such a way as to be continually in contact with the workers. Their branches or local groups therefore took the form of factory groups or "nuclei," and were to be found at the back of every industrial movement for partial as well as for general economic improvement. In this they were considerably assisted, during the years 1900-1904, from an unexpected quarter—the police. The latter conceived the idea of organising "legal" trade unions, which would enable them to keep a hold on the workers and divert their activities from subversive to "constitutional" ends. In this they were encouraged by the land-owning element around the Tsar, which had control of the Ministry for the Interior, and cared little for the interests of the manufacturers. For a considerable period these "police unions" had considerable vogue, as the workers speedily transformed them into fighting organisations—the Social-Democrats particularly going into the Unions (secretly) and directing this transformation. It was an organisation of this kind that was founded by the priest, George Gapon, in 1904, and by January, 1905, was able to bring out the whole of the Petrograd proletariat (over 280,000) into the streets to petition the Tsar. The massacre which followed ("Bloody Sunday," January 22, 1905) finally killed all belief in "constitutional" unionism favoured by the powers that be, but the proletariat had taken an enormous step forward in class-consciousness, and the disaster of the war found it ripe and ready for action.

The Revolution of 1905 broke out at first as a series of strikes and then, as the political parties utilised the situation, as a movement of revolt. The revolt spread rapidly, accompanied by movements of disaffection in the Army and Navy. Several vessels of the Black Sea Fleet mutinied and under the leadership of the insurgent crew of the battleship *Kniaz Potemkin* dominated for a brief time the great port of Odessa. The spontaneity of the revolt continued to be derived from the awakened and active condition of the working masses, particularly the town workers, and against all this the counter-revolutionary plans and schemes of the Tsardom were tried in vain. In Petersburg a council of industrial workers was formed (the Petersburg Soviet) which focussed the discontent of the population into a movement for a social revolution. In the leadership of this Soviet (and in other hastily-formed Soviets

throughout Russia) the members of the Social Democratic Labour Party, both Menshevik and Bolshevik, took an active part. The Tsardom for a time was helpless, and eventually an endeavour was made to still the storm by the promise that a Duma or parliament would be summoned.

The situation in 1906 had thus a historical resemblance to the summoning of the Long Parliament by Charles I. The dependence of the Tsar for his revenue upon the Duma made the prospect of constitutional government seem a possibility. Whether or not this was a mirage is difficult to tell. What actually happened was that before the Duma met in the Spring of 1906, the British Foreign Office approved the flotation on the London Stock Exchange of a gigantic Russian loan and so enabled the Tsar to snap his fingers at the Duma. This was the first occasion on which the Stock Exchange had handled Tsarist bonds. The loan was followed by the Anglo-Russian Agreement over Persia, negotiated by Sir Edward Grey in 1907. Thus it helped to build the Triple Entente of Russia, France, and Britain.

The money thus acquired was used to re-establish the shaken autocracy and to crush the constitutional as well as the revolutionary movement. An era of repression set in. Not at any time during the Tsardom was there such savage and violent terrorism. "The Black Hundreds," Corps of what would now be described as "Black and Tans," were organised and let loose upon the unhappy people of Russia. Whole villages were massacred, and pogroms stirred up against the Jewish section of the population. Siberia was the lightest fate which befel the revolutionaries, many of whom found that their activities only served to fasten "Stolypin's necktie" round their throats. The refugees were the lucky ones. By 1909, the Tsardom was firmly in the saddle once more.

From this time onwards, though to Western eyes the autocracy seemed to be re-established, the only question canvassed amongst revolutionaries in Russia was not whether there would be another revolution, but when exactly that inevitable event was likely to occur. The Social Democratic Labour Party held a Unity Conference in London in 1907, and under the leadership of the Bolsheviks, then in the majority, it proceeded to analyse the faults and errors of the Grand Rehearsal of 1905 and to prepare the most definite plans for the future. At the same time the party was purged of the extreme elements of both wings. The Otsovists who held that only illegal operations should be carried on and that the Party group should be withdrawn from the Duma, and those who went to the opposite extreme of demanding legalised agitation only were both denounced as erroneous.

Meantime, under the "strong rule" of Stolypin, the Government of Russia plunged deeper and deeper into repression and relied more and more upon secret police and agents provocateurs. The re-

volutionary parties were honey-combed with Government Spies and counter-mining in the Secret Service was carried on by the Socialists.

R. W. Postgate, "Revolution, 1789-1906," Chapter vi. (Grant Richards, 18/-).

H. W. Nevinson, "The Dawn in Russia" (1906, Harpers).
Savinkoff ("Ropshin"), "What Never Happened" (Allen & Unwin), 1919, 7/6.

English Walling, "Russia's Message" (1909, Fifield).

Trotsky, "Our Revolution," 1904-1917 (1918, N.Y., Henry Holt).

Kropotkin, "The Terror in Russia" (1919, Methuen).

Zinovieff, "Life of Lenin," B.S.P. 7d.

CHAPTER V.

THE WAR AND ITS EFFECT.

The Tsardom was in this rotting condition when the European War broke out in 1914. We are not concerned here with any discussion of the part played in this by the Tsar and his ministers. But the military history of the war has a direct bearing on the internal condition of Russia. The Blockade of Russia began in 1914, with the stoppage of German imports and the closing of every other means of ingress except what little could filter through the Trans-Siberian Railway, or come down the single track line from Murmansk. Then was seen the difference between an industrialised and manufacturing country and an agricultural and raw materials country forced to import its manufactured goods. It was an engineers' war. This meant that Russia was counted out in the second round. Her mere weight of men and initial reserves of ammunition made possible the inroad into East Prussia and, after this had been repulsed by Hindenburg at Tannenberg and the Masurian Lakes, the push in the Spring into Galicia with the capture of Lemberg and Przemysl; but by the late Spring of 1915 the ammunition of Russia was exhausted, her armaments were defective, her organisation in pieces and her peasant conscripts in many cases had not even the rifles wherewith to defend themselves against the exterminating fire of the German and Austrian battalions. Her bolt was shot. The degree of disorganisation almost exceeds belief. It is on record that on single track lines the railway trucks which had delivered their loads were actually derailed in order to enable later trains to be brought to the terminus. The great retreat of the Summer and early Autumn of 1915 dealt a final blow to the prestige of the Tsardom. For a period a renaissance of nationalist enthusiasm amongst the manufacturing classes brought forward the production of munitions of war, but this was accomplished at the expense of other forms of manufacture essential for home production.

Russia had been exhausted before. The net result of this final effort was to make recovery from that exhaustion impossible.

The day of Revolution drew nearer. The embassies of the Entente became anxious and Lord Milner was sent over in the winter of 1916 to report on the situation. It was just at this moment that the assassination of Rasputin, the favourite of the Empress, by certain noblemen had flared out over the dark sky of Russia like a presaging comet. Lord Milner returned to report that there was no danger of revolution. Within a few weeks of that the Tsar had abdicated and the revolution had begun.

- M. Philips Price, "War and Revolution in Asiatic Russia" (Allen & Unwin, 8/6).
 Michael Farbman, "Russia and the Struggle for Peace" (Allen & Unwin, 5/-)
 N. Nordman, "Peace Problems: Russia's Economics," Part ii. (1919, Putney Press, O.P.).
 White Paper, "Russia," No. 1 (1921, 2/-). Cmd. 1240, esp. paragraphs 37, 285-290.
 K. Leites, "Recent Economic Development in Russia" (Oxford U.P., 7/6), Part I. (N.B.—Extreme Anti-Bolshevik prejudice).
 "Letters of the Empress Alexandra to Nicholas II. (text in English). (1922. "Slovo" Publishing Co., Berlin).
 Gen. Loukomsky, "Memoirs of The Russian Revolution," Part I. (T. Fisher Unwin, 12/6, 1922).
 Major-Gen. A. Knox, "With the Russian Army, 1914-17," (2 vols., Hutchinson, 1922, 36/-).
 Gen. N. de Monkévitz, "La Décomposition de l'Armée Russe, "1917-18. (Paris, Payot).
 Gen. J. Hanbury-Williams, "The Emperor Nicholas II. as I knew him." (A. L. Humphreys, 1922).

CHAPTER VI.

THE MARCH REVOLUTION AND THE DUAL CONTROL.

The Revolution began in Petrograd with a strike movement of the working-class population who were suffering starvation through the failure of the bread supply. The regiments sent to suppress the revolt joined the strikers, and immediately the Tsardom collapsed. A change of monarch or a regency was advocated by the Duma party, headed by Rodzianko and overtures were made to the Grand Duke Nicholas Nicolaevitch, but events moved too rapidly for any such compromise. A Provisional Cabinet was got together from the Duma parties; the strife between the classes, the land hunger of the peasants, and the desire for peace became the main issues; questions of the form of government receded into the background and the complete liquidation of Tsarist Russia was begun.

From the moment the curtain falls upon the slow and sombre drama of Tsardom, the stage becomes crowded with actors and events succeed one another with breathless rapidity. To present

even a summarised description of this is impossible. All that can be done is to make clear what were the governing factors in the Revolution as it proceeded, and to enumerate the more salient events which throw light upon these tendencies. In the first place the relations between the Soviets and the Provisional Government must be understood. The workers of Petrograd and other towns, who had begun the revolt, organised themselves in Councils (Soviets) which were of an exclusively working-class character. They were drawn for the most part from the natural groupings of the workers in the factories and workshops and, as the delegates sat for short term periods, were able to express directly and immediately any change of attitude amongst the masses of the workers. The Soviets of peasant deputies and the Soviets of soldiers' deputies were similarly constructed. The Soviet had emerged as an instrument of working-class democracy during the 1905 Revolution, and in its re-emergence in 1917 we see the same features of flexibility and vigour. In all its working there was a high degree of improvisation, and this, while it sometimes yielded what seemed chaotic results, enabled it to embody the will of the workers in a rapidly changing situation in a way that was impossible for a static or rigid institution. Naturally it took some time for bodies so new to work out a settled policy.

The Soviets, though the mainspring of revolution, did not yet feel sufficient confidence in themselves or their leaders to take over full control. Accordingly they submitted themselves to the leadership of persons drawn in the main from the middle class parties of the Duma. The Duma, however, had by the beginning of the war become completely unrepresentative—the aggregate of peasants and workers' votes counted for less than the votes of the wealthy classes and the nobility—and any government formed from it was discounted from the outset. It was agreed on all hands that the first acceptable Government would be formed by the summoning of a Constituent Assembly. Meantime the Government of Russia was perforce to be a dualism in which the nominal supreme control of the Provisional Government, based upon the old Duma parties, was continually subject to the growing power of the Soviets, representing directly the desires of the masses of workers, peasants, and soldiers. It was the Petrograd Soviet which sent out the call for the summoning of an International Socialist Congress, which should bring about an immediate "PEACE WITHOUT ANNEXATIONS AND WITHOUT INDEMNITIES." This at once produced an issue of supreme importance, and though the Provisional Government had to acquiesce in this demand there were members of it, such as Miliukoff, then in charge of foreign affairs, who went flat against this policy and continued to assure the Allies that the imperialist aims of the Tsardom, as expressed in the Secret Treaties, would remain unaltered and that the prosecution of the war for these

purposes would be continued. From this cause came continual dissension, and though the Soviets were willing, under the domination (in the towns) of the Mensheviks, to maintain the unsteady partnership, it became increasingly clear that the dualism could not continue. For a time the two powers in Russia played off the future Constituent Assembly against one another. In the main the Soviets were for its speedy election, while the Provisional Government played for its postponement. But from the beginning Lenin, and the majority of the Bolsheviks, had pointed to the development of the Soviets as the future instrument of working-class government; and, under his leadership the immediate abolition of the dualism was demanded in the cry, "ALL POWER TO THE SOVIETS." In this the Bolsheviks were pursuing their pre-war policy of refusing any coalition with the bourgeois parties. They maintained that the downfall of the Tsardom had at once resolved the opposition into its constituent elements and brought the class struggle to the front in its acutest form. For the moment, however, the Menshevik policy of coalition was accepted, but the movement of events was steadily in favour of the Bolshevik propaganda.

Wilcox, "Russia's Ruin."

Lenin, "The Collapse of the Second International," S.L.P., 1/-; "Towards Soviets," B.S.P., 2d.

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Trotsky, "The Bolsheviks and World Peace." N.Y., Boni and Liveright, 1918.

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R. W. Postgate, "The Workers' International" (L.P.C., 2/6).

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Farbman, "Russia and the Struggle for Peace." 5/-.

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In FRENCH:—

M. Paleologue, "La Russie des Tsars pendant la Grande Guerre," Vol. III. (Paris, Librairie Plon).

(Formerly published in the "Revue des Deux Mondes," a vivid and interesting account of the March Days and the Tsar's abdication, from the viewpoint of a French diplomat exclusively interested in the continuance of the war).

Maxim Gorky, "Ecrits de Revolution," Part I. (1922, Paris, Stock, 6 fr 75. c.).

(Contains speeches, articles from "Novaya Zhizn," etc., not otherwise obtainable except in the original Russian files).

CHAPTER VII.

KERENSKY AND KORNILOFF.

In response to the pressure of the Entente, Alexander Kerensky, the Minister for War (and later Premier), succeeded by his speeches in stimulating the army to a fresh effort, and in June, under General Brusiloff, the Russian armies made a great drive forward into Galicia. The effect on the Allied Governments, who judged events in Russia from the standpoint of the war, was re-assuring. Inside Russia, where everything was judged from the standpoint of the coming peace, the effect was far otherwise. A mass revolt took place on July 3-4. The movement was purely spontaneous. The Soviets (Menshevik majority) were officially against it, and the Bolsheviki did not take part in it until they were convinced that it was not a forced or conspiratorial movement, but a really popular rising. It was sternly put down by Kerensky and his generals who suppressed the Bolsheviki newspapers, and imprisoned Trotsky and the other prominent Bolsheviki. Lenin was forced to seek refuge in Finland.

Scarcely was this incipient civil war crushed when another party, this time the extreme Right, attempted to seize the supreme power. One Korniloff, a Tsarist general, marched on Petrograd with a number of picked regiments. His object was "to restore order" and his success would almost certainly have meant the suppression of the Soviet if not the restoration of the Tsardom. In this attempted coup d'etat it appears that Korniloff had the secret support of certain sections of the Allied Governments, who, it must be remembered were in constant touch with the Russian embassies with their unchanged Tsarist personnel. Kerenski, after some parleyings, finally declared himself against Korniloff. Korniloff was defeated, but the circumstances of this second civil war made it clear that in increasing chaos and breakdown of government the resort to arms would be relied upon as the effective means of determining events.

Farbman, "Russia and the Struggle for Peace."

Trotsky, "History of the Revolution to Brest Litovsk" (Allen & Unwin, 2/6).

Lenin, "Lessons of the Russian Revolution" (B.S.P., 3d).

M. Philips Price, "My Reminiscences of the Russian Revolution" (Allen & Unwin, 18/-).

Denikin, *Op. cit.* Chapters xiv.-xx., Strategic position—Demoralisation of the Army; xxii., xxviii.-xxix., The July Offensive; xxx.-xxxii., Korniloff.

Loukowsky, *Op. cit.*, Part II., including the formation of the "Volunteer Army."

Kerensky, "The Prelude to Bolshevism: the Korniloff Affair," (Unwin, 10/6). (A piece of patent special pleading).

Maxim Litvinoff, "The Bolsheviki Revolution" (B.S.P. 1/3).

Maxim Litvinoff, "Russian Plan for the League of Nations," (P.R.I.B., 1918. 2d).

CHAPTER VIII.

THE NOVEMBER REVOLUTION.

Meantime the refusal of the Allies to discuss war aims on the basis of No Annexations and No Indemnities, the failure to promulgate the law to give the land to the peasants, and the steadily increasing misery and famine brought matters to a head.

The Bolsheviks, who had been chary of joining in the July rising, waited until they could feel assured that the masses of the proletariat were ready to revolt. Signs of this assurance were not wanting. In the "Democratic Conference," summoned by Kerensky in the last days of September to base his retention of power upon some expression of general assent, it was found that the great majority of the representatives of the Trade Unions were Bolsheviks. They waited, however, for the elections to the All Russia Congress of Soviets. In these Soviet elections it had been found that Petrograd, like Paris in the Great French Revolution, led the remainder of the country. Accordingly, when the Petrograd Soviet in September returned with an overwhelming Bolshevik majority, the immediate transfer of all power to the Soviet was resolved upon forthwith. The revolutionary seizure of power, under the direction of the Military Revolutionary Committee, began.

On November 7th, Kerensky fled the capital, and within a few days, and with relatively little fighting, the revolution was successful. The Second All-Russia Congress of Soviets met and elected a Council of People's Commissars with Lenin as chairman, and Trotsky in charge of Foreign Affairs. The dual control had passed away, and Russia had become the Russian Socialist Federal Soviet Republic.

They immediately set to work destroying the capitalist order to its foundation. This caused such a cloud of misrepresentation abroad that it was almost impossible for the workers in other countries to see what the Bolsheviks were doing or to realise that they were beginning to build a Socialist order.* They had a very definite programme of Socialist reconstruction, as well as a very real understanding of the obstacles with which they were faced. This theory of the transition from Capitalism to Socialism (which cannot be dealt with further here) should be studied specially. The most important book on it is "The State and Revolution," by N. Lenin.

* It is important here to note that during the days immediately following the revolution, the Bolsheviks repeatedly endeavoured to enlist the other Socialist parties—the Mensheviks and the Left Socialist Revolutionaries—in the work of emancipating the proletariat and peasant masses, by offering to form a Coalition Workers' Government, pledged to a Socialist programme (all power to the Soviets, peace, land to the peasants, workers' control of the factories, and armament of the workers), in which they themselves would

THE REVOLUTIONS :—

- Lenin, "Will the Bolsheviks Maintain Power ? 1917." (L.P.C., 1/6, 1922).
 Lenin, "The State and Revolution." (B.S.P. and S.L.P., 1919, 7d).
 Lenin, "The Lessons of the Russian Revolution" (B.S.P., 1918, 3d).
 Lenin, "The Proletarian Revolution and Kautsky the Renegade" (Communist Party, 2/-).
 John Reed, "Ten Days that Shook the World" (Boni & Liveright, New York; 1922, cheap edition, 5/-).
 William Hard, "Raymond Robin's Own Story." (Harpers).
 Files of "The Herald" and "The Call," 1917-8.
 Meriel Buchanan, "Petrograd, City of Trouble" (Collins, 6/-).
 Louise Bryant, "Six Red Months in Russia" (Heinemann).
 A. Rhys Williams, "Through the Russian Revolution," (L.P.C., 7/6).
 J. Sadoul, "Notes sur la Revolution Bolchévique" (Paris, Editions de la Sirène, 1919).
 Trotsky, "War or Revolution" (S.L.P., 1918, 3d).

THE SOVIET REPUBLIC AND THE PEASANTS :—

- Price. Op. cit. Chapters vi.-viii., xi., xvii., xx.
 Bucharin and Preobrazhensky. "A.B.C. of Communism." (Communist Party, 5/- and 3/-).
 "Constitution of the R.S.F.S.R.," with Decree on Workers' Control. "Daily Herald," 6d. Special Edition (with Commentary), by the Information Dept. of the R.T.D. (L.P.C. 5/-, to be published).
 "The First Code of Laws" (Socialist Information and Research Bureau, 1920. 9d).
 "Russian Documents" (International Conciliation, No. 136). American Association for International Conciliation (New York).
 Lenin, "Land Revolution in Russia" (I.L.P., 6d).
 Maurice G. Hindus, "The Russian Peasant and the Revolution" (N.Y., Henry Holt).
 C. Roden Buxton, "In a Russian Village" (L.P.C., 3/6).
 Maxim Gorky, "Ecrits de Revolution," Part II. ("Novaya Zhizn" articles of early 1918).

CHAPTER IX.**BREST-LITOVSK.**

The first task of the Soviet Republic was to make its exit from the Imperialist War, and it was of the utmost importance to the existence of a Socialist State in Russia that the proletariat of the world should be aroused by that exit being made as fully revolutionary as possible. A recital of the Brest-Litovsk negotiations will illustrate this, and at the same time, apart from their intrinsic importance, will bring out with extreme clearness the sharply defined characteristics of the Bolshevik policy. Immediately after the assumption of power, the Soviet Government issued by wireless their proposals for an armistice on all fronts as a

retain half the Ministries (including those of Labour, the Interior, and Foreign Affairs). The attempt fell through owing to the fact that the non-Bolshevik parties interpreted the offer as a sign of weakness, and insisted on the elimination of Lenin and Trotsky from the Government.

preliminary to a general peace. The Embassies of the Allies having refused to recognise the new régime could give no official or responsible answer.* The German Government responded, and after a cessation of hostilities, an armistice was negotiated. The conclusion of the terms of the armistice, which included the fixing of the armies in their respective positions and an interdiction on any transfer of the troops of the Central Empires to the Western Front, were delayed until a further appeal could be made to the Allies to join in a general armistice preliminary to a general peace. To this appeal, no reply of any kind was given. Accordingly, negotiations for a separate peace began on December 20th, 1917.

The Soviet plenipotentiaries tabled certain general principles of the proposed peace, which they declared must be a peace without annexations and without indemnities; this was to mean that the position of the parties before the war was to be resumed, except that subject nationalities were to be given their independence, and that individuals who had suffered from the war were to receive reparation from a common fund to be contributed to by all the belligerents in a proportion. All negotiations were to be open, and their daily progress published by wireless.

On Christmas Day, 1917, these general principles of the Peace were accepted by the Central Empires, Bulgaria, and Turkey. How far this was a concession to the working-class feeling of Germany, or how far it was regarded as a piece of the normal diplomatic bluff is difficult to say. Within a few days, however, it became clear that Court Czernin the Austrian, and Von Kuhlmann the German, had no intention of regarding it as a serious basis, and that they intended "to reap the fruits of victory" in full. To their surprise, and to the astonishment of the rest of the world, the Bolsheviks as stoutly maintained these basic principles and at once rounded on their enemies, accusing them of personal deceitfulness, inspired by a policy of naked imperialism. The relations of the two sets of negotiations passed rapidly from an attitude of ironical conciliation to one of undisguised aversion.

The Russian plenipotentiaries withdrew to Petrograd for further instructions and when they returned they were reinforced by the presence of Trotsky, whose unrestrained invective against the schemes of imperialist robbery still further embittered the relations of the parties.

* The French and British embassies however sent a message to General Dukhonin, Kerensky's commander-in-chief, who had not accepted his supersession by the Soviet commander Krilenko, informing him that the Allies most strongly objected to any cessation of hostilities, and strongly urging him to a further prosecution of the war. This was the occasion of an outspoken warning by Trotsky that the intervention of any foreign government in the internal affairs of Russia would be strongly resented and would lead to the gravest complications.

Meantime a continual propaganda was carried on by both sides amongst the troops. But the propaganda of the Bolsheviks was enormously superior in its appeal; it reached the civil population of Germany; and it was not Von Kuhlmann or the Kaiser to whom the men of Brest-Litovsk addressed their speeches, but the labouring masses of Germany and the Austrian Empire. For a time the German negotiators and their associates were completely in the dark. They did not know what was happening, and seemed to think that the Russians, being Socialists, were simply intolerable spouters, men so wrapped up in their opinions, so lost to a sense of reality that they could not refrain from declamatory speeches in the council chamber. They even thought that these speeches were made for home consumption in Russia for the purpose of smoothing the path to the acceptance of the German terms. It is on record that Count Czernin drew Trotsky aside at one point in the long-drawn-out discussion and asked him, "Would it help you if we were to issue an ultimatum?" To him the Bolsheviks appeared to be playing a game, while he and his fellow-diplomats, employing their time in detaching the representatives of the Ukraine, attended to the serious business of the negotiations.

Suddenly their diplomatic illusions were shattered. The working people of Austria and Germany, penetrated by the socialist appeal of the Bolsheviks, began to move. A series of enormous strikes broke out in Vienna, in Berlin, in Hamburg, and all over the country. For three years the workers of Germany had suffered privation and hardships; but so long as they could be persuaded that their rulers were intent only on defending the Fatherland, they appeared willing to submit to an unending war. The debates of Brest-Litovsk opened their eyes. It was in a real passion of war-weariness that the working-class of Germany downed tools and the sailors of the Battle Fleet broke out in open mutiny. It was a revolutionary political movement; it was very nearly the proletarian rising which would have stopped the war.* Trotsky had indeed been playing a game, though in another sense than Von

* How eagerly the Bolsheviks had looked for a rising may be judged from a message sent by the Petrograd Soviet to the Councils of Workers' Delegates in Vienna and Berlin.

"Brothers, the news has filtered through to us of your glorious fight against German and universal imperialism. The workers and soldiers of Petrograd have welcomed the news with transports of indescribable enthusiasm. Brothers and companions in arms, by your strikes and demonstrations, and the creation of your Council of Workers' and Soldiers' Delegates, you have shown that the Austro-German working-class will not allow the hangmen and spoilers to impose a peace of violations and annexations on the Socialist Republic of the Soviets.

"Civil war in Russia is nearing its end in the complete victory of the social revolution. The destined outcome of the peace pourparlers is being decided not at Brest-Litovsk, but in the streets of Berlin and Vienna and other German

Kuhlmann and Czernin imagined. It was a dangerous game, and he was within an ace of winning it.

Of the two main factors operating behind the ostensible negotiations, the fomenting of a revolution in Germany is one. The other cardinal point to be borne in mind is the fomenting by Czernin and Kuhlmann of a defection by the Ukrainian Rada from the Russian side. The Rada was the parliament of the Ukrainian National Republic recognised by the Bolsheviki as autonomous within the Russian Federal Republic. This Rada was unlike the Soviet Régime in that it contained representatives of all classes. And for this reason it had been recognised and financed by the Allies. The Germans and Austrians, however, discerned in its composite character a chance to break the solidarity of the Russian Republics. Just as the Bolsheviki had hoped for the breaking of the Central Empires by a working-class revolution, so their opponents counted on the opposition of the Rada to a Soviet government proving stronger than the claims of patriotism or the hatred of a foreign enemy. From the very beginning of the negotiations they began to work upon the Rada. On January 11th, they had got so far that the Rada plenipotentiaries announced at Brest-Litovsk that the Ukraine had now taken up its international existence as an independent state. By the end of the first week in February, their efforts were finally successful. The Rada accepted the German-Austrian terms (which were equivalent to a German suzerainty over the Ukraine),† and signed a separate peace on February 9th, 1918.

This was the first separate peace to be signed and was the more remarkable because the Allied recognition and aid which had been refused to the Russian Soviet Government had been freely conceded to the Rada. The Russian diplomatic front had been pierced; the front of the Central Empires had been shaken, but remained intact. The Soviet Government had lost in its first struggle with imperialism. Nevertheless, the struggle was desperately continued.

A new tone had now appeared in the Brest-Litovsk discussions. To the deadly arguments and exposures of Trotsky, his adversaries now replied with the traditional mailed fist. The civilian negotiators were thrust aside by the figure of General Hoffman; the world was informed that the military victors meant to grasp all the spoils of victory. The terms of the German peace were dictated to the Bolsheviki who had nothing to do but to sign. This they resolutely refused. Instead, they broke off the negotiations,

and Austrian cities. Brothers, we cordially believe that you will do all that is possible to ensure that the peace pourparlers shall end in pourparlers between the Russian Workmen's and Peasants' Government with the German Government of Liebknecht."

† It was described by the President of the Rada delegation as "a democratic peace that is honourable for both Parties."

issued an order of demobilisation and decreed that the state of war was at an end. But sign the "peace of robbery and violence" they would not. They returned to Petrograd, to report on their efforts to the Central Executive Committee of the Soviets.

This did not suit the Germans' book. On February 18th, they declared the Russo-German armistice at an end, and without waiting for the expiry of the seven days' notice, resumed the war. Accordingly, the armies of the Kaiser advanced steadily into Russia to compel the signature of the Treaty. The immediate result on the Russians was twofold, accordingly as they were town dwellers, workers in the factories amongst whom the revolutionary ideas had taken root, or were countrymen, either recruited into the army or tilling their fields. In the former case there was a fierce rally to fight, "Wilhelm and the gang of imperialists"; from the factories masses of workers debouched into battalions of the new Red Army; and the approaches to Petrograd were speedily manned with volunteers. Everything in the towns resembled the enlistment of the sansculottes in '93; now, too, the approach of a reactionary German army found hearts burning for the Revolution. The countrymen on the other hand were for peace at any price. The actions of the Commissars' Councils and of the Central Executive inclined hither and thither according as they realised the mood of the town workers and the mood of the peasant army. Now they heard of the awakened spirit and indomitable front of the arming proletariat, now of the complete demoralisation of the regular troops and their blank refusal to fight; and so one day they issued stirring appeals to the old army to maintain its position, and to the townspeople to form a new Red Army, and the next day would send out a wireless in which they despairingly accepted the German terms. During this period of frenzy help against the Germans was sought from the French, British, and American Embassies or agencies. In each the agent was sufficiently impressed to recommend his government to help; in each case the help was refused. Finally, by a narrow majority, the Bolsheviki were persuaded by Lenin ("We must accept; their knee is on our chest") to submit to whatever terms were offered; the Central Executive Committee, with a majority of Bolsheviks on it, submitted in its turn, and on March 2nd, the Peace of Brest-Litovsk was signed.* A fortnight later (March 17th) it was confirmed by the Third All-Russia Congress of Soviets.

Price. Op. cit. Chapters xiii.-xv., xvi.

Sadoul. Op. cit.

Hard. Op. cit.

J. L. Magnes, "Russia and Germany at Brest-Litovsk." (N.Y. Rand School, \$1). Documents.

* It was of this second treaty that Mr. Lloyd George spoke when he said, "We shall neither accept nor impose a Peace of Brest-Litovsk." But see Keynes or any other writer on the Versailles Treaty.

CHAPTER X.

THE CAPITALIST POWERS ATTACK THE REVOLUTION.

Up to the Peace of Brest-Litovsk it appeared possible to observe a thread of continuity in the succession of events. But with the conclusion of that Peace the public attention of the world ceased to be focussed on any particular series of incidents, and in consequence the history of the succeeding nine months, up to the German Revolution and the Armistice, appears a medley of confusion and tumult. There is marching and fighting in all the Russias; from the Polish border to the Pacific, and from the High-Pamirs to the Arctic Ocean we hear of sporadic hostilities of Germans, Turks, Kurds, Armenians, British, Japanese, Chinese, and Czecho-Slovaks; the territories of the Tsardom are gradually disintegrating and as they revert to their national or racial elements there appears in each a foreign invader or an adherent of the old régime. Assassination is rife; the German Ambassador perishes in this way, an attempt is made on Lenin, the rumour of plots by the staff lead to an attack on the British Embassy in which Captain Cromie is shot.

In any endeavour to disentangle these confusions it is useful to remember that there were three main standpoints amongst the governments concerned. These were the attitudes of the Central Empires, the Allies, and the Soviet Government respectively. The Germans and their associates regarded the Soviet Government as definitely *hors de combat* and their attitude seems to have wavered between a desire to crush it, inspired by their political aversion to Bolshevism, and a calculation that Russia was less likely to recuperate so long as it remained a Soviet Republic. Their desire to prevent the Red Republics, however weak, from spreading was carried out in Lithuania, Livonia, and Courland, where the Baltic Barons (as the Germanised upper-classes and large proprietors were termed) were given full power and socialist activities were suppressed, and also in Finland where dissensions between the Reds and the Whites had now reached the pitch of civil war. The Whites appealed to the Germans for help; the independence of Finland was recognised by the Germans at the same time as negotiations were initiated for the establishment of a Finnish monarchy with a German Prince as King; and German soldiers were poured into Helsingfors. Within a couple of months the majority of the more active Reds had been exterminated or cast into prison and General Mannerheim was securely seated as Regent with the assistance of German bayonets.

The Ukraine the Germans frankly regarded as a protectorate whose harvests and production must be used for the benefit of the Germany military machine. At the same time they pushed on past the Dnieper and Don (leaving a Hetman, Skoropadsky, to govern

the country under the surveillance of Field-Marshal Von Eichorn) to Odessa and the northern shores of the Black Sea. Here they began to occupy territory within the bounds of Soviet Russia and returned no satisfactory answer to the repeated remonstrances of the Soviet Government. Their Allies, too, the Turks, pushed up in the Caucasus, attacking the Russian forces and turning an equally deaf ear to the Moscow wireless.

To the Germans and their Allies the problem of the former Russian Empire was capable of a three-fold solution—political, economic, and military. Firstly, it was important for them to keep the Central Government of Russia as weak as possible (co-operation with it having proved out of the question), to utilise for this purpose the hatred of the Bolsheviks amongst the border states and in the outlying territories where the anti-Bolshevik Russians had an influence and by this means to build up a German hegemony on the Baltic and the Black Sea.

Secondly, it was their purpose to gain the harvests of the Ukraine and the Odessa régime and to supplement their command of the Rumanian petroleum by a seizure of the oilfields of the Caucasus. Thirdly, the disabling of Russia and the pact with the Finnish Whites made it possible to plan the establishment of a submarine base on the Arctic Ocean just as the possession of the Black Sea littoral made a base for repulsing the upward thrust of the British troops in Mesopotamia or even, in the imaginations of the more adventurous soldiers, for opening the high-road to Persia and Hindustan.

The attitude of the Allies is less capable of definition. There was a surface attitude, an attitude assumed in their public utterances, one in which some of the allied troops were induced to believe. There was another attitude representing the real policy of the Entente powers. The surface attitude began with such a concentration of aim upon the successful prosecution of the war as almost inevitably precluded any understanding of the Revolution. The twelve months that had elapsed since the abdication of the Tsar still found them insistent on the anti-German war in oblivion of the fact that to the Russians of every party the war had become of minor importance compared to the maintenance or overthrow of the Revolution ; and in this attitude even such an event as the open adherence of Miliukoff, the former Secretary of Foreign Affairs, to the German side appears to have left no impression upon them. This and other similar happenings, such as the Finnish German understanding, in no way disturbed the *idée fixe* that the Bolsheviks were German agents and that Russian territory must continue to be treated as a theatre of war. Further, it must be remembered that the Allies found themselves taking their information about Russia and its possibilities from the staffs of the Tsarist Embassies, the refugees from the Cadet Party and other political groups, and the representatives of the border nationalities, all of which infor-

mation was coloured by the extreme antipathy of the informants to the Soviet Government. All this explains how it was possible for men like the French Captain Sadoul to attempt the hopeless task of getting an understanding between the Revolution and the Entente.

The other attitude was unreasonable. There were already sections of growing influence inside the Entente Governments who needed no emigrés to tell them something was rotten in the State of Russia, to whom a socialist society existed only in order to be crushed. They agreed with Mr. Churchill's view that the Bolsheviks were a worse enemy to civilisation than the Prussians themselves. They were the strongest sections, they controlled and conducted foreign policy, and it was they who really determined the attitude of the Allies.

Accordingly, without any attempt to reach an understanding with the Russian Republic, a British Expedition was landed on the Murman Coast, a Japanese force occupied Vladivostock, and British troops advanced into Siberia. In each of the territories thus occupied (as had already happened in the places seized by the Germans) an anti-Soviet Russian Government was set up or supported. One of these Governments meeting at Ufa in the West of Siberia and representing certain portions of the dissolved Constituent Assembly* with Avksentieff at its head, claimed a primacy amongst the various anti-Soviet nuclei. In all these centres there were forces equipped and supported by the Allies whose ostensible design was against Germany, but whose real purpose was to make an end of the Russian Soviet Republic.

Under all these circumstances it is not difficult to guess the attitude of the Soviet Government. A parallel in some aspects with the French Revolution has already been suggested. To the Bolsheviks the parallel was complete. Once again, as in '93, they saw a young Republic imbued with revolutionary principles, eager for the emancipation of mankind; once again, they saw it attacked by the Old Order whose very existence it had challenged and encircled by States which forgot their mutual animosities in a common desire to crush out the earth-shaking spirit of revolution. Thus, undoubtedly, did the events of 1918 present themselves to

* The dissolution of the Constituent Assembly has not been dealt with in the narrative, partly because the importance of this episode has been much exaggerated. As will have been apparent, the reality of the situation in 1917 was the dual control and the struggle for power between the Provisional Government and the Soviets. In this struggle, which divided Russia, the Constituent Assembly of the future became a pawn in the game. When it finally met in January, 1918, the dualism had already been resolved, and the cry of ALL POWER TO THE SOVIETS had become a fact. The new institution, embodying the principles of Western democracy, had come too late in Russia. When it refused to recognise the Supremacy of the Soviets, it was promptly dissolved.

the men of the Soviets and on the surface it was difficult to find any manifest indication to the contrary, any utterance even which could disabuse them of this conviction.

The economics of Soviet Russia, the Social Revolutionary rising, the Story of the Civil War and " Military Communism " (all omitted here) should be carefully studied. The best books (together with a cloud of witnesses) are as follows :—

- Lenin. " The Soviets at Work " (S.I.R.B. 6d). " The Chief Task of Our Times," and " The Great Initiative " (S.L.P., 3d).
 Kautsky, " Terrorism and Communism " (National Labour Press, 2/-).
 Trotsky, " Terrorism and Communism " (Reply to above, published by the L.P.C. as " The Defence of Terrorism," 3/6).
 Miliutin, " The Economic Organisation of Soviet Russia " (Communist Party, 1/-).
 Leo Pasvolksy, " The Economics of Communism " (Macmillan, 12/-).
 Price. Op. cit., Chapter xx. (The S.R. rising), and " Capitalist Europe and Socialist Russia " (B.S.P., 4d).
 Sadoul. Op. cit., pages 392-414 (The S.R. rising).
 Trade Unions in Soviet Russia. November, 1920. L.R.D. and I.L.P. Information Committee (L.P.C., 1/6).
 Young, " British Consul Replies to Anti-Bolshevik Slanders " (P.R.I.B., 1919, 3d).

" Eyewitnesses." So picturesque an event as the Revolution naturally produced a crowd of " eye-witnesses," each giving his own impressions of life in Russia. With few exceptions, their books add little to the information otherwise available, illustrating more the effects of the Revolution on the mind of observers. A representative selection would include the following :—M. Barber, " A British Nurse in Soviet Russia " (Fifield, 1/6) ; H. N. Brailsford, " The Russian Workers' Republic " (Allen & Unwin, 5/-) ; J. S. Clarke, " Pen Pictures of Soviet Russia " (Communist Party, 4/6) ; W. T. Goode, " Bolshevism at Work " (Allen & Unwin, 1919, 3/-) ; M. E. Harrison, " Marooned in Moscow " for prison life (Thornton Butterworth, 1922) ; G. Lansbury, " What I saw in Russia " (Parsons, 1920, 4/6) ; Labour Party Delegation Report (Labour Party, 1920, 2/-) ; C. L'E. Malone, " The Russian Republic " (Allen & Unwin, 1920, 2/6) ; Sylvia Pankhurst, " Soviet Russia as I saw it " (" Workers' Dreadnought," 1921, 2/6) ; J. Pollock, " The Bolshevik Adventure " (Constable, 1919, a humorous work) ; Arthur Ransome, " Six Weeks' in Russia " and " The Crisis in Russia " (Allen & Unwin, 2/6 and 6/-) ; Bertrand Russell, " The Practice and Theory of Bolshevism " (Allen & Unwin, 1920, 6/-) ; Clare Sheridan, " Russian Portraits " (Cape, 1921, 10/6) ; Ethel Snowden, " Through Bolshevik Russia " (Cassell, 1920, 5/-) ; H. G. Wells, " Russia in the Shadows " (Cassell, 1920, 5/-).

CHAPTER XI.

PRINKIPO, KOLCHAK, ETC.

After the Armistice the attack by the capitalist powers was intensified. But in the first few days of the Peace Conference, Wilsonism was allowed its fling. Four days after the opening of the Plenary Peace Conference at Paris, the Allies decided to invite " every organised group that is now exercising, or attempting to

exercise, political authority or military control anywhere in Siberia or within the boundaries of European Russia as they stood before the war just concluded (except in Finland) to send representatives (not exceeding three for each group) to the Prinkipo Island, Sea of Marmora, where they will be met by representatives of the Associated Powers." This decision was greeted very coldly by a large section of Fleet Street and the Parisian Press. It was obviously a *démarche* which, however it may have corresponded to the feelings of the masses in each country, was unacceptable to the most influential military and diplomatic circles. It was not surprising, therefore, that the various anti-Soviet Russian Governments at once replied refusing the invitation. The Soviet Government, on the other hand, expressed its willingness to negotiate, while the border nationalities, such as Esthonia, Lettland, Lithuania and the Ukraine, seeing in the proposal the possibility of final recognition of their independent status—a recognition which Kolchak and the adherents of the former Empire would not concede—finally accepted the invitation. Despite these acceptances and the Peace Offer of the Soviet Government, conveyed to the Paris Conference by an American named Bullitt, nothing further was heard of Prinkipo.

To this abandonment of the scheme for a settlement of Russia, the military situation supplies the necessary commentary. The end of the winter found the Soviet Republic in an extremely unfavourable position. It was not merely a question of continual attacks on the Southern, Western, and Baltic borders of Russia plus counter-revolutionary movements in the outlying districts. In the south, in addition to the activities of Generals Krasnoff and Dutoff at the head of the Cossacks of the Don and the Caspian, the armies of General Denikin, operating in conjunction with French, Greek, and Rumanian detachments on the line of the Dniester, had pushed up from Odessa in a wide fan, the eastward tip of which lay upon the lower Volga. In the North, the British forces had moved from Archangel down the Petchora and the Dvina until it seemed possible that their advance together with the British warships on the Baltic and the activities of the Finns would succeed in freeing Northern and North-Eastern Russia from Bolshevism. But as the Spring advanced the most formidable enemy of the Republic appeared to be the forces under the command of Kolchak. Admiral Kolchak was the successor of the Constituent Assembly Government of Siberia. On the 18th November, 1918, the Directorate of this Government was dissolved by a coup d'état, several of its members cast in prison and a dictatorship assumed by Admiral Kolchak, with the title of Supreme Ruler. He re-organised the fighting forces of the counter-revolution and began a westward move towards Moscow. One after another the strategic positions in the West of Siberia fell before him, the border into European Russia was crossed and the line of the upper Volga approached. As his successes grew,

the other provisional governments began to recognise his supreme authority. Finally, when the star in the East seemed to be nearing its zenith, the Allied and Associated Powers (France, Britain, Italy, United States, and Japan) sent a dispatch promising their assistance to Admiral Kolchak and stating their terms. The dispatch, which was dated May 26th, 1919, began thus, "First as soon as the Government of Admiral Kolchak and his Associates reach Moscow. . . ."

Alas, by the time the Allies had made this decision Kolchak's troops were already in full retreat. The latter part of May had seen a complete reversal of the position on the Siberian Front, and the Red Armies had begun that steady drive eastwards for over a thousand miles, which ended at Irkutak with the complete disappearance of the counter-revolution as a military force. The repulse of Kolchak was followed by a series of rapid blows at the armies of Denikin, and a consequent contraction of his frontiers.

Meantime the southward movement of the Archangel troops to Vologda there to meet the right wing of Kolchak's army had convinced British workers that the "rescue of the Murmansk force" was being made a pretext for a deliberate invasion of Russia. A strike of the Triple Alliance was threatened and the labour agitation thus begun culminated in the summons to an international general strike for July 21st. The strike was only effective in a few countries, but enough had happened in the early summer to make it clear that the organised workers looked on Russia and the Russian problem with very different eyes from the views of the dominant sections of the Governments. They were no longer willing to acquiesce in what seemed to them the suppression of a Socialist Republic for the crime of being Socialist. Whether or not they were really so sympathetic to Russia as they appeared to be, and as the leading Trade Unionists felt they were, is hard to say; suffice it that the fear of action by British Labour was a real stimulus to the War Office to hasten the withdrawal of the troops from Archangel. The British Fleet, however, remained in Soviet waters and remained active.

"Fighting without a War," by Ralph Albertson. N.Y., Harcourt, Brace, & Howe, 1920.

René Marchland, "Allied Agents in Soviet Russia" (P.R.I.B., 1d).

Francis M'Cullagh, "A Prisoner of the Reds," especially Appendices on the Whites (John Murray).

John Ward, "With the Die-Hards in Siberia" (Cassell, 10/6).

Loukomsky. Op. cit., Part IV., especially chapter x, (on the "political" mistakes which led to the failure of the Volunteer Army).

A. Rhys Williams. Op. cit. Chapters on Vladivostok and beginnings of intervention.

C. E. Bechhofer, "In Denikin's Russia" (Collins, 10/6).

Chicherin, "The Foreign Policy of Soviet Russia, 1918-9" (B.S.P., 4d).

Bullitt, "The Bullitt Mission to Russia" (New York, B. W. Huebsch).

"Hands off Russia" Committee. Sundry publications, including "Peace with Russia."

CHAPTER XII.

TRADE AGREEMENTS AND WARS.

By the winter of 1919-1920 it was clear that the abandonment of the policy of a universal peace had only served to strengthen the Soviet Government. Accordingly an attempt was made to re-introduce the peaceful policy by negotiating, not a peace, not a diplomatic agreement, but a trade agreement with the Russians.

Trade with Russia, it was decided, should be permitted through the medium of the co-operative organisations. This was on the 16th of January. Throughout the remainder of the year 1920, the negotiations for trade followed an alternating course, responding always with a strange exactitude to the shifting military situation of Eastern Europe. The Polish offensive of the spring coincided with a congratulatory telegram from King George to Marshall Pilsudski; the conclusion of the Russo-Polish peace preliminaries and the utter defeat of General Wrangel's forces in the late autumn were followed by a renewed activity in trade negotiations. At one point the Russo-Polish crisis brought Great Britain and France to the verge of a declaration of war against the Russian Soviet Republic, but hostilities were averted by the threat of a general strike and the formation of Councils of Action. Between these acuter crises there were repeated occasions when everything seemed agreed between the two parties to the Trade Agreement; all difficulties seemed to have been overcome; but on each occasion something intervened to prevent the conclusion of the Trade Agreement. By the beginning of July, 1920, the principles put forward by the British Government had been accepted by the Soviet Government. It was not till nine months later that the Agreement was signed.*

Four years after the Peace of Brest-Litovsk, in the conference at Genoa, the representatives of Soviet Russia again met the representatives of Capitalist Powers. The procedure at each conference was oddly parallel. Each had been preceded by high-sounding moral declarations; as each proceeded the mask was dropped. What happened at Brest-Litovsk we have already seen. At Genoa, suffice it to say that the British, French, and several other Capitalist Governments, after four years of wars, levied against Soviet Russia, from which Soviet Russia had emerged victorious, now coolly demanded the restoration and restitution of private capitalism in Russia as the price of a treaty of peace.

* One of the difficulties in the conclusion of the Agreement was the British Government's insistence that the Soviet Government was in a position to prevent the revolutionary propaganda of the Communist International in Britain, and that it must do so as a preliminary to trade. In February, 1921, it was discovered that the British Government had been fostering counter-revolutionary propaganda in Russia, and that the British Police had actually been responsible for a forged edition of "Pravda," which was to be distributed in Russia, with a view to causing risings against the Soviet authority.

They were sent to the right about by the Soviet Government, which made it quite clear that the Socialist Soviet Republic had to be treated as an equal.

The Lausanne Conference of 1922-3 was a similar example of the undeviating pursuit by Soviet Russia of Communist ends (in this case the following out of the famous Colonial and Nationalist Thesis) and the ensuing clash between the representatives of Socialist Russia and the Capitalist Entente.

We have made no attempt at summary of the rise and progress of the Communist International, of the wars after 1919, or of the Famine of 1921. But these, especially the first, are of fundamental importance, and must be studied. Books and other references (magazines being important) are given below, and also after the last chapter.

Loukomyky. *Op. cit.*, Part V. (Wrangel).

"Livre Rouge" (Relations of Russia and Poland, 1918-1920—Official documents); (Moscow, 1920).

"Attacks on Russia during 1921" ("Hands Off Russia" Committee, 1/-).

Genoa, "Russian Notes and Thesis"—"Russian Information and Review," 1st April, 1st May, and 1st June, 1922. (Final Reply to the Allied Note of May 2nd).

Hague, "Interview with Russian Delegation" ("Hands Off Russia" Committee).

Lausanne, "Russian Memorandum," R.I.R., January 6th, 1923.

THE TRANSCAUCASIAN REPUBLICS :—

Bechhofer. *Op. cit.*, especially Chapter ii. on Georgia. J. Shaphir,

"Secrets of Menshevik Georgia," (Communist Party, 1/6). Kautsky,

"Georgia: a Social-Democratic Peasant Republic" (National Labour

Press, 5/-). Trotsky, "Between Red and White" (Communist Party, 2/-).

IN FRENCH :—

Loris-Melicof, "La Révolution Russe et les Nouvelles Républiques Transcaucasiennes" (Paris, Alcan, 1920). Varandian, "Le Con-

flit Arméno-Géorgien" (Paris, Flinikowski, 1919). La Chesnais,

"Les Peuples de la Trans-Caucasie" (Paris, Bossard).

CHAPTER XIII.

SOVIET POLICY, 1917-20.

In order to understand the later developments in Soviet Russia it is necessary to turn back to the years 1917-1920, when the new rulers of Russia had to face the chaos left by the Tsardom (primitive industry and agriculture disorganised by war) and had to frame their policy in accordance with military, political, and economic circumstances.

Military necessity was the first factor in deciding policy. Under this supreme pressure was evolved a form of exchange which was

called by the name of "Military Communism." The original bargain between the peasants and the proletariat had been that the Soviet Power would give the peasants the use of the land, and would exchange the products of industry for the products of the soil. To that bargain military necessity said no. Not only the products of the soil, but the whole of the products of heavy industry had to be requisitioned for the needs of the Red Army. The bargain had to be transformed. Instead of receiving the products of industry, the peasants received the protection of the Red Armies against their returning landlords, and in return for this protection all grain beyond the needs of the peasant family was requisitioned for military purposes. Needless to say, though the peasants in a mass understood the implications of the bargain, else Kolchak would have conquered, as individuals many of them resented the requisition of grain, just as in every country throughout the war the farming element resented any interference with the famine prices brought about by the operation of increased demand.

The consequence of this policy was that for three years throughout the whole of Russia there was no buying or selling. Grain was grown and reaped, and the whole of the surplus was taken by the State for distribution as rations amongst the army, the munition workers, and the rest of the population. There was a war on. The result was "military communism."

Political necessity was the second factor. The first effect of the Bolshevik revolution was complete sabotage on the part of all the professional classes and technically skilled strata of the middle class. It is on record in the flood of memoirs of 1917-1918 that have been published in this country that for two months, for six months, for eight months after November, 1917, no one of the intellectual circles of Russia believed that the Bolshevik régime would last for more than a couple of days longer; many of them living in Western Europe hold that belief still. A belief of this kind is the mainspring of sabotage. This sabotage had to be broken down, and in the case of all the small businesses of merchants and traders and small manufacturers, whose houses and premises were full of counter revolutionary activity, political necessity demanded their immediate expropriation. Thus the Soviet Government by the need of striking down its adversaries found itself compelled to nationalise on a large scale.

Nor was this necessity distasteful to them. In the first flush of revolutionary activity there seemed no limit to the things that could be immediately nationalised; no reason for caution in expropriating every single expropriator. This, though natural enough, would not of itself have been a sufficient reason for the eminently realistic minds of the Russian Communistic Party, but for another circumstance; that circumstance was their conception of a world

revolutionary front. In the light of this conception, enormous risks had to be taken, every possible measure had to be forced through, in the expectation that the workers of other countries would rise in revolt, and with their much greater technical equipment, skill, and organisation, enable Russia to pass rapidly through the transition stages from primitive agriculture to State Socialism, and from that beyond. This alone explains the ever-increasing cataract of paper money which ruined the bourgeoisie of Russia, frustrated the speculators and huxters, and made merry with the whole bourgeois apparatus of credit, promissory notes, bills of exchange, bank notes, etc. They could afford to do it. They were drawing on the bank of European revolution.

CHAPTER XIV.

CRONSTADT.

By the winter of 1920 the defeat of Wrangel had relieved the pressure of military necessity; the abortive seizure of the Italian metal factories had marked the end of the revolutionary mood of the workers of other countries, while the crisis of political necessity had been diminishing even since the summer of 1918. This alteration of the situation had no immediate effect on policy. A large section of the Bolsheviks seemed to have imagined that it was possible to carry on "Military Communism" when the war was over. Even iron and steel can get fatigued. Much more so flesh and bone. To exact the same toll of unwearying effort from individuals as had been given to save the revolution in the time of utmost need might seem manifestly impossible. It was not manifest. Thousands of the Russian Communist Party wished to persist in a policy which, inevitable in war-time, was bound (in an undeveloped Russia) to ruin production, antagonise the peasants, and restrict the area sown for corn. The working-class party of Russia was in the saddle; the wounded steed of Russian industry and Russian resources would not fail to carry them so long as the Revolution was in danger; but the danger that had acted like a spur was over. Russian industry sank in final exhaustion. The Bolsheviks were flogging a dead horse.

They received a rude awakening. The fortress of Cronstadt revolted and in the province of Tambov there was a peasant rising. Of course there had been White plotters at work, and money and arms had been poured in from Paris. But there have always been, and for years to come there will be, White Guard activities. The serious aspect of Cronstadt and Tambov was that the Whites had found a basis of popular support, or rather that the Communists had begun to lose it. For months materials had been accumulating for an explosion, and Cronstadt was the flash point.

Never had the Revolution been in greater danger than in the Spring of 1921, nor was any previous crisis so difficult to deal with. The difficulty lay in the fact that mistakes in face of the military enemy were at once perceived and immediately remediable, but mistakes on the economic field were not to be so simply discovered and dealt with. There were so many other factors which could be given as the reason for the decline in production and the falling away of the peasants. The singular thing about the Russian Communist Party and the Central Executive Committee of the R.S.F.S.R. was that they *were* able to understand and take advantage of Cronstadt. Their action is perhaps unique in history. After prolonged discussion in congresses, the whole party, with the exception of a minority, recognised the heavy defeat they had suffered on the economic field, proclaimed their error and initiated the New Economic Policy. It is true that several of the best known members of the party, notably Lenin, had as far back as the spring of 1918 laid down the lines on which the Socialist Republic was to have proceeded, had not the civil war intervened. It is also on record that, at the first sign of peace in 1920, Trotsky, in the Central Committee of the Russian Communist Party, proposed an economic policy which as nearly as possible corresponded to that actually adopted a year later. But even if it be acknowledged that the most far-sighted of the Bolsheviks had proclaimed this policy long before, and had, as it were, merely waited until military and other circumstances permitted its carrying out, it is none the less a most remarkable thing that a whole party should have been capable of this complete reversal of their previous socialist strategy.

André Morizet, "Chez Lénine et Trotski" (Paris, La Renaissance du Livre, 1922)—Part II., Section I.

CHAPTER XV.

N. E. P.

There are various ways of describing the New Economic Policy, but the simplest and also the most accurate description is to treat it as a renewal of the alliance between the proletariat and the peasants on a new basis. The basis of military communism had broken down. The basis of socialist exchange of the products of heavy industry for the products of the soil was now a thing far off, to be worked towards step by step. The actual basis meantime was to be the substitution of a Food Tax for the requisition *en masse*. The peasant was to give a stated proportion of his harvest to the Soviet Government, who would with this revenue maintain the expenses of Government and defence; with the remainder of his harvest he was free to deal. The effect was to stimulate the production of corn, by making the peasant a free dealer with his surplus. From this

inevitably arises petty trading and buying and selling. Further, the peasant with this surplus buys his agricultural implements, and the simpler tools such as sickles and nails can be turned out by small manufacturers. This again led to the denationalisation of small businesses, and following on this revival of private small capitalist production and of buying and selling, there revived with it all the apparatus of petty trading and some of the apparatus of big business. Banks, shops, etc., opened once more on a profit-making basis. Everything had to be submitted to the commercial test, and accordingly this meant a progressive denationalisation, not merely of small factories, but also of some of the largest works, and even of branch lines on the railways. The ordinary capitalist test of "Will it pay?" had to be applied everywhere. Finally, the re-establishment of the credit and financial system of capitalism had to be tackled, the rouble had to be stabilised, and the State budget balanced by means other than the emission of paper money. The Soviet State had to retreat very far to contract the area of its operations, and leave the field to profitmaking and private enterprise. Instead of the repression of petty bourgeois production and the substitution of State production, petty production had to be revived in order that without any leaps it should develop gradually through all the stages of concentration of capital, and so ripen towards a socialist order. From a superficial point of view, it could be described as a return to capitalism. This was what was entailed by the new bargain between the peasants and the proletariat.

There are, however, certain important modifications. This revival of capitalism is not the same as unrestricted, uncontrolled, private capitalism of Britain 150 years ago. The development takes place under control. It is conditioned by a code of labour legislation affording fuller protection to the workers than exists in any other country. It is accompanied also by a particularly favourable treatment of the Co-operative movement, which enables it to compete to an extent undreamt of in this country with all forms of capitalist production. Again, in some of the heavy industries, State Trusts or mixed State and Private Trusts, comparable to the Anglo-Persian Oil Company in this country, have been established. Above all, the dictatorship of the proletariat remains, and in its present form does not merely mean the restriction of the franchise to workers and peasants, or the control of the Red Army. The dictatorship of the proletariat has an economic basis in the control of all the railways (with direct administration of the main lines), control of foreign trade (with monopoly of certain products), control of certain heavy industries, and control of education. Nevertheless, the field left to the Soviet State is now very small.

It is easy to make the above statement as to the revival of capitalism and the qualifications of that revival, but it is difficult

to measure its real meaning by any Western analogy. It is so easy to say, as the British capitalist press say, "Communism has been abandoned," and that Russia is now evolving in the same way as Japan or India. Really to understand the present position of Russia we must have an entirely novel conception of a society. We must think of it as a sort of race, a race run between reviving capitalist production on the one hand (with its growing political weight), and, on the other hand, the working-class State, making its effort to control that revival, learn lessons from it, and keep ahead of it. It is a class struggle of an infinitely complicated and difficult nature.

There is a further qualification of the statement that Russia has adopted capitalism. That is the existence of the Russian Communist Party, and the recent history of that Party. Clearly the effect of reviving capitalism, of renewed profiteering, of large fortunes rapidly made, and of all the other phenomena constituted an extreme danger for the Party that governs Russia. The Communist Party itself might be corrupted, both individually and as a whole. A capitalist Russia is being evolved under the guardianship of representatives of the working class. Who is to see that these guardians will perform their task assiduously? *Quis custodiet ipsos custodes?* To that most difficult of all questions the answer of the Communist Party was given within a few months of the promulgation of the new policy. The answer was a Party cleansing. The numbers of the Communist Party which had stood at something like 600,000 were ruthlessly cut down within a few months to 386,000. For a year no new entrants were accepted. Special courses were instituted to see that every member was capable of performing the infinitely more difficult duties now laid upon him. If the Communists were the salt of the Revolution, that salt must not lose its savour. The situation was faintly parallel to the Directory from '94 onwards in the French Revolution. The Bolsheviks were resolved to avoid anything analogous to the corrupt régime of the Directory period.

The New Economic Policy is too recent for English books to have been published upon it. Information must therefore be sought principally in magazine articles. See especially Lenin. "The Meaning of the Agricultural Tax" (in the "Labour Monthly," July, 1921), and Lenin and Trotsky's Speeches at the Fourth Communist Congress in "After Five Years" (Supplement to the "Communist," Dec. 16th, 1922). Also "Labour Monthly," from July, 1921; "Russian Information and Review," from October, 1921; "Atlantic Monthly," Oct. and Nov., 1922, articles by Louis Levine; and "Manchester Guardian Commercial Reconstruction Supplement," No. 4 (articles by Soviet officials); and "Russian Economic Supplement" to all issues of this publication.

For facts and figures, see "The Restoration of Agriculture in the Famine Area" (L.P.C., 5/-); League of Nations, "Report on Economic Conditions in Russia" (Constable, 1922, 2/6); and Jonas Lied, "Sidelights on the Economic Situation in Russia" (Moscow, 1922).

CHAPTER XVI.

THE PRECURSOR OF WORLD REVOLUTION.

The final qualification is provided by the international situation. It is still a case of Socialist Russia against the Capitalist world. We may contrast the position of two countries, each of which had a revolution in the closing years of the war. In Germany the revolution was not carried through. The German Majority Socialists, it is true, constituted the Government, but the structure of society remained capitalist. Over that capitalism they had not been able to exercise any effective control; on the contrary they were controlled by that capitalism, and used by it until, its purpose served, they were thrust aside to make way for a purely capitalist government. To-day the working-class of Germany is defeated and broken, with no hope of ending their miserable lot. The Russian working-class is defeated, but not broken; and the class struggle there is being resumed under conditions that give a reasonable hope of success.

The New Economic Policy, therefore, though a revival of capitalism, does not mean indiscriminate capitalism like Germany, or South America, or India. For this reason there can be no agreement between the capitalist world and Soviet Russia, either at Genoa, or at the Hague, or at Lausanne. It is for this reason that the workers and peasants of Russia still reckon themselves to be opposed by all the forces of the bourgeoisie inside and outside Russia, not only Governments but political parties as well. Thus they would reckon the Second International amongst their bourgeois enemies, they would say that the Socialists of the Second International, beginning by supporting the imperialist war, were having now to compromise with capitalism, and that the compromise has been the compromise of slaves, whereas the compromise of the Soviet Russians has been the compromise of free men. By that compromise, the Second International, they allege, is in effective alliance with the capitalists; and they point out that the British Labour Party passed a resolution of protest against the trial of the Social Revolutionaries who were convicted of assassination in Russia, but made no attempt to protest against the trial, before hostile judges, of the two Irishmen who had killed Sir Henry Wilson.

The New Economic Policy for the Bolsheviks has not meant the abandonment of the social revolution. The significance of Russia is still that it is a precursor to the world revolution.

The Communist International.

The chief sources of information are the reports of Congresses and "The Communist International," a two-monthly magazine, issued as the official organ of the Comintern Executive Committee. It is published in folio from Smolny, Petersburg, in Russian, French, German, and English; but it is not

easily procurable in this form as the police do not allow its entry into this country. Four of the earlier numbers, however, have been reprinted in this country and, with one exception, may be had from the C.P.G.B. The latter numbers now appear regularly.

The bibliography of the Congresses is as follows:—

First Congress, March, 1919. The full report is published only in German and Russian, so far as I am aware. But the main thesis (by Lenin), entitled "Bourgeois Democracy and the Proletarian Dictatorship," is printed in No. 1 of "The Communist International" (C.P.G.B., 1/-), and also separately (W.S.F., 1½d). The first Manifesto is given in Postgate's "The Bolshevik Theory" (Grant Richards, 7/6), and in "The Two Internationals," by R. Palme Dutt (Labour Publishing Company, 2/6).

Second Congress, July, 1920. The full report, in English, gives the debates, the manifesto, the statutes, and the first and final versions of the theses. The "Theses and Statutes" (including the Twenty-One Points, but not the manifesto on "The Capitalist World and the Communist International"), were reprinted here separately (C.P.G.B., 1/-); it was for this publication that Albert Inkpin was sent to gaol for six months. The separate theses, such as "The Agrarian Question" and the "Theses on Colonial Countries," were issued at 2d each. There is also a truncated version of the debates available in this country. With the matter of this Congress may be taken the Comintern statement to the I.L.P. negotiators, issued at 2d, under the name of "Moscow's Reply to the I.L.P." by the Left Wing of the I.L.P., and also published by the I.L.P. itself; and also "Left-Wing' Communism: an Infantile Disease," by N. Lenin, 1920 (C.P.G.B. 2/-). Following on the Comintern Congress comes the "Report of the Baku Congress of Eastern Peoples," September, 1920 (Smolny).

Third Congress, June, 1921.—Besides the full English report, which is rather rare, there is a very unsatisfactory abridged version (C.P.G.B., 1/6) of the debates. The voluminous "Theses and Resolutions" were printed here separately. The most important are the Trotsky-Varga thesis on "The World Economic Situation," the thesis (by Lenin) on "The Work of the Russian Communist Party," and the various organisation theses.

Fourth Congress, November, 1922.—Of this Congress, which dealt with Programmes, A Workers' Government, and other questions, the report is reprinted here, unfortunately in an abridged form. The theses are already in the press. With this Congress should be taken the "Thesis on the United Front," issued by the Comintern Executive in December, 1921, and confirmed at the Extended Executive of February, 1922. ("Labour Monthly," 1922, and "Communist Review," 1922). Between the Third and Fourth Congresses falls the "Report of the Congress of Toilers of the Far East," February, 1922 (Smolny).

Besides these official reports, the Comintern publishes a very considerable library of books, booklets, and pamphlets, including most of the recent writings of well-known Communists, such as Lenin, Trotsky, Zinovieff, Radek, Bucharin Varga. Only some of these are available in English, but there is no space to give a list. Nearly all are obtainable in German through the Hamburg firm of Karl Hoym. A Jahrbuch (year-book) of over 1200 pages (price about 25/-) has been issued in German and French. Later edition may be in English also. This gives basic facts, and is a revolutionary rival to the Statesman's Year Book. Current politics are dealt with in the International Press Correspondence, Friedrichstrasse 248 Berlin (price 6d), published weekly or oftener in German, English, and French. A good short statement on the Third International is R. Palme Dutt's article in the new Encyclopedia Britannica. I have made no attempt to suggest books dealing with the national sections of the Comintern, but, of course, they are necessary for a full study. But the bibliography for a full study lies outside my scope.

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BY
R. W. POSTGATE.

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CHARTISM AND THE "TRADES UNION."

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OBSERVATIONS.

THESE chapters form six lectures, divisible, if necessary, into twelve. Twenty-four lectures are more than should be expended on one period of revolutionary history.

The book upon which I have based this syllabus in the first place is my own *Revolution from 1789 to 1906* (Richards, 18/-, cheap edition to Plebs members and N.C.L.C. students only, 8/6), chap. iii., and the numbers here in brackets refer to the documents given in it.

The only other book containing a connected history of both movements is M. Beer's *History of British Socialism* I. pt. 2, v. vi., xii. ; II. pt. 1 (Bell).

The Trades Union. The standard account of the G.N.C.T.U. is in S. and B. Webb, *History of Trades Unionism*, chap. iii. (Longman, 21/-). A fairly lengthy study of the Operative Builders' Union will be found in my *The Builders' History*, about to be issued by the National Federation of Building Trade Operatives. There are no other printed sources excepting files of contemporary papers. Of these, the *Pioneer* is most important. There is a file in the British Museum.

For the earlier period preparatory to the G.N.C.T.U., see Owen's *Autobiography*; the Hammonds' three books on 1760-1830, *Village Labourer*, *Town Labourer*, *Skilled Labourer* (Longman's); Hodgskin's *Labour Defended* (1/6 reprint, Lab. Pub. Coy., with G. D. H. Cole's introduction) and almost any of Cobbett's own voluminous writings. The two lives of Owen (Podmore and Lloyd Jones) are bad.

Chartism. For a long time the only history of the Chartist Movement was a book (O.P.) published in 1854 by R. G. Gammage, a Chartist. Of this Henry Vincent wrote in his

copy, "it presents but an inaccurate sketch of the Chartist Movement." It is in fact a mere chronicle, often no better than a string of newspaper cuttings. Since then two unfinished histories of Chartism have appeared; the first, by M. Hovell (Longman's, 7/6), was complete, at the author's death, as far as 1842. This part is good, though bearing obvious marks of its unreviewed state, in style, matter, and outlook. A valueless continuation has been added by Mr. F. S. Tout. The second history, by Julius West (Constable, 16/-), deals exclusively with the political history, almost entirely ignoring the economic conditions. It also suffers from its unfinished condition. There is, in fact, no satisfactory history of Chartism. The French history (*Le Chartisme*, par E. Dolléans, 2 vols.) seems to me bad. Two studies issued by Columbia University, U.S.A., deserve mention—*The Decline of Chartism*, by P. Slosson, and *Chartism and the Churches*, by H. U. Faulkner.

For the whole period, see F. Engels' *Condition of the English Working Class in 1844* (Allen & Unwin).

I.—THE ORIGIN.

Economic Change. The disaster which overtook the working-classes of England and Scotland, urban and rural, at the beginning of last century, appeared to some as a blessing. The capitalist system had previously been known—men had to work in large shops where there was little chance of their ever becoming an employer. The stable medieval progression of apprentice to journeyman and journeyman to master, had long ago disappeared, and the journeymen had begun to form associations of their own. But at the end of the eighteenth and beginning of the nineteenth centuries the capitalist system was developed suddenly to enormous size by a series of inventions that substituted machinery for hand processes in all important trades—first in the textile, then in others. The use of water-power, then steam, stimulated production wildly. Great fortunes were made. Enormous new towns sprang up. England, from an agricultural became an industrial land.

This astonishing growth of wealth and power over the resources of nature, was accompanied by the greatest suffering on the part of the workers. In the countryside the small farmers' commons were seized under the Enclosure Acts and they themselves turned into labourers or paupers. In the new towns, floods of workers were attracted at first by high wages. With the first depression, these high wages disappeared and they were forced down to the lowest level, often below starvation. Women and child labour, used without restriction of hours or regard for health or life, took the place of male. Oppression and tyranny within the factory drove many to cling to hand-working methods, where they made a hopeless attempt to rival the speed of a power-loom with their own fingers.

First Revolts. By the Combination Acts of 1799 and 1800, any trade union among the workers was forbidden, and the landlord government made no attempt to relieve distress. Any revolt, economic or political, was met by it with the most brutal violence—Peterloo, the Luddite trials, the careers of Castles, Oliver, Reynolds, and Edwards are reminders of that period which are slowly being brought back into history.

The revolt of the workers was largely confused, until 1832, with the middle-class "reform" agitation. The proposals and agitation of socialist and semi-socialist writers such as Hodgskin, Bray, and Gray do not seem to have reached a large circle. The feelings of the oppressed were far better expressed and much more directed

by such politicians as Henry Hunt and Wm. Cobbett. Nevertheless, there were certain very definite proletarian elements traceable in the Reform agitation, particularly in the later stage, and the London "National Union of the Working Classes" was in some ways a direct ancestor of the London Workingmen's Association. This and earlier bodies were exclusively concerned with political reform, and therefore were mingled with the middle-class agitation against the aristocratic government. The repeal of the Combination Acts in 1824-5 passed by neglected almost as a side issue in this struggle, which culminated in the Reform Act of 1832, which altered the franchise and redistributed the seats so as to hand political power from the landed oligarchy to the manufacturers and traders of the cities.

This victory had certain unforeseen effects. As soon as it became clear that the new Whig government had no intention (contrary to the promises of its radical supporters) of enfranchising the workers, the middle and working-class wings of the reform movements broke sharply asunder. At the same time the fraud of the Reform Bill disgusted the workers with political action and they were inclined to turn to the use of their trade unions for a revolutionary end which they only dimly conceived.

But from 1833 onwards they were provided with a cut-and-dried programme from outside, which they adopted, though how far they understood it is uncertain.

Robert Owen. Robert Owen, their new mentor, was a wealthy cotton spinner, who had risen by his own exertions. In the market he was as sharp as another, but his brain put him, in philosophy, far above the ordinary run of business men. He had been deeply impressed by the misery and wretchedness of the people of England. He had been indignant at the glib assumption that the degradation of the English working-class was due to their own shiftlessness. He had realised, as he said, that "Man's character is formed *for* and not *by* him"—that environment, not sin, was responsible for the appalling scenes in every working-class district. He installed at his own works, in consequence, every necessity and comfort of which he could think, including provision for the education of the young. He became a model employer. Dukes and bishops visited his mills; his experiments were widely praised. The radical reformers, as throughout his life, treated him as a crazy man, who wanted to shut everybody up in hygienic work-houses.

In 1817, he had made the further step which gives him his great importance. He became, as we should say, a Socialist. He announced his discovery that isolated experiments were too little; nothing but the universal substitution of *co-operation* for *competition*

would save civilisation. The struggle between employer and employee for custom forced the workers' livelihood down and down. Voluntary efforts would remain isolated.

The spectacle of so eminent a man as Owen denouncing the successful system of competition that every one but the oppressed were praising, attracted numerous followers. His proposals for the co-operative democratic control of industry by the workers were seized on greedily and exact instructions demanded by a growing body of "Owenites." He first of all spent his time and money in the foundation of Communist colonies in America and elsewhere, which were to spread across the earth. They failed instead, and, returning to England, he took up the organisation of "Labour Exchanges"—bazaars where products were exchanged by the actual producers, not for the currency that supported competition, but the just and true currency of so much labour time—"hours" not "pounds." This work, which itself failed, brought him into direct contact with the workers, and he conceived the plan of using the growing trades unions for the "immediate achievement of the Millenium."

II.—1832 AND 1833.

Operative Builders' Union. In 1830, John Doherty founded the first National Trades Union, called the National Association for the Protection of Labour. This was before the passing of the Reform Bill and the ensuing growth of interest in trades unionism. It is said at one time to have had 100,000 members. However that may be, it had disappeared by 1832, and very little is known of its history.

The great wave of revolutionary trades unionism starts in an industry which, while not so depressed as the textile trade, had suffered severely, and was probably the third or fourth in importance in the country—building. The date of the founding of the Operative Builders' Union is uncertain; it is generally supposed to have been in the summer of 1831, but the union did not emerge from insignificance until next year. In the summer of that year its membership figures rushed upwards. What records remain, of it or of the bodies that it swallowed up, mark increases from midsummer, 1832, to midsummer, 1833, of hundreds and even thousands per cent. Whether it was formed as a Federation of existing unions or itself founded the craft unions is uncertain; in some cases, as in those of the Carpenters (General Union, 1827) or Bricklayers (1829, afterwards Manchester Order), there is evidence of the prior existence of the unions; in others, as in the case of the Stonemasons (1833) the O.B.U. appears to have been the founding body. Anyway, the union consisted of seven craft unions—painters, plasterers, slaters, plumbers, bricklayers, masons, and carpenters (not builders' labourers).

Its early constitution is uncertain: it appears to have been federal in character. Certainly each union retained its own name. The separation of the crafts was carried right up through the organisation to the Executive, on which sat a General Secretary and two Executive members from each craft. The only link, besides the biennial "parliament," between the crafts seems to have been the institution of "District Grand Masters," who had unknown directive powers over the whole body. Once founded, the Union grew rapidly, and had in 1833 40,000 members. In that summer it also embarked upon its first large strike; an attempt, in Lancashire, to drive out the general builder or contractor, who was still the exception and not the rule. In this they had the support of the master craftsmen, and were for the moment successful.

But the constitution of the British revolutionary trade union movement dates from the conference of the O.B.U., held in Manchester in the autumn, which was addressed by Robert Owen, and

adopted his views almost entirely. The two main centres of the strength of the O.B.U. were Manchester and Birmingham. The lodges in the latter area were continually visited and addressed by two ardent followers of Owen, the architects Hansom and Welsh. Owen himself undertook the propaganda in Manchester.

Reorganisation and the Guild. Previous agitation had prepared the way, and on August 26th a mass meeting of all the Manchester Lodges heard and approved his proposals (40)* which went before the "parliament" a month later as the unanimous recommendation of the most powerful lodges in the country. The proceedings of this parliament have been lost, but its decisions can be deduced with fair certainty. It reorganised the union, relegating the various sectional societies into seven "governments" or national craft departments. These were to have been eight, by the addition of architects, but no accredited delegates from these could be found. Much more important was the foundation of the Building Guild (42). The conference further rekindled the Lancashire dispute, which had been showing signs of decline, and turned it—by Owen's advice (41)—into a struggle for the eight-hour day.

Owen's intervention had thus involved the union in two expensive adventures; on the other hand, he had reorganised the union machinery and started again the flood of new members. The Lancashire Strike was supported energetically by the new Grand Committee, which poured in a total of £18,000, and paralysed the whole of Lancashire for 16 weeks. The Guild, which was not a separate body, but the Union in its productive capacities, tendered for some small jobs, and was successful, but its main energies were turned to the building of a £2000 Guildhall in Birmingham for the housing of itself and other unions, and later for the running of educational classes.

Just before the Manchester Conference, moreover, appeared the first number of the *Pioneer*, the unofficial organ of the new movement, edited by James Morrison, and at the same time Owen handed over the editorship of his journal, the *Crisis*, to J. E. Smith. Both of these journals reached circulations which were then enormous—the *Pioneer* passed 30,000—and the two editors provided the brains of the movement. Unfortunately, they were out of contact with the rank and file of the unions.

* For explanation of these numbers see bibliography.

III.—1833 AND 1834.

The G.N.C.T.U. While the attention of the press and the workers had been mainly occupied by the Operative Builders' Union, other large unrelated unions had sprung up, and grave conflicts had broken out. Of these, the most serious was the "Derby turn out." In November, 1833, the employers locked out every member of a union in Derby—some 15,000—until they would consent to sign a "document" promising not to belong to any Union, or support any Union's funds. A great effort was made to collect funds to start the "Derby turnouts" in co-operative production, and for a time success seemed probable (43).

The new unions were all under the domination of Owen. They rejected, in common with Owen, political action. They opposed the masters directly, by strikes for higher wages and particularly shorter hours (47); indirectly by co-operative production. While their trade union activities drove up the employer's costs and embarrassed him, the competition of their direct labour would speedily make him anxious only to be admitted to the guild (44).

Nearly all these unions were brought together in conference by Owen at the end of January, 1834, for the formation of a general Union, which took the title of "GRAND NATIONAL CONSOLIDATED TRADES UNION." Its first organising delegate meeting was held in February. The Operative Builders' Union and four smaller societies held aloof, but the O.B.U. was already in grave difficulties. It had to close its Lancashire strike in defeat; internal dissensions, led by craft unionists, distressed it; even the building of the Guild-hall was suspended. But these difficulties were forgotten in the enormous success of the new organisation. The G.N.C.T.U. membership shot up like a skyrocket. It passed half-a-million in less than a month—a figure never before heard of, nor reached by another union that century. Robert Owen announced that the socialist millenium was nearly realised, and asked the workers in a last "Legacy" to be merciful to their exploiters (45). J. E. Smith outlined the form of the new industrial government—slightly like a Soviet—that would thrust aside Parliament (46).

The Decline. But the Consolidated Union was soon in very grave difficulties. The first blow came from Melbourne's Whig Government, which was watching the Union with genuine fear. On March 18th, 1834, six Dorchester labourers were convicted of "unlawful oaths" for swearing-in some agricultural labourers into the Union, and sentenced to the monstrous sentence of seven years' transportation. Great efforts were made

by the Union to get the sentence modified, but in vain.* Missionary ardour was consequently severely damped. Even worse economic difficulties followed. The Central Committee was entirely unable to control the Lodges. Its members were hopelessly inefficient and idle; its secretaries (John Browne and later E. C. Douglas) were ciphers, and not even such vague directions as were issued would have been adopted but for the secret intervention of an outsider, William Neal. It issued a general appeal to refrain from strikes and formulated its full programme of co-operative production (48), but it did nothing to carry out its phrases into action. The inrush of members, and the general enthusiasm, tempted every Lodge to run into a dispute. Where the men refrained, the employers oftener than not presented the "Document," a paper to be signed by every worker promising not to belong to or assist a Union (51). The Union was overwhelmed by small strikes and was financially in a hopeless condition. Levies were raised, which drove out members. The Derby "turnout" collapsed. One Executive member seized some of the funds and ran.

The Collapse. Smith and Morrison made an attempt to pull things together. Morrison resigned from the Executive, half from disgust, half thrust off, but they used their journals to agitate for a policy of no sectional strikes, but caution until they were prepared for a general strike (50). Unfortunately, the one man who could have aided this, Robert Owen, was thinking on entirely different lines. He was distressed at the collapse of the Union, and ascribed it to the attacks of Smith and Morrison on the employers. He publicly denounced them (49) and displaced the *Pioneer* from its position as official organ. A rival paper was instituted, and soon after he closed down the *Crisis* to stop Smith's pen. By this time internal dissension had completed what external attacks had begun. The Union was in dissolution, and the delegate meeting held in August, recognised it. The delegates decided to dissolve the Union, and form an Owenite propaganda society, which itself soon vanished.

The Operative Builders' Union survived a little longer. It even recovered its membership and restarted the Guildhall in this disastrous summer. But just at the time of the fall of the Consolidated, it became involved in a London lock-out (the "beer dispute")† which shattered it by the end of October. After the great struggle of 1834, some few scattered sectional unions were left, with hundreds of members where there had been tens of thousands.

* A Dorchester Committee remained in existence and secured the labourers' return some years later.

† This lockout is referred to the G.N.C.T.U. by the Webbs in their history, which I have copied in *Revolution*. I now think this is incorrect, for reasons given in my forthcoming book, *The Builders' History*.

IV.—1835 TO 1839.

Origins of Chartism. There was no essential difference between the Chartist and Owenite revolts. Their causes and main characteristics were the same. The same extreme suffering of the workers, the same unco-ordinated, spasmodic efforts, the same lack of tenacity and inexperience in organisation, the same desperate violence alternating with extravagant hopes. The only differences were that Owenite unionism used the economic weapon, Chartism the political, and the place of Owen was, to a certain extent, taken by the far less important Feargus O'Connor.

As soon as the G.N.C.T.U. had collapsed, the way was clear in 1835 for a revival of political action of the workers. There were many radical clubs which were dotted about the country and had survived the Reform Bill of 1832. They had fallen into comparative insignificance during the Owenite agitation, and only slowly began to pick up afterwards. By 1836, however, the revival was marked, and by 1837 the Chartist movement had really begun, though it was not formally launched as such till 1838. It is not possible, in such a scattered movement, to ascribe to any one centre its origin, but the main share in the foundation is generally allowed to Birmingham and London. In the former town, the Birmingham Political Union, which had played a great part in the Reform Bill agitation, was revived by Thomas Attwood, a banker and local M.P., for the purpose of demanding universal suffrage. His object, however, was really to gain the victory for his own peculiar views on currency. Much more important work was done by the London Workingmen's Association, under the direction of William Lovett. This purely working-class body (of skilled workers) first drafted in its petition of 1837 (53) the six points of the Charter. The phrasing and manner of this document, its conservatism and aridity, offer a marked contrast to the Owenite manifestoes, and later Chartist publications. Its "six points" were:—Equal Electoral Districts, Universal Male Suffrage, Annual Parliaments, No Property Qualifications for M.P.'s, Vote by Ballot, Payment of Members. These proposals, put together in the form of a Parliamentary Bill—the "Charter"—were eagerly adopted and spread all over the country. From the meeting at Newhall Hill on August 6, 1838, and even before, a host of unorganised missionaries spread the new programme over the country.

North v. South. In passing outside the limits of the London Workingmen's Association into the industrial wilderness of the North, the movement changed its character. The new layer of the working-class, which was now touched, was the

famished and suffering proletariat of the northern towns, in particular the handloom weavers and the factory hands. The miners were also affected.

Their demands were expressed partly by the "Tory" section, led by Richard Oastler, an earnest worker of Cobbett's school, against the horrors of the factories, and the Rev. J. R. Stephens, who turned his attention particularly to the harsh new Poor Law (56). This section was most violent and unconstitutional; it disappears after the failure of the Newport revolt.

The main body of the workers, however, supported Feargus O'Connor and his extreme revolutionary followers, such as Bussey (54). O'Connor was an Irish politician, once a follower of O'Connell. He was personally disliked by Lovett and his followers; his loud violence, demagoguery and inconsistency angered them. They saw no more than a vulgar orator, with short neck, bull shoulders, a huge frame, and no brains. They made no allowance for his immense energy in making recruits, his very considerable organising and rhetorical powers, or his acute instinct which supplemented his lack of intellectual ability. Vanity and love of popularity misled him, and in time so grew upon him that when his cause was lost his mind failed. Indeed, it is not certain for how long the greatest Chartist leader was sane; the man who probably thought himself and possibly might have been first President of the British Republic was a lunatic. He identified himself with the use of "physical force," supported by his unfortunate followers, although he always said (55) that the "moral force" advocates should be given their chance first. Lovett and his followers, less pressed by destitution and more able to estimate the forces of the government than the northerners, would not countenance the use of violence at all.

The First Petition. In the mingled actions of the Chartists in 1838 and 1839—meetings, riots, speeches, publications, drilling—one common activity was to be found: the signing of the First Petition, embodying the Six Points. To present this to Parliament, a Convention was elected from up and down the country. Though election began in October, the Convention did not sit till February, 1839. The petition, when presented, had a million and a quarter signatures (61). It dealt exclusively with the formulated demands of the Chartists, and the inadequacy of representation.

The debate upon the Petition was delayed and the long time elapsing between its launching and rejection gave ample time for the full programme of the Chartists to be discussed, both in the Convention and outside. It became clear that the real aims of the Chartists were not confined to the prayer of the Petition. They desired political power, as O'Brien had instructed them (52), merely

as an end to social equality. Their avowed aim was to seize the wealth of their exploiters (57, 66). But on the means towards this they had no common opinion. Every leader differed. O'Brien was a follower of Babeuf (52, 24-27), O'Connor eventually started a smallholders' scheme (64), Stephens seemed to advocate a return to primitive Christianity by miraculous intervention (56); Lovett worked out a scheme of Chartist schools; G. J. Harney and others of O'Connor's "tail" demanded an exact imitation of the French Revolution. The Chartists had no formulated programme of "social equality"; if they had gained the Charter, the Chartist movement would immediately have fallen in pieces.

The Newport Rebellion. As it became clear that Parliament was unlikely to accept the petition, the agitation increased. A bloody riot in Birmingham (provoked by imported London police) led to the arrest of Lovett (60). Moderates began to leave the Convention. It drafted a programme of "eight questions" addressed to its constituents, upon the measure, to be taken in the event of the petition being rejected. These included a "sacred month" (month's strike) and arming of the people. On July 15th, the Petition was rejected.

The Convention attempted to give effect to its presence by calling the general strike, but realising the complete absence of organisation, withdrew its notice and adjourned in ignoble failure. "Moral force" was discredited.

What the Convention feared to do, others would do for it. There is abundant evidence, some of which fell into the hands of the authorities, that preparations had been made for a national rising (59). The exact arrangements made are unknown, nor is it certain that O'Connor was concerned in them, but the signal was to be given by a rising in Monmouth, headed by John Frost, a draper. The Welsh Chartists were to take Newport and then Cardiff, and their victory would be the signal for the general rising.

Frost's army of miners marched down upon Newport on the night of Nov. 3rd, 1839.* The three columns failed to unite in time, and the first arrived in Newport many hours late, long after the authorities had been warned. It marched straight into a trap outside the Westgate Hotel, and was defeated after a brief, but fairly bloody, conflict. The other risings, naturally, were abandoned.

* The existing accounts of the rebellion are unsatisfactory. I attempted some sort of a reconstruction of it in the *Communist*, June 24, 1922.

V.—1840 TO 1850.

O'Connorism. Immediately after the defeat, the Government struck at the Chartist movement. Frost, Jones, and Williams, the three Welsh leaders, were transported, and by the spring of 1840 every Chartist leader of importance was in jail. What little organisation there had been was put out of order, and for two years the movement remained depressed and defeated. Division became acute and in 1841 Lovett founded an Association which was to organise the "moral force" men apart from the others, and to co-operate with the middle-class Free-trade movement. In the winter, O'Brien and other enemies of O'Connor joined a "Complete Suffrage Association," founded by a Quaker manufacturer, Joseph Sturge, to unite all classes.

O'Connor himself was released in August, 1841. He perceived correctly that the disorderly defeat of 1839 had been due largely to lack of organisation. He founded therefore a "National Charter Association" (technically illegal), a centralised society with branches, and in effect obedient to his personal direction. His Association never contained more than a small percentage of Chartist sympathisers, but it was a nucleus which gave some general direction to a hitherto leaderless movement. The advantage of having any leader outweighed for the moment O'Connor's obvious faults, and in 1842 the movement touched its highest point.

In that year, the second petition (62) was presented. Its difference from the previous one lies mainly in its tone. It is indignant, almost insulting, and it makes direct reference to the luxurious spending of the rulers in comparison with the poverty of the people. It had the enormous number of 3,315,752 signatures. Nevertheless, as was to be expected, Parliament rejected it on May 2nd, 1842, in spite of the immense agitation.

The General Strike. The same question of "ulterior measures" that had wrecked the Convention of 1839 now faced the reorganised movement. Before it could make any decision the question was taken out of its hands. A strike against a reduction of wages in the north of England in August was turned by the operatives into a general strike across Lancashire and the major portion of the northern industrial belt, with the object of gaining the Charter (63, *a* and *b*). After some hesitation, the Association adopted the strike officially. Men went from town to town, knocking out the boiler plugs so that no work could be done. Thus the Chartists tried all of the recognised methods of agitation—constitutional methods, armed revolt, and the general strike.

But the time and conditions were very bad. Though soldiers were used by the Government, it was not they that broke the strike. Trade was bad and employers viewed the stoppage with indifference. The handloom weavers, and indeed the factory operatives, had no resources. The masters merely stood aside and waited till privation forced the strikers back to work, which it did in September. Numerous arrests followed, and the movement again began to decline. Quarrels burst out again, and O'Connor practically uprooted all his opponents and flung them out of the movement.

O'Connor's Reign. For six years or so the movement was almost entirely under his control, through the *Northern Star*, the Association, and devoted lieutenants throughout the country, like Thomas Cooper or G. J. Harney. He worked with extraordinary energy to counteract the decline which immediately set in. Throughout these years he put all his powers into the slow business of propaganda, and though he did not prevent the decline, he at least kept it within bounds and preserved a semblance of strength and organisation. His deficiencies, however, as a leader became more evident in his now unique position. He involved himself in hopeless contradictions, even in simple electoral policy, first advocating supporting the Tories and then speaking on behalf of a Whig. He first joined in the usual Chartist denunciation of the Free Trade movement (and to a less extent the Trade Union movement) as an attempt to sidetrack the workers, and then, after being defeated by Cobden in debate, reversed his opinion and supported it. His followers in these gyrations were further puzzled by his agitation on behalf of the Land Scheme, which he began to popularise in 1843. This was a proposal to settle Chartists on small farms through a "National Land Company," supported by Chartist subscriptions and directed by O'Connor (64n). In spite of O'Connor's utter unfitness for business, the company prospered for a while, and in 1846 opened O'Connorville (Herringsgate, Rickmansworth, Bucks.), the first Chartist settlement.

A revival seems to have occurred in the Chartist movement in 1846 and 1847, partly as a result of the Irish famine and the consequent general distress. Our knowledge of this period is not adequate,* and there is no criterion such as a Petition to test it by. But the highest point seems to have been touched in 1847, when several Chartists went to the poll at the election, and one, O'Connor himself, was successful. He was elected for Nottingham, of course by purely middle-class votes.

This victory turned O'Connor's head. He was always a man of great vanity and his new elevation completed what his followers'

* All the primary sources of information such as reminiscences, lives, and contemporary histories are written by O'Connor's enemies, who depreciate this period in order to make out that Chartism declined exactly as O'Connor's power grew.

devotion had begun. He began to treat the Chartist movement as his appanage, even issuing instructions through the *Northern Star* signed FEARGUS REX. His pronouncements became more extravagant and incoherent; frequently almost nonsense. He was becoming clearly unbalanced.

The 1848 Movement. The movement was well on the downgrade again, when it was stimulated to an artificial activity by the news of the Continental Revolutions in February and March, 1848. When kings were being chased out all over Europe, the British Chartists could not be idle. Drilling began again, a Convention was called, a Petition was sent up and down the country for signature. Conflicts with the police became frequent; at one meeting the Chartists chased them out of Trafalgar Square. O'Connor and his chief lieutenant, Ernest Jones, went up and down the country whipping up their followers to enormous enthusiasm by extravagant promises.

The Convention, when it met, was as futile as its predecessor, but adopted resolutions (65) which in effect rejected the proposals for a revolution, but O'Connor, who said the petition had 6,000,000 signatures, made speeches that led his followers to believe that April 10th, the day of the presentation of the Petition, would be the day of the revolution, a belief shared by the Government. When the day arrived, however, the preparations of the military and police were so great and the strength of the Chartists so small, that O'Connor wisely abandoned the mass procession to the House of Commons. This was taken as the equivalent of the defeat of an insurrection; next, the Petition was found to contain less than two million signatures; finally, O'Connor's Land Company was wound up, bankrupt. The attempts at armed insurrection were easily nipped in the bud by the police. O'Connor, overwhelmed by the fall of everything he had fought for, became stranger than ever in his manner; in 1852 he had been certainly wandering in his mind for some time, when he was confined to an asylum, where he died. Ernest Jones made vain attempts to carry on the movement, but by about 1858 all trace of it had vanished.

VI.—THE DISAPPEARANCE.

New Unionism. The stages of the decline of Chartism are not easy to trace, nor important after the end of 1848. O'Connor's insanity in 1852 marks one; another is in 1854 when no Chartist Executive was elected; another in 1855 when O'Connor's death removed the last hopes attached to his person. By 1858 or 1860 the movement had disappeared, save for a few "old Chartists" scattered up and down the country. The energy of the young men who came in to the movement about 1847, such as G. W. M. Reynolds, W. J. Linton, W. P. Roberts, R. G. Gammage, was wasted, and no similar movement (as in the case of Owenism) arose to take its place.

Instead, we have a revival of the trade union movement, in quite a different form. All traces of revolutionary feeling, and all revolutionary aims were excluded from the new "amalgamated" unions, which were modelled on the Amalgamated Societies of Engineers (A.S.E., founded 1850) and Carpenters and Joiners (A.S.C.J., founded 1860). We should also mention the cotton trades unions, which assumed a definite form in 1853.

The principles of the new movement were acceptance of the existing system, opposition to strikes, or any other form of class war, agitation for arbitration and industrial peace. Politically, its leaders were more and more closely identified with Gladstonian Liberalism. With the defeat and extinction of George Potter by Applegarth and the "Junta" in the sixties, the last influences of the old ideas were removed.

Similarly, the Co-operative Movement, started by Robert Owen, evolved from small Co-operative productive societies into experiments in co-operative retail and wholesale trading, turning eventually into the large and conservative Co-operative movement of to-day. This change begins with the success of the Rochdale pioneers (1844).

Economic Change. The reason why these movements supplanted Chartism is to be found in an economic change. From about 1848 onwards the condition of the British working-class began to improve. This is clearly noticeable in the closing period of Chartism, when the price of food fell rapidly after the repeal of the Corn Laws (1846). The extension of the Factory Acts, and the appointment of more inspectors, also relieved the sufferings of the factory operatives and the miners, whose despair had filled the ranks of Frost's army. The growth of the trade union and co-operative movements assured to a number of skilled craftsmen an increasing comfort. They no longer had "nothing

to lose but their chains" and varied their politics accordingly. The fact was that Britain was becoming the centre of the world's capitalist economy, and from the rain of good things which poured into the employers' hands, the workers received a good share of crumbs. An operative in 1898 was strikingly better off than an operative in 1848; reformist tactics had justified themselves. For a considerable period of time the employers were anxious to avoid disputes, and both directly propaganda and indirectly education were used to further industrial peace; genuine concessions were granted and the chart of real wages, from the sixties to the nineties, goes slowly but surely upwards.

The handloom weavers, so far as can be ascertained, were in fact starved to death. But no more violent convulsions were induced by machinery. Henceforward it was introduced more gradually, and no more great waves of handworkers were thrown out on the streets to provide material for frantic and unorganised revolutionary outbursts. "British labour entered upon a long period of comparative material comfort and extreme intellectual stagnation."

This period came to an end about the eighties or nineties, when British capitalism was no longer without a rival. German, French, and later American capitalists intruded; exploitable territories were hastily parcelled out; foreign competition became acute. It is not without significance that these years were precisely those of the revival of the revolutionary Socialist movement, as well as of the organisation of the unskilled.

DATES.

(From *Revolution*, pp. 90-102, 113-136).

- 1830 July, National Association for the Protection of Labour founded.
- 1831 Summer, Operative Builders' Union formed.
- 1832 Spring, National Association disappears.
- 1832 June, Reform Bill carried.
- 1832 September, Labour Exchange first opened.
- 1833 May 1, Exchange moved to Charlotte Street.
- 1833 June, Liverpool Building Employers present The Document.
- 1833 Aug. 26, Owen addresses the Operative Builders, Manchester Lodges.
- 1833 Autumn, Cotton Spinners' Union revives.
- 1833 Autumn, Potters' Union numbers 8000 members.
- 1833 Sept. 24, Builders' Union Delegate Conference approves of Owen's plans.
- 1833 Nov. 16, Glasgow Stonemasons' Strike.
- 1833 Nov. 25, Derby turn-out begins.
- 1834 January, Worcester and Yeovil Glovers' Strike.
- 1834 January, Grand National Consolidated Trades Union formed.
- 1834 February, First Organising Delegate Meeting.
- 1834 March, London Gasworkers' Strike.
- 1834 March 18, Dorchester Labourers convicted.
- 1834 April 26, Derby turn-out broken.
- 1834 April 30, London Tailors' Strike.
- 1834 June, Morrison leaves the Executive.
- 1834 June, The Leeds District Union, after a week's strike, collapses.
- 1834 July 5, Last number of the *Pioneer*.
- 1834 July 19, Beer dispute at Messrs. Cubitt leads to London Building Lock-out.
- 1834 August 20, G.N.T.C.U. becomes the "British and Foreign Association."
- 1834 August 23, Last number of the *Crisis*.
- 1836 London Workingmen's Association founded.
- 1837 Quarrel between Wm. Lovett and Feargus O'Connor.
- 1838 May 8, The Charter published.

- 1838 August 6, Constitution of Chartist Movement at Newhall Hill.
- 1838 October 15, Great Meeting on Hartshead Moor.
- 1838 October, Election of Chartist Convention.
- 1839 February 4, Convention meets.
- 1839 May 13, Convention moves to Birmingham. Gradual secession of Moderates.
- 1839 July 4, Great Riot in Birmingham.
- 1839 July 5, Arrest of Lovett.
- 1839 July 12, First National Petition rejected.
- 1839 July 12, Convention decides on a National Strike.
- 1839 July 22, Convention withdraws its notice of a Strike and adjourns till the end of August.
- 1839 July, Aug., Sept., Decline of Chartism and repression throughout the country.
- 1839 Nov. 4, Rising of Colliers under John Frost at Newport defeated.
- 1839 Dec. 10, Frost and others tried.
- 1840 March 4, Frost, Jones, and Williams transported.
- 1840 Mar.-July, Imprisonment of all important Chartists :—
O'Brien, Jackson, Vincent, Holberry, O'Connor, Carrier, Roberts, Williams, Binns.
- 1840 Spring, Lovett's National Association founded.
- 1841 August, O'Connor released. Rapid growth of his power in the National Charter Association.
- 1841 Winter, O'Brien and anti-O'Connorites join J. Sturge's complete Suffrage Association.
- 1842 May 2, Second National Petition presented and rejected.
- 1842 August, Spontaneous outbreak of strikes in the North of England.
- 1842 August 17, Charter Association recognises the Strike.
- 1842 August, Strike spreading ; " Plug Riots."
- 1842 Aug.-Sept., Strike broken, partly by Soldiers. Wholesale arrests.
- 1842 Dec. 30, Split between the Chartists and the Complete Suffrage Association.
- 1843 O'Connor turns to popularising his Land Scheme.
- 1843-47 Decline of Chartism.
- 1845 Opposition to Trades Unions and Free Traders abandoned.
- 1846 O'Connorville founded by O'Connor's National Land Company.
- 1847 O'Connor elected for Nottingham.

- 1848 Feb.-Mar., Continental Revolutions.
 1848 Mar. 6, Police driven from Trafalgar Square by Chartists.
 1848 April 4, Convention again meets.
 1848 April 10, Petition presented. Chartist demonstration
 collapses.
 1848 May 23, Committee of the House of Commons appointed
 to investigate O'Connor's *National Land
 Company*. Declares it must be wound up.
 1848-1858 Disappearance of Chartism.
 1852 O'Connor becomes insane.
 1854 Chartist Executive not elected.
 1855 O'Connor dies.

HINTS FOR STUDENTS AND CLASS-LEADERS.

1. To STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class, there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class education. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2.—TO TUTORS AND CLASS-LEADERS.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there: recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, &c.). Select the books carefully yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

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G. D. H. COLE

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A STUDY SYLLABUS ON UNEMPLOYMENT.

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FOREWORD ON BOOKS.

The best elementary books on Unemployment are J. A. Hobson's *Economics of Unemployment* (Allen and Unwin, 4s. 6d.) and F. W. Pethick Lawrence's *Unemployment* (Oxford University Press, 2s. 6d.). The former is an exposition of the author's theory of saving and spending, which shows "the trade cycle" as the effect of the maldistribution of wealth. The latter is a useful very simple little handbook. Both are weak on the side of constructive proposals. W. H. Beveridge's *Unemployment* (edition of 1912) is still the best and most complete advanced work on the whole question. J. L. Cohen's *Insurance against Unemployment* is very complete on the aspect of the subject with which it deals. For the trade cycle, see also F. Lavington's *The Trade Cycle* (King, 1922) and D. H. Robertson's *Industrial Fluctuation* (King, 1915). For Labour policy, see the references given under sections VII. and VIII. A small book of my own on Unemployment, intended as a companion textbook to this syllabus, will be issued shortly (Labour Publishing Co., 2s. 6d. and 1s.). Separate references are given in the text following each section of the syllabus. A fuller list of references not included in the text is also given at the end.

G.D.H.C.

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INTRODUCTION.

UNEMPLOYMENT is not an easy subject; and the study of it, at least in relation to its causes, almost implies some preliminary study of general economic theory. If this Syllabus is used by classes which have not made this preliminary study, it will be necessary for the teacher or class-leader to go considerably more than I have done into the general economic principles and controversies underlying the questions I have discussed. I suggest that, in such cases, the student should make it his business to read for himself, as an introduction to the work of the class, some short economic text-book, and that the tutor or leader should devote the first few evenings, or alternately, a few evenings before he begins the study of "The Trade Cycle," to a discussion of the bearing of general economic theory on the whole problem of unemployment.

In using this Syllabus, the student will notice that again and again I have had to draw the distinction between two types of production (a) the production of goods for consumption (or final utilities), *e.g.*, goods such as food, clothing, furniture, etc., which are bought by the purchaser in order that they may be used or consumed, as articles of necessity or luxury, and (b) the production of "capital goods" or instruments of further production, such as machines, factory plant and buildings, industrial power stations, which are made or created, not in order that they may be consumed, but in order that they may be used to produce other goods. The economists describe the purchase of final utilities of consumption goods as "spending," and the use of purchasing power to buy "capital goods," *e.g.*, through investment, as "saving."

Employment, it will be found, fluctuates on the whole more violently in the industries producing capital goods (mainly the "constructional industries") than in those producing consumption goods. An examination of this fact and its causes is vital to the understanding of the economics of unemployment.

The student will find useful, in connection with his study of this Syllabus, the companion Syllabuses in this series dealing with (a) The Development of Modern Capitalism; (b) English Economic History; (c) Finance.

January, 1923.

G. D. H. COLE.

SECTION I.—THE CHARACTER AND EXTENT OF UNEMPLOYMENT.

(a) Under the conditions of modern industrialism, there are always some workers unemployed. When trade is at its briskest, some unemployment remains even in the industries which are most fully occupied. Thus, before the war, the percentage returned as unemployed by the Unions making returns to the Board of Trade never fell below about 2% for all trades, and practically never below 1% for any single industry making returns. These figures, with some reservation, may be said to represent the absolute minimum of unemployment in pre-war days in this country. During the war, the heavy enlistment of men in the forces, and the urgent demands for increased production from those who remained, forced down the number of unemployed far below any proportion previously known. Thus, in 1918, the proportion of unemployed Trade Unionists sank to 0·8 for the year, and the engineering industry, the most acutely stimulated by war-time demands, reached a minimum percentage of 0·4 out of work in 1916. This amount of unemployment was the bare minimum left when every attempt had been made to use fully the services of every available worker. These war-time figures were, however, quite abnormal. 1919 was a year of great trade activity; but even so, the percentage of unemployed Trade Unionists ran to 2·4 per cent., which may be regarded as almost the irreducible minimum under normal conditions.

(b) It has been urged with some truth that the Trade Union percentages here quoted do not furnish a reliable guide to the volume of unemployment (see Beveridge Ch. II.). They are, however, near enough to the truth for our present purpose, which is merely that of establishing the existence, under modern industrial conditions, of a permanent margin of unemployment, or "reserve of labour." Comparable statistics are difficult to secure for different countries; but it can safely be said that every developed industrial country possesses a margin of unemployed industrial country possesses a margin of unemployed unemployment" are used, rather than "margin of unemployed," in order to indicate that the permanent reserve consists not of a definite group of permanent unemployed, but of a constantly changing body, ceaselessly passing between employment and unemployment.

(c) There is not, and has never been, any large body of "unemployables." Some workers may, through defect of skill at their trades or through other handicaps, such as age, physical weakness, accident, etc., be more liable to unemployment than their fellows, and some may be deliberately thrust out of work by blacklisting or similar methods; but in the main those out of work are indistinguishable from those in work at any particular time. Even "unemployability" is obviously a matter of degree; for when the call for workers is great, the employer must take whom he can get. Under normal conditions, as Trade Union returns show, most of those who fall out of work are only unemployed for a short period, in most cases only for a few days or at most a week or two. Periods of trade depression tend, of course, to more prolonged spells of unemployment.

(d) Just as there seemed, before the war, to be a point below which unemployment could not fall, there seemed also to be a point above which it was unlikely to rise. Between 1850 and 1914 the general rate of unemployment only rose three times (in 1858, 1879, and 1886) as high as 10 %, and the 11 % of the two former years seemed to represent the maximum reached under the conditions of a serious trade slump. The slump of 1893-4 only brought the unemployment percentage up to 8 per cent., and that of 1903-4 only to 7 per cent. Any calculations as to a maximum percentage of unemployed, or as to the maximum duration of a slump, have, however, been upset by post-war developments. The prosperity of 1919 and early 1920 was short-lived, and in the latter half of 1920 the numbers out of work increased rapidly. By the beginning of 1921 the great post-war depression was already setting in, and the unemployed percentage stood at 6.1. By June it had risen to 17.81, and, of the 12,000,000 or so persons compulsorily insured under the Unemployment Insurance Act, no less than 2,171,288 were totally out of work. These figures were partly due to the indirect effects of the coal dispute of 1921, and the numbers fell to some extent during the latter part of the year to 1,882,000 or 16.1 per cent. at the end of 1921, and 1,542,000 or 12.2 per cent. at the end of 1922. These figures fail to record the whole extent of unemployment, as (a) some occupations, *e.g.*, agriculture, are not insured; and (b) they show only the persons registered at the Employment Exchanges, and exclude a good number who have fallen out of benefit and dropped their registration.

(e) **The number of persons totally unemployed is by no means a sufficient measure of the loss of earnings which the workers suffer through lack of work. Under-employment, as well as total unemployment, has to be taken into account. In many industries (e.g., mining and textiles) the practice is to meet a shortage of work mainly, not by reducing the number of workers employed, but by working "short time," i.e., reducing the number of hours worked, with a proportionate reduction of pay. Workers who are on "short time" are not included among the unemployed, so that industries which adopt this system appear to have a very low unemployment rate, even if the loss of earnings which the workers suffer is well up to the average. Much the same result is obtained in some other industries, in a less systematic fashion, by "standing off" or suspending workers without pay for periods during which work is not available. In other cases, where work is dependent on weather, workers are stood off without pay on days when conditions are unfavourable (e.g., "wet-time" in the building industry).**

(f) **The rate of unemployment varies greatly from trade to trade; but the variation is much less if the effects of short time and discontinuous employment are taken into account. This is difficult to show statistically, as no adequate figures for short time are available. The short time benefit payable under the Unemployment Insurance Acts applies only to a small proportion of those who actually obtain less than a full week's work.**

The liability of workers to unemployment varies from trade to trade not only in extent, but also in kind. In some trades, employment fluctuates with the time of year. Employment is less in the winter in agriculture, building and other industries affected by weather conditions and the seasons. The Post Office and other services have their Christmas rush; and many industries, such as clothing, have rush periods at definite times of the year. These phenomena are generally termed "Seasonal Fluctuation." In other cases, certain trades (e.g., iron and steel, engineering and shipbuilding) are very keenly sensitive to general changes in the state of trade, and employment in them varies greatly as between periods of boom and slump. Such periods appearing to alternate with some regularity (a period which is discussed later under the heading of "The Trade Cycle"), this phenomena is generally known as "Cyclical Fluctua-

tion." In certain trades, where labour is taken on mainly for a particular job of short duration, employment is exceptionally discontinuous, and men are constantly falling into and out of a job. As such occupations tend inevitably to attract, save at periods of abnormally high employment, more workers than are really needed, this system results in very bad conditions, usually described as those of "Casual Labour." The waterside transport industry has long been the outstanding example of Casual Labour, and half-hearted schemes of "Decasualisation" have only touched the fringe of the problem. The problem exists in some degree in most occupations in which the work is regarded as being more or less "unskilled," and therefore open to any person in need of a job.

(g) The post-war depression, exceeding in magnitude any previously known, exhibits the phenomena of Cyclical Fluctuation and Casual Labour in an intensely aggravated form. While the general percentage unemployed (excluding short time) stood at 12.2 at the end of 1922, the engineering industry had 20.6, the iron and steel industry 22.1, and the shipbuilding industry 35.6 per cent. out of work. The building industry had 18.5, and construction of works 22.6. These figures show the extent of the slump in the industries chiefly concerned in the making of capital goods, which are the most affected by cyclical fluctuations. Dock labour, which had been partly decasualised during the war, returned largely to the old conditions of casual employment, not fully revealed in its percentage of 18.4 out of work.

REFERENCES :

See Beveridge; "Unemployment," Chs. 1-5.

"Labour Year Book, 1916," pp. 221-4.

"Workers' Register of Capital and Labour, 1923," section on Unemployment.

"The Ministry of Labour Gazette" (monthly statistics showing the extent of Unemployment).

SECTION II.—THE CAUSES OF UNEMPLOYMENT IN TIMES OF GOOD TRADE.

Why does unemployment exist?—It seems absurd that, while the world's production of goods is obviously inadequate to the world's needs, and the great majority of the people are existing at a quite inadequate standard of life, men and women should be idle because they cannot find

work. It is easy to understand why there may be short intervals of no work while a worker is passing from job to job; but this is not the problem. The problem is that always, even when trade is at the top of a boom, there are workers who cannot find employment, and that the number of such workers rises sharply in times of depression, though clearly the need of the world for goods is no less in such times. There are, then, two aspects of the problem: (1) Why is there unemployment even in times of good trade? (2) What are the causes of trade depressions, of the ceaseless fluctuation of trade between boom and slump? We shall deal with these questions first in general, and shall then discuss in relation to them the special features of the post-war industrial depression.

Unemployment in times of good trade.—(a) Among the more obvious causes of this are (1) interruption of work incidental to change from job to job; (2) friction in the working of the industrial machine, owing to failure of adjustment between its parts, *e.g.*, shortage of material, congestion and failure of transport, etc.; (3) breakdown and accidents; (4) ordinary *seasonal* causes or interruption of work owing to weather conditions; (5) indirect effect of trade disputes in throwing out of work persons not directly involved. Some failure of continuous work from all these causes is inevitable under any system of large-scale production. At present, in nearly all cases, discontinuity of work means discontinuity of income; but there is no necessary reason why this should be so. (See Section VIII., 5, for "continuous pay.") It may be urged that the faults of the present system increase the discontinuity of work; but no change of system would wholly remove it.

(b) **It does not follow, because trade as a whole is good, that all industries are booming.** A famine in India will decrease the demand for Lancashire cotton goods irrespective of the general state of trade. A high rate of unemployment in some industries may therefore coincide with a low rate in others, and with a period of general trade prosperity. At the same time, it must be remembered that depression in one industry tends to react on others, by reducing the demand for their products and by its effect on general economic conditions; so that depression in Lancashire will be a factor for making for depression elsewhere. It may be more than counteracted by other factors; but it will affect the situation.

(c) **Economic stability requires a balance between industries.**—It is quite possible for some industries, during a boom, to be over-stimulated, so that their plant and productive capacity are increased beyond what the market will bear, and a surplus of labour attracted into them. Under these conditions demand may fail for their products even while the general trade boom remains active, and workers in them may be thrown out of work. In the same way, particular industries may be under-developed and have a deficiency of plant and productive capacity, which must be supplied by the constructional industries before they can expand and absorb additional labour. The lack of balance between industries is one of the most serious factors in trade fluctuation.

(d) **Trade booms are usually periods of rising prices and profits. Wages are usually much slower than profits in rising.** The incomes of the richer classes, therefore, tend to increase faster than the incomes of the workers. "Saving," *i.e.*, capital for investment, is drawn mainly from the rich, whereas the demand for consumable commodities is less unevenly distributed. This means that less proportionately is spent on consumption, and more "saved," or rather applied to the production of capital commodities (*e.g.*, buildings, machinery, etc.) at home or abroad. This limits the demand for consumable commodities, and over-stimulates the constructional industries. Some unemployment in the trades producing consumables may co-exist with a boom. Generally, however, employment in these trades fluctuates less than in the constructional industries, which are the most affected by booms and slumps.

(e) **Deliberate restriction of output by firms**—the policy of low production and high prices—may prevent the absorption of the unemployed margin even when trade is good. This effect may be produced by restriction either by manufacturers, or by producers of, or dealers in, the materials which the manufacturer requires.

(f) **Trained or skilled labour is not readily transferable to new occupations in which previous skill or training will be of no use.** Where, owing to inventions, changes of fashion, changes in the direction of international trade, or other causes, there is expansion in some industries and contraction in others, the change-over of labour cannot be accomplished without friction, and may be accompanied by

serious unemployment. This may also apply to change of processes within a single industry (e.g., from hand-loom to power-loom weaving). Nor is labour movable at will from place to place. A change in the territorial distribution of an industry may also lead to unemployment (e.g., when mines in one district are closed, and new mines opened in another). All changes in methods, places and amounts of production are liable to create some unemployment during the period of readjustment.

(g) Even in a time of good trade, unemployment may be caused politically—e.g., by the closing of a foreign market or source of supply in consequence of a political dispute, by the imposition or adjustment of a tariff by this country or by a country with which we trade, by changes in taxation or rating, and so on.

(h) Financial manipulation of industry (e.g., reckless over-capitalisation leading to business troubles, over-trading on inadequate capital, failure of financial accommodation, etc.) may cause unemployment. So may mere bad management, leading to closing down or dismissal of hands; and so may boycotts or other devices employed against their rivals by firms or combines seeking monopoly.

The above is intended only as a first, or surface, study of the causes of unemployment in times of good trade. The more fundamental aspects of the question are considered in the next two sections.

REFERENCES :

Hobson; "Economics of Unemployment."

Beveridge; "Unemployment."

Trades Union Congress; "Final Report on the Cost of Living."

T.U.C.; "Wages and Prices: A Reply to the F.B.I."

Labour Research Dept.; "Wages, Prices and Profits."

SECTION III.—DEPRESSIONS AND THE TRADE CYCLE.

(a) Trade and employment fluctuate, we have seen, not only seasonally, but also cyclically. We must now examine more closely what is called "The Trade Cycle." Seasonal fluctuation is, in the main, confined to certain definite industries: cyclical fluctuation, while it affects some industries far more profoundly than others, is found in practically every industry, and is primarily a phenomenon of trade and industry as a whole. There are periods when almost every

trade is booming, when prices, profits and wages are all rising, when there seems no limit to the quantity of products that can readily find purchasers, when almost every manufacturer is demanding more and more advances from his banker, and all classes are filled with the buoyant spirit of "good times." Then unemployment falls to the minimum, and short time gives place to overtime in order to cope with the increased demand.

Before long comes a reaction, and, after a period of climax and crisis, boom passes into depression. Prices, profits and wages fall, the production of goods is cut down because the markets cannot absorb enough, a glut of goods already manufactured occurs, bank advances are rapidly reduced, the mood of optimism gives way to one of gloom. Workers are discharged in large numbers; unemployment and short time become prevalent.

(b) Not merely does industry alternate between these two extremes of boom and depression: it is observed that booms and depressions appear to occur at almost regular intervals, and that The Trade Cycle (the whole period, including both the boom and the depression and the transitional times between them) appears to follow, on repeated occasions, an almost uniform course. Following on the end of a depression comes a period of rising trade and production, leading up to a boom. Upon the boom follows a period of crisis, and sometimes of panic. Trade slumps, and there is a period of growing depression, which leads up gradually to a renewed improvement of trade, in which the cycle begins again. These Trade Cycles do not occur with absolute regularity, or extend over an absolutely uniform number of years. But they show a marked tendency to uniformity, and their normal length is from eight to ten years. Moreover, recent Cycles at least have not been confined to a single country; but have affected simultaneously the principal industrial countries of Europe. American cycles have followed, as a rule, a somewhat different course.

(c) In the account of booms and slumps given above, no attempt was made to describe the phenomena accompanying them in any definite order of occurrence. The order in which they occur—a point as yet quite inadequately investigated—is, however, very important in connection with any attempt to ascertain the causes of trade fluctuations. The phenomenon which first appears may or may not be

the cause of those which appear later; but certainly a phenomenon which appears late in the series is unlikely to be the cause of those which appear earlier, or of the series as a whole.

What causes trade fluctuations?—A variety of explanations, in terms of different factors in the situation, have been attempted. (1) It is suggested that the banks are the cause. The banks lend money freely during a boom, and the heavy trading and new development of the boom period is carried out with the help of large overdrafts from the banks. The crisis which brings the boom to an end is usually accompanied by a widespread refusal of fresh credits, and calling in of outstanding credits by the banks. This admittedly compels manufacturers and traders to restrict their operations, and hampers expansion and the starting of new enterprises. The question is whether the banks, in taking this course, are causing the crisis, or merely acting upon their knowledge, based on other considerations, that a crisis is imminent. Some financial reformers argue that the existing policy of the banks should be reversed, and loans granted less readily during a boom and more readily during a slump. Others urge that, if the banks would at all times make advances based on productive capacity, slumps would be largely avoided. It is clear that the bankers' power to give or refuse advances places in their hands a vast power to affect the course of trade and industry, both in heightening booms and precipitating or deferring slumps, and in determining the direction of capital development as between industry and industry. But this is not to say that booms and slumps are themselves manufactured by the banks, which, in extending or restricting advances, are governed by their view of what is economically desirable in face of their observation of economic conditions and prospects.

(2) It is suggested, especially by many recent writers, that booms and slumps are to be explained mainly in psychological terms, *i.e.*, by the ups and downs of **business confidence**. On this view, the real cause of the slump, coming at the end of the boom, would be a growing uneasiness on the part of business men, including bankers,—a sense that the good times cannot last, and consequently a tendency to restrict operations and avoid further commitments. Such a tendency, reacting throughout the business world, is enough, it is urged, to account for the causing of a slump, while the course of trade revival and subsequent

boom is the return of confidence—the feeling that the bad times will not last. This psychological factor of confidence or lack of confidence is admittedly of importance under modern capitalist conditions, and does affect the intensity of both booms and depressions under a system which places principal reliance on “private enterprise.” But there is no sufficient warrant for explaining the fluctuations of trade wholly, or mainly, in psychological terms.

(3) A third explanation is offered mainly in terms of **maladjustment** as between industry and industry. Rising trade implies increased demand for goods. Before this demand can be fully met, productive resources must be increased by the provision of additional plant and equipment, transport facilities, etc. The rising profits provide the fund out of which the main provision of this sort is made. Capital tends, in order to meet the need, to flow mainly at first into the constructional trades. These, and the raw material industries supplying them, are overstocked, and are before long unable to sell the greatly increased production of which they are capable. A crisis is reached, and the slump in the constructional trades communicates itself to others, and brings about a general depression. This explanation, again, lays hold of certain important aspects of the truth—(1) that stable conditions in industry depend on the maintenance of an equilibrium between trades, and that the over-stimulation of one trade relatively to others leads to disturbance of the industrial mechanism; and (2) that the over-stimulation of the constructional trades, *i.e.*, those making not consumable commodities but capital goods, is a marked feature of periods of boom. But it is inadequate as an explanation. Why do the constructional trades receive this abnormal stimulus? To that question this explanation, taken by itself, supplies no answer.

(4) Much has been written concerning the influence of **good and bad harvests** on general trade conditions. Man marches on his belly, and a restriction in the world supply of food means, unless there are adequate stores in reserve to draw upon, a diminished consumption of essential food-stuffs. As a famine in India reacts on the cotton industry in this country, a world shortage of food may be expected to react on industry as a whole, by eliminating the ability of the food producers to buy goods from the industrial producers. Jevons attempted to explain the fluctuations of trade almost wholly in terms of the “sun-spot” theory, attempting to trace a regular connection between the bounty or

niggardliness of nature, caused by the action of the sun, and the ups and downs of trade. This theory is now in the main discarded; but some modern writers give to harvest changes in crops of all kinds (*e.g.*, cotton as well as wheat and corn) a very big influence in causing booms or slumps. It is disputed still whether good and bad world harvests alternate over regular periods of years, those who emphasize their close connection with the trade cycle usually seeking to establish their "periodicity."

(5) The theory of trade fluctuations associated with the name of J. A. Hobson is a development of this last, or rather a tracing of the phenomena on which it is based to a more fundamental cause. According to Hobson, trade fluctuation is primarily the result of the **maldistribution of income** in the community. Good trade raises profits much more and more rapidly than wages. It thus causes a large accumulation of surplus income in the hands of the richer members of the community—the investing classes. This mass of "savings," seeking outlets for investment, flows mainly into the constructitonal and export trades, which are more susceptible to expansion than those producing consumable commodities, because the income of the working class, who spend most of what they have on immediate consumption, has failed to expand in correspondence with the expansion of profits. The over-stimulation of the trades producing capital goods, which leads directly to the following slump, is thus shown, not as the cause of fluctuation, but as the result of bad distribution; and Hobson argues that the only remedy for fluctuation is a more equal distribution of wealth, which will reduce the disproportion between the surplus income seeking investment and the purchasing power available to buy consumable commodities, and thus lead to a more equal stimulation of the different branches of industry. Hobson contends, not that too large a sum is invested during a boom, but that too high a **proportion** of the total income is invested. He holds that, if purchasing power were more equally distributed, trade fluctuations would largely disappear, a higher general level of production would be secured, and a saving, smaller in proportion to total income, could yet be at least as great in amount as what is saved under present conditions.

(6) Marx, and most Socialist economists following him, find in the tendency to fluctuation and trade crisis an **inherent vice of capitalist production**. According to Marx, under the conditions of modern capitalism, the volume of produc-

tion, both generally and of various kinds of commodities, comes to be determined not, as in more primitive societies by reference to the needs of the consumer, but by the necessities of the productive mechanism itself. This involves both a failure to produce the various kinds of commodities in the proportions required to preserve an equilibrium, and an inability to find regular markets for the goods produced. Hence comes the phenomenon known as "over-production," which is in fact disproportionate production leading to under-consumption. Unable to market their wares within the productive system in which they are included, the capitalists are driven to a more and more desperate scramble for foreign markets, especially in the less developed countries, turning in modern times more and more to a struggle for concessions, and for command of the vast supplies of raw materials needed to keep the colossal mechanism of modern industry at work. Hence comes, not only the Imperialist struggle for markets and sources of material, but also the recurrent phenomenon of trade crises, leading to widespread unemployment.

(7) The close relationship between the theories of Hobson and Marx will be readily seen. Both trace the phenomenon of trade cycle and crisis to an inherent vice of capitalist production, a disproportion between the production of different types of commodities. Hobson suggests that this vice would be converted by a **better distribution of purchasing power** among the members of the community, as this would lead to a better balance between the production of capital goods and consumption goods. Marx seeks to show that the better distribution is not attainable under capitalist conditions, which tend to an increasing **accumulation of capital** in the hands of the few, and, therefore, to an increasing disproportion between productive capacity and ability to consume. Both agree that the root of the problem, and the fundamental cause of unemployment, lies in the lack of adequate purchasing power in the hands of the masses—adequate, that is, to the productive capacity of modern industrialism.

REFERENCES :

- See *Lavinton*; "The Trade Cycle."
- Robertson*: "Industrial Fluctuations."
- Beveridge*: "Unemployment," ch. 4.
- Hobson*; "Economics of Unemployment."
- Pethick Lawrence*; "Unemployment."
- Marx*; "Capital," Vol. II., especially Chs. 18-21.

SECTION IV.—THE PRESENT WORLD CRISIS

How far is the present world crisis due to "the war," or how far is it merely a working out of a tendency inherent in modern capitalist production?

(1) Some economists hold that, in accordance with the ascertained phenomena of the Trade Cycle, a new world depression, following on the pre-war boom, was due at least by 1916. The war, they say, by substituting military for economic demand, by dislocating the whole world market system, and by causing nations to incur vast debts without regard to economic consequences, prevented the depression from occurring when it was due. When the war ended, the urgent need to replace productive instruments destroyed or depreciated during the war, together with the unexhausted impetus of the tendency to live on borrowing, caused a brief period, in 1919 and 1920, of artificial and illusory economic prosperity. But the holding back of the depression, and the shifts by which it was held back, made inevitable its ultimate occurrence in a greatly aggravated form. On this showing, the world depression of to-day is but the slump period of the normal trade cycle, made worse by the suspension of ordinary "economic laws" under pressure of war conditions.

(2) Some writers, who lay no stress on the view that the present depression is, in its fundamental aspect, merely a manifestation of the trade cycle, attribute it mainly to the war, urging the huge destruction of economic values which the war caused, the under-production of the war years, the entire upsetting of the financial basis of industry caused by the huge war debts and the drastic taxation, and the inflation which debt made necessary, the psychological effects of war in decreasing efficiency and productivity, the economic exhaustion everywhere following the termination of hostilities. Those who take this view may be divided into the optimists, who think that the exhaustion will soon pass and conditions return to the normal, and the pessimists, who hold that the burdens, especially the debts, which are a legacy of the war, will long remain so heavy as to prevent recovery.

(3) Others, while perhaps recognising the importance of the factors mentioned above, attribute the present slump less to the war than to the terms of Peace. The Peace

Terms, they say, prevent the recovery of industry (1) by the creation of artificial political frontiers, which break up natural economic units, and so dislocate production (e.g., Austria, Silesia, etc.); (2) by the imposition of crushing indemnities which, by preventing the economic stabilisation of the defeated countries, dislocate foreign markets, and so throw the productive system out of gear; (3) by the exclusion of Russia, based on blockade, from participation in the world economic system, with the result of accentuating the disproportion between different kinds of production, and further upsetting normal market relationships; (4) by sowing the seeds of fresh rivalry and warfare, and so keeping the world under arms, and distracting it from the tasks of economic reorganisation.

(4) Yet others, admitting the importance of all these factors, hold that all of them are to be regarded as manifestations of the inherent vice, and **disintegrating tendency, of modern capitalism**. On this view, the Peace Terms are not an accidental blunder, but a clear manifestation of capitalist rivalries and tendency to self-destruction. The War was not an accident, but the inevitable outcome of the imperialist rivalries of the great capitalist groups. Those who hold this view urge that no revision of treaties, no economic measures (such as the Capital Levy) compatible with the continuance of capitalism, will do more than touch the fringe of the problem. Trade may recover; but it will do so only to prepare for a worse crisis, and probably a more devastating war. They hold that the inherent vice of capitalism (see Section III., 6, *ante*) makes stable conditions, and the abolition of crises and unemployment, impossible as long as capitalism itself continues.

(5) Some economists point, as a powerful aggravating cause, if not as the cause, of the present depression, to certain developments of capitalism during the war and post-war years. **Industrial capital, they point out, has been hugely inflated by the issue of bonus shares, the sale and recapitalisation of companies on the basis of the high prices and profits prevailing before the slump, and other factors which have hugely swollen the costs of production and the capitalist expectation of profits, with the result that firms will not produce except at prices which few consumers can afford to pay.** This leads to high prices and reduced production, so that workers are thrown out of employment, and the purchasing power of the community thus still further

cut down, with the consequence of extending the slump. Capital has greatly increased its claim to a share in the product of industry, and so disturbed the pre-war balance. This actually results in a decreased product, deliberate restriction of output, and vastly greater unemployment.

(6) How far is recovery from the present depression likely or possible, either in the near future or at all? The answer to this question clearly depends partly on our estimate of the causes. If we hold that the depression, aggravated by special conditions of the war and the peace, is yet to be regarded mainly as an exhibition of the inherent tendencies of capitalism, it does not follow that there will be no recovery, but only, if the Marxian view is accepted, that recovery, if it comes, will prepare the way for a worse catastrophe in the future. On the Marxian view, this may or may not be the final crisis of capitalism. Again, if we regard the depression as mainly the effect of the war and/or the Peace Terms, it remains to be determined how far the ills of the War and the Peace can be, or are likely to be, corrected by change of policy in this and other countries, by lapse of time, by the action of Labour, or by measures of self-preservation to be taken by the classes now in power. The class should discuss the prospects of recovery in the light of the estimates the members have formed of the causes of the depression.

The class should also, in its study of the depression, have before it, a clear summary of the facts regarding the distribution of unemployment in different industries, the changes in world trade since 1914, the growth of public debts and taxation, and the changes in capitalist organisation and the control of the great industrial areas and the sources of the vital raw materials. References for this purpose are given below.

REFERENCES :

Labour Research Department : " The Workers' Register of Capital and Labour, 1923."

Labour Research Department : " The Labour International Handbook " and " The Labour International Year Book, 1923."

Plebs League : " An Outline of Modern Imperialism."

Keynes : " The Economic Consequences of the Peace."

Manchester Guardian : " Reconstruction Supplements," 1922.

Angell : " The Fruits of Victory."

Woolf : " Economic Imperialism."

SECTION V.—THE UNEMPLOYED.

(1) In normal times, we have seen, the number of unemployed is small relatively to the whole number of workers. Moreover, of those out of work, comparatively few are unemployed for any considerable time. There are always some chronically unemployed workers (casuals), and short time may be worked for considerable periods; but under normal conditions the number of individuals suffering long spells of unemployment is small. There is constant passing to and from the ranks of the unemployed.

(2) Under these conditions, separate organisations of the unemployed are unlikely to arise. Men do not regard being out of work as a lasting condition, but merely as an unfortunate intermission of earning power. They think of themselves, not as "the unemployed"—a special class apart; but as ordinary workers temporarily out of a job. They are, if they are Trade Unionists, very likely drawing benefits from their Unions, and there is nothing to differentiate them sharply from their fellow Unionists. Unemployment of this sort causes suffering and sometimes positive privation; but it does not give rise to a deep-rooted sense of being an outcast, or tend to the rise of a separate "unemployed" state of mind. The fear of unemployment is constantly present to the minds of most workers; but in normal times it does not fully occupy the centre of consciousness even for those who are actually out of work. There is normally no separate organisation of the unemployed.

(3) When depression is acute and prolonged, a different situation arises. There grows up a considerable class of workers who are long out of a job, and get used to thinking of themselves as members of a distinct class—"the unemployed." The larger this class is, and the more depression is prolonged, the greater becomes the chance of strong separate organisation. Particularly is this the case if the chronically unemployed come to include a considerable number who have been used to relatively high wages and strong Trade Union organisation. These feel the change more keenly, and turn more naturally to organisation, than the less well paid and less highly organised grades of workers. The engineers, whose industry is liable to severe fluctuations, and who are comparatively well paid and well organised, have been again and again the leaders of unemployed agitations.

(4) Even when favourable conditions exist, stable organisation of the unemployed offers big difficulties. The condition of unemployment is discouraging, and conduces to apathy and despair. Money cannot be raised in any considerable amounts from those out of work, and severe unemployment, involving a heavy direct drain on Trade Union funds and a fall in the wage-rates of employed workers, makes it hard to raise funds from working-class sources. The unemployed organisations are always hampered by lack of funds. Moreover, there is apt to be in Trade Union circles some reluctance to foster the growth of distinct unemployed movements, on the ground that the Unions exist to care for employed and unemployed workers alike. Unemployed organisation is therefore usually created rather by bands of active workers (e.g., the S.D.F. in the 1880's and the Communists to-day) than by the direct act of the Trade Union movement or its official leaders. These may subsequently take the movement under their wing; but they have in the past shown no desire to create it. It is clear, however, that the Unions, as now organised, do not provide effective means of common action by the whole body of unemployed, either locally or nationally, and that the unemployed workers do, in time of depression, need some direct means of expressing their view and of developing a common attitude.

(5) The class should consider what are the best forms for organisation of the unemployed to assume, what should be the relation and attitude to it of the Trade Unions, and how far the present organisation of the unemployed is satisfactory. It should enquire how far the Trades Councils can be made effective rallying points for local solidarity, and whether they could best take charge of the organisation of unemployed workers, perhaps with direct help from the National Trade Union movement.

(6) The forms of action and agitation to be adopted by the unemployed may also be given at this point a first consideration. The subject can only be dealt with properly in relation to the policy to be pursued; and it should be borne in mind throughout in the discussion of the following sections. But here (1) the uses of "marches" and demonstrations (2) means of bringing pressure to bear on Boards of Guardians and other local authorities; (3) means of bringing pressure on Government and Government departments; (4) action in relation to the Trade Unions and the

political Labour movement; (5) educational work among the unemployed, may be considered in general terms.

REFERENCES. For past agitations among the unemployed:—

Hyndman: "The Record of an Adventurous Life."

Mackail: "Life of William Morris."

Webb: "History of Trade Unionism" (see Index).

Beer: "History of British Socialism," Vol. II. (see Index).

For present organisation and problems:—

Labour Research Department: *Monthly Circular*, 1921-3.
and articles in "Out of Work," "The Labour Monthly," "The New Leader," and other Labour papers.

SECTION VI.—HOW THE UNEMPLOYED LIVE.

Under the present system, which makes income for the wage-earners depend on ability to find employment, **falling out of work means the loss of the regular means of subsistence.** How, then, do the unemployed live, and from what sources are their meagre means of subsistence drawn?

(1) The better paid workers at least usually accumulate some small savings (e.g., shares in the Co-op.); while they are in employment. When they fall out of work, they are compelled to draw upon these savings. For example, many workers who invested small sums in War Loan, Savings Certificates, etc., during the war, have used these savings up during the depression. Working-class thrift often means, in fact, not provision for old age, but the creation of a reserve to meet a time of unemployment.

(2) Many Trade Unions, including nearly all Unions of the higher-paid grades, except those whose employment is practically stable, **provide out of work benefits for their members.** These benefits vary in amount, but in few cases exceed £1 a week. They run, moreover, only for a limited number of weeks, and prolonged unemployment, therefore, exhausts benefit rights. In the pre-war years from 1910-1914 the principal Trade Unions spent on the average over £500,000 per year on out of work benefits. During the war years, the amounts spent were very small; but the depression has made immense calls on Trade Union funds, and it is estimated that, since the slump began, the Unions have spent at least £10,000,000 on unemployment benefits alone. This means, of course, that to this amount, *plus* the amounts spent out of savings, the workers have maintained themselves in unemployment out of the wages paid them while in work.

(3) In 1911, under Part II. of the National Insurance Act, the system of compulsory State Insurance for Unemployment was instituted for seven groups of workers, of which the principal were those in the engineering, shipyard and building industries. The rate of benefit was at first only 7/-, raised to 12/- in 1919. In 1920 Compulsory Unemployment Insurance was extended to nearly all workers, only agricultural workers, permanent railways staffs, and a few other groups being exempted. The rates of contributions and benefits have been changed again and again during the past two years. They stood, at the beginning of 1923, at 15/- a week for men and 12/- for women, with additional allowances for dependents (5/- for husband or wife and 1/- for each child), in return for contributions of 9d. from each man and 7d. from each woman. Lower rates were in force for juveniles. To these workers' contributions are added contributions from the employer of 10d. for each man and 8d. for each woman, and from the State of 6½d. and 5½d. "Covenanted" benefit under the Acts runs only for a limited period in the year, and is further limited by the number of contributions paid by the worker. The distress, however, has caused the introduction of certain, also limited, additional periods of "uncovenanted" benefit on the same scales, i.e., an extension of the periods for which insured persons may draw benefits. The heavy unemployment of the past few years has caused the Unemployment Fund built up out of contributions from workers, employers and State to become heavily overdrawn; but all overdrafts have been treated as loans to the Fund, repayable to the State out of future contributions. Under the Acts, benefit is largely administered through the Trade Unions, which pay the sums due to their members and recover from the State, receiving a very small administration allowance for the work involved. Otherwise, benefits are paid through the Employment Exchanges. The workers' contributions are deducted from wages by the employer. A special clause of the Act of 1920, under which any industry may, on agreeing upon a not less favourable industrial scheme of unemployment provision, contract out of the general scheme with the approval of the Minister of Labour, is in abeyance for as long as the Unemployment Fund remains in debt to the State. (See further under Section VIII.).

(4) Even for those who obtain them, the benefits under the Unemployment Insurance Acts are obviously inadequate,

without further resources, to provide a tolerable subsistence. Consequently, vast numbers of workers are driven for relief to the **Poor Law**. The Boards of Guardians are legally obliged to relieve destitution; but their policy differs widely from case to case. Some adopt Relief Scales, and pay at regular rates (adequate or inadequate) to all approved applicants; but many refuse to adopt any definite scale, and insist on dealing with each individual case on its merits. The Ministry of Health exercises severe pressure on the more liberal Boards to prevent the payment of amounts or scales which it regards as excessive—a policy which has led to bitter disputes with certain Boards (*e.g.*, Poplar). The whole Poplar struggle and the special position of the Poor Law in London, should be studied and discussed with the aid of the references given at the end of this section.

(5) In previous unemployment crises, *e.g.*, in 1885-6, 1904-6, and 1914, special Relief Funds have been opened to public subscription in the great cities, and the sums so raised spent in relief pay. This method, however, has only been adopted in isolated cases during the present depression. Various "charitable" Societies, *e.g.*, the C.O.S., also occupy themselves with the relief of distress.

(6) In most crises, recourse is had to some extent to relief works, *i.e.*, special works, supposed to be of public utility, inaugurated or pressed forward for the special purpose of providing work for the unemployed. Men employed on such works, of which road making is usually the most important, are often paid less than the standard rates of wages, on the plea (1) that the conditions on such work must be less eligible than those of normal employment, and (2) that unemployed workers do not produce the same value of output as workers engaged in the ordinary way. Both in the payment of "outdoor relief" and in the fixing of wages on "relief works," public policy is still dominated by the idea that the conditions of the unemployed must be kept below those of "independent labourers." Mr. Bonar Law affirmed this principle, on the ground that the State, if it agreed to pay reasonable maintenance to the unemployed, would have to subsidise the low wages of those in employment, in his Glasgow speech in December, 1922.

(7) The securing both of out-of-work pay and of outdoor relief is usually made harder in practice for women

than for men, as it is frequently assumed, unless a woman can very clearly prove the contrary, that she can get maintenance by living at home or accepting domestic service.

(8) Workers involved in a trade dispute get no State unemployment benefit; and workers who lose their work owing to a dispute in which they are not directly involved, are also in many cases disqualified for benefit. (See Unemployment Insurance Act of 1920, Section 8).

REFERENCES: A summary of the Acts relating to Unemployment Insurance is given in

"The Workers' Register of Capital and Labour, 1923," where a full list of the Acts will be found;

The principal Act is that of 1920.

See also:

Cohen: "Insurance against Unemployment."

Poplar Board of Guardians: "Guilty, and Proud of It."

Labour Research Department: "Poplar Finance and Policy."

Labour Year Book, 1916, pp. 221-232.

Trades Union Congress and Labour Party: Unemployment Relief.

SECTION VII.—FINDING JOBS.

(1) Such unemployment as results merely from a failure to establish contact between the employer who wants a worker and the worker who wants a job is clearly in large measure preventable by the taking of steps to bring the two into relation. The effect of well-devised expedients with this object will be to reduce the time lost in passing from job to job. Most Trade Unions (especially those of skilled workers) act to a considerable extent as employment agencies for their members, members in work, and some employers, notifying vacancies to the Trade Union, and a recognised duty of Trade Unionists being to get vacancies filled as far as possible by Union members. Some Unions have special Travelling Benefit, in order to enable members to seek work at a distance, especially in the building trades. Emigration benefit, formerly a favourite Union device for relieving unemployment, has largely passed out of use, as it has been realised that it offers no solution of the problem.

(2) Under the Labour Bureaux Act of 1902, Labour Exchanges were established in London, and the Unemployed Workmen Act of 1905 further extended the system. Under the Labour Exchanges Act of 1909, the system was made

general, and State Employment Exchanges under the Board of Trade (now under the Ministry of Labour) were set up throughout the country. The Exchanges administer the system of Unemployment Insurance already described. They are controlled by the Ministry, the Advisory Committees of Employers and Trade Unionists which exist locally having only small consultative functions. There are Boards of Referees to decide on benefit claims, with an appeal to the Umpire, who is a Government official. Employment Exchanges exist in other countries also, sometimes under the State (Germany), and sometimes largely in the hands of the Trade Unions (France). Employment Exchanges cannot, of course, create employment, but can only facilitate the bringing of employer and employed into contact. It has sometimes been suggested that the engagement of all labour through the Exchanges should be made compulsory; but employers and Trade Unionists alike object to this. It has also been proposed that the Exchanges should refuse to fill any vacancy at less than the standard rate, or during a trade dispute; but it has only been secured that the existence of a dispute should be notified, and that information about rates should be available. Trade Union claims for increased or sole control over the Exchanges, e.g., by placing them under the control of the Trades Council, have not been granted. The class should discuss the uses of the Exchanges, which some employers desire to abolish, and the proper relation of Trade Unions to them and the best system of control.

(3) Reference was made in Section VI. to the institution of relief works as a means of providing jobs for the unemployed. Socialists and others urge that relief works are usually uneconomic, and that, when special work is put in hand on account of a depression, the labour for it ought to be engaged in the ordinary way and at the standard rate. The same number of persons are employed and thus taken off the out of work list by this method; and the most suitable workers are secured. It is also urged, by Mr. and Mrs. Webb and others (in Part II. of the Minority Report of the Poor Law Commission of 1909) that special provision ought to be made for equalising the demand for labour by varying the volume of public contracts of all possible kinds, local as well as national, from year to year, giving out more public work when trade is slack and less when it is brisk. It is urged that the volume of public work is so large that the systematic adoption of this policy would go far to prevent

fluctuations in employment. It could not abolish unemployment altogether even in normal times (*e.g.*, it would hardly touch the cotton industry), and it would clearly be inadequate in dealing with such a depression as the present. But it could be so applied as largely to reduce fluctuation, both in the industries directly affected and in others; for the maintenance of the workers' purchasing power in the industries directly concerned would keep up the market for the products of other industries.

(4) A method, adopted to some extent by the Government during the present depression, is that of "trade facilities" in the form of State loans on easy terms of interest and repayment to capitalist concerns and local authorities. These were first used in order to stimulate the export trade, by enabling firms to produce for buyers who could not pay promptly. They have since been extended to work of a constructional kind (*e.g.*, railway development) to be executed in this country. Another form of "trade facility" is for the State, instead of loaning money, to guarantee for a term of years the interest on shares offered for public subscription in order to enable capital work to be carried out. This is the method more often used in aiding development in this country. The main objection to these "facilities" is that they involve the State giving help to capitalist firms at the taxpayers' expense. Facilities in aid of foreign trade have so far largely failed to stimulate production on account of the failure to stabilise economic conditions in Europe.

(5) Most people agree, in principle, and say in their writings and speeches, that the way to prevent unemployment is, in the main, not any of the special devices described above, but the revival of normal trade activity. This merely brings us back to the general diagnosis of trade fluctuations, and of the present depression in particular, contained in Sections III. and IV. Attention must be mainly concentrated, in any plan for the amelioration of the situation, on measures for the revival of trade. This is recognised in the reformist programme of the Labour Party, which puts first the restoration of peace in Europe and a revision of the Peace Treaties as a means to economic stabilisation, together with a Capital Levy as a means of removing debt burdens and lightening the load of taxation so as to reduce costs of production to a more reasonable level.

(6) As trade depression reduces national revenue, it leads to demands for "economy" in public expenditure.

This is reasonable (but the usual practice of Governments under such conditions is, instead of curtailing unproductive military expenditure, to cut down social services such as housing and education. This at once throws building workers and teachers out of employment, and increases unproductive expenditure in doles and poor relief. In accordance with the principle stated in paragraph 3 of this section, public expenditure on social services should be increased, and not diminished, in times of bad trade. Financial provision for such increase should be made by setting aside funds in good years.

(7) It is clear, on this and other grounds, that it is disastrous only to begin to devise measures for dealing with unemployment when unemployment is already prevalent. **Measures of prevention should be taken, plans laid, and the necessary resources set aside, during the period of good trade.** This should be done by the State, and every industry should also build up, out of the profits of good years, reserves to meet bad times. Such reserves should be available to meet the needs of unemployed workers as well as for, and in preference to, maintaining the profits of shareholders.

REFERENCES :

- (a) Employment Exchanges.
Montgomery : " British and Continental Labour Policy."
Beveridge : " Unemployment."
Cohen : " Insurance against Unemployment."
Labour Gazette (monthly).
- (b) Prevention of Unemployment.
Webb : " The Prevention of Destitution."
Webb : " The Public Organisation of the Labour Market "
 (or any edition of Part II. of the Minority Report
 of the Poor Law Commission of 1909).
 Labour Party : Unemployment : a Labour Policy.
- (c) Building up Reserves.
 Labour Research Department : " Enquiry into the Cotton
 Industry."
 Labour Research Department : *Workers' Register of Capital
 and Labour, 1923.*

SECTION VIII.—MAINTENANCE.

For those for whom no work, or less than full work, is found, the Labour movement demands **maintenance**. It is necessary to analyse carefully the meaning of this demand, and the means suggested for its realisation.

(1) It is clear that the amounts now paid in benefits, etc., to the unemployed fail to provide for a reasonable standard of life. The Labour movement affirms the "right to work or maintenance," which implies that, where work is not provided, the maintenance given must be at least at a "living wage" rate. Thus, the present (1923) demand of the Labour Party is for out of work pay at the rate of 40/- a week, with supplementary allowances for dependants. (For the Government's attitude to this demand, see earlier Section VI., paragraph 6).

(2) It is clear also that **maintenance must include provision for the under-employed as well as for the unemployed.** Unemployment pay must be given to workers on "short time" or in discontinuous employment as well as to those wholly out of work. Only a small proportion of the under-employed can qualify for benefit under the present law (see Section 7 of the Unemployment Insurance Act of 1920).

(3) But the Labour case goes far deeper than any demand for higher benefits or their extension to the under-employed. Labour is opposed to the whole system under which the worker is compelled to contribute, out of wages, to the cost of unemployment benefit. The maintenance of the unemployed, it is urged, should not be a charge on the workers. The benefits provided **should not be on a contributory basis**, at any rate so far as the workers are concerned.

(4) Whence, then, are the resources to come? Labour has usually insisted that unemployment must be regarded as a **national charge**, and that accordingly the cost of benefits should come out of national funds (with or without contributions from employers). Objection has been taken, not only to the exaction of contributions from the workers, but also to the thrusting of a large part of the burden on the local authorities (the Poor Law) because State benefits are inadequate in both amount and duration. The **dual system** under which the worker has to go to the Guardians to supplement inadequate State benefits, is obviously wasteful. Labour contends that it is also wrong in principle, on the ground that unemployment is essentially a national charge.

(5) Another school of Labour thought, while agreeing largely with the considerations urged above, holds the view

that full-time pay can reasonably be demanded for every worker as an industrial, as well as a social, right. The maintenance of all the workers required for production, including the "reserve of labour" temporarily unemployed or under-employed, is, they urge, a **legitimate charge on the cost of production**, to be debited against the yield of industry before any real surplus is realised. On this ground it is urged that the price charged for goods ought to include the cost of maintaining the unemployed, or in other words of paying **continuous full-time wages** to every person in the industry, and that this charge ought to take precedence of all profit or interest charges, the full cost of labour being the proper first charge on production. It is therefore demanded that every industry shall be compelled to assume the burden of continuous pay for all its workers, such a plan not excluding arrangements for pooling between industries, but implying the laying-by of funds to meet depression out of the surplus of each industry in good years. (See Section VII., paragraph 7). On this view, the cost of unemployment would be primarily a charge, not on the State, but on industry itself.

(6) This demand for maintenance as an industrial right of the workers must be sharply distinguished from the scheme known as "**Insurance by Industry**," which merely proposes to substitute for contributory State insurance a separate contributory scheme of insurance for each industry. This scheme is urged by many capitalists and politicians, not as a recognition of Labour's right to maintenance, but as a means of reducing the charge on public funds involved in the existing State doles to the unemployed. The Trade Unions are divided in their view as between Insurance by Industry and the present system of State Insurance; but neither in any way satisfies either of the main Labour demands outlined above. Against Insurance by Industry it is urged (1) that industries cannot be separated in any convenient or logical way; and (2) that the proposal would remove the National responsibility for the unemployed, which it is vital to preserve. For the scheme it is urged (the argument applies with great force to Industrial Maintenance as described in paragraph 5) that it would, by placing upon each industry the cost of unemployment, give the employers a strong financial incentive to reduce the number of unemployed, and so make uneconomic the now prevalent practice of restricting output in order to keep up

prices. It would thus tend to maintain employment, and to prevent slumps in so far as they are avoidable by concerted action of the employers.

REFERENCES :

- Unemployment: A Labour Policy (Trades Union Congress and Labour Party).
- Unemployment Relief (Trades Union Congress and Labour Party).
- Unemployment Insurance by Industry (Trades Union Congress and Labour Party).
- Unemployment and Industrial Maintenance; By *G. D. H. Cole* (National Guilds League).

SECTION IX.—CONCLUSION.

The class should now attempt to draw together the threads of the preceding discussions. The first four sections of this syllabus attempted to survey the facts as to unemployment and to examine its causes. The fifth section dealt with the organisation of the unemployed, and the next three with the actual and proposed methods of preventing or relieving unemployment. In these sections we were necessarily discussing mainly palliatives; for, as we saw at the outset, the present industrial and financial system both demands the existence of a "reserve of labour," and involves severe trade fluctuations which cause heavy unemployment in times of depression. While some of the measures discussed in the foregoing sections might greatly reduce the element of fluctuation, none of them, and no combination of them, would, it is clear, abolish unemployment altogether. That seems to call for a different industrial system, based above all on a different distribution of purchasing power in the community (see Section III., paragraphs 5-7).

It would take me too far afield to begin discussing even the salient features of the new social order which is required, or the best means of realising the change. That is, in itself, a separate study, on which the class would do well, before dispersing, at least to give a preliminary sifting to its ideas. The following questions are suggested only with a view to facilitating such discussion:—

1. **How far can unemployment be abolished while the capitalist system continues in being, and what modifications of the system would conduce to its abolition or diminution?**

2. **How far could unemployment be abolished under any other social and economic system? What would be the main difficulties in the way of its abolition, even if the capitalist system did not exist?**
3. **How far is unemployment a national, and how far an international, or world, question? i.e., can it be abolished in one country by internal measures, while it remains in existence elsewhere?**
4. **What bearing have the problems of food production and cultivation of the land on unemployment? Would better and fuller cultivation in this country tend to decrease unemployment?**
5. **Would shorter hours of labour (a) as a permanent measure, or (b) as a temporary measure in times of depression without reduction of pay, tend to diminish the number of unemployed?**

A NOTE ON BOOKS.

B. G. de Montgomery's *British and Continental Labour Policy* (1922), a large, mainly descriptive, work, gives an account of the legislation dealing with unemployment in Great Britain, France and Scandinavia. J. L. Cohen's *Insurance Against Unemployment* (1921), another large book, deals mainly with Great Britain and the United States. Chapman and Halls-worth's *Unemployment in Lancashire* (1909) is a useful piece of local investigation. The position of particular industries is dealt with in N. B. Dearle's *Unemployment in the Building Trades* (1909), H. A. Mess's *Casual Labour at the Docks* (1916), R. Williams' two pamphlets on *The Liverpool Docks Scheme* (1912 and 1914) S. Webb and A. Freeman's *Seasonal Trades* (1912), and the special report of the Building Trades Industrial Council on *Scientific Management and Reduction of Costs* (1920). For unemployment insurance see further, D. F. Schloss's *Insurance Against Unemployment* (1909), I. G. Gibbon's *Unemployment Insurance* (1911), B. S. Rowntree's *The Way to Industrial Peace* (1913) and *The Human Factor in Business* (1921), and Frankel and Dawson's *Working Men's Insurance in Europe* (1910), and the files of the *International Labour Review* since the war.

Studies of the problem of trade fluctuation include F. Lavington's small book, *The Trade Cycle* (1922), D. H. Robertson's *Study of Industrial Fluctuations* (1915), W. C. Mitchell's *Business Cycles* (U.S.A. 1913), H. Hart's *Fluctuations in Unemployment in Cities in the United States* (1918), and H. L. Moore's *Business Cycles* (U.S.A. 1915). See also H. M. Hyndman's *Commercial Crises in the 19th Century* (1892). There is valuable material on the whole subject in F. C. Mills's *Contemporary Theories of Unemployment and Unemployment Relief* (U.S.A., 1917).

A. Hobson's theories are shown, not only in his *Economics of Unemployment* (1922), but also in his *Work and Wealth* (1914), *The Industrial System* (1909), and *The Science of Wealth* (1911).

For Industrial Maintenance, see, besides my own pamphlet, *Unemployment and Industrial Maintenance* (1921), S. G. Hobson's *Guild Principles* (1915) and *National Guilds and the State* (1917).

Other general works include A. C. Pigou's small *Unemployment* (Home University Library, 1914) and Rowntree and Lasker's *Unemployment: A Social Study* (1911). A. Kitson's *Unemployment* (1921) is an application of the theories of Major Douglas to the problem

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PREFACE.

THIS course simply gives a skeleton outline of the structure and functions of local government, and is intended for students working alone or in association. It is not to be regarded as a complete guide, but as an indication. References are given to books dealing with the subjects. The tracts of the Fabian Society on various aspects of local government are worth reading. Most of them can be obtained from book clubs or public libraries.

It is hoped that it will enable students to grasp the essentials of our local government service, and that it will help many in their work as public administrators when they are elected to serve on local bodies.

J. S.

CHAPTER I.

INTRODUCTION.

AS the population of a country increases and its economic organisation develops the machinery of government grows more complex. Democracy under modern conditions can only find expression in a division of function. As the needs of the community grow, the responsibility for carrying on services or performing obligations is transferred from the individual to the collective organisation. This organisation is at first voluntary, but, as time goes on, it is found that to leave the administration of certain functions in the hands of the voluntary organisation militates against the interests of the community as a whole, and the State steps in and administers the service.

At present the government of the people of this country is in a state of transition, and every variety of form exists. Economic organisation is in the hands of individuals ; in the hands of voluntary organisations, such as joint stock companies, co-operative societies, trade unions ; and in the hands of the State through local governing departments and local governing authorities. The tendency is for power to pass from the individual to the voluntary association or the State, and the problem of democracy is to decide as to how far the State or the voluntary association shall hold sway, or whether the State shall become supreme.

The following chapters deal with one aspect of State enterprise, viz., the work of local governing authorities. In many ways they are more important than Parliament, although the latter looms larger in the public eye. Parliament is really a clearing house. By legislation it determines for the time being whether a particular function shall be performed by the individual, by the voluntary association, or by the State. When it decides that a function is the business of the State, it sets up machinery for administration, either by a Department of the central government or by a municipal authority.

Administration becomes to a certain extent a question of locality. To administer national defence is obviously a matter for the central government : to remove dirt from a street is a question of local concern. The majority of functions being largely local in character, most of the administration is entrusted to local governing bodies. It is therefore imperative that every citizen should know something of the powers, duties, and responsibilities of these bodies, as he is more or less affected by their activities from birth to death.

Actual need has produced this system. The vagrants produced by the Reformation led to the Elizabethan Poor Law and ultimately to our modern Poor Law Guardians. The rapid development of towns caused by the industrial revolution, combined with the outbreak of epidemic disease, led to the creation of Public Health and Sanitary authorities. The development of machinery and commerce requiring a higher standard of intelligence, led to the establishment of Education authorities, and so on.

In the early days of the Nineteenth Century, when the development of local government commenced, the plan was to create a special (or *ad hoc*) body to perform the service, with the result that a large number of Boards and Commissioners existed, dealing with Sewers, Roads, Public Lighting, and so on. As late as 1883, Local Government could be described as a "chaos of areas, a chaos of authorities, and a chaos of rates." This policy has now been reversed, and the tendency is to destroy the *ad hoc* authority and to place the responsibility for providing all the public services upon one authority administering a given area.

Each year Parliament devolves greater responsibilities on the local authorities, and with the abolition of the property qualification of members and the extension of the franchise by the Representation of the People Act 1918, the opportunities of the poorest citizen to influence policy and administration have been considerably extended.

There is a conflict of opinion between those who regard the growth of municipal expenditure as dangerous and desire to limit it, and those who regard the extension of municipal services as an economic gain and one of the methods whereby the inequalities of wealth may be remedied. The former policy has the most adherents at present, but the latter is making converts, and the force of circumstances is likely to bring about an extension of municipal services, rather than a limitation.

BOOKS TO READ.

- Brown, W. Jethro—"The Underlying Principles of Modern Legislation" (Murray).
 S. and B. Webb—"A Constitution for the Socialist Commonwealth of Great Britain."

CHAPTER II.

THE IMPORTANCE OF THE LOCAL AUTHORITY.

THEORETICALLY the powers of local governing authorities are derived from two sources—from Parliament and from Common, or Traditional, Law. Parliament gives the authority its constitution and confers certain powers upon it. The Common Law governs action where the Statute, or Parliamentary, Law is silent. Thus a local authority cannot conduct a trading enterprise without it has the specific authority of an Act of Parliament.

Local authorities are not always anxious to fulfil their responsibilities, and Central Departments of the State exist for the purpose of encouraging or forcing them to do their duty. This is generally by contributions in aid from monies voted by Parliament. But the policy of the Central Departments is influenced by the political complexion of the Government of the day. Central Departments are amenable to the pressure of quasi-political associations, such as the Federation of British Industries, and the policy pursued towards local authorities is determined by the "pull" of these organisations. Generally speaking, the permanent civil service is favourable to municipal development, but, of necessity, they have to carry out the policy of their political chiefs. Sometimes in relation to a particular class of local authority, the Central Department will be progressive, whilst to another class, it will be reactionary.

The greatest factor in securing an efficient local administration is the existence of a virile and healthy public opinion. The growth of the Labour and Socialist movement has directed attention to the possibilities of dealing with many of our social problems by municipal action, and even when in a minority Labour has secured action of a communal benefit by a local authority, which it would have been impossible to obtain nationally. In some cases the central department has had to retire defeated before a virile local public opinion. Municipal activity also reacts on national politics, and is often responsible for securing advances in the work of social reform.

The growth of local government has placed at the disposal of the nation the services of a highly trained body of technical experts. The elected member can only hope to deal with questions of policy: he seldom has the time or knowledge to deal with the intimate and technical details of administration. The Borough Surveyor, the Electrical Engineer, the Medical Officer of Health, the Town Clerk and their assistants must execute the work once the policy has been

decided upon. This municipal civil service, generally speaking, is on the side of development and efficiency, but in accordance with professional tradition they carry out the policy of their elected employers. At the same time, a liberal-minded municipal servant can modify a reactionary policy, whilst a conservative-minded person can retard a progressive. The elected person has to take care that the technical knowledge of the officer does not overwhelm him, especially when a new development is under discussion: further difficulties sometimes arise, when, as a result of an election, a new policy is inaugurated after years of following a different one. Patience and firmness on the part of the elected person will, however, secure all that is necessary.

It will thus be seen that the local authority is an important and integral portion of our national life. It deals with a manageable area, comes in contact with the individual, and therefore gives each elector a greater say in affairs than he has by voting for a Member of Parliament. The consequences of its action are more apparent, and it is therefore a great factor in the political and social education of the democracy.

Local authorities have committed to their care poor persons, lunatics, imbeciles, mentally defectives, inebriates, and sick. They make provision for public safety, maintain local courts of civil and criminal jurisdiction, police, regulation of traffic, enforcement of sanitary measures, construction and maintenance of roads and streets, lighting and cleansing, disposal of sewage, maternity and child welfare. They provide schools, libraries, parks, museums, and galleries, swimming baths and gymnasia. Further, many manage markets, water supply, gas, electricity, tramways, and burial grounds.

There is no clear line of demarcation as to the exercise of a function by a local authority or a central department of State. For example, in Greater London, the Home Office administers the police force, whereas it is administered by local authorities in the provinces. Parliament, however, adds to the responsibilities of the local authorities every year, and broadly speaking, they are the principal administrative bodies in the community, having authority, circumscribed by law, in their respective areas.

BOOKS TO READ.

Clarke, J. J.—“*Outlines of Local Government.*”

Clarke, J. J.—“*The Local Government of the United Kingdom.*” (Pitmans. Cheap Edition, published through Workers' Educational Association).

Webb, S. and B.—“*English Local Government.*” 4 Vols.

CHAPTER III.

THE CONTROL OF THE CENTRAL GOVERNMENT.

THE Central State calls the local authority into existence by general or particular Acts of Parliament, and in the same manner confers powers and imposes duties upon it. It exercises a measure of control through the central departments of state, and through the interpretation put on Acts of Parliament by the High Court.

The central departments concerned with Local Government in England and Wales are the Privy Council, the Ministry of Health, The Treasury, the Board of Education, the Board of Trade, the Ministry of Labour, the Ministry of Agriculture and Fisheries, the Home Office, the Post Office, the Charity Commissioners, the Ministry of Pensions, and the Ministry of Transport.

The Privy Council can recommend the Crown to grant Charters of Incorporation for the creation of new boroughs ; it issues Orders in Council bringing into operation many new statutes. Out of its executive powers have grown the Boards of Trade and Education and the Ministry of Health.

The Treasury, the real head of which is the Chancellor of the Exchequer, sanctions loans through the Public Works Loan Board to Local Authorities for public works. It also controls the Exchequer Contributions which are monies, either collected by special taxes and earmarked for specific purposes, or monies voted by Parliament towards the cost of education, police, public health, mental deficiency, maternity and child welfare, registration of voters, roads, and relief of agricultural rates.

The Board of Trade is responsible for questions arising out of the Weights and Measures Acts. The Ministry of Labour for Labour Exchanges and the National Unemployment Insurance.

The Ministry of Agriculture and Fisheries issues orders under various Acts relating to land, small holdings, food and drugs, salmon and fresh water fisheries, and the ordnance survey. A Council of Agriculture for England, one for Wales, and an advisory committee for both countries, have been established.

The Home Office deals with the Police Force and the registration of Voters. The Ministry of Pensions with war pensioners, and is supreme in matters of administration. The Ministry of Transport classifies roads and regulates grants for their maintenance. (The Ministry of Health and the Board of Education are dealt with in the next chapter).

The powers of the central departments are exercised in a variety of ways. There are Inspectors, who are civil servants responsible only to their department. They endeavour to get the local authority to conform to the policy of the Ministry for the time being. In addition to these regular Inspectors, there are special enquiries held as to schemes of housing, alteration of boundaries of areas, borrowing for specific works. Under the District Auditors' Act, 1879, certain accounts are subject to audit by a district auditor appointed by the Ministry of Health.

All bye-laws enacted by a local authority are subject to the approval of the Home Secretary or the Minister of Health. They must not go beyond the powers conferred by Statute or Common Law. Extended powers may be given to local authorities by Provisional Orders. The High Court may also issue writs requiring certain things to be done, particularly in re-housing schemes.

The admission of the Press to meetings of the local authority is secured by the Local Authorities (Admission of the Press to Meetings) Act, 1908. Representatives of the Press can only be excluded temporarily by resolution of the authority.

For Scotland the control of the Central State is vested in the hands of the Secretary of State for Scotland, who is, by virtue of his office, Vice-President of the Scottish Education Department and President of the Scottish Board of Health. In addition, he can appoint the members of the Scottish Land Court and of the Board of Agriculture. He is assisted by the Lord Advocate—who corresponds to the English Attorney-General—and by the members of the Scottish Boards of Health, Agriculture, Education, Fisheries, and Control.

CHAPTER IV.

THE MINISTRY OF HEALTH AND THE
BOARD OF EDUCATION.

THE chief Department of State affecting local government is the Ministry of Health, formerly the Local Government Board. The L.G.B. was created in 1871, largely as a result of the report of the Royal Sanitary Commission of 1868. A General Board of Health existed from 1848 to 1858, but it went out of existence in the latter year and its powers were transferred to the Home Office and the Privy Council. The control of the Poor Law was vested in a body of commissioners appointed under the Act of 1834, and their powers were transferred to the Poor Law Board in 1848. The multiplicity of authorities at the centre proving unsatisfactory, the L.G.B. was created, as stated, in 1871, and the Poor Law Board ceased to exist. In 1919, the L.G.B. was superseded by the Ministry of Health, and this Ministry exercises control over the Poor Law, the Unemployed Workmen Act, 1905, the Old Age Pensions Act, and all Public Health legislation. It also exercises the powers of the Insurance Commissioners; the powers of the Board of Education with respect to the health of expectant and nursing mothers and of children under five years of age not attending schools. Later on the care of sick soldiers may be transferred from the Ministry of Pensions. The control of lunacy administration was transferred from the Home Office in May, 1920. In 1921, the powers and duties exercised under the Representation of the People Act, 1918, were transferred to the Home Office by an Order in Council.

The Ministry is also responsible for the registration of births, deaths, and marriages, and for the Census.

A staff of inspectors keep the local authorities in touch with the policy of the Ministry and endeavour to make them conform with it by advice, censure, and report. Pressure is exercised in this way on both reactionary and progressive authorities, particularly in the administration of the Poor Law. Inspectors also hold enquiries and have power to call witnesses on oath. Circulars of advice and orders are also issued by the Ministry, and it collects statistical information on matters pertaining to its province.

Auditors have the power of surcharge on account of any irregular or illegal payment. From time to time the case of a surcharge is decided by the High Court. Any one surcharged may either appeal to the Ministry to overrule the auditor, or may appeal to the Court

for a writ of certiorari. If the Courts (and the case can go to the House of Lords) decide in favour of the auditor, on appeal from the person surcharged, the Ministry may allow the irregular payment under the Local Authorities (Payments) Act of 1887. The auditor, if overruled by the Ministry, or if the payment is sanctioned under the 1887 Act, must allow the payment.

Consultative Councils were established in 1919, which give advice on Medical and Allied Services, National Health Insurance, Local Health Administration, and general health questions.

The Board of Education is the second most important department of the State in relation to local government. It is divided into departments, viz., the Elementary Education Branch, which deals with the provision of elementary education and the assessment of grants. The Secondary Schools Branch is responsible for the inspection of secondary education and the control of endowments formerly administered by the Charity Commissioners. The Technological Branch deals with technical institutes, schools of art, and the Geological Survey. The Universities Branch has certain powers of inspection of Universities and Training Colleges for teachers. There is also a Medical, an Architect's, a Legal, and a Welsh Department.

Elementary Education is defined by the Code issued by the Board and is applicable to children up to the age of 16. Higher education includes technical, commercial, and secondary education.

If a local education authority fails in its duty, the Board may, after public enquiry, issue an Order to compel it to conform, which may be enforced by a writ of mandamus from the High Court.

BOOKS TO READ—CHAPTERS III. AND IV.

Annual Reports of the Ministry of Health and other Departments.

CHAPTER V.

WHO CAN VOTE FOR, AND WHO CAN BE A MEMBER OF A LOCAL AUTHORITY.

THE Representation of the People Act, 1918, made a sweeping change in the Franchise for Local Government Electors, and by the sixth schedule the new qualification was substituted for any other qualification that might exist relating to Local Government Electors, county electors, burgesses, parochial electors, or any person entitled to vote at a Local Government Election by whatever name called. Any person who occupies land or premises as owner or tenant for the qualifying period is entitled to be registered, as is also his wife if she has reached the age of thirty. A woman is also entitled to be registered if she "would be entitled to be so registered if she were a man." This means that any woman over twenty-one occupying premises on her own account is entitled to be registered. The qualifying period is six months previous to January 15th and July 15th.

By the County and Burgh Councils (Qualification) Act, 1914, any person of either sex shall be qualified to be elected, and to be a councillor or alderman of a County Council or of a Borough Council and may be nominated for election as a councillor, if that person has resided within the county or borough, as the case may be, during the whole of the twelve months preceding the election.

Under Section 10 of the Representation of the People Act, 1918, a person is qualified to be elected a member of a Local Government Authority if he is the owner of property held by freehold, copyhold, leasehold, or any other tenure within the area of that authority. He must, however, occupy the premises in order to be registered as an elector. The receipt of poor law relief no longer excludes a person from being on the register of electors and voting at an election for a council or a board of guardians, but he cannot be elected if he has received poor law relief, even if it has been on loan and the amount received has been paid back. If he is sitting on a local authority and receives relief his seat is declared vacant. Provided he does not receive poor law relief for twelve clear months previous to the day of an election (i.e., nomination day), he can be elected. No one who is an alien, a lunatic, a bankrupt, or who has entered into an arrangement with his creditors can sit on a local authority. An alien who has obtained a certificate of naturalisation is on the same level as any other British subject. A child born in this country of alien unnaturalised parents becomes a British subject at birth.

It will thus be seen that a very large proportion of the residents in a local government area are qualified to be elected to the municipal body. This means a change in the balance of power, and the growth of working-class representation may be expected, with a consequent speeding up of the education and other social services. Previously local government was in the hands of the trading and professional classes, and they still form the bulk of the representation. Many workers, otherwise well qualified, cannot afford to sacrifice a portion of their already too scanty wages in order to serve the public. Labour representation is therefore largely in the hands of Trade-Union officials and members of the professional classes. Evening meetings meet the difficulty somewhat, but, particularly in regard to County Councils and Boards of Guardians, a considerable amount of day time must be given. On the other hand the trading class resent the advent of the workers, and desire that representation should be on a property basis. In the future we may expect a stern battle between two opposing demands. The worker will demand that the municipal representative shall be paid at least for necessarily lost time. The traders will demand that votes shall be given on the basis of rateable value, so that the great commercial and financial interests may be able to control local government in their own interests. This must be fought tooth and nail by labour, as obviously, from every decent point of view, the residents of a locality and not property should decide on the local policy.

CHAPTER VI.

THE STRUCTURE OF LOCAL GOVERNMENT.

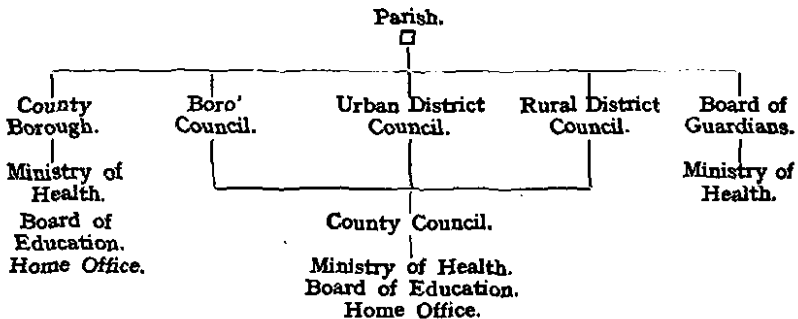
As has already been stated, there was considerable confusion in local government up to 1883. The Municipal Corporations Act, 1882, codified the legislation for the boroughs (see Chapter VII.) and the Local Government Acts of 1888 and 1894 established authorities for other areas, rural and urban. These created the County Council; the County Borough Council; the Urban District Council; the Rural District Council; and the Parish Meeting or Parish Council. In addition to these authorities, functions of Local government are performed by the Boards of Guardians, the Overseers of the Poor, and Justices of the Peace.

London has been specially treated. There is an administrative county, the authorities for which are the London County Council, the City Corporation, 28 Metropolitan Borough Councils, 25 Boards of Guardians, the Metropolitan Asylums Board, the Poplar and Stepney Sick Asylum, the London Insurance Committee, and the London Old Age Pension Committee. For an area including the administrative county, excepting the Corporation of London's district, and extending into parts of the Home Counties, there is a Metropolitan Police District under the control of the Home Office. The River Thames and Docks from Teddington to the Nore is under the control of the Port of London Authority. Above Teddington the river is under the Thames Conservancy. The river Lee is under the Lee Conservancy. The water supply of Greater London is under the Metropolitan Water Board. Proposals are under consideration for establishing an Electricity Authority for Greater London, and for handing over the control of traffic to the Ministry of Transport, assisted by an advisory committee representing the various interests, municipal and private.

Since 1902 there has grown up a tendency to give power to local bodies to co-opt persons not elected on committees for certain purposes, such as education and maternity and child welfare. This has developed recently in the direction of appointing committees, such as the War Pensions, composed of persons none of whom have to seek election. The pressure of public opinion is therefore removed from the administrative body and this healthy check is lost. Against this it is argued that the system enables (a) persons specially qualified to serve, and (b) the representation of interests such as employers, trade unions, ex-service men, etc., who either make nominations or are consulted when nominations are made.

Broadly speaking, the authorities now have certain well-defined powers and areas of administration. The County Borough is, with the exception of Poor Law services, completely autonomous. The County Council, however, has within its area the Parish Meeting or Council, and the Rural or Urban District Council. The Board of Guardians is a union of parishes and may include one or more boroughs, or within a borough there may be one or more Boards of Guardians. The Parish is the formal unit of local government, and the County Council exercises functions in every parish and in some boroughs. The Borough, the Urban District, and the Rural District Councils exercise authority within the parishes contained in their respective areas.

Controversy exists as to whether functions of local government should be extended or whether they should not be centralised more. The *ad hoc* authority, i.e., a body for a specific purpose, has largely disappeared, and the local authority is charged with many duties. It is suggested that the administration of the Poor Law should be transferred to the County and Borough Councils. In London there is a tendency to create *ad hoc* non-elective bodies. Grants-in-aid from the National Exchequer tend to increase the control by the Central Departments, and no doubt the extent of this will cause fierce heart-burnings in the future. On the whole it is the poorer and progressive authorities that, at present, suffer from the exercise of central control, due to the alleged need of national economy limiting their grants for social services. A tendency is also apparent, through the action of district auditors, to limit the powers exercised by a local authority, even when it is prepared to meet the cost out of its own funds. Further comment cannot be made at this stage, as the principle is being fought in the Law Courts, and the case is *sub judice*.



All Authorities deal with the Ministry of Health.
 Some Borough and Urban Districts with Board of Education.
 Some Borough Councils with Home Office.

CHAPTER VII.

THE BOROUGH COUNCIL.

LOCAL government in England has to deal with two conditions of life, the urban and the rural. Up to the passing of the Municipal Corporations Act in 1835, urban local government had got into the hands of corrupt oligarchies. The rise of the new towns produced by the industrial revolution produced problems of health administration which needed a strong hand to deal with, so the Municipal Corporations Act was passed. Many amendments were made up to 1882, when a codifying Act came into existence, and the Act of 1882, with its amendments, is the basis of town government outside of the administrative County of London. A municipal borough means any place subject to the Municipal Corporations Act, 1882, and amending Acts.

The inhabitants of an urban area (no limits being placed on area, population, or rateable value) petition the King for a charter of incorporation. A committee of the Privy Council is appointed, and a Ministry of Health Inspector holds a public enquiry. If he reports in favour, a draft scheme of incorporation is published in the London Gazette, and if there is no opposition within a month, the charter of incorporation is issued prescribing the boundaries and the number of councillors. If opposition comes from another local authority or from one-twentieth of the owners or ratepayers in the area, an Act of Parliament is necessary before the borough can be incorporated. The Mayor, Aldermen, and Burgesses (i.e., the electors) constitute the corporation. A burgess votes at elections for councillors and elective auditors, for the Board of Guardians, and in the case of non-county boroughs for the county council. A burgess is liable to serve on a jury, or as mayor, alderman, councillor, or elective auditor, and if he refuses may be fined. As generally there are plenty willing to serve, this provision is practically a dead letter. The number of councillors is fixed by the charter, but may be amended by the Ministry of Health. The borough is divided into wards and the number of councillors for the ward must be three or a multiple thereof. One-third retire annually. A councillor is therefore elected on the 1st of November for three years, or in the event of a casual vacancy for the unexpired term of the late member. An alderman is elected by the written open vote of the councillors on the 9th November from among the councillors or from persons qualified to be councillors. One-half of the aldermen retire every three years, and the number of aldermen is one-third of the councillors. The Mayor is elected by

the non-retiring aldermen and the councillors on the 9th November, either from their own number or from persons qualified to serve as councillors. The election is for one year, but he may be re-elected. By virtue of his office, he is chairman of all meetings of the Council, and is a Justice of the Peace during his year of office and for one year afterwards. He may appoint a member of the Council to act as his deputy.

The Council holds four meetings a year as a Borough Council, and twelve monthly meetings as an Urban Sanitary Authority. The business of the Council is carried on by committees, some of which are compulsory, such as the Watch, Education, and Old Age Pensions. The acts of practically every committee have to be approved by the Council and no committee has the power to make a rate or raise a loan.

As a municipal corporation the Council is responsible for the management of the corporate estates, administration of justice, and the duties prescribed under the Reformatories, Diseases of Animals, Weights and Measures, Sale of Food and Drugs, and other Acts. It may also make bye-laws subject to the approval of the appropriate State Department.

It acts as the Urban Sanitary Authority (see Chapter XI.), may act under the Adoptive Acts, may conduct trading enterprises authorised by Parliament (see Chapter XI.), and in the case of a County Borough administers Education. It also administers general or local Acts not included in the foregoing. The chief officers are the Town Clerk and the Borough Treasurer, who is often the manager of a local bank.

The Borough obtains its funds from the District Rate, which it levies to meet the cost of its services as an Urban Sanitary Authority, and the Borough Rate to meet its other expenses. In some Boroughs the two rates are levied as a Consolidated Rate. Revenue is obtained also from the profits of municipal trading, property, markets, tolls, etc. Loans for specific purposes may also be contracted. The accounts are made up twice a year and are audited by two elective auditors and a member of the Council appointed by the Mayor. They have no power of surcharge or disallowance. The Education, Housing, Unemployed Workmen, and Police Accounts are audited by the District Auditor.

In urban areas the Urban District Council, if its population warrants it, becomes the authority for certain purposes instead of the County Council. Where the population is over 20,000 it is the authority under the Old Age Pensions Acts, the National Health Insurance Acts, the Shop Hours Acts, and is the Elementary Education Authority. Over 25,000 it may petition for the appointment of a Stipendiary Magistrate; over 50,000 it may appoint a Distress Committee.

Any Urban District Council, irrespective of population, may aid or supply education other than elementary.

Where the authority is a Borough Council, and the population is over 10,000, it is the Police, Diseases of Animals, Weights and Measures, Food and Drugs, and Elementary Education Authority. Over 20,000 it is the Old Age Pensions Authority, and may apply for a separate police force. Over 25,000 may petition for a Stipendiary Magistrate, and over 50,000 may apply to the Ministry of Health to be created a County Borough.

CHAPTER VIII.

THE PARISH.

IN olden times when the Church entered more into the everyday life of the people, the area round a church in charge of a priest was called the parish. This is now the unit of local government, and in rural areas is governed by the Parish Meeting or Parish Council. In parishes with less than 100 of a population or with less than 300, if no application for a Council has been made the Parish Meeting is the authority. It must meet during March of each year and once more during the year. Meetings must not be held before 6 p.m. and may be summoned by the chairman or any six electors. Each meeting chooses its own chairman, and questions must be decided by a show of hands. A minority of not less than one-third of those present, or alternatively five persons, may claim a poll of the electors which must be taken by ballot.

Parishes with over 300 in the population must elect a Parish Council, between 100 and 300 if the Parish Meeting so resolves may have a Council, and if the population is under 100, a Council may be elected with the consent of the County Council.

The election of the Parish Council takes place at the Parish Meeting by show of hands, unless a poll is demanded, when a ballot takes place. The election is triennial.

The Parish Meeting appoints the overseer and has control over Parish property. It has the right of veto over the closing or diversion of any of its highways, and may object to the Parish Council putting into force any of the Adoptive Acts. Its consent is necessary to the Council levying a rate above 3d in the £ and to a proposed loan. It appoints two managers to any provided school, and one to any non-provided school in its area..

Parishes may, by agreement, and with the consent of the County Council, be grouped under one Parish Council. Upon the application of one-tenth of the electors, the County Council may divide a parish into wards, and fix the number of councillors for each ward.

The Parish Council must meet four times a year, once to be within seven days of the 15th April. It has the powers of the Parish Meeting already referred to. It may act as the Sanitary Authority by arrangement with the District Council. It may make representations to the Medical Officer of Health under the Housing Acts. It may utilise any water in the parish for the purposes of a water supply. It may maintain and repair footpaths and rights-of-way ;

may purchase lands for public offices, recreation grounds, fire station, baths and wash-houses, libraries and cemeteries. It may provide allotments, and with the consent of the County Council may hire land compulsorily for this purpose. With the consent of the parish meeting it may adopt the Lighting and Watching Act, 1833, giving power to light roads and streets. The Baths and Wash-houses Acts, 1846 to 1899; The Burial Acts; the Public Libraries Acts; and the Public Improvement Act, 1866, under which recreation grounds may be provided.

The Parish Council cannot levy a rate direct, but must issue a precept on the overseers. It is limited to a 3d rate, or with the consent of the Parish Meeting to a 6d rate, exclusive of expenditure under the Adoptive Acts. It may raise loans, subject to the consent of the County Council and the Parish Meeting, up to half of its assessable value. Its accounts are made up annually to the 31st March and are subject to the audit of the Ministry of Health's District Auditor.

If the population warrants it, the County Council may constitute a Parish Council into a District.

Theoretically, the Parish Meeting and Council is the most democratic body in the country, but actually it proves that political power without economic power is illusory. The farmers dominate the parishes, and although the labourers might wish to improve things, they will not go against the interests of the landlord and farmer for fear of losing their jobs and their cottages. Where a body, of say, railway workers or a public-spirited parson or well-to-do inhabitant or independent smallholder lives progress takes place. Without this outside stimulus the rural workers are generally dominated in local affairs by their employers.

There are no Parish Councils in urban areas, but in certain urban districts a Vestry Meeting may nominate overseers, issue an order to rate owners instead of occupying and appoint a Burial Board.

CHAPTER IX.

THE COUNTY.

PREVIOUS to the passing of the Local Government Act, 1888, the administration of the County was in the hands of the Justices of the Peace, sitting in Quarter Sessions. To-day the functions are divided. Criminal Law is administered by the Justices in Petty and Quarter Sessions. For Local Government purposes the County Council is the chief authority. It is elected every three years by the Local Government electors. In addition to those qualified as electors, peers owning property in the county, and ministers of religion are qualified to be members. County aldermen are elected for six years, one-half retiring every three years. The number is one-third of the Councillors. The chairman may be elected from outside the membership of the Council, provided he has the qualifications of a councillor.

The Council is bound to hold five meetings a year, the annual and the four quarterly. The work is really performed by the Statutory and Standing Committees. The Statutory Committees are Finance, Education, Distress, Small-Holdings, Local Pensions, Public Health and Housing, Shops Act, Maternity Child Welfare; Land Drainage and Agriculture. The Standing Committees vary, but usually include Main Roads and Bridges, Parliamentary, and General Purposes.

In addition, there is the Standing Joint Committee, composed of Justices of the Peace, appointed by Quarter Sessions, and County Councillors, appointed by the Council, in equal numbers. It is independent of the County Council, appoints the Chief Constable, the Clerk of the Peace, and controls the police. It obtains its funds from the County Council. Joint Committees may be formed with another authority as an Asylum's Visiting Committee, as a River Pollution Authority, and as a River Conservancy. The County Council appoints representatives upon the County Insurance Committee, under the National Health Insurance Acts.

The County Council is directly responsible for pauper lunatic asylums, county bridges and main roads, reformatories and industrial schools, weights and measures, diseases of animals, allotments and small-holdings, education (higher and elementary), registration of electors and agriculture. It exercises a measure of control over the Parish, Rural District, Urban District, and Borough Councils within its area, the control being greater over the less important authority. It distributes to the local authorities the

grants-in-aid received from the National Exchequer. In addition to the ordinary officers, the Council appoints one or more Coroners, whose duty it is to investigate in all cases of sudden or unaccountable death, all deaths in prison, in lunatic asylums, and the finding of treasure trove.

The chief funds of the Council come from the County Rate which is levied by precept on the Boards of Guardians within the area. The County Council may accept the Poor Law Valuation, but they are not obliged to, and many prepare their own valuation. The accounts are made up yearly to March 31st, are subject to audit by the Ministry of Health District Auditor.

A County Council has no jurisdiction within the area of a County Borough, which exercises the functions of all local government, except Poor Law administration, within its area.

In every county there is a Lord Lieutenant, appointed by the Crown. He appoints the Deputy-Lieutenants and recommends to the Lord Chancellor persons to serve as Justices of the Peace. In making the selection he is assisted by an Advisory Committee of Justices. In the County of Lancaster, Justices are appointed by the Chancellor of the Duchy, who is a member of the government of the day.

Another official is the Sheriff. He is selected by the Judges of the King's Bench Division, presided over by the Chancellor of the Exchequer, from among the landowners of the County. The appointment is for one year, is compulsory and unpaid. He attends on the Judges on assize and enforces all judgments of the High Court. He must appoint an under Sheriff who discharges all the duties, except those which are ornamental.

The County Councils administer the areas of the old counties excepting Yorkshire, where each of three Ridings has a Council: Lincolnshire, which has three; Suffolk and Sussex two each; the Isle of Ely and part of Cambridgeshire; the soke of Peterborough and part of Northampton; the Isle of Wight and London. There are sixty-two administrative counties.

BOOKS TO READ.

- Odgers, W. Blake—"Local Government."
Webb, S. and B.—"The Parish and the County."

CHAPTER X.

JUSTICE OF THE PEACE. OVERSEERS.

ONE of the most ancient positions in local government is that of the Justice of the Peace. Originally he was an executive officer, but legislation has now made him a judicial. He is appointed by the Crown on the nomination of the Lord-Lieutenant of the County to the Lord Chancellor, who, however, can ignore the nomination and appoint whom he pleases. The appointment is for life, subject to retaining the necessary qualifications, which are principally that he or she must reside in, or within seven miles of, the District, or occupy a house or warehouse or other property in the District. In 1906 all property qualifications were abolished. A Justice may be removed for misconduct.

The Mayor of a Borough is an ex-officio Justice for his year of office and one year afterwards, but the Mayor of a Metropolitan Borough, the Chairman of a County or Rural or Urban District Council is a Justice for the period of office only. Women can be Justices.

Justices have powers under the Indictable Offences Act, 1848, the Summary Jurisdiction Acts, 1848 and 1879, and the Criminal Justice Administration Act, 1914. One Justice sitting alone can deal with minor offences, but cannot fine beyond 20/- or imprison beyond 14 days. He can hear evidence in serious cases and commit for trial by a jury to the Assizes or Quarter Sessions. Two Justices, sitting together, form a Court of Summary Jurisdiction, as does a Stipendiary Magistrate sitting alone.

The Justices issue licenses for the sale of intoxicating liquor by retail, licenses for billiard playing, registration of clubs, Duties under the Lunacy and Volunteers' Acts, Allowance of Rates, but the allowance cannot be refused. The rate is valid from the date of allowance. Appointment of Visiting Committee of Prisons and Asylums.

It is generally felt that, especially in country districts, an insufficient number of working-class members are appointed. In many areas landowners are appointed as a matter of course, and other persons as a reward for minor political service. Many complaints are made of judicial administration in country districts. On the other hand, the licensed victuallers' trade comments adversely on the licensing policy pursued by many benches. As the appointments are for life, it often happens that Justices grow old and do not perform their duties, especially in regard to signing vaccination and other forms, with the consequence that inconvenience is caused to the

public. It is suggested in some quarters that Justices should be elected, and that their appointment should be for a period of years, as is the case of a councillor.

Another ancient officer is the Overseer of the Poor. He (or they) is appointed annually in each parish in April by the Parish Council, or in default, by the Board of Guardians; in Urban areas by the Borough or District Council. (In the County of London, each of the Borough Councils are the Overseers). He or she must be a substantial householder, and the office is compulsory and unpaid. An assistant is appointed by the local authority and he is paid a salary.

His duty is to prepare the valuation list of all rateable property in the parish, showing the gross and net annual value of each. The list, when prepared, is deposited where the rate books are kept, and a copy sent to the Guardians. Public notice of the deposit is made on all churches the Sunday following, and it is open to inspection for fourteen days. Limited Companies, with an address outside the parish, are notified within fourteen days of the meeting of the Assessment Committee, which is composed of a committee of the Board of Guardians. The Committee hear appeals against the valuation and make the assessment. The list is then redeposited and objections can be heard within fourteen days. A copy signed by three members of the Committee and countersigned by the Clerk is sent to the Overseers, and to the Clerk of the Peace. An appeal against the decision lies to a Special Session of Justices or to Quarter Sessions. On a question of fact the decision of Quarter Sessions is final; on law, a case may be stated to the High Court. The list remains in force until a new one is ordered by the Assessment Committee. In the County of London a Valuation List has to be prepared every five years. Except where the boundaries of the area of the Borough Council and Board of Guardians is not co-terminous, the Borough Council in London is the Assessment Committee, and the Town Clerk is the Clerk. In the other areas the Clerk to the Guardians is the Clerk, and the Committee represents both the Borough Council and the Guardians. Outside London, the Guardians always appoint the Committee.

BOOKS TO READ.

- Alexander, G. G.—“The Administration of Justice in Criminal Matters.”
 Mackenzie—“Overseer's Handbook.”
 Terry, G. P. W.—“Knight's Overseer's Manual.”

CHAPTER XI.

LONDON.

LONDON has a system of local government peculiar to itself, and although there is a certain amount of co-ordination, there are also many complaints of overlapping of functions by the various authorities. The chief authority is the London County Council, which is composed of 164 councillors and 20 aldermen. Each Parliamentary constituency elects two councillors and the City of London 4. The councillors are elected for three, and the aldermen for six years. The population of the County is roughly $4\frac{1}{2}$ millions.

The Council is responsible for the main drainage, metropolitan street improvements, tunnels and ferries, bridges over the Thames, except those in the area of the City of London. It supervises Public Health, owns and runs the Tramway system, administers the building laws, maintains parks and open spaces, licenses theatres and music halls (except those licensed by the Lord Chamberlain). It is also the Education Authority for the whole County. It does not control the Police. It has extensive powers under the Housing Acts and is responsible for building schemes and slum clearances of a metropolitan character. It maintains reformatories, industrial schools, and lunatic asylums. It meets weekly, but the real work is done by the various Committees. A member to perform his duties satisfactorily must devote at least three days a week to the job. It derives its funds from National Grants-in-Aid, profits of Municipal enterprises, and by a precept upon the Metropolitan Borough Councils. Its accounts are audited by the Ministry of Health's District Auditor.

The City Corporation is for some purposes a Metropolitan Authority and for others the Borough Council of its area. It is composed of the Court of Aldermen, consisting of the Lord Mayor (elected annually by the Aldermen from two nominations by the liverymen in the Court of Common Hall) and 26 Aldermen elected for life. The Court chooses the Recorder. The Court of Common Council, consisting of the members of the Court of Aldermen, and 206 common Councillors, is elected annually. It may alter its own constitution. The Court of Common Hall is composed of the Lord Mayor, Aldermen, Sheriffs, and all the liverymen, i.e., persons who are members, generally by payment, of one of the City Companies, the modern representatives of the old Merchant and Craft Guild.

The Corporation is the Sanitary Authority for the Port of London ; it maintains the City bridges, has jurisdiction over all markets within seven miles of its boundary, maintains its own lunatic asylums, police, West Ham Park, and Epping Forest. In other respects it is a Metropolitan Borough Council.

There are 28 Metropolitan Borough Councils, which took the place of 127 local bodies which existed previous to 1899. They vary in size, population, and wealth, and no scientific method was adopted in delimiting their areas. Local influences and traditions held the greatest sway. Consequently great differences exist owing to inequalities of wealth and the social position of the populations. A resident in Bethnal Green will have to pay a rate of 1/4 to obtain the same service as a resident in Westminster can obtain for one penny. Each Council has a Mayor (elected annually), Aldermen (elected for six years), and Councillors (elected triennially). The number of Councillors varies from 30 to 60, and the Aldermen are one-sixth of the Councillors. The powers of the Councils are considerable, including the construction and repair of drains and sewers other than the main sewers, maintenance and construction and cleansing and lighting of streets and roads, removal of nuisances, making of bye-laws, registration of dairies, inspection of bakehouses and factories for sanitary purposes, provision of baths, wash-houses, libraries, open spaces, etc. They are the Overseers, and are responsible for the collection of all rates. Many own their own electric undertakings.

The Borough Council is the sole rating and valuation authority for its area. One rate is levied, including the County rate for general purposes and education, for poor law services, and for local needs. It is levied half-yearly and the demand-note must give details of each rate.

There are two other central authorities. The Metropolitan Asylums Board, composed of persons nominated by the Ministry of Health and representatives from each Board of Guardians. It provides the hospitals for infectious disease, tuberculosis sanatoria, an ambulance service, an epileptic colony, training ship for boys, homes for mentally defectives, convalescent homes for children, and the casual wards.

The Metropolitan Water Board is composed of the representatives of the County Councils, Borough and Urban Councils for London and an area of about 500 square miles outside, and is responsible for the Water Supply of the area.

The inequalities of rates already referred to has led to certain attempts at equalisation. Under the Equalisation of Rates Act a rate of 6d in the £ is levied on each borough on its rateable value and distributed in proportion to population. Under the Metro-

politan Common Poor Fund the cost of Outdoor and Indoor Relief to the extent of 9d per head is equalised, and the fund distributed to the poorer districts. Even when this is done there are wide differences between the rates of the poorer and the richer boroughs, and a demand for further equalisation is constant.

Controversy rages as to whether the area of the County should be extended ; whether the powers of the County Council or of the Borough Councils should be increased, and whether bodies should be created for specific purposes. A Royal Commission has recently presented a report which is regarded as unsatisfactory by all parties.

BOOKS TO READ.

“ Report of Royal Commission on the Local Government of London ”

“ Report of Labour Party on Government of Greater London.”

P. A. Harris—“ London and its Government.”

CHAPTER XII.

THE GUARDIANS.

As a result of the economic revolution of Henry VIII., the State was compelled to make some provision for the poor and workless, who had grown in startling numbers. By the Act 43 Elizabeth, passed in 1601, it was laid down that the "Overseers of the Poor" were to raise funds in their parish to provide work, apprentice children, and relieve the indigent. With minor modifications this system remained until the passing of the Poor Law Amendment Act, 1834.

Under this Act unions of parishes were created, and the administration was placed in the hands of elected Boards of Guardians, who were under the control of the Poor Law Commissioners. The central idea of the Commissioners was to make the giving of relief as obnoxious as possible. Workhouses were erected and the poor were herded into them under practically a prison system. The Board which gave no relief except in a workhouse was regarded as perfect in its administration. If assistance was given outside the house, it was to be of such a character that the recipient would be in a less favourable position than the lowest paid labourer.

To secure uniformity of administration, the Commissioners, and later their successors, the Poor Law Board, the Local Government Board, now the Ministry of Health, issue general orders prescribing the conditions under which relief may be given or how the various institutions are to be conducted. These orders have for all practical purposes the force of statutes, and the Guardians are legally bound to obey, the District Auditor having the right to surcharge any illegal payment.

Time, however, has modified the rigours of the system, due to the slow recognition of the fact that poverty is inherent in the present social system, and therefore in the overwhelming majority of cases it was impossible for the aged to make provision during their active years; for the widow to care properly, in the economic sense, for her children; and for the man or woman seeking work to always obtain it. This change has been more marked since the abolition of the property qualification for Guardians and the extension of the franchise has enabled the people to influence policy.

The Guardians now administer Institutional Relief in workhouses, infirmaries, homes for the aged poor, and casual wards. They provide schools and cottage homes for children, or they may board them out. Outdoor relief can be given to persons out of work, aged poor,

deserted women, and so on. The amount and extent of this is determined by the discretion of the Guardians tempered by the Order of the Ministry of Health. Conflict sometimes arises between the Guardians and the Ministry, and during the present industrial crisis the policy of the latter is that of armed neutrality towards a recalcitrant Board.

Medical relief can also be given, and convalescent treatment provided.

Destitution must be relieved. The Guardians fulfil their responsibility by offering the destitute person an order of admission to the workhouse. This does not, however, remove the responsibility from the Relieving Officer. If the destitute person refuses to enter the institution and dies of starvation, the Relieving Officer is liable to prosecution for manslaughter. In spite of the Order of the Board the Relieving Officer has a statutory obligation to give food.

There is no legal definition of destitution, and this condition is therefore determined by the policy of the Guardians. Broadly speaking, the policy is more humane than it was thirty years ago, and the social value of home preserving is more generally admitted. Relief may be given on loan, but the loan may be remitted. Certain relatives are liable to pay the cost of relief to a destitute person, and the Guardians may make an Order for payment. Persons may be prosecuted for neglecting to maintain themselves or their families. Outdoor relief must not all be given in money, except to the sick or aged, but may be partly in kind and partly in money. Some Boards distribute food through a central store under their own control, others by orders on local tradesmen. Exhaustive enquiries are conducted by the Relieving Officer into all the circumstances of an applicant for relief, and the giving of false, or the withholding of relevant information renders the applicant liable to prosecution.

In addition to administering the Poor Law, the Guardians are responsible for the Vaccination Acts, and appoint the Registrars of Births, Deaths, and Marriages.

In rural parishes, the District Councillor is a member of the Board of Guardians.

The funds are obtained from the Poor Rate by levy by precept on the Overseers.

BOOKS TO READ.

- Bell, Lady—"At the Works."
 Booth, Rt. Hon. Chas.—"Life and Labour of the People in London."
 Rowntree, R. B. Seebohm—"Poverty, A Study of Town Life."
 Baelwurd, W. A.—"The Slippery Slope."
 Fowle, T. W.—"The Poor Law."
 Fowle, T. W.—"Report of the Poor Law Commission, 1909."
 Webb, S. & B.—"English Poor Law Policy."
 "The Break-up of the Poor Law."
 "The Public Organisation of the Labour Market."

CHAPTER XIII.

FINANCE.

THE principal funds of the various local authorities are derived from rates, which are levied on the rateable value of the property occupied. Personal property is not subject to rating. The principle of assessment is "the yearly rent, which taking one year with another, an hypothetical tenant would be prepared to pay for the purposes for which the property is occupied." Actual rent is not, therefore, of necessity the basis of assessment, although it is usually taken in the case of dwelling-houses. In the case of public buildings a percentage of the cost of the site and of the building is taken. Fixed plant and machinery in factories is rated. Railways, docks, etc., are rated on the basis of receipts and expenditure, as also are public-houses. Theatres, etc., are usually rated on seating capacity. Crown property (i.e., all government property) is exempted from rating, but for post-offices, police stations, arsenals, etc., the government makes an *ex gratia* payment.

Each local authority issues a precept for its requirements on the Overseers of the various parishes. They add the precepts together, plus the cost of collection and loss due to bad debts, etc., and dividing the total required into the assessable value of the parish, 'fix the rate at so much in the £. They sign a declaration to this effect in the rate book. The rate is then allowed by two Justices of the Peace, who cannot refuse to allow it, and public notice of the rate, when made, must be given by the Overseers before the following Sunday.

In addition, local authorities receive grants from the National Exchequer. There are direct grants, based on a percentage of expenditure for education, police, mental deficiency, small holdings, places of detention, registration of electors, venereal disease, tuberculosis, maternity and child welfare, housing, and upkeep of roads.

Further revenues are received from the Probate Duty Grant, an amount derived from the Estate Duty on personality, equivalent to 80 per cent. of one-half of the Probate Duty; 80 per cent. of the proceeds of our taxes on beer and spirits, subject to a deduction of £300,000 for Police pensions. This grant is earmarked for higher education. License duties collected by the Inland Revenue on licensed premises, refreshment house keepers, auctioneers, pawn-brokers, and by the County Councils on dealers in game, dogs, guns, carriages, armorial bearings, and male servants. From the Agricultural Rates equal to the amount of the exemption under the Agricul-

tural Rates Act, and one-half of the Poor Rate on the Tithe Rent Charges attached to Benefices.

A local authority may also derive money from the profits of gas, electric, and water undertakings ; from the running of trams, from markets, etc.

Considerable controversy ranges over the government grants. It is contended on the one hand that the incidence of taxation is fairer than that of rating ; that many of the services performed by local authorities are national in character ; that some areas are too poor to carry out efficiently the needed services, and therefore the national contributions should increase. Further, that such grants tend to keep up a higher level of efficiency. On the other hand, it is contended that Parliament should not grant money unless it controls the expenditure ; that local authorities spend the grants with a lavish hand ; that it is impossible to devise a just scheme of distribution ; that local government is destroyed by the resulting control of central departments.

The accounts of Poor Law Authorities are made up to March 31st and September 30th ; of other authorities to March 31st. All authorities, except provincial boroughs, are subject to the audit of the District Auditor. In provincial boroughs, Education, Housing, and Distress Committee accounts are subject to the District Auditor, other accounts to the Borough Auditors. The District Auditor alone has the power of surcharge. Accounts may be inspected by ratepayers during audit.

BOOKS TO READ.

- Bastable, C. F.—“ Public Finance.”
 Webb, S.—“ Grants-in-Aid.”
 Scurr, J.—“ Labour and the Rates.”

CHAPTER XIV.

CONCLUSION.

FROM the foregoing sketch of the structure of local government in England and Wales it will be seen that the local authority is an important factor in our national life.

The local authority can come into contact with a person before it is born, as it may provide advice and assistance to the expectant mother ; it can provide a maternity home in which he or she can be born ; within forty-eight hours the fact of the birth must be notified, and through its health service the local authority may keep in touch with the child until it is five ; it registers the name of the child and its parents within six weeks of birth ; it provides for vaccination or registers the exemption. It educates from five years of age to fourteen in an elementary school, and it may continue through secondary or technical schools and on to the university. It may provide a house ; it looks after the sanitary conditions of the house ; it may insist on a minimum standard of habitation. It removes all dirt and refuse. It provides or regulates the supply of water and light. It paves the street or road. It numbers the house. As the boy or girl grows up, it makes regulations regarding his or her employment in certain cases. It provides parks, open spaces, libraries, museums, and swimming baths. It registers the marriage, and will perform the ceremony if required. If the young man takes to shopkeeping it inspects his shop and sees to it that his weights and scales are correct. It licenses him to conduct certain trades. If he is sick, it provides hospitals, sanatoria, and convalescent homes. If he is unfortunate enough to lose his reason it provides lunatic asylums, imbecile and mental deficiency homes. It sees that the foods that he buys are as described and not adulterated ; it destroys impure food offered for sale. It may establish markets. It may run trams, and outside London, omnibuses. It may provide allotments and small holdings. It can provide assistance for the poor and the aged. It may act as parent for the fatherless or neglected child. Finally, when the person dies, it records his death, investigating into it if it is suspicious, provides a burial ground, and if he is without means will bury him.

With such great powers it behoves every citizen to take an active part in the local government of his district ; obviously when one contemplates the powers which local bodies may exercise, it can be seen that much depends on the spirit which animates the administration. This depends in turn upon the personnel of the local authority. Men are not vicious by nature and no one will consciously inflict, unless

they are mentally unbalanced, an injury upon another ; but much evil is wrought by want of knowledge or understanding. Men are prone to think in terms of their social position. For example, a local authority composed of well-to-do persons will spend money quite freely on providing well-paved roads along which motor cars may run smoothly, whilst it will be very chary of spending money on maternity and child welfare. The business instinct of other members will tend to keep the wages of a municipal employee at a low competitive level ; will favour in the interest of profits the carrying on of public services, such as transport and housing, by private persons or combinations, and will modify the action of the coercive side of local government against those with whom they are in social contact whilst applying it with full rigour against others.

The summary of activity shows that a vigorous local government policy confers the greatest benefit on the poorer sections of the community. In fact, it is a method whereby some of the gross inequalities of income prevailing in our social system may be redressed. The benefits received from the adequate functioning of local government are in reality an increase in real wages. This fact is realised by the more fortunate members of the community, who have for so long enjoyed the monopoly of administration. Hence their insistence on the cost of local government and their outcry against high rates. They never stress the value to the people, even to themselves, of the great value of the services rendered.

Opportunity is now at the disposal of the working class to modify considerably, if not to revolutionise, the spirit of local administration. In every ward and in every parish men and women with public spirit should get together and study local problems, and should organise so that the power shall really be in the hands of the electorate. When this is done, then local government will be a reality and an advantage to the people as a whole.

BOOKS TO READ.

- Newman, Sirly—"The Health of the State."
 Howard, E.—"Garden Cities of To-morrow."
 Reiss, R.—"The House I want."
 Porter, R. P.—"The Dangers of Municipal Trading."
 Shaw, G. B.—"The Commonsense of Municipal Trading."
 Greenwood, A.—"The Education of the Citizen."
 Hall, W. Clark—"The State and the Child."
 Attlee, C. R.—"The Social Worker."
 MacCunn, J.—"Ethics of Citizenship."

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INTRODUCTION.

THE following syllabus is intended to be used as a companion or sequel to my syllabus on *The British Labour Movement*, which deals with working-class organisation from the historical standpoint. It is impossible to understand clearly the working of Trade Unionism in the present without studying its growth. British Trade Unionism is full of anomalies which can only be made intelligible in the light of the past. I hope, therefore, that the student will get and study my earlier syllabus, or, at any rate, before he begins to study contemporary Trade Union problems and policy, read some history of the movement in which the manner of its growth is clearly shown. The Webbs' standard history, of course, holds the field, and every student should read, and if possible possess, it.

Here I cannot repeat the historical outline which I have given elsewhere. I can only indicate very broadly the successive phases through which Trade Unionism in Great Britain has passed since its gradual beginnings in the eighteenth century. Forms of Trade Union organisation can, indeed, be traced back to an earlier time—even to the Middle Ages—but only in the eighteenth century, and in most cases towards its close, did Trade Unions, in anything like the modern sense of the words, come into being. It must be clearly understood that there is no sort of historical continuity between the modern Trade Unions and the mediaeval Guilds. Even the Trade Unions of the eighteenth century were little like those of to-day. They were confined to a few trades, and were for the most part small and purely local craft clubs or companionships, partly social in purpose, and with practically no contact one with another, though there were cases in which they gave each other help in disputes or in which clubs in the same craft in different towns entered into intermittent correspondence. The economic conditions of the eighteenth century neither called for nor made possible large-scale working-class organisation. Modern Trade Unionism is the product of the Industrial Revolution, by which methods of production were transformed in the late eighteenth and early nineteenth centuries.

The changes of the Industrial Revolution made—in a number of vital industries, and particularly in the textile, mining, and certain of the metal-working industries—large-scale production the typical form of capitalist organisation. By driving the workers off the and and out of their small domestic workshops into the factories,

the Revolution congregated them into masses among whom Trade Union organisation speedily began to develop. The period was one of acute misery for many sections of the workers, and after the French Revolution there followed a long period of repression, during which the governing classes did their best to suppress all forms of working-class combination, especially among the miners and factory workers of the North. The Combination Acts of 1799 and 1800 made all forms of Trade Unionism illegal, and only in 1824 and 1825 were these Acts repealed, and Trade Unionism legalised. Even so, the Unions were left under heavy legal restrictions, and any form of strike action might still expose the workers to prosecution for conspiracy.

Trade Unions existed, even while the Combination Acts were still in force. The craftsmen in the older towns, working in trades not much affected by the changes in methods of production, were often suffered to keep their little trade clubs without interference. In the factory and mining districts, Unions were again and again formed and dissolved, and great strike movements occurred, particularly after the Peace of 1815. A series of strikes followed the repeal of the Combination Acts in 1824.

It was not, however, till after the Reform Act of 1832 that the first great wave of Trade Union agitation occurred. The struggle for reform had till then largely occupied the workers' attention. Left voteless by the Reform, which enfranchised the middle classes, the workers, largely under the influence of Robert Owen's disciples, turned to Trade Union organisation, and in 1834 the Grand National Consolidated Trades Union seemed on the point of uniting all working-class forces into a single great industrial body with a revolutionary aim. It is said that three-quarters of a million members were enrolled, and the total Trade Union strength must have reached nearly a million, a number not reached again for nearly forty years. But the Consolidated Trades Union was broken by a series of strikes and lock-outs. The whole movement was shattered, only a very few small national unions and a large number of local trade clubs surviving the disaster. Again the workers turned to political action, and for the next decade Chartism occupied most of their attention.

Towards the middle of the century a new phase set in. The local Unions had repaired their shattered forces, and they now began to combine into national bodies. The Amalgamated Society of Engineers, founded in 1850-1, was typical of the new development. The new Unions were craft bodies composed of skilled workers, repudiating all revolutionary aims, and bound together by the provision of friendly benefits. Whenever possible they avoided strikes and adopted methods of peaceful negotiation. Their members paid high contributions, and looked for help in unem-

ployment, sickness, and old age. Such Unions could not attract the low-paid, less skilled workers, who could not afford to pay their dues and remained almost wholly unorganised. The 'Amalgamated Societies' were highly conservative in outlook and policy; they devised sound financial methods, built up reserve funds, and created a kind of organisation more stable than any that had gone before. But they neither menaced, nor sought to menace, the capitalist control of industry, which, indeed, most of their leaders accepted as natural and right.

During the sixties and seventies, the Unions consolidated themselves on these lines. From 1867 to 1875 they were engaged in an energetic struggle for legal recognition and protection. Having large funds they needed for them a legal security which was lacking; and the criminal law was also heavily weighted against the worker. Hitherto the Amalgamated Societies had resolutely opposed any attempt to build up a general working-class organisation drawn from all industries, but now the need for legal changes drew them together. The Trades Union Congress was formed in 1868, and by 1875, aided by the Reform Act of 1867, the Unions had won full legal recognition and had got the law so altered as to admit of more effective industrial action.

Having accomplished this limited purpose, the leaders were satisfied, and made no attempt to create a militant organisation of all workers or to organise the less-skilled grades. Trade Unionism developed little during the next ten years—indeed, the tendency to conservatism and reliance on 'friendly society' methods even grew. But in the eighties came the rise of Socialism in Great Britain, reacting speedily on the Unions and leading to an attempt to organise the less-skilled, and to make Trade Unionism a class movement with a Socialist aim. The Dock Strike of 1889 is usually taken as the event which marks the beginning of the New Unionism, challenging the comfortable supremacy of the old.

During the late eighties, Socialists organised large masses of the less skilled into new Unions of a different type, especially the Dockers' and the Gas-workers' Unions. These new Unions had few or no friendly benefits, and were thus able to work with low contributions which the poorer workers could afford. The old union leaders refused to believe that stable organisation was possible on these lines, and believed that the new Unions would speedily crumble away. But, though they were—and are—less stable than the craft unions, the new Unions survived, and the old Unions, under Socialist influence, were gradually affected by a new spirit. This found its expression in 1900 in the formation by the Trades Union Congress, long the battle-ground of the contending groups, of the Labour Representation Committee, which in 1906 became the Labour Party. Between 1900 and 1910 the Trade Unions were mainly engaged in developing their political activity.

The new spirit of the eighties and nineties, however, found expression in industrial changes also. The Unions in particular industries, feeling the need for a broader basis, drew together into larger units. The great Federations, such as the Miners' Federation (first formed in 1888), came into existence, and in 1899 the Trades Union Congress formed the General Federation of Trade Unions; intended as a body which would unite all the Unions for industrial purposes. This was in the main a failure; but when, about 1910, a new period of industrial unrest set in, there were large, if loosely co-ordinated, federations in many industries.

From 1911 to 1914 there occurred a great series of strikes—transport strikes in 1911-2, the mining strike of 1912, the Dublin strike of 1913, the building dispute of 1914, lasting up to the outbreak of war. These were, moreover, years of great intellectual activity in the Labour movement, and new ideas of Syndicalism, Industrial Unionism, Guild Socialism, etc., began to be widely canvassed. There was a keen desire to develop Trade Union organisation to fit the new ideas, and many schemes of amalgamation were brought forward, and some carried into effect.

The war interrupted this ferment, and for a time development was arrested. But war brought its own problems, and the organisation of industry for war purposes—dilution, etc.—as well as troubles arising out of conscription, kept the Trade Unions busy, and stimulated thought among the members. The number of Trade Unionists increased more rapidly than ever before, both during the war and more especially in 1919 and 1920. There were 8,500,000 Trade Unionists in 1920, as compared with 4,000,000 in 1913, and less than 2,500,000 in 1910. Moreover, the two post-war years were a time of great labour activity. 'Direct Action' was widely discussed, and more than once an almost revolutionary situation arose. Then came the slump, and by 1923 Trade Union membership had sunk to between five and six millions. Wages had fallen sharply, and most of the gains of the war period, except the eight hours' day, had been lost. At the same time, there were already faint indications of a coming revival.

This very brief historical narrative is intended only to enable the student to visualise the growth of British Trade Unionism as a series of stages. The first phase—we may call it the Primitive Phase—extends from the eighteenth century into the early years of the nineteenth. The second phase—the First Revolutionary Phase—reaches its culmination in 1834, the year of the rise and fall of the Grand National Consolidated Trades Union. The third phase—the Old Unionist Phase—extends from the collapse of 1834 to the eighties, and includes as its peak, the struggle for legal recognition between 1867 and 1875. The fourth phase—the New Unionist Phase—begins in the eighties, finds its first clear expression in the

Dock Strike of 1889, and passes in 1900 into the fifth—the Political Phase—from the formation of the L.R.C. through the General Election of 1906 to 1910. Its greatest achievement is the Trade Disputes Act of 1906. Follows the sixth or Industrial Phase, beginning with the strikes of 1911 and interrupted by the outbreak of war. The seventh or War Phase extends from 1914 to the present time, in which we are still working out the economic consequences of the war and the peace. The Trade Union revival, when it comes, will probably be the beginning of a new phase, in which new ideas and new policies will be developed. What these are likely to be the student will be in a better position to say when, at the end of the course, he turns back to look at the position in the light of his full study of the existing facts, problems, and tendencies.

READING.

Mr. and Mrs. Webb's *History of Trade Unionism* (edition of 1920) is indispensable. Further references will be found in my companion syllabus on *The British Labour Movement*. To these should be added an excellent Trade Union History, published in 1923, *The Builders' History*, by R. W. Postgate. See also my syllabus on *English Economic History*, R. W. Postgate's *Chartism and the Grand National*, and M. H. Dobb's *Development of Capitalism*, all in the same series. Mark Starr's booklet, *Trade Unionism, New and Old* (Plebs League), will also be found useful as an introduction to the subject.

SECTION I.

TRADE UNIONS: GENUS AND SPECIES.

WHAT is a Trade Union? The Webbs define it as "a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their working lives." It is an association, based on the willing co-operation of its members in pursuit of a common purpose. It is continuous: that is to say, it is more than a merely passing combination designed to meet a particular occasion. A temporary strike organisation may give rise to a Trade Union, but it is not a Trade Union until it has given itself a permanent form and constitution. A Trade Union consists of wage-earners. The wage may, indeed, be called by some other name—a salary, for example; but the Trade Union consists essentially of persons who work for remuneration either under an individual employer or under some sort of corporate body.

The Union, moreover, has certain definite purposes. Not every continuous association of wage-earners is a Trade Union. A football club, a slate club—any of a hundred other types of association accord with the first part of the definition. A Trade Union is recognised by its function and not merely by its constitution and membership. It is concerned essentially with the matters which arise out of the wage contract—with wages, hours, conditions of employment in the widest sense. It may have other functions as well, and it may take a wider or a narrower view of its essential function; but unless it is concerned with the conditions of its members' working lives it is not a Trade Union. There have been bodies which, starting as pure friendly societies, became Trade Unions by acquiring this purpose; there have been Trade Unions which ceased to be Trade Unions, and became Friendly Societies, through losing it. This at least is vital, whatever else may be added.

A Trade Union may be local, confined to a single town; or regional, spreading over a county or group of counties; or national, extending over a whole country; or even international. If it is more than local, it will have branches and perhaps distinct district organisations within it. In all save the smallest Unions, problems of democratic government will arise. Officials and executives will have to be chosen over large areas, and the problem of getting men at once efficient and responsive to the will of the members will arise. Trade Unionism, as much as politics, has its acute problems of government and administration.

A Trade Union may be broad or narrow in its appeal. It may be confined to members of a single skilled craft (pattermakers, for

example), or to a group of grades, ranging from more to less skilled (spinners and piecers, smiths and strikers, or engine-drivers, firemen and cleaners), or to a group of kindred skilled crafts (engineers, woodworkers). All these are varying types of *Craft or Occupational Unionism*. Or it may aim at enrolling all the workers, skilled or unskilled, who work in a single industry, or group of related industries (N.U. Railwaymen, Iron and Steel Trades Confederation). This is *Union by Industry*, sometimes loosely called Industrial Unionism (for which see later, p. 26). Or it may aim at enrolling workers of every type, without regard either to industry or skill, wherever no strong separate Union exists to organise them. Such are the *General Labour Unions*, consisting of the less-skilled workers drawn from a wide range of industries, together with all classes of workers in small or scattered industries for which no effective separate Unions exist.

British Trade Unionism, in the period between 1834 and 1889, grew up mainly on a craft basis. About 1889 Unions of less-skilled workers made their appearance. Union by Industry is on the whole a later growth, though mining Trade Unionism, by reason of its special conditions, approximated early to this type. The movement towards Union by Industry, regarded as a more scientific and militant type of organisation, gathered force in the period of unrest before the war, and found expression in the formation of the National Union of Railwaymen in 1912-13, as well as in many projects of amalgamation.

Trade Unionism in Great Britain, unlike some of the continental movements, has been a gradual and experimental growth, never directed in its course from any common centre. Consequently Unions have sprung up on many different bases. There are often, and were still more often before the recent wave of amalgamation, a number of rival or overlapping Unions seeking to enrol the same classes of workers. Rivalry may exist between two similar craft Unions, or between a number of craft unions and a union based on industry, or between either of these types and a general labour Union, or between several general labour Unions. Organisation, therefore, has been, in many cases, chaotic, and there have been many inter-union disputes. Until lately, the Trades Union Congress has hardly attempted to act as a central industrial body, or to settle the disputes or straighten out the organisation. Most of the remaining anomalies in Trade Union structure are to be explained historically.

An important feature of British Trade Union organisation is the local Trades Council, a federation of Trade Union branches in a particular town or district. The Trades Councils are keen centres of local Trade Union life, but they are mostly very weak, for lack of funds and of recognition by the Trades Union Congress and the big

national Unions. Gradually, however, their importance in keeping local movements vigorous and intelligent is being recognised, and considerable development of their powers is likely in the future.

This is only a preliminary survey of the problem of Trade Union structure, which will be discussed more fully when we have dealt with the work of Trade Unions and described the existing organisation in greater detail.

READING.

- Cole—*World of Labour* (edition of 1915 or later), Chap. vii.
 Lloyd—*Trade Unionism*, Chap. iii.
 Cole—*Introduction to Trade Unionism*, Part I.
 Webb—*Industrial Democracy*, Part I.
 Richards—*History of Trades Councils*.

SECTION II.

TRADE UNIONS: FUNCTIONS AND METHODS.

WHAT does a Trade Union do? It collects from its members contributions and levies, and expends them in paying back benefits, in administrative and organising charges, and in assisting causes likely to benefit the members. It negotiates with employers and employers' associations on its members' behalf, makes agreements, and in default of agreement, sometimes declares a strike or conducts the defence if its members are locked out. It presses for legislation with Government departments and other bodies. It discusses questions of general policy affecting labour, and frames a policy and programme of its own, often covering issues not peculiar to its members. For any or all of these purposes, it sometimes combines with other Trade Unions, either in Federations formed for industrial purposes, or in the general organisation of the Trades Union Congress, or for political purposes in the Labour Party. Mr. and Mrs. Webb distinguish between three main types of Trade Union activity—The Method of Mutual Insurance, The Method of Collective Bargaining, and the Method of Legal Enactment.

(a) *Mutual Insurance*. Nearly all Unions, in return for their members' contributions, pay benefits of one kind or another. But there are wide differences, according to the occupation of the members and their ability to afford high contributions. It is usual to distinguish between two main types of benefits—trade protection benefits and friendly benefits. Practically all Unions (save some among public employees and non-manual workers) provide for strikes and lock-outs by means of Dispute Benefits of varying,

amount—20/- and 10/- a week are common amounts. Victimization benefits, for men losing work through Union service, are also practically universal, and are often equal to the full recognised wage. Unemployment benefit, which is paid by the great majority of Unions, though in some cases membership of the unemployment fund is voluntary, stands midway between trade and friendly benefits. The main friendly benefits are for sickness, accidents, and superannuation. These are not usually found, save on a voluntary basis involving extra payments, in the Unions which admit members for a low weekly contribution. Superannuation, a very expensive benefit for a Union to undertake, is practically confined to the Unions of skilled craftsmen. There are numerous minor benefits found in some Unions, including Funeral Benefit, Travelling Benefit, Tool Insurance, and so on. Almost all Unions provide their members with free legal assistance in matters arising out of their employment, *e.g.*, in Workmen's Compensation cases.

There has been much discussion among Trade Unionists as to the proper place of friendly benefits in Union organisation. Dispute Benefit and, in most cases, Unemployment Benefit, are agreed to be necessary, though the latter imposes a very heavy strain in times of depression, and the Unions hold that the State, by enforcing full maintenance of the unemployed, ought to make it unnecessary. With regard to friendly benefits, some hold that these sap the fighting vigour of Trade Unions, and ought to be abolished or rather left purely to the Friendly Societies formed for that purpose alone. Others urge that such benefits are the only means of ensuring stability of membership, by giving men a financial status in the Union. Others again, while favouring the retention of friendly benefits, hold that they should always be optional, and that any man should be free to join any Union for trade purposes only with a full right to take part in its government. In some societies which have optional friendly scales, full rights are reserved to members who contribute towards these benefits. The class should discuss these points fully in the light of their varying experience in their own organisations.

READING.

Cole—*Introduction to Trade Unionism*, Part II., S. 4.

Webb—*Industrial Democracy*, Part II., Chap. i.

Lloyd—*Trade Unionism*, Chap. vi.

(b) *Collective Bargaining.* Employers have usually refused to meet Trade Unions or make agreements with them until the Unions have gained strength enough to insist. Gradually Unions force "recognition" from the employers, and nowadays in almost all industries the Unions are recognised. The old argument that, in the name of "freedom of contract," each workman must strike an individual bargain with his employer has given place to the idea of collective bargaining,⁹ by which wages and conditions are regulated.

under agreement, locally or nationally, for a whole trade. There has been a marked tendency, especially since 1914, to regulate more and more trades by national agreements extending over the whole country, and allowing local variations only within the terms of the national bargain.

Negotiations may take place as required on specific points, or, as in the engineering trades, provision may be made for regular joint conferences between the Unions and the employers' associations, or formal Conciliation Boards or Industrial Councils or similar bodies may be set up, composed of an equal representation on both sides, with or without a "neutral" chairman. Such joint boards exist in the mining, building, iron and steel, and many other industries. Such Boards have no statutory power and the agreements which they make are not legally binding on either party. In this they are unlike the Trade Boards, set up under the Trade Boards Acts, which have legal powers to fix *minimum* rates of wages binding on the employer. The systems of negotiation in different trades are many and varied, and must be studied in the books dealing with them, or from the experience of the students in the class.

Where national boards or conferences exist, or national agreements are in force, provision is usually made for local bodies and local negotiations on similar lines, subject to appeal to the national body. In some cases (*e.g.* engineering) provision is also formally made for negotiation in the workshops and recognition of Trade Union shop stewards, but this stage is often left informal.

Provision is sometimes made, where the parties cannot agree, for the reference of disputes to arbitration by an impartial person or persons. Compulsory arbitration was in force under statute during the war, but lapsed at its close. Now, most Unions and employers reserve their final right of action, and reference to arbitration is usually made only by agreement in each particular case.

In old days, before recognition, the workers often had to strike before they were allowed to negotiate. Now, strikes or lock-outs usually occur only when negotiation has failed. But strikes tend to grow bigger; for with the growth of national negotiations and agreements, strikes and lock-outs also tend to become national. There has also been on both sides a growth of "sympathetic" action, that is, of striking or locking out workers not directly concerned in the original dispute in order either to bring additional pressure to bear on the other party, or to avoid the imputation of "black-legging" by doing the work of a striker or handling "tainted goods." The question of the "sympathetic strike" has been much discussed in Trade Union circles. Its general application would tend to make every great dispute a general strike, and the railway-men in particular complain that, owing to the peculiar nature of their work, the brunt of sympathetic action always falls on them.

The collapse of the Triple Industrial Alliance of Miners, Railwaymen, and Transport Workers in 1920 and again in 1921 ("Black Friday") clearly revealed the very great difficulties in the way of sympathetic action on a large scale, at least at the present stage of Trade Union organisation.

Trade Unions are usually anxious to avoid strikes, particularly when trade is bad. Strikes exhaust the funds and cause suffering, even when they succeed, and Union leaders prefer to get all they can by negotiation. Against this, it is urged that strikes are necessary to keep up the fighting spirit of the members, and that those Unions which successfully avoid them become spiritless, and in the long run useless.

Many plans have been made for doing away with strikes, mostly involving the reference of all disputes to impartial arbitration, where agreement cannot be secured. The Trade Union movement, however, has always held that the right to strike in the last resort is fundamental, and has refused to agree to compulsory arbitration, as it is practised in, *e.g.* Australia. Moreover, it is one thing to pass laws forbidding strikes, and quite another to prevent strikes from happening, even against the law. This was seen during the war, when compulsory arbitration was temporarily in force.

Ultimately, judgment on the importance of the strike weapon depends on social outlook. Those who maintain that "the interests of Capital and Labour are identical" see no sense in the strike; those who believe in the class-struggle regard it as an essential means to working-class emancipation. Many stand between these views.

Note.—For further discussion of Strike policy, including the General Strike, see Section VII.

READING.

Cole—*World of Labour*, Chap. ix.

Cole—*Introduction to Trade Unionism*, Part III., Secs. 7 and 8.

Lloyd—*Trade Unionism*, Chap. vi.

Webb—*Industrial Democracy*, Part II., Chaps. ii. and iii.

Workers' Register of Labour and Capital, Chap. v.

(c) *Legal Enactment.* Trade Unions have sought from the very beginning to further their members' interests by securing protective laws or the repeal or amendment of repressive laws. Petitions to Parliament were common in the eighteenth century. After the Industrial Revolution, the workers in the textile factories joined eagerly in agitations for factory legislation, especially with a view to shortening hours of labour, and Factory Acts were passed largely owing to this form of pressure. The miners, feeling the same need for protective laws, adopted the same methods, and were led into political action after the Reform Act of 1867, with this object in view. It was from the first one of the principal duties of the Trades Union

Congress Parliamentary Committee to further or oppose legislation by agitation, deputation, and lobbying. The importance of these particular methods waned when Labour at length entered politics as an independent party, and, thereafter, without wholly abandoning the older methods, the Unions pursued the same object by taking direct political action, financing Union candidates for Parliament, contributing to Labour Party funds. The Osborne Judgment of 1908, by declaring Trade Union political action to be illegal, administered a temporary set back ; but Unions never in fact ceased to act politically, and the Trade Union Act of 1913 recognised their right to do so, subject to the taking of a special ballot, the keeping of a separate political fund, and the exemption from the political levy of all members signing a form of objection.

The British Unions thus passed from attempting to influence the candidates of other parties—a stage at which the American Labour movement still remains—to forming a party of their own. This party has, of course, objects far wider than the promotion of legislation desired by particular Unions, but it serves this object among others, without superseding the method of negotiation with the Government of the day in order to influence its legislative programme. Indeed, of late, Governments have been compelled more and more to consult Trade Unions in connection with legislative and administrative questions affecting the workers.

Trade Unions, through Trades Councils and local Labour Parties, take political action in municipal as well as in parliamentary elections. The local authorities administer many of the social laws passed by Parliament, and working-class action and pressure are needed locally as well as at the centre.

It has often been suggested that Trade Union action in politics, and in particularly the financing of candidates by particular Trade Unions, means the representation of sectional Labour interests in Parliament, and that the Trade Union basis of the Labour Party is wrong. Those who recognise that the basis cannot be changed sometimes urge the pooling of all political funds in the hands of the national and local Labour Parties, in order that all political action may be by the movement as a whole. Against this is urged the need for each big Union to have its own spokesman in Parliament to put the point of view of each group of workers concerned. The class should discuss fully (*a*) the use of the method of Legal Enactment in securing useful industrial legislation ; (*b*) the case for and against independent working-class political action on a Trade Union basis ; (*c*) the desirability and possibility of unifying the political action of Trade Unions under a common control ; (*d*) the actual achievements of Labour in the political sphere ; (*e*) the possibilities and difficulties of a Labour Government, and the extent of its dependence on industrial backing by the Trade Unions.

READING.

- Cole—*World of Labour*, Chap. xiii.
 Cole—*Introduction to Trade Unionism*, Part III., Sections 9 and 11.
 Lloyds—*Trade Unionism*, Chap. vi.
 Humphrey—*History of Labour Representation*.
 Webb—*Industrial Democracy*, Part II., Chap. iv.
 Hutchins and Harrison—*History of Factory Legislation*.
 Tillyard—*The Worker and the State*.
Labour Year Book, 1919.
 Labour Party—*Annual Reports*.
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SECTION III.

TRADE UNION ORGANISATION.

It is now time to study in rather more detail the actual organisation of British Trade Unionism at the present time. We have seen that there were in 1913 about 4,000,000 Trade Unionists; in 1920 about 8,500,000, and in 1923 five to six millions. Thus, after three years of trade slump, there remained nearly one and a half as many trade unionists as in 1913. This increase was not, however, distributed evenly over the whole movement. For example, the cotton industry, strongly organised before the war, has increased and decreased relatively little. The engineering industry, on the other hand, after an enormous accession of members during the war, has lost heavily during the slump. The general labour unions, after increasing even more rapidly, have dwindled again with alarming rapidity. The permanent accession of membership is largest among the non-manual workers, many sections having become organised for the first time during and after the war, and some sections having suffered relatively little from the slump. A few useful figures, showing the fluctuation in Trade Union membership, are given as an appendix to this syllabus.

It must be borne in mind that, owing to war losses and the increase in numbers, the majority of the present members of Trade Unions are relatively new to organisation, and have gained their experience wholly in the abnormal conditions of the war and post-war periods. The class should discuss the bearing of this fact on the real strength and efficiency of the movement.

While the number of Trade Unionists has increased, the number of Unions, or at least of important Unions, has greatly diminished through amalgamation. Outstanding instances in which a number of separate Unions have coalesced to form a single body are the Amalgamated Engineering Union, the Transport and General

Workers' Union, the Amalgamated Union of Building Trade Workers, and the National Union of General Workers.

Thus, a larger proportion of the total number of Trade Unionists than ever before is now contained in a small number of great Unions. In 1922, it was estimated that, out of about 6,000,000 Trade Unionists, 4,500,000 or 75 per cent. were organised in only 50 Unions. Moreover, the extent to which distinct Trade Unions act together through Federations covering a whole industry has considerably increased. The Miners' Federation has become almost a single Union, and the National Federation of Building Trades Operatives, by pooling, organising, and negotiating work, has gone far in the same direction. The effective control of Trade Union feeling tends to become centred in fewer hands.

This tendency to the formation of larger units of action and negotiation raises fresh problems of Trade Union government; for the larger units are less easy to conduct democratically than smaller bodies, and the combination of workers of many different types in a single organisation raises many problems of craft and sectional representation. The Transport Union has to represent dockers, lightermen, carters, tramwaymen, busmen, taxi-drivers, clerks, and other groups; the N.U.R. and the A.E.U. include many different grades. It is a question much discussed to what extent, and how best, sectional interests can be represented and reconciled within the wider groups.

The growth of centralisation is not confined to single Unions or Federations in particular industries. It has also been shown in the development of the Trades Union Congress. Under the Co-ordination (or "General Staff") Scheme of 1920-21, the old Parliamentary Committee has been superseded by the new General Council, more definitely representative of the various industrial groups. The General Council has much wider powers than its predecessor, and is clearly designed to be a central co-ordinating agency for industrial policy for the whole movement. It has, moreover, linked up with the Labour Party organisation and the Parliamentary Labour Party to form a National Joint Labour Council, which has shown a tendency to assume control at times of crises (as in the engineering dispute of 1922). The General Council unsuccessfully asked Congress in 1922 for a further extension of its directing power, but this was refused, the Unions not being ready to surrender their autonomy. The class should discuss how far concentration of power is desirable, bearing in mind both the need for united action and the difficulty of real democratic control over a large federal organisation. It should consider also the effects of the linking up of the political and industrial sections into a single joint council, *i.e.* how far it will result in industrial policy being moulded by political considerations, or *vice versa*.

It is often suggested that the tendency in Trade Union organisation is towards the One Big Union, including all workers. The class should consider how far such a development is desirable or practicable either now or in the future, bearing in mind the difficulty of representing sectional interests and of running so vast a machine on democratic lines.

Further consideration of the One Big Union idea, in connection with the wider question of Trade Union policy as a whole, is deferred to a later stage. (See Section VII.).

READING.

- The Workers' Register of Labour and Capital*, 1923, Chap. ii.
 Cole—*World of Labour*, Chaps. vii. and viii.
 Cole—*Introduction to Trade Unionism*, Parts I. and II.
 Lloyd—*Trade Unionism*, Chaps. iii., vii., and x.
 Mellor—*Direct Action*.

Note.—International Trade Union Organisation, a big subject in itself, has been omitted from this syllabus, as it is intended to deal with it later in a separate syllabus. It should be noted that the national Trade Union Centres (the Trades Union Congress in this country) are mostly linked up in the International Federation of Trade Unions; but this body is mainly concerned with compiling information, issuing pronouncements on behalf of the movement, and convening International Conferences. It does not pretend to direct industrial policy on an international basis. There are also many International Federations of Unions in particular industries or groups (miners, textile workers, wood-workers, clerks, general workers, etc.); but these too have not reached the stage of taking international industrial action, save for occasional mutual assistance in trade disputes.

READING.

- Cole—*Introduction to Trade Unionism*, Part I., Sect. viii.
Labour International Handbook, Part II., Chap. ii.
Labour International Year Book, 1923.
Reports of International Federation of Trade Unions.

SECTION IV.

TRADE UNIONISM IN PARTICULAR INDUSTRIES.

At this point the class may conveniently spend some evenings considering the actual organisation of Trade Unionism in certain selected industries or groups. The groups chosen will vary from class to class, according to the interests and experience of the students; but they should be diverse enough to present a picture of Trade Unionism under a variety of different conditions. The discussion might well be opened, wherever possible, by a student associated with the particular group under review.

As the actual course of this section will vary from class to class, I have not worked out a detailed syllabus for it, but have only indicated the main heads for discussion, and the book references, for each of the main groups from which the class is likely to make its selection. Other groups than those indicated may of course be chosen.

(a) *Mining*.—The Miners' Federation of Great Britain—The district Unions composing it—The small sectional Unions of enginemen, deputies, etc.—Growth of the M.F.G.B.—Importance of its work in promoting legislation—Miners' M.P.s from 1874—The Miners join the Labour Party in 1909—Industrial Policy: Conciliation Boards and Agreements—The Eight Hours' Act—The 1912 Strike and the Minimum Wage—The Miners during the war—The Coal Commission and the Struggle for Nationalisation and Democratic Control—The Lock-Out of 1921 and the Profit-Sharing Agreement—General Character of Mining Trade Unionism—The pit lodge as the democratic unit—The Checkweighman—The Miners' Agent—Miners' Conferences—Problems of Wage-Payment—The Miners and the Triple Alliance—The Miners' place in the Labour movement.

READING.

Jevons—*The British Coal Trade*.

Cole—*Trade Unionism in the Mining Industry, 1914-1921*.

Arnot—*Facts and Further Facts from the Coal Commission*.

Rowe—*Wages in the Coal Industry*.

(b) *Railways*.—The N.U.R.—The Associated Society of Locomotive Engineers and Firemen—The Railway Clerks' Association—The N.U.R. attempt at Union by industry—The problem of the Craft Unions in the railway shops—The Railway Unions' struggle for recognition—The pre-war Conciliation Schemes and the 1911 Strike—War-time State Control and its effect on wages and conditions—The Eight Hours' Day—The 1919 National Strike and the National Agreement—Standardisation of Wages—The Railway Wages Boards and the Railways Act of 1921—The demand for Nationalisation and Democratic Control—Internal Government of the N.U.R.—Sectional Representation—The District Councils—The question of Amalgamation—Attitude of the A.S.L.E. and F.—and of the R.C.A.—The Railwaymen and the Triple Alliance—The problem of Sympathetic Strikes.

READING.

Labour and Capital on the Railways. By the Labour Research Department.

Cole and Arnot—*Trade Unionism on the Railways* (1917).

Cole—*Workers' Control for Railwaymen*.

Alcock—*Fifty Years of Railway Trade Unionism* (a very bad history of the N.U.R. and A.S.R.S.).

Rayner—*Engines and Men* (history of the A.S.L.E. and F.).

Kenney—*Men and Rails*.

(c) *Engineering and Shipbuilding*.—The division between skilled and less skilled—The A.E.U. and other Craft Unions—The general Labour Unions—Weakness of Federal Organisation—Methods of Negotiation—Central and Local Conferences with the Employers—Huge growth during war—Munitions and the Dilution of Labour—The Shop Stewards' Movement during and after the war—'Interference with Management' and the Lock-Out of 1922—The problem of payment by results.

READING.

Cole—*Trade Unionism and Munitions*, Chaps. iv. and xiii.

Cole—*Workshop Organisation*.

Cole—*Chaos and Order in Industry*, Chaps. vii. and viii.

Labour Research Department—*Labour and Capital in Engineering*.

(d) *Building*.—The Unions of skilled workers and labourers—The National Federation of Building Trades Operatives—Its growth in power—Methods of Negotiation—The National Agreement—Opposition to Piece-work—Job Organisation—The Building Guilds.

READING.

Postgate—*The Builders' History*.
 Cole—*Chaos and Order in Industry*, Chap. ix.
The Workers' Register of Labour and Capital, Chap. vi.

(e) *Cotton*.—Long-standing Organisation—The sectional amalgamations of spinners, weavers, etc.—Their internal organisation—A piece-work industry—Price-lists—Methods of negotiation—Men's and Women's wages—The respective numbers of men and women and their participation in the work of the Unions—Past importance of legislative enactment to cotton workers—Their conservatism—and their solidarity in disputes—Dependence of industry on export trade—How does it affect Trade Union action?—Short-time working and its effects—The Cotton Control Board and proposals for future regulation of the industry—The Cotton Emergency Committee.

READING.

Henderson—*The Cotton Control Board*.
 Cole—*Chaos and Order in Industry*, Chap. ix.
 Webb—*History of Trade Unionism* (see Index).
 Webb—*Industrial Democracy* (see Index).

(f) *General Workers*.—Of whom do the General Unions consist?—Less skilled workers in engineering and other Industries—All workers in many small and scattered industries—Some transport workers—Municipal employees—Agricultural workers, etc., etc.—The National Union of General Workers—The Workers' Union—Other Unions—The National Federation of General Workers—Women in the General Unions—Huge growth from 1911 and during and after the war—Big fall in membership during slump—Tendency to instability of membership—Relations with and attitude to other Unions, particularly Unions of skilled workers—Accusations of 'poaching'—Proper functions of general Unions in relation to (a) Craft Unionism, (b) Union by Industry—Rise in relative importance of less-skilled workers due to development of machinery—Are the General Unions the nucleus of the One Big Union?—or are they destined to be broken up as Union by industry develops?

READING.

Cole—*World of Labour*, Chap. vii.
 Cole—*Trade Unionism and Munitions*, esp. Chaps. iii. and vi.
 Cole—*Chaos and Order in Industry*, Chap. viii.
 Webb—*History of Trade Unionism*, pp. 496-502.

(g) *Public Employees*.—Relative security of employment—Pension schemes—Difficulties of strike action, particularly for Government employees—Workers in Government Dockyards and Arsenals mostly organised in ordinary 'outside' Unions—Post Office Workers—The U.P.W. and the Strike policy—Civil Servants—Municipal Employees—Growth of Whitley Councils in Public Services—How far does public differ from private employment?—Demand of public employees for control.

READING.

Bailey—*Towards a Postal Guild*.
 Webb—*History of Trade Unionism*, pp. 503-9.
 Macrae-Gibson—*The Whitley System in the Civil Service*.

(h) *Non-manual Workers*.—Immense variety in status and pay—Many Unions founded after the war—Character of these Unions—Absence of Strike policy usual—Often no relations with general Trade Union movement—But some tendency to establish relations—Hostility of employers to non-manual workers' organisation—Some typical groups—Clerks—Bank Clerks—Draughts-

men—Journalists—Teachers—Supervisory Workers (Foremen, etc.)—Attitude towards manual workers—And manual workers' attitude to them—Future status in Trade Union movement.

READING.

- Cole—*Chaos and Order in Industry*, Chap. xii.
 Cole—*Introduction of Trade Unionism*, Part III., Sect. vi.
 Webb—*History of Trade Unionism*, as above.

SECTION V.

TRADE UNION GOVERNMENT.

IN the light of its survey of the actual conditions prevailing in a number of industries, the class should now be in a position to tackle certain of the more fundamental Trade Union problems. Foremost among these is the problem of *Trade Union Government*. As we have seen, democratic control, in the large and complex modern unions, becomes a difficult matter. The rank and file feel that both executives and officials are far removed from them, and election is apt to bring to the top only the man best known over a wide area, and not necessarily the best man for the job. The sitting official or executive member has a big advantage in elections, because his name has become known, while the rising men are known only locally. Consequently, there arises the accusation that Trade Unions are undemocratic.

Methods of government vary from Union to Union. All large Unions consist of local branches, usually grouping members according to where they reside, but sometimes according to trade (*e.g.* a tinsmith workers' branch in a general Union) and sometimes according to the establishment in which they work. This last way of grouping is, however, rare, and members in the same shop often belong to different branches, and are united in the shop, if at all, through a shop steward organisation quite distinct from the branch. It has often been urged that Trade Unions ought to be reorganised on a workshop basis, so as to make the works branch the unit on which the whole structure would be based. The class should discuss this point in relation to the shop stewards' movement.

Where several branches exist in one district, they are often grouped in a District Council or Committee, but such bodies have very varying powers. Sometimes, as in the N.U.R., they are confined wholly to propagandist and organising functions; sometimes, as in the A.E.U., they are largely autonomous in the control of local policy. Naturally, they tend to have less power in highly-cen-

tralised industries, but where they have little power, as on the railways, they may serve as rallying points for forward movements.

Central Executives are usually elected by ballot vote of the members on a regional basis ; *i.e.* each member represents a group of branches covering a wide area. The A.E.U. and the Boilermakers have full-time Executives ; but in most cases the Executive members work at their trades when not engaged on society business. Regular meetings are held monthly or quarterly in most cases, but of late years the number of meetings actually held has greatly increased, and in many Unions E.C. membership tends towards becoming a full-time job. This, again, raises problems, for it has been regarded as a valuable corrective to officialism that the E.C. members should be men working at their trades.

The powers of Executives vary. In some Unions they are subject to a Conference or Delegate Meeting which decides policy ; in others, they practically govern the Union, subject to the members' wishes, ascertained by ballot vote. Where Executives meet rarely, power falls to the permanent officials. Some Unions, *e.g.* the Miners, call Conferences frequently, and take no important decision without a Conference vote ; in others, Conferences, apart from an Annual or Biennial Conference, are very rare. Those Unions which make least use of Conferences usually make most of the ballot vote or referendum of the members, often submitting several issues in a single month. When the votes are taken, as they usually are, at branch meetings, this results in very small votes determining the policy of the Union, sometimes on vital matters. The class should discuss the proper use of the methods of Conference and Ballot Vote in the determination of policy, and the proper distribution of power between officials, Executive, Conference, and rank and file. It should discuss also the means of getting the best officials. Should these be elected by ballot vote, or appointed by the Conference or Executive ? Both methods are in use.

" Rank and file movements " in Trade Unions arise partly for the furtherance of new ideas not accepted by the majority, and partly because of faults in the democratic working of the Trade Union machine. They take many forms, unofficial or semi-official. The class should discuss, in the light of its experience, the work done by such movements and their justification (*e.g.* the shop stewards' movement, the amalgamation movement, the Workers' Committee movement, the Miners' Forward movements, etc.).

READING.

Cole—*Introduction to Trade Unionism*, Part II.

Cole—*World of Labour*, Chap. viii.

Webb—*Industrial Democracy*, Part I.

Webb—*History of Trade Unionism*, pp. 561-593.

Cole—*Self-Government in Industry*, Chap. iii.

Cole—*Workshop Organisation*.

Ruskin College—*Trade Unions : Organisation and Action*.

Note.—At this point the class, if it has time, may well devote an evening to the discussion of Trade Union finance, following up the treatment of contributions and benefits in Section II. Points for such a discussion include (a) the use of levies, *i.e.* sums raised from members outside the ordinary weekly contributions; (b) the expediency of separating the funds for trade and provident purposes; (c) the financial effects of Trade Union administration of State Unemployment and Health Insurance; (d) reserve funds, and especially the effect on amalgamation proposals of differences in the accumulated funds of the Unions concerned, and also of differences in contributions and benefits involving liabilities; (e) administrative expenses, including the question of salaries to Union officials and local part-time officers.

READING.

Cole—*Introduction to Trade Unionism*, Part II., Sect. iv.

Webb—*Industrial Democracy* (see Index):

Lloyd—*Trade Unionism* (see Index).

Lynch—*Business Methods and Accountancy in Trade Unions*.

SECTION VI.

TRADE UNION PROBLEMS.

THIS section is capable of almost indefinite expansion or contraction, according to the time at the disposal of the class. Where time is limited, some subjects should be omitted altogether rather than all cursorily dealt with.

(a) *Wages.*—Unions generally seek to establish *standard rates of wages* for their members, below which no member may work. These rates are usually, but not always, fixed by agreement with employers' associations. They do not prevent the payment of higher rates. Often different standard rates are fixed by the same Union for men of different trades or grades of skill. Sometimes, instead of fixed rates, there are fixed *incremental scales*, rising with age or years of service. These are frequent (a) for juveniles, and (b) in the public services. They are not common for adults in private employment. In some trades (*e.g.* textiles) there are no standard time rates, and their place is taken by fixed piece-work price-lists. But in most piece-work trades the Unions try to secure a guaranteed time-rate as a minimum irrespective of output. Standard rates may be fixed locally (as in engineering or mining) or mutually (as on the railways); but even where the basic rates are fixed locally, variations are in some cases made nationally (*e.g.* 1/- a week increase or 5 per cent. increase on all rates). Special rates, higher than the ordinary rate, are usually fixed for overtime or night work. In certain of the less organised trades, *minimum rates* are fixed by Trade Boards with statutory powers; but these do not, in theory at least, prevent

Trade Unions from exacting higher rates if they can. For many of the less skilled workers there are no fixed standard rates, and the matter is one for separate bargaining by the Union.

READING.

- Cole—*Introduction to Trade Unionism*, Part III., Sect. iv.
 Labour Research Department—*Wages, Prices, and Profits*.
 Bowley—*Prices and Wages in the United Kingdom, 1914-1920*.
 T.U.C. and Labour Party—*Industrial Negotiations and Agreements*.
 T.U.C. and Labour Party—*Labour and the Trade Boards Acts*.
Workers' Register of Labour and Capital, Chap. iv.

(b) *Payment by Results*.—Some trades work mainly under a time-work system (*e.g.*, builders, transport workers), and some mainly under payment by results (*e.g.*, textile workers, miners). The commonest form of payment by results is *piece-work*, which is relatively easy to operate where the product is highly standardised, as in cotton, but raises many problems when applied to less standardised work (*e.g.*, engineering). In some industries, as in engineering, the two systems exist side by side; but payment by results is being rapidly extended by employers. In engineering particularly, there are also numerous bonus systems (*e.g.*, the premium bonus system) of payment by results. The attitude of the workers to payment by results differs widely from trade to trade. In the less standardised trades, the charge is made that any increase in output is apt to be met by cutting the piece-work prices, so that the worker has to work harder for no greater reward. Employers urge payment by results as a means of increasing output and lowering the cost of production.

READING.

- Cole—*Introduction to Trade Unionism*, Part III., Sect. iv.
 Cole—*The Payment of Wages*.
 Schloss—*Methods of Industrial Remuneration*.
 Webb—*The Works Manager To-Day*.

(c) *Hours of Labour*.—No less essential than regulation of wages by Trade Unions is the regulation of hours of work. All Unions seek to establish a *standard working week*. This does not mean as a rule that no more than these hours can be worked, but that all excess hours must be paid for as overtime, at a higher rate. Most Unions also seek to prevent systematic overtime. Standard hours are usually fixed by collective agreement with the employers. The Factory Acts lay down for many industries a maximum working day; but this no longer affords much protection, being usually longer than the day fixed by collective bargaining. Of late years, most industries have secured an approximation to the eight hours' day or the forty-eight hours' week, and some have less, *e.g.*, 47 or 44 hours. In the non-manual occupations, the seven hours' day is common. Attempts

to secure a universal eight hours' day by law have so far been unsuccessful, despite acceptance of it by the Washington International Labour Conference in 1919. The miners have a seven hours' day under the Act of 1919.

READING.

International Labour Office—*Hours of Labour in Great Britain.*
Workers' Register of Labour and Capital, Chap. iv.
 Webb—*Industrial Democracy*, Part II., chap. vi.

Trade Unions have thus struggled to secure a shorter working week by both collective bargaining and legal enactment. Of late, the question of the guaranteed day and week, (*i.e.*, the guarantee of continuous pay and employment) has come much to the front. It was secured by the railwaymen in 1919.

(d) *Conditions of Labour*.—This heading covers a very wide field. Trade Unions cannot be content to regulate only hours and wages : they must also concern themselves with all the conditions of employment. Questions of factory conditions, health, promotion, discipline, dismissals, etc., come under this head. So do the forms of Trade Union action which employers denounce as "interference with the management." As Trade Unions gain in strength, they tend to widen their sphere of action, and to bring a greater range of questions within the scope of collective bargaining. At some point in this development, the established Trade Union methods pass into a claim to a share in the "control of industry"; but it is clear that no real joint control exists while the employer owns the factory, gives orders, and keeps the power of dismissal. It is one of the vital Trade Union problems whether or how the action of Trade Unions can be turned into a positive control over the running of industry. This point is developed further in the next section.

READING.

Cole—*World of Labour*, Chap. ii.
 Cole—*Self-Government in Industry*, Chap. iv.
 Webb—*Industrial Democracy*, Part II.

(e) *Women in Trade Unions*.—The number of women increased very rapidly during and after the war, and, though it has fallen heavily, women still form a larger percentage of all Trade Unionists than in 1913. Women's organisation is strongest in the textile trades, but women there take very little part in the control of the Unions. They do more in some other Unions. The class should consider the reasons for the relative difficulty of organising women and for their small participation in most forms of Trade Union work. Their shorter average working life is one factor : custom is equally important. Do men encourage the women to pull their weight? Should the Unions make special provision for the representation of women

members on Executives, etc.? Are women organisers necessary? The class should also discuss the problems arising out of the lower wages often paid to women than to men for the same class of work. Is "equal pay for equal work" a satisfactory formula, and is it practicable under present conditions?

READING.

Cole—*Introduction to Trade Unionism*, Part III., Sect. v.

Drake—*Women in Trade Unions*.

Hutchins—*Women in Modern Industry*.

Webb (Mrs.)—*The Wages of Men and Women—Should they be Equal?*

(f) *Legal Position of Trade Unions*.—The legal status of Trade Unions is based mainly on the Trade Union Act of 1871, as amended by the Trade Union Act of 1913. The rights of Trade Unions and Trade Unionists in disputes depend mainly on the Conspiracy and Protection of Property Act of 1875 and the Trade Disputes Act of 1906. The legal position cannot be summarised in this Syllabus. The class in discussing it, should deal with the following problems:— (1) How far is *registration* a benefit? What are its advantages and disadvantages? (2) Does the present law give adequate protection to Trade Union funds? (3) Are the laws relating to trade disputes, picketing, etc., fair? (4) Are the restrictions on Trade Union political action under the 1913 Act reasonable? (5) What changes in Trade Union law are needed? The class should take care to understand fully the famous Taff Vale decision of 1902 and the Osborne Judgment of 1908, and their effects on Trade Unionism and on subsequent legislation.

READING.

Cole—*Introduction to Trade Unionism*, Part III., Sect. x.

Slessor—*The Law Relating to Trade Unions*.

Slessor—*An Introduction to Trade Union Law*.

Webb—*History of Trade Unionism* (see Index).

Note.—Many other Trade Union problems will suggest themselves to the student. One, Unemployment, is omitted here because it has been dealt with fully in my companion syllabus in this series. If the class desires to study this problem, copies of that syllabus should be procured. For other problems, references will be found in the main books cited for use during the course.

SECTION VII.

TRADE UNION POLICY.

THE general features of established Trade Union policy emerge clearly enough from the foregoing Section, especially from the survey of methods in Section II. We have now to consider certain wider aspects of policy, in which Trade Unions seek to pass beyond the ordinary

methods of collective bargaining, mutual insurance, and legal enactment, and, not content with protecting the narrower economic interests of their members under the present system, seek to change the system itself.

(a) We have seen already how the narrow object of protecting immediate economic interests through political action has broadened out into the creation of a Labour Party, based mainly on the Trade Unions, and having a general broadly Socialist programme. Trade Unionists seek to use this party and their other means of political influence for the transformation of the industrial system. The Trades Union Congress has long advocated nationalisation of the means of production, and the Labour Party is of course fully committed to an evolutionary Socialist policy.

(b) Economic transformation, however, is not wholly a matter of Labour political action. There has been much dispute in Trade Union circles about the relative importance of industrial and political action. Most Trades Unionists hold that both are necessary, and that, if industrial action cannot transform Society without the aid of political power, neither can political action achieve this without industrial backing from a Labour movement equipped economically to take over the reins of power. It has come to be recognised that national ownership of industry will achieve little for the workers unless it is accompanied by democratic control, in which the workers engaged in each industry must have an effective share. Recent Trade Union demands for nationalisation, therefore, have been demands for *workers' control* also. See the plan submitted by the Miners to the Coal Commission in 1919.

(c) But the workers have not been content merely to demand a share in control when industries are nationalised or municipalised. They have also sought to work out policies of "engroaching control," that is, for the increasing of workers' control in industries still under capitalist ownership. The *shop stewards' movement* was in part a movement towards such control, and, as we have seen, attempts by Trade Unions to "interfere with the management of industry" make in the same direction. The Guild Socialists, advocating a Society based on the principle of functional self-government, have largely inspired these movements towards a policy of "control."

(d) In some cases, notably in the building industry, the workers have gone further, and founded productive Guilds under Trade Union control, in opposition to capitalist enterprise. The difficulties of securing adequate capital and credit have hitherto prevented any great growth of such Guilds, or their extension into industries demanding large-scale operation and costly plant. The class should

discuss fully the possibilities and limitations of Guilds and other forms of "encroaching control" under capitalism.

(e) Certain sections, more numerous in post-war years, among Trade Unionists, holding that the attainment of freedom either by evolutionary political action or by industrial action or by both is impossible, urge more revolutionary methods. Before the war the leaders of these sections were Syndicalists and Industrial Unionists, who desired to animate the Trade Unions with a revolutionary aim, with a view either to a revolutionary General Strike or to a forcible overthrow of capitalism and its supersession by the class-conscious industrial organisations of the workers. Industrial Unionism, as a working class theory, means not union by industry (see p. 8), but class-conscious organisation of all workers into one big Union with a revolutionary aim. Syndicalism, insisting more on local autonomy, is the French form of the same general doctrine. Since the Russian Revolution, this left wing of the workers has been led by the Communists, advocating political action and organisation with a revolutionary object, and endeavouring to bring the workers into the struggle for the "dictatorship of the proletariat," under the leadership of the Communist Party. Through the Red International of Labour Unions the Communists endeavour to mobilise the Trade Unions in support of their revolutionary policy. They have been very active in leading the unemployed agitation and other unofficial movements.

The class will decide for itself how far to pursue its study of the various Socialist theories active within the Trade Union movement. The above very brief description of the main doctrines is only intended to form the basis of a very general discussion. An adequate summary would require a Syllabus to itself.

READING. GENERAL.

- Cole—*World of Labour.*
- Cole—*Self-Government in Industry.*
- Webb—*Industrial Democracy.*
- Craik—*Outlines of the History of the Modern Working-Class Movement.*

FOR SYNDICALISM AND INDUSTRIAL UNIONISM—

- Cole—*Self-Government in Industry.* Appendix.
- Levine—*Syndicalism in France.*
- Brissenden—*The I. W. W.*
- Haywood and Bohn—*Industrial Socialism.*

FOR COMMUNISM—

- Lenin—*The State and Revolution.*
- Postgate—*The Bolshevik Theory.*
- Paul, W.—*Communism and Society.*
- Paul, E. and C.—*Creative Revolution.*
- Files of *The Labour Monthly.*

FOR THE WORKERS' COMMITTEE MOVEMENT—

Workers' Committee—*Consolidation and Control.*

FOR GUILD SOCIALISM AND GUILD EXPERIMENTS—

Hobson—*National Guilds.*Cole—*Guild Socialism Re-stated.*Files of *The Guild Socialist.**Guild Socialism: A Syllabus* (National Guilds League).

SECTION VIII.

THE REORGANISATION OF TRADE UNIONISM.

HAVING completed its survey, the class can now turn to consider how the Trade Union movement can equip itself better for the task before it. This closing section will take the form of a series of questions embodying actual problems which Trade Unionists are called upon to solve.

(1) *Trade Union Organisation.*—What reorganisation of Trade Union structure is required? How far should it proceed on (a) craft lines; (b) lines of Union by industry; (c) One Big Union lines? What can be done to speed up amalgamation and make federation more effective? How far is any cut and dried scheme practicable?

How can Trade Unionism deal with the problem of securing in large and complex organisations effective democratic control? Are sectional and craft representation desirable? What forms of representative machinery are best? Should unions be based on branches or workshop units? How should officials be chosen? Should the Trades Union Congress and the General Council be given supreme power to co-ordinate all Unions and control policy? How would this power be exercised and would it be obeyed?

What are the functions of Trades Councils, as distinct from Local Labour Parties, in the Trade Union movement? What can be done to strengthen them? Should they be re-admitted to the Trades Union Congress? (They were expelled in 1895).

(2) *Trade Union Policy.*—What are the respective spheres of industrial and political action? What, for example, are their spheres in the securing of public ownership and democratic control of industry? How could Trade Union political action be improved? Or is the Trade Union basis of the Labour Party the wrong one? How would a Labour Government deal with a big strike threat (a) in a public service; (b) in a privately owned industry?

How far can Trade Unions establish a share in control by "encroaching" industrial action? Or by setting up Guilds? What is the value of such experiments (a) in transforming the social system; (b) in fitting the workers for the exercise of power? Or are they "red herrings," and is a revolutionary policy the only hope? If so, what sort of revolutionary policy? If not, what sort of evolutionary policy?

What are the most important issues on which active Trade Unionists ought to concentrate their attention? What about the development of Trade Union educational work? Discuss the various bodies engaged in working-class education and their varying views and policies. (W.E.A., Labour Colleges, Ruskin College, etc.)

What are the Trade Unions for? And why do you belong to one?

Notes.—For Trade Unions and Education, see the Special Reports of the Trade Union General Council in the *T. U. C. Annual Reports* for 1922 and 1923, the *Report of the Trade Union Education Enquiry Committee*, and the publications of the W.E.A. and the Plebs League.

APPENDIX.

THE GROWTH OF TRADE UNIONISM.

Numbers Organised (*in thousands*).

Year.	All Trade Unions.	Trades Union Congress.	Women Organised
1870	—	289	—
1873	—	1,191	—
1880	—	494	—
1885	—	580	—
1890	—	1,470	—
1895	1,407	1,000	—
1900	1,955	1,250	—
1905	1,920	1,541	139
1910	2,446	1,647	221
1913	3,987	2,232	442
1918	6,664	4,532	1,228
1920	8,498	6,505	1,362
1921	6,793	6,417	1,033
1922	—	5,128	—

HINTS FOR STUDENTS AND CLASS-LEADERS.

1. TO STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class, there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class education. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2. TO TUTORS AND CLASS-LEADERS.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there; recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, etc.). Select the books carefully yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

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AN INTRODUCTION TO WORLD HISTORY

FOR

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BY

MARGARET I. COLE

(SECOND IMPRESSION)

PRICE SIXPENCE

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162, BUCKINGHAM PALACE ROAD, S.W.1.

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INTRODUCTION.

THIS booklet is not a History of the World. A history of the world in 44 pages is an impossibility. It is an *introduction* to world history—that is, a guide to students struggling with one of the most complicated, yet one of the most important of all subjects; and its purpose is to explain briefly, with the least possible overloading of names and dates, the lines upon which world-history has developed, the way in which it should be studied, and the books which will help the student most in each section. There are, as every student will discover, immense gaps in the story, and further tracts which are little better than hypothesis. World-history is a new study, still to be recognised in the schools, and the result of the long period of nationalist and particularist histories through which we have passed is that where an event or a period was not of interest to some national group,* it has gone unnoticed until the archaeologist or ethnologist dragged it to light. Much has still to be done in discovering the history even of quite recent times. But the main lines are slowly shaking themselves clear of myth and fable.

Briefly, the history of the world is the history first of the genesis of man, and secondly of his growing control of his environment. For the first we are dependent entirely upon the labours of geologists and biologists, who have examined the record of primitive life to be found in the rocks and linked it on to the anatomy and physical composition of man and other organisms of to-day. Some of the history which they teach us is still disputed, and they would be the first to admit that much is hypothetical; but the main outlines as given in Chapter I. are generally accepted, and will serve until new facts, necessitating a new hypothesis, are discovered.

With Chapter II. we reach the history of man proper. Here and throughout we need to keep in mind two things—the character of man's environment and the means by which he seeks to control it. World history means first world geography, which shows the kind of environment favourable to man and favourable to the growth of civilisation, the kind of civilisation which grows in different places and the directions along which a young civilisation can influence and be influenced by its neighbour. Man, for instance, does not naturally climb a steep mountain wall. But he will toil along up a very long slope, particularly if a warmer, more fertile country lies at the other side. So the dwellers in Italy do not scramble northwards up the steep faces of the Alps, but all through history Aryans, Goths, Huns, Vandals, and French under Napoleon pour up their long northern slopes and down into the warm Lombard plain.

* Or, as in the case of Greece, to some scholastic clique.

In a sea dotted with islands, like the eastern Mediterranean, again, men will make long journeys by stages, when a few miles of desert, forest, or mountain, is still an impenetrable barrier.

Man's control over environment means, in effect, the history of tools, from the first use of a stick or a stone to bring down an animal for food and the first mastery of fire to the mechanical revolution which began in the eighteenth century and is still proceeding. This includes the whole history of transport development. With it goes, of course, the history of the economic and social institutions from the "savagery" of the hunter, the patriarchal communism of early pastoral peoples and the squatting cultivators who were the first agriculturalists, to the capitalism of the present day. Closely allied is the story of political achievement, of the various experiments in government which have been tried at different stages, and of cultural development, of literature, art, science, and religion.

The student will therefore find it valuable, indeed almost essential, to read such books as Fairgrieve's *Geography and World Power*, Müller-Lyer's *History of Social Development*, or Bury's *History of Freedom of Thought*. But these are not a substitute for world history.* For, in the first place, the stories run only roughly parallel. Similar geographical conditions will produce economic institutions and particularly literary and artistic developments which differ widely; and though it is possible that increased knowledge would enable these differences to be explained, they certainly cannot be explained on the knowledge we have. Similarly, the development of man is not uniform or continuous by any means. There are "Dark Ages," during which a whole branch of civilisation gets a set-back; one part of the world will be ahead at one time and one at another; and there are even corners which, by an accident analogous to a geological fault, have missed the general movement altogether and remained thousands of years behind.† A chronological study, which gathers together all the lines of development at different ages and shows them as a whole, is therefore the first essential.

For such a study there are three main sources available, of which each has its imperfections. Archaeology, which as a science is only forty years old, discovers the history of ancient peoples from the remains of their buildings, goods, ornaments, inscriptions, etc. Clearly, archaeology is limited by the amount of the remains, and by their accessibility. Where houses were made of wood or of baked mud, they have perished long ago; where they are covered with a deposit of hundreds of feet of soil, or are within the territory of a potentate who dislikes archaeologists, little can be done. • Ar-

* They may be a danger if uncritically read. For the tendency of each writer is to over simplify, to have a general theory into which all the facts must willy-nilly fit. The books mentioned are admirable as a stimulus, if not taken as gospel.

† The aboriginal Tasmanians, or the Maya people in Mexico.

chaeological records are thus obviously imperfect. But the second source, that of written contemporary records, is no less so, for even where the written chronicle is complete and intelligible, it records only those events which the recorder thought worth noting, and may thus miss the fact which the later historian finds essential. It is remarkable that where the work of the archaeologist has progressed far, as in Egypt, the result is almost always to alter very greatly the conception obtained from the native historian. Lastly, there is the evidence obtainable from the "faults" mentioned above, from the researches of anthropologists into the peoples who still remain in stages of primitive culture. This, though "first-hand" evidence, is yet not wholly satisfactory, for savage races which survive into civilisation are liable to absorb bits of a much later stage of culture from their neighbours,* and, even apart from that possibility, sometimes show a "decayed," stagnant type of culture. Also, it is only certain early stages which thus survive. We may find a tribe of hunting, stone-using savages in a remote corner of the world; we are hardly likely to find a Roman Empire.

Out of all these sources, collected and revalued repeatedly as new facts come to light, is world history born; and the student who wants to discover something of the material out of which his study is made cannot do better than wander round the Egyptian Room at the British Museum, or take an early chronicle like the Books of Genesis and Exodus and try to work it into a connected history, or read a book of anthropological study like W. H. River's *Melanesia*, or Frazer's *Golden Bough*.

One other caution should be borne in mind. World history is inevitably seen *in perspective*; that is to say, modern events, both because more is known about them and because they are of more interest to modern historians, occupy a disproportionate place in the sequence. This cannot be avoided. The student should, however, as far as possible, bear in mind the relative lengths of (a) the period in world history before true man appeared; (b) the period from the arrival of true man to the beginning of "history"; (c) the period of historical development down to the end of the Middle Ages; and (d) the modern period. For this purpose the time-charts in Wells' *Outline of History* are admirable.

NOTE ON BOOKS.

A satisfactory history of the world is yet to come. H. G. Wells' *Outline of History* is, of course, the best so far, and is available in most libraries. Parts are brilliant, but it is capricious, and weak on the economic side. If it is taken as the text-book, it must be supplemented for the periods named. It is immensely better than the same writer's *Short History*. Robinson and Breasted's

* So, for example, certain African tribes apparently passed straight from a stone to an iron age.

Outlines of European History is full and good in the early part, but irritatingly "schoolbooky." Alfred Barton's *World History for the Workers* is a slight sketch, with a good final section. Some of the books mentioned above should be read if possible.

In the sectional bibliographies, I have given, wherever possible, a good elementary book (marked *), and good advanced books (marked †). A †† indicates a brilliant book, and every student should try to read at least one of these. The book of a man of genius, whatever his faults, is worth a hundred accurate compilations to a student who desires to see history as a living thing. Where a division covers many subjects, it will be found a good plan for the class to divide into sections, each working up one subject and communicating the results for general discussion, e.g., the Aryan invasions might be divided up according to locality, or in modern times, each student might take the history of a single country, and study the working out of the general tendencies.

A good *atlas* is essential, but unfortunately not very easy to obtain. The Everyman Series is mostly bad. The best elementary modern atlas is Philips' *Atlas of Elementary Geography*. Murray's *Handy Classical Atlas* is the best for the ancient period, and for the rest, Ramsay Muir's *School Historical Atlas*. For many things the student will find it most helpful to get a good outline map, and mark in what he requires for himself.

CHAPTER I.

THE WORLD TO THE APPEARANCE OF MAN.

THE earth, according to the astronomers, began as a mass of flaming matter, spinning at a great pace and whirling, also at a great pace, around the sun. This mass—from which the moon broke away at an early period—gradually cooled and slowed down in its motion, until after long aeons—but still long before the period of recorded history—the length of day and night and the solar year came to be approximately what they are at present. As the earth cooled, crusts were formed on its molten surface, which, after much breaking and reforming, gradually became the oldest rocks known to geologists.* Simultaneously, the boiling vapour condensed into water to make the beginning of our rivers and seas. This world, owing partly to the rate of its motion and partly to the instability of its substance, was perpetually swept by vast storms and volcanic

* Called the *Azoic* or "lifeless rocks," because there is no trace of life left in them. This does not mean that there was no life in existence when these rocks were formed, but that it was too unformed to leave any record, as later forms of life have done, in the form of fossil markings.

eruptions. It was also subject to enormous changes of climate. These changes and eruptions are recorded in the world to-day only by layers of rock of different ages, thrust up, depressed, and bent into huge mountain folds by the climatic forces of the early world; and it is these rocks, scrutinised and analysed by geologists, which, with the aid of the additional knowledge gained by biology and embryology, provide us with all we can be said to know about the infancy of our own planet.

We do not know how living things, *i.e.*, things which pass through a regular cycle of birth, growth, and death, first arose; but we have strong reason for believing that life began under water, in the form of animalculae, green scum, etc. This is commonly called the *Protozoic*, *i.e.*, "first life," age, and the rocks where these things have left their traces, *Protozoic* rocks. Gradually, we believe, life began to creep out of the waters on to the swampy shores, and once there, the underwater forms of life had of necessity to change and develop in order to survive in the air. Water-weeds became plants with roots and woody stems, and eventually developed into the great swamp forests which were the great feature of the *Mesozoic* (= "middle-life") age. Animal life developed tough skins and air-breathing lungs, and from a world inhabited entirely by fishy forms we find a change, in the *Mesozoic* age, to a land population of enormous reptiles, dinosaurs, pterodactyls, etc., living in low, hot, swampy valleys. It was probably some catastrophic cooling in the climate which caused the disappearance of both animal and vegetable types of the *Mesozoic* age. The next distinguishable period—called the *Cainozoic* or "new-life" age—shows us a world much cooler and beginning to resemble our own. Trees and plants which are still to be found to-day have made their appearance, and instead of the great *Mesozoic* reptiles we find birds and *mammals*, *i.e.*, warm-blooded animals which are protected against the cold by fur or feathers and cherish their young.

We do not, of course, know the age of the earth. All that can be said is that it came into existence anything from eighty to sixteen hundred million years ago and that the larger figure is the more likely. The *Cainozoic* Age—in which we are now living—is generally supposed to have lasted so far for about six hundred thousand to a million years. See the charts in the *Outline of History*.

In the early *Cainozoic* age appears the ancestors of man. The species *homo sapiens* is not "descended" from any of the living apes, nor does he appear to derive directly from any of the "sub-men" belonging to this period whose traces have been discovered. He has certain physical characteristics in common, which suggest a common ancestry, but that is all.

These sub-human species may have been in existence half-a-million years ago. Details of their various types and their differences from *homo sapiens* must be sought in the text-books. The most important species is that known as Neanderthal man, of

whom remains are found in many parts of Southern Europe and Northern Asia. Neanderthal man seems to have lived in families, sometimes in caves; he knocked stones into a rough shape for weapons (the earliest trace of tools) and he may have buried his dead. But from the shape of his jaw-bone it is doubtful whether he had articulate speech. He existed in the world probably from one to two hundred thousand years before he was superseded by *homo sapiens*, who is the true man.

BOOKS TO READ.

- Wells' *Outline of History*,* Ch. I. to VIII. (particularly diagrams).
 C. P. Dutt, *Biology*. (In this series) and Bibliography thereto.
 Moore, *Origins of Life*.
 Keith, *Antiquity of Man*.†
 Wood Jones, *Arboreal Man*.
 M. C. Burkitt, *Our Forerunners*.

CHAPTER II.

EARLY MAN.

DURING the prehistoric part of the Cainozoic Age the current of life was several times interrupted by the occurrence of long periods of cold, when a great part of the world was covered with ice. Four such *Glacial Periods* are distinguished by geologists, and after the fourth (perhaps 40,000 years ago) Neanderthal man seems to have disappeared and to be replaced by true man* in what is known as the *Palaeolithic* (Old Stone) Age. Palaeolithic man was a hunter who lived in small groups or tribes on the steppes and half-frozen deserts which appeared as the ice receded. He used instruments and weapons of carved horn (particularly reindeer horn) and rough flint; he had needles and sewed together skins for clothing; could draw and paint and make clay figures; and used fire. But he had no pottery; did not know seed corn or domesticated animals.

About 25,000-15,000 years ago a newer type of man, called *Neolithic* or New Stone, from his use of polished and ground flint, appears all over the world. From this time down to our own day the history of human development is practically continuous, and it is possible to begin, with some degree of accuracy, to trace the various directions of that development, the kinds of civilisation, races, and languages which appear.

Palaeolithic men are generally supposed to have disappeared before Neolithic men appeared. This seems to the present writer doubtful, at least until there has been much more archaeological work done outside Europe. I am more inclined to the view that Neolithic men,

* But some authorities think that the Neanderthaler was a true man, and that Palaeolithic culture begins much further back.

like later nomadic invaders of whom we shall here spread slowly over the world until the older race was practically submerged, but that the earliest Neolithic culture is a mixture of the two.

Types of Early Man.

The earliest type of man that we can trace was undoubtedly the *hunter*, sometimes solitary, sometimes in groups. He hunted over steppe or in forests, but owing to his physical characteristics was inferior to his prey, either in very open country or thick forest. He therefore tended to keep between the two. The very lowest type of hunter (represented by the Tasmanians of the last century) scarcely knows fire or the use of barter; but before he leaves the hunter stage man has developed a form of barter with his neighbours and a rude kind of social organisation in the form of the tribe with a single head. (See, for example, some of the North American Indian and African tribes).

The *fisher*, who develops contemporaneously, is obviously only the hunter in another form. The history of fishing communities, however, shows some special features of its own, into which there is no space to go here.

From the hunter in forest and scrub, man develops in two directions, in both of which he achieves *civilisation*. In the first case, he moves out of the scrub into the open plain. Here his upright carriage and comparative slowness of foot make him an inferior hunter. To get food, therefore, he has to tame it and take it about with him. Hence arises *pastoral* culture, in which man is the owner of flocks and herds of goats, sheep, and cows—not horses at first—and feeds on their flesh. This involves fairly continuous, though not rapid, movement, as the flocks in due course eat up the available fodder.

In the second case, man goes deeper into the forest and with the aid of fire and his gradually improving stone weapons* makes himself clearings. Here he squats, learns to build himself a more permanent dwelling, and above all, discovers that certain seeds, if buried in the ground, will, in due course, produce edible plants. This is the beginning of agriculture and of the *agricultural life*, which is the other great division of civilisation. Out of these two, pasture and agriculture, is woven the whole web of human history. We must therefore stop to consider (a) the type of institution produced by each, and (b) the geographical situations in which they are found.

Institutions.

The pastoral life involves a much less violent change from that of the old migratory hunter. Hence we find the simple tribal organisation persisting much longer. The chief, the Old Man, remains as head of the clan, ordering the times and directions of

* The stone axe, with wooden handle, is particularly characteristic of early Neolithic remains.

migration. The active man (since cattle must be caught before they are tamed) remains of greater importance than the women and children, and the necessity of (a) defending the flocks from other marauding clans, (b) preserving some sort of collective discipline in striking camp, etc., helps to keep up a fighting breed. The pastoral race will always be found, when history begins, conquering the agricultural race, and where the latter aspires to conquest* some admixture of the pastoral type is often suspected by ethnologists. Parallel with the headship of the single male chief we find the headship of the single male god, the god like Jehovah, who fights on his people's side, is present in Gibeon, and "knocks out" the other tribe's god, as Jehovah knocked out Dagon. The god's priests are generally warriors—often the leader or king is the chief priest—and the religion, as early religions go, is comparatively simple. The great monotheistic religions, Judaism, Christianity, Islam, came from pastoral peoples. Pasture does not exclude agriculture, but it is agricultural of the "snatch-crop" type, sowed, reaped, eaten, and abandoned. The corn, like the herds, is the property of the tribe, and the institution known as primitive communism prevails much longer among pastoral peoples. When property comes, it is often through the growth of the special flock assigned to the king or the priests. Lastly, the pastoral peoples are the chief agents of early trade. Barter, we have seen, existed long before history; but it was the pastoral peoples, and (later) their analogues on the sea, who brought strange new things to the settled agricultural civilisations.

The agriculturist had to meet a much greater change. He had to manage to support life, year in and year out, in the same place. That is to say, he had to look ahead and to divide up the work of looking after his settlement and providing food for it. The home and the calendar were discovered by agricultural peoples. The former was the work of the woman, who was thus the first agriculturist, while the man continued to follow the hunter's life. Hence the woman—and the children, who can be of great assistance, as we all know, on a small patch of agriculture—is the stable fact, while the man remains partly migratory. From this stage comes what is known as *matriarchal culture*, where the mother is the head of the household, and children derive descent from their mother. At the same time, to an agricultural settlement the alteration of seasons is of immense importance. The gods whom it finds for itself are not the god of the tribe, but gods of natural phenomena—the god of the sun, who ripens crops; of the river, who may rise and destroy them; of the corn, which is buried and comes to life as new food, etc., etc. The calendar, and agricultural operations, are complicated affairs, needing study, knowledge, and application. So there arise religions with much complicated ritual, and priests and

* As in Egypt of the 18th dynasty.

medicine-men who are well acquainted with the phases of the moon, etc., and can explain what operations are to be performed, what the various gods would like done at different periods. The early agricultural civilisations turn around the priest and the temple where the god lives.* They are not military. Finally, the *specialisation of function* involved in agricultural pursuits puts an end to primitive communism. The unit becomes the small plot of ground worked by a single family; the surplus going to priest and overlord. Out of this surplus come the real beginnings of civilisation. Houses, clothes, pottery, and all forms of practical art are developed earliest in these settled communities.

Geographical Distribution.

The hunter man, Palaeolithic and Neolithic, has left his remains mostly in upland country and on the shores of lakes and seas. Other traces are found in the forests of central and northern Europe. †

Pastoral man lived mostly upon upland grasslands, verging upon desert. The great grasslands of south-eastern Europe, northern Asia, and northern Africa, are the pastoral regions which have most influenced history. From thence the pastoral tribe, driven by failure of food or water, by some unknown climatic change, and hearing, like the Hebrews, that "there is corn in Egypt," pours in upon the agricultural settlements and plunders or conquers, according to its numbers. If it settles, the influence of geographic conditions ere long has its effects, and the descendants of the conquerors take to agriculture or other natural pursuits.

Corn demands water, and the earliest agricultural settlements are along the banks of the great rivers, the Nile, the Euphrates, the Ganges, the Hwang-ho in China. It should be noticed, though, that only certain riverside settlements, those in the warm temperate zone, appear to develop from settlement to civilisation. This is generally and most easily explained by the theory that in the very hot parts man has to make no effort to maintain himself against nature, and has therefore no impetus to develop civilisation.

Inter-communication.

Early agricultural settlements were no doubt isolated and self-contained. But there is no trace in *recorded history* of a completely isolated settlement. We have thus to notice next the various means of communication between early communities. These are three-fold—land, rivers, and sea.

(1) Land communication, though the earliest and most obvious, is also, in the absence of roads or horses, the most difficult. Marsh, desert, forest, and mountain alike form great obstacles. Thus the one or two comparatively easy land ways, such as the Palestine route from Asia to Europe or the Afghan passage into India, become of vast importance. They should be looked up in such a book as Fairgrieve (*op. cit.*) or J. L. Myres' *Dawn of History*.

(2) River communication is of great importance. Northern Europe, particularly, traded with the Mediterranean regions up and down the

* The pastoral god often lived, like Jehovah, in a box.

† The student must remember that the world has been very imperfectly searched. There must be innumerable traces of which we know nothing.

great rivers long before there was any recorded historical connection. Rivers, however, will only take man one way. We therefore come to

(3) Sea communication, which is much the most satisfactory way, when the initial difficulty has been overcome, especially across a sea interspersed with islands like the Eastern Mediterranean. Recorded European history, for its first three or four thousand years, is practically a history of civilisation centering round the Mediterranean, until the centre shifts to the Atlantic with the discovery of America.

Races and Languages.

It may be convenient to note in very broad summary the main *races* and *languages* of developing man, though it should be remembered that the classifications are approximate.

The main races into which the species man at some period or other divided are (a) *Caucasian* or white (subdivided into *Mediterranean* and *Nordic* (or Northern)*, (b) *Mongolian* or yellow, (c) and (d) *Negro* and *Australoid*—black or brown.

The language groupings are more doubtful. The Caucasian races speak mostly languages belonging to one of three groups—*Indo-European* or *Aryan*, *Semitic* or *Hamitic* (the existence of the last group is denied by some). *Mongolian* and *Turanian* language-groups account for most of the Mongolian races; the languages of the other races are still being argued over by philologists.

BOOKS TO READ.

- J. L. Myres, *The Dawn of History*,*†† Wells, *op. cit.*, Chaps. IX. to XIII.
 For the influence of geographic conditions, Fairgrieve, *Geography and World Power* (early chapters). *Economic Geography* (Plebs Text-Book Series)*
 For social and cultural developments, Bogdanoff, *A Short Course of Economic Science*, Oppenheimer, *The State* (both interesting discussions). Müller-Lyer, *History of Social Development* (early chapters).
 Quennell, *Everyday Life in the Old Stone Age** is a good imaginative presentation.
 But chiefly see J. G. Frazer, *The Golden Bough*,†† *Early History of Kingship*† and W. H. Rivers, *History of Melanesian Society*†, Ratzel, *History of Mankind*, is an enormous quarry.
 For a study of a pastoral community in process of "settling down," see *Genesis, Exodus*, etc.*

CHAPTER III.

PRE-ARYAN CIVILISATION.

FROM Neolithic days, as we have said, human society is continuous to our own day. Many histories make sharp divisions between Stone, Bronze, and Iron Ages; but these are really only chapter-headings in the story of the development of man's tools, comparable

* Some add a third, the *Alpine*; but this is doubtful.

to the mechanical changes in the 18th century. They affect profoundly (though at different times) the histories of particular areas; but they do not involve breaks such as the change from Neanderthal to Palaeolithic man. More important is the gradual growth of the phenomenon called the *State*, which was taking place all over the known world from about the 4th millennium B.C.

The essence of the State is permanent political exploitation for economic ends. Pure economic exploitation begins as soon as one man possesses the crops or herds of another, or makes the latter his slave; but one robber does not make a State. To make a State it is necessary that a dominant tribe should unitedly exploit another, either by settling down on the land of the subject tribe and making them into slaves or serfs, or by conquering and exacting tribute from another tribe without actually occupying its territory. In the first case, if all goes well, conquerers and conquered alike are regarded in time as a single State of slaves and slave-holders; the second produces the vast tribute-exacting kingdoms, such as Assyria and Persia.* The last chapter will have made clear the advantage which the pastoral type had over the agricultural type for political exploitation, by reason of the comparative cohesion and discipline enforced by the pastoral life. It is not, therefore, surprising that many of the great States of antiquity were formed by pastoral subjugation of a primitive agricultural or fishing people.

At this point history divides, and the student must follow for himself, in various places, the developments suggested above, bearing in mind also the important effects produced in each case by the development of writing and the discovery of the horse.

The first recorded history, as might be expected, develops in settled communities, *i.e.* in Egypt, Mesopotamia, Northern India, and Central China. Of these, Egypt, by reason of its excellent climate and water supply and its almost complete isolation, has had so remarkable and continuous a history that it is worth special notice.

There must have been agricultural settlements in Egypt at least 5000 to 6000 years before Christ, but the earliest definite records are at least 1000 years later. It is conjectured that in the prehistoric period there were many small communities in existence, but the earliest traditional records show two kingdoms, of Upper Egypt and the Delta, uniting in one under the 1st Dynasty. A glance at the map will make plain the advanced political organisation which such a conquest implies. At this time, Egypt shews a developed agricultural civilisation. Note especially the temple religion with its priesthood—the Pharaoh or King of Egypt is the chief priest, and gradually is believed himself to be of divine origin—and its elaborate ritual of burial; the irrigation system, already in use under the early dynasties; the invention of writing—with ink upon papyrus strips—some time before the 1st Dynasty. Copper is in common use.

* Of course, the two classes are not sharply separated. There was nothing to prevent a slave-holding State proceeding from enslavement of its own inhabitants to enslavement of its neighbours.

External trade existed from a very early date. Personal wealth accrues to the temples and the Pharaohs in two ways, first, by the apportionment of the lands of defeated chieftains; secondly, by the gifts brought to the temples and to Pharaoh the priest to ensure good harvests, etc.

We can only draw attention here to the main periods of Egyptian development, leaving the student to work up the subject and make the very interesting comparison with the general history of Europe three thousand years later. In the *Old Kingdom*, beginning with the 4th Dynasty, we find an age vigorous in trade and artistic developments, architecture being at a high level. Mining is known. This kingdom fell apart, and after a Dark Age comes the so-called *Feudal Period* (11th Dynasty), where the Pharaoh rules through powerful territorial viceroys. This is the great age of internal development; city-life grows and city-workers; strikes are found and organisations not unlike medieval guilds. Plundering expeditions into Syria and the Sudan add to the Pharaoh's wealth of land the other form of ancient capital accumulation—slaves. This age decays with the growing strength of the feudatories, and Egypt is temporarily conquered by people who are generally supposed to be pastoral Semites—native Egyptians being of Hamitic stock—armed with hard bronze weapons and the horse. The driving-out of these invaders is followed by a military empire which for the first time enlarges Egypt beyond its own boundaries, particularly into Syria (18th Dynasty)* The growth in wealth both of the kingdom and the priesthood leads to a finally fatal struggle between the two, and also to growing "social unrest," as the peasant is more and more heavily taxed by both parties. Eventually the unstable kingdom is conquered, first by Semites from Babylon, and finally by Aryan Persians and Greeks.

The history of Egypt, being easily separable and very well documented, has been treated at length. Other early civilisations must be more briefly noted.

Mesopotamia.

An early agricultural civilisation (called Sumerian) grew up in small communities in the lower Euphrates valley. This civilisation took to trade more quickly, owing to its position, than the Egyptian†, but was slow in political development. Its priestly religion, and its main characteristics (including irrigation works) are, however, closely similar. Mesopotamia is peculiarly exposed to invasion from the pastoral centres of Turkestan and Arabia, and early in its history becomes a battle-ground for Semitic pastoral conquerors. After a long series of obscure invasions and retrogressions we find first Babylon, then Assyria, then Babylon again "conquering"‡ the whole of the river-valleys from the Persian Gulf to the Mediterranean, struggling with the Hittites and other little-known kingdoms of Asia Minor and squabbling with Egypt over the land-way of Syria and Palestine. This "struggle for existence" may be reflected in Assyrian art and religion; certainly the contemporary opinion of Assyria was not high. See the *Old Testament*. Finally both were swept away by iron-using Medes and Persians.

* It is conjectured that this Dynasty was itself of partly Semitic stock.

† The early Sumerian trading records are some of the most interesting documents we have on early civilisation.

‡ Probably only exacting plunder. These early conquests were not the modern invasions.

The Land Ways—Syria and Crete.

Syria and Palestine, the eternal battle-ground, developed (a) between the Lebanon ridges, an agricultural civilisation (Kadesh and Canaan) which was steadily harassed by pastoral folk from the deserts; (b) on the coast, fishing settlements which, in the hands of a Semitic race, rapidly became important sea-trading cities under the general name of Phoenicia. The Phoenician cities, with the practical genius which distinguishes all the early Mediterranean peoples and particularly the Semites, developed the first mercantile marine, and were the first general merchants and bankers.* These Phoenician Semites were the only community of their race (until the dispersion of the Jews) to found communities in other lands. Thus, after the destruction of Tyre by the Greeks, Phoenician life continues in Carthage and westwards.

In Crete, Southern Greece, and the Aegean islands developed also a sea-faring trading civilisation, variously known as *Minoan*, *Mycenaean*, or *Aegean*, which reached a very high stage of artistic development. These Minoans were pre-Semitic, akin to the Egyptians, with whose institutions they appear to have had much in common. They were not touched by the conquering Semites, but in compensation, as it were, were wiped out by the vanguard of the Aryan invasion.

circa
2500 B.
to
1500 B.

The dawn of civilisation in China and India, which lie apart from the Mediterranean, we shall leave until we have completed the chapter of Mediterranean history which ends with the fall of Rome. It is worth mentioning, however, that in Mexico and Central America, which, like the rest of the New World, for some reason fell behind European culture, civilisations were existing in the 16th century A.D. which closely resembled an early stage of Mediterranean agricultural civilisation (Maya, Yucatan).

BOOKS TO READ.

Myres, *op. cit.*, and most of other books mentioned in Chapter II. See also Quennell, *Everyday Life in Bronze and Iron Age*; and J. E. Harrison, *Ancient Art and Ritual*.

For the origin of the State, see an interesting discussion in Oppenheimer, *op. cit.* and quarry in Ratzel, as above.

Egypt.

J. H. Breasted, *History of Egypt*, † is the best. If the student uses another he should make sure it is of fairly recent date. The article **Egypt** in the *Encyclopedia Britannica* is excellent. So is the British Museum *Guide to the Egyptian Room*.

Babylon and Assyria.

The student has a choice between very dull or very difficult books. In the former class are C. Johns, *Ancient Assyria* and *Ancient Babylon*; in the latter King, *History of Sumer and Akkad* and *History of Babylonia*. The *Encyclopedia* articles are useful.

There is no good book on the **Phoenicians** in English. For **Crete**, read Hawes, *Crete, the Forerunner of Greece*.

For **Yucatan**, see Wells, *op. cit.*, Ch. XIV.

* Trade was carried on by barter, but ingots of metal appear early. Coined money, like cheques, is a useful but not an epoch-making invention. It appears when the time is ripe for it.

CHAPTER IV.

THE ARYAN IMMIGRATIONS.

PERSIA—GREECE—ROME.

FROM about the beginning of the 12th century B.C., invaders of a new type begin to descend upon the Mediterranean world. These are Caucasians of Nordic type and Aryan speech. They, like the later Semitic invaders, have tamed the horse; but, unlike them, have discovered the smelting of iron. As far as can be gathered, they were of a mixed hunter-pastoral type, and after a period of confusion—the Dark Ages of antiquity—they destroyed the Semitic civilisation, with the single exception of Judea, and inaugurated an age of fresh vigour to the Mediterranean. Their own native institutions seem to have consisted chiefly of a king, a council of chieftains, and a tribe of warriors; they had tribal gods of their own, but these mingle inextricably in history with the gods of the people they conquered. The Aryan contribution to world history, with one unimportant exception, is not religious, but political and literary. In the Mediterranean world we shall deal with them in four divisions—Persia, Greece, Italy, and Northern Europe.

Persia.

North-east of the Euphrates the Aryans appear as an exceptionally strong and hardy race of warriors, believing (but not preaching) a new monotheistic religion—Zoroastrianism, and disposing easily of Babylon and Egypt and the multitude of smaller kingdoms of the Near East, by military superiority. Once in possession, the kings of the Medes, and later of the Persians, set about political organisation. The Persian rule is the first in which we can really speak of government. Taxes were regularly collected, provinces were organised under satraps; and, more important, the first system of proper roads linked the Persian dominion. The post is an invention of the Persians. Their huge conquests—but not trade, for they were not a trading people—increased rapidly the wealth in slaves and tribute of the Persian Court, and art, letters, and philosophic speculation began to revive.*

Greece.

The Persian rule lasted until it collided with its fellow-Aryans in the West. In Greece and the Greek islands, the early invaders seem to have been of a particularly tough fighting type, who smashed to pieces the Minoan civilisation, and turned its survivors into slaves or tributary peasants (*cf.* the Helots at Sparta). Far the best picture of the Greek warriors is given in the *Iliad* and the *Odyssey*.

* Greek philosophers, driven from their native cities, found shelter with the Persian kings. The open-mindedness of the Persians, like their sense of justice, wrung perpetual tributes from their opponents.

When we come to historic Greece this warrior-stage is past, except in the wilder North and West and in the little "garrison-town" of Sparta. The Greeks, like other invaders, have yielded to their geographic environment, and become in some cases agriculturists, but far oftener sea-traders. Either of these changes involves political changes also. The merely marauding stage of warfare, with the chieftain and his chariot, disappears in favour of the militia of peasants or merchants defending their own.* In some of the Greek city-states, the result was government by a ring of noble families (oligarchy); in others, after a long struggle, the nobles were forced to share political and economic power equally with the whole body of citizens (excluding, of course, slaves and semi-slaves). This partial equality was what the Greeks meant by democracy. It was the new idea of the 5th century B.C. and its chief exponent was Athens.

This developing Greek civilisation received an immense impetus by its defeat of the Persian Empire at the battles of Marathon and Salamis. The set-back, small compared with the scale of the Persian conquests, had a profound effect on both Persians and Greeks. It led directly to (a) the attempts to extend Greek power by Athens and Macedon, and (b) the great flowering of Greek art and literature and speculative thought in the 5th and 4th centuries B.C. This syllabus has no space to treat in detail the second development, which has been the subject of some hundreds of books. It should be noted, however, that philosophy and the arts in Greece shook off the bonds alike of religion and of practical application. Free speculation and idealistic art are its distinguishing characteristics; and to this is probably due both the shortness of its prime and the inspiring power it has possessed for later civilisations.

Particularly during the early social struggles, Greek cities, following the sea-faring tradition, planted settlements all round the Mediterranean, particularly in the Aegean and in Sicily and Italy. The basis of these settlements was mainly commerce, and in the generations immediately following the Persian repulse, Athens, the leading commercial and sea-faring state, attempted to found a Greek maritime empire. This failed, largely owing to the incapacity of the Greeks for political union†; and after nearly a hundred years of indecisive struggle between the cities of Athens, Sparta, and Thebes, Greek unity was temporarily achieved through conquest by the Macedonians, a less cultured, more military state lying to the north of Greece. Philip of Macedon effected the conquest; his son, Alexander, led the Greek world in a return attack upon Persia, which collapsed immediately. The Persian dominions, including Phoenicia and Egypt, as well as outside districts such as Northern India, thus fell under a Greek sway.

* By aggression, of course, if necessary.

† Due partly to natural conditions. See physical maps of Greece

13 B.C. Alexander's schemes for welding the whole of the Aryan dominions together into a single Greco-Persian Empire being frustrated by his death, his dominion fell into three pieces—Egypt, Macedonia, and the Near East (known as the Seleucid Kingdom). The first of these, being a natural unity, held together longest; the others disintegrated rapidly, and became an easy prey for Rome. Nevertheless, the distribution of Greek culture effected by Alexander was not without results. The administration of the Seleucid kings and the Ptolemies in Egypt was almost purely Greek; the cities founded by Alexander became centres of Greek influence (in Alexandria in Egypt, for example, Greek art and philosophy enjoyed a long and lively existence under court patronage); and when the Romans appeared to gather up the fragments, their Empire included almost exactly the tracts previously Westernised by Macedon.*

Rome.

The Aryan invaders of Italy were late in developing their civilisation. The early fertility (now much decreased) of the soil of Italy, combined with the comparative lack of natural harbours, except in the south, conditioned their early development. When Roman history becomes clear, somewhere about the 7th or 8th century B.C., we find a small community of farmers, inhabiting on the Tiber a site remarkably convenient for plundering such commerce as there was on its way up the river. In early days Rome enjoyed a period of commercial prosperity under the rule of the Etruscans, a tribe of non-Aryan sea-raiders, probably coming from Asia Minor, but after they were driven out a long period of struggle between patricians and plebeians† weakened the early Republic. As Rome advanced to a stage of "money economy," distinctions of birth began to matter less than distinctions of wealth; by the middle of the 4th century B.C. the plebeians had attained almost complete social and political equality and during the next 100 years Rome rapidly extended her control over the whole of the cities of Italy, binding them to herself by a complicated system of treaties, and (eventually) by extending to all their members Roman citizenship and Roman law.

4 B.C. This extension of Roman dominion in the south brought Rome into collision with Carthage, the great Phoenician or Punic colony in North Africa which had a monopoly of the Mediterranean carrying trade. After a long struggle Carthage was defeated and finally destroyed. These Punic Wars gave Rome extra-Italian possessions, such as Sicily and Spain, and stimulated the taste for more. Republican Rome was an agricultural, not a trading power; the

* Not, of course, all the Eastern conquests of Alexander, which were practically the fruit of a single campaign.

† Probably, but not certainly, the historic survivors of an original conquered and a conquering race.

Senate (the assembly of ex-magistrates which was the most powerful body in Rome up to the end of the second century B.C.) was actually forbidden to engage in trade. But a class of rich men who were not senators (the Equites or 'Knights') was growing up; conquered provinces supplied wealth for their administrators, slaves for the rich farmers, and corn for the Roman people; and the remnants of the Alexandrine Empire were so disorganised as to be a menace to the security of life. Thus, appearing in the role partly of policeman, partly of land-grabber,* Rome became possessor of practically the whole of the former Macedonian dominions, as well as Northern Africa, Austria, Spain, France, Britain, and the Rhineland. The extension to Gaul and hence to North-Western Europe was due to the genius of Caesar.

Before these conquests were completed the Roman Republic had come to an end. The long Punic war combined with the growth of wealth to dispossess the small farmer (who was sent to serve abroad). They also greatly increased the wealth of the rich class; who by purchase and mortgage gained possession of large estates or *latifundia* which they cultivated, as the foreign wars continued, by slave-labour in gangs. This growing capitalist phase created also a growing industrial unrest, but the attempts of dispossessed farmers (as in the Gracchan movements) and of disaffected slaves (as in the Spartacus revolt) were alike powerless to alter it. The resentment of the "new rich" class, who gained fortunes out of collecting the taxes of the new Asiatic provinces, at their exclusion from political power by the aristocratic Senatorial families, increased the social struggle, and during the first century B.C. military commanders, with paid and trained troops, exploited the differences between the two sections of the governing class, and each in turn ruled the Roman world for a while. Of these commanders, Caesar finally destroyed the power of the Senate and brought Rome under a personal dictatorship; and thirteen years after his murder his adopted son Octavius completed his work and wiped out his opponents. A skilful political arrangement† made by Augustus (as he was subsequently called) gave to the Senate the shadow of power without the substance, and preserved in name alone many of the old republican institutions. The chief power, and most vital of all, the control of the Army, rested with the Emperor.

133 and
123 B.C.
73 B.C.

31 B.C.

27 B.C.

Central and Northern Europe.

The records of Aryan peoples in central and northern Europe are unfortunately very far from complete. In the central and Danubian regions there was a flourishing civilisation which traded largely with the Mediterranean along the rivers (Danube, Po, Rhone, etc.) From these regions came the *Celtic peoples*, a warrior Aryan group, who under the names of Gauls, Galatians, Britons, etc., pushed west and south into Gaul, Britain, and Galatia. From the direction of North

circa
1500-800
B.C.

Much like the British Empire in the past two centuries.

Known to historians as the "Dyarchy.

B.C.

Germany and Russia came the *Teutonic group*, which mingled largely with the former. In Mediterranean history they first appear in the time of Caesar's wars. Lastly we have the *Scandinavian group*, which centred around the Baltic (the Mediterranean of the North) and the North Sea. They had a brilliant early civilisation, but their impact upon the general civilisation of Europe belongs to another chapter.

BOOKS TO READ.

Myres,* *op. cit.*

D. G. Hogarth. *The Ancient East* (from 1000 B.C.).

Persia. Edouard Meyer, article *Persia* in *Encyclopædia*. G. Rawlinson, *Five Eastern Monarchies*. See also translation of Herodotus in Everyman Library.

Greece. The best books on Greece are rather marred by an over-sentimental attitude. With this caution read—

A. E. Zimmern, *The Greek Commonwealth*. ††

The best history is J. B. Bury's *History of Greece*. Grote's great history has been usefully abridged by Mitchell and Caspari. J. L. Myres' *Greek Lands and the Greek People** is short but excellent.

See also—

Homer in translations by Chapman, Morris, or Samuel Butler.

W. Warde Fowler, *City State of the Greeks and Romans*. †

G. Lowes Dickinson, *The Greek View of Life*. And a host of other books.

The Oxford University Press's *Our Debt to Antiquity* is an excellent guide for those desiring to proceed further.

For Macedon, see D. G. Hogarth, *Philip and Alexander of Macedon*. †

Roman Republic.

Warde Fowler, *op. cit.* and *Rome**. *Encyclopædia Britannica*, article *Rome*.

J. Wells, *History of Rome*.

Th. Mommsen, *History of Rome* † is still far and away the best history, but it is a big book.

Tenney Frank, *Economic History of Rome* is the only good book on its subject.

For Roman social life of the time Cicero's *Letters* (Everyman translation) are indispensable. See also books in *Our Debt to Antiquity*.

Northern Europe

Encyclopædia, article on *Scandinavian Antiquities*.

T. Rice Holmes, *Ancient Britain*. No good book on Gaul in English.

CHAPTER V.

THE ROMAN EMPIRE.

WITH the opening of the Christian era, the history of the Mediterranean world became the history of the Roman Empire, and the influence of that phenomenon extends over European history directly to the opening of the modern age, and indirectly almost to the present time. It is therefore worth as much consideration as the student can possibly give to it.

(a) The word Empire is itself a Roman word, *imperium* (command), signifying that the active will of Rome was law throughout the territories it governed. The Roman Empire differed from previous—and from most subsequent—efforts at dominion in that it aimed at making the world within its dominion Roman. The Assyrians did not turn the Israelites into Assyrians; nor did the British (save, perhaps, in the doubtful case of the Cape Dutch) turn the inhabitants of their conquered territories into Britons; the Romans did make theirs Roman. Where, as in Western Europe, the civilisation which they found was akin to the earlier stages of their own culture, they succeeded, but they met with only partial success in the older civilisations of Greece and the Near East. Nevertheless, the uniformity of culture, and the comparative absence of national and racial feeling, is remarkable. A Syrian captain marries a British lady, and is buried at York; they are both Romans. Once Romanisation is complete, there is little or no "separatism" in the Empire. This fact is of immense importance for later European history.

(b) In common, however, with previous Mediterranean conquests, the Roman Empire was a military rule. The position of the Emperor was based, as became perfectly clear as soon as the Julio-Claudian line (blood relatives of Augustus) died out, on his control of the legions. The provinces, naturally, were won and held by the sword; and the *pax Romana*, which it was the Roman's pride to enforce, was imposed, like the British *freedom of the seas*, by a conqueror. The Roman Empire at its greatest extent was pressed hard by nomadic and barbarian tribes without its boundaries; it had also, as the map will show, an awkward re-entrant angle to hold between the Elbe and the Danube. All this meant a heavy burden of defence.

(c) Within the Empire, the process of Romanisation steadily proceeded by (i.) extension of Roman law; (ii.) Roman settlements and Roman roads; (iii.) extension of Roman citizenship, and (iv.) the use of the Latin language. Legal codes had, of course, been known long before Rome; but she was the first state to develop a complicated legal system based on case-law.* Roman law, superimposed upon the old common or tribal law of the conquered peoples, forms the basis of most of the modern legal systems of Western Europe. Further, Rome (not having a sufficient supply of Italian-born administrators) adopted the device of allowing the conquered provinces largely to administer themselves within the Roman system. The provinces of the Roman Empire, linked together by the Roman roads, thus came to form the basis of many of the modern European countries. Actual Roman citizenship was conferred throughout the provinces in 212 A.D.; owing to the Roman constitution it was, of course, a passive rather than an active citizenship. "Civis Romanus sum" did not mean "I am a voter at Rome," but "I am under the protection of the Roman law."† Latin was the universal language, mingling with the dialects of the conquered into a "lingua franca" for common use.

(d) Parallel with this Romanisation went a "provincialisation" of Rome itself and Italy, mainly through the importation of vast masses of slave-labour from about 150 B.C. to 100 A.D. In the towns, these slaves were very frequently set free, and the population of Rome

* Mainly through the edicts of the *praetors* (Roman officials for the administration of justice), who each year announced which legal customs were to be regarded as still in force and which as obsolete.

† As St. Paul said (*Acts xxii.*).

consisted more and more of "freedmen" from Greece, Carthage, Gaul, etc., etc.

(e) Economically, the Empire depended at first upon tribute from wealthy provinces, and slave labour, both for agriculture and "mass production" of goods. There were *collegia* or fraternities of craftsmen, but of these, as of all economic institutions of Rome, we know much too little. Rome being hardly at all a commercial empire, her chronicles give scant attention to economics. As the Empire continued, both the tribute and the slaves gradually failed. The wealthy provinces became exhausted, and could do little more than provide their own defence; and slaves grew fewer and fewer. We find the gang slave of the latifundia gradually changing into a sort of tenant tied to the soil, thus paving the way for the medieval serf.

(f) In addition, the Empire was held together by a common religion, Divus Caesar (=the reigning Emperor) being set above all other gods, whether native to Rome or to the conquered peoples. This was, however, only an official religion, and beside it flourished a number of personal, half-magical religions, such as the worship of Mithras, of Isis, or of the "Great Mother." These came mostly from the East; it appeared as though the Aryan conquests, which had substituted their comparatively simple religion for the complicated cults of the older agricultural civilisations, had failed completely to satisfy, and during the Roman period new religions, more intense than the State religion, poured westward. These were tolerated, generally speaking, as long as their worshippers proved their loyalty to Rome by homage to Divus Caesar. The devotees of one religion—the Christians—refused, and were outlawed.

Jews and Christians.

For the genesis of the Christian religion it is necessary to look backwards in history. The Palestinian Hebrews were a Semitic, pastoral tribe who migrated into the arable Lebanon country late in the 2nd millennium B.C. For a little while (under David and Solomon) they attained to a certain prosperity by playing off their neighbours, Egypt and Assyria or Babylon, against one another, but rapidly declined, broke into two halves, of which one (the "Ten Tribes") was utterly destroyed, and one carried off bodily to Babylon. In captivity the Jews attained a strong national consciousness, which was accentuated and preserved in their national literature, the Bible. After their release they continued as a small, intensely national community, practising a tribal religion of the nomadic type, and causing by their obstinacy a good deal of trouble to successive rulers of the Near East until the Roman Emperors, Titus and Hadrian, finally sacked their city and expelled them (the Dispersion of the Jews). Previously, however, this nation had given birth to the Christian religion. This was first preached by Jesus of Nazareth as a personal religion against the growing formalism of orthodox Judaism.† After his death at the hands of the Jewish priesthood, his most famous convert, Paul of Tarsus, added to his

* Scipio Aemilianus in 130 B.C. told the people who were attacking him that he had brought all their fathers captive to Rome.

† As practised by the "Scribes and Pharisees."

teaching a philosophical explanation which connected it with the prophecies of the Old Testament as well as with many of the myths taught by the cults mentioned in the preceding section, and with his remarkable organising ability turned the Christian religion into the Christian Church.* The Church gained ground steadily as the Empire lost, until, all attempts to suppress it as heretical having failed, the Emperor Constantine announced that the Empire was to be Christian. He thus, replacing Divus Caesar by the crucified Christ, at once enlisted the vigour and discipline of the Church on the side of the Empire, and gave it in return a temporal power and recognition which served it until the 19th century. 312 A.D.

The "palace history" of the Roman Empire is of far less importance than its development outside Rome. We may note—

(1) A line of emperors related to Augustus, gradually deteriorating both in morals and intelligence. On the murder of Nero there follows, after a military squabble, 68 A.D.

(2) Two dynasties of soldiers set up in power by provincial armies (the Flavian house, and the Antonine). Their reigns are, on the whole, a period of strong government and consolidation of the Empire; but towards the end, there are warnings of attacks from outside and after Marcus Aurelius we reach 180 A.D.

(3) a period of utter confusion, short-reigned Emperors (sometimes two or three at a time) and barbarian inroads into the Empire. This is ended by

(4) the autocratic, almost oriental government of Diocletian and Constantine. The latter made a desperate attempt to hold the Empire together by enlisting the Christian Church (see above) and by building a capital for the Eastern half at Constantinople—formerly Byzantium—on the Bosphorus. This only resulted in its division into two Empires, of which the western one rapidly collapsed before the Goths, Vandals, etc., and came to an official end in 476. The Eastern Empire, with an older culture and less continuous pressure to meet, continued for nearly 1000 years at war at first with a revived Persian Kingdom under the dynasty of Chosroes, and later with the Turks, and gradually becoming more and more like an early Eastern monarchy. 284-337 A.D.

Causes of Rome's Fall.

Historians generally delight in "explaining" the fall of the Roman Empire, and the student has a whole array of causes, most of them inadequate, from which to choose. We may note as contributory factors:—

(a) The size and rapidity of the Roman conquest (see historical maps). Rome had to hold an immense line of Empire somewhat hastily acquired. The absence of any stable dynasty further burdened the Government.

(b) The inroads of barbarians into the Empire. Somewhere about the 3rd century A.D. a movement of tribes undoubtedly began on the Asian grass lands, which drove the European nomads west and south. This was undoubtedly the *immediate* cause of the fall of Rome; but it does not explain why the Empire collapsed so easily. Barbarian invasions were not a new thing.

As to how it was done, see the Epistles, particularly *Corinthians*.

(b) **Exhaustion of the human resources.** This is undoubtedly true. Note (i.) the difficulty of obtaining military recruits in the later Empire, which made it necessary to fill up the ranks of the legions with newly-conquered barbarians, who were not the most stable of recruits; (ii.) the decrease in the available supplies of slaves; (iii.) the partial decay, partly by migration to Rome, of local administrative class. But the ordinary explanation of this—exhaustion by malaria in Italy and the plague of the 2nd century—is totally inadequate.

(c) **Financial and economic collapse.** Here we may be touching the root of the matter. The Roman Empire subsisted at first on slave labour. Slave labour is wasteful compared with free labour; also it is unprogressive. It is easier to get a new slave than to invent a new method of production. Accordingly, slave labour drove out free labour; we find in the later Empire, decree after decree urging workmen to stay in their *collegia*, i.e. to keep at work. Free labour thus vanished or turned into serf labour; and when the supply of slaves dwindled, there was nothing to take its place. This we may conjecture to be the cause of the economic (and hence of the political) degeneration which we find in the reigns of Diocletian and Constantine; but in the absence of direct evidence it can only be a conjecture.

BOOKS TO READ.

- There is no good short book on the Roman Empire. Wells is most misleading.
- Tenney Frank : *History of Rome** (second part) is readable, but very brief. But read at any rate some of—
- Gibbon : *Decline and Fall of the Roman Empire*, ††
- The history of the Roman provinces is the most important side of all. Unfortunately it has been greatly neglected. Mommsen : *Roman Provinces*, is almost too stiff for anyone without classical training. Arnold : *Studies in Roman Imperialism*, is a useful sketch. A brilliant treatment of a single province is to be found in F. Haverfield, *The Romanisation of Roman Britain*, and a shorter one in Collingwood, *Roman Britain*. An imaginative treatment of the barbarian, well worth reading, is Naomi Mitcheson's *The Conquered*.
- For Imperial Roman Society, see Pater, *Marius the Epicurean*, or very different pictures in Kingsley's *Hyperborea*, or John Henry Newman's *Callista*.
- For Roman Law, see Maine, *Ancient Law* †, and for religion, T. R. Glover, *Conflict of Religions in the later Roman Empire* (written from a Christian standpoint, rather superficial, but interesting).
- For Judaism and Christianity, see primarily the *Old and New Testaments* also Myres, *Dawn of History*, and books by Gibbon and Glover as above. G. F. Abbott's *Israel in Europe* brings together interesting facts on its subject.
- For the Eastern Empire, a good little book is Finlay, *History of the Byzantine Empire*. Wells deals with it in Chaps. The standard works are J. B. Bury, *The Later Roman Empire* † and *The Byzantine Empire* †. They are, however, very advanced.

CHAPTER VI.

ASIA TO THE XIth CENTURY.

THE two great centres of civilisation in Asia are (until the rise of Japan), India and China. Owing to the practical impassability of the North-Eastern frontier of India, it has, until the rise of sea-power, been open mainly to influences from the north-west. Hence the histories of China and India must be separately treated.

India.

(1) The early history of India is one of great confusion. Her agricultural civilisation, formed by men of a Dravidian (akin to the Egyptian) type, grew up in the river-valleys of the north. This race was driven southwards by migrations of Aryan peoples from the north-west, who founded a number of small states all over Northern India. In course of time these Aryans intermingled, like their fellows in Greece, with the aborigines, and it is conjectured by historians that this intermingling produced the rigid *caste system* of historic India. At any rate it does not appear in the earliest Aryan records. There are traces of sea-communication between India and Mesopotamia.

possibl
1500-10
B.C.

(2) In the 6th century B.C., contemporaneously with the rise of Greek philosophy, the Aryans in India gave birth, through Gautama Buddha, to a new philosophic religion which spread over the whole of the East. The class should compare the characteristics of Buddhism with (a) contemporary Greek philosophy, (b) the later Eastern religions, Christianity and Islam. After 300 years, Asoka, who ruled over a great part of Northern India, did for Buddhism what Constantine did for Christianity, by making it official. Gradually Buddhism, like Greek Christianity, lost many of its primitive characteristics by assimilation to neighbouring religions. It was finally almost ousted from India by a recrudescence of Brahmanism—the older priestly religion—and its history continues in China.

264-227
B.C.

(3) The conquests of Alexander (q.v.) had the effect of raising up a strong power in Northern India, the house of Chandragupta, to which Asoka belonged. After the latter's death we reach a long period of small states continually at war and as continually invaded by conquerors from the north-west. Kingdoms were also arising in the south, but little is securely known of their early history.

327 B.

227 B.

(4) The last of the invasions came from the new power of Islam. At first the Mahomedan conquerors were expelled, but after the break-up of the great empire of Islam, Mahmud of Ghazni, the Moslem ruler of a state nearly coincident with Afghanistan, brought Northern India under Moslem rule.

997 A.

China.

The early history of China is still wrapped in myth and mystery. We see from the earliest times an agricultural people of Mongol race, settled in the river-valleys of the Tarim (in Eastern Turkestan), the Hwang-ho, and later, the Yang-tse-Kiang.* This civilisation partakes generally of the same characteristics as other agricultural civilisations. It was exposed to invasion from the north and west, mostly by nomadic Mongols of "Tartar" type. It never, however, expanded sea-wards, owing to the absence of an easy inland sea like the Mediterranean. The Pacific had no charms for early explorers.

No archaeological work worth mentioning has been done in China; we are therefore dependent for early history upon unreliable chronicles. It appears that, as in Egypt, a miscellaneous collection of small communities was eventually united under a single monarch, probably at B.C. —the Shang dynasty. This leads up to a "feudal age," which gradually collapses as the centre weakens and the local princes become stronger. The age of confusion which follows is roughly contemporaneous with the immigration of the Aryans into India and the Mediterranean. China, however, was much longer in settling down to a new period of settled government, and the final B.C. settlement was not reached until the accession of Shi Hwang-Ti. On the other hand, it appears that the age of confusion was much less destructive in Asia than in Europe. Civilisation, art and letters continued unchecked, and in the 6th century B.C. the great teacher, Confucius, was able to spread a religion and political philosophy much more advanced than the early religious cults of the Aryans.

Shi-Hwang-Ti and the Han dynasty which followed him founded a great military power. Under them the Chinese influence reached as far as Eastern Turkestan; the Mongol nomads were partly assimilated, partly thrust back into Western Asia—whence they pushed westward other nomadic tribes and so were in part responsible for the weakening of the Roman Empire. Wealth and trade increased during this period, though the Chinese remained, as always, primarily agricultural. There was a great trade with the Roman Empire through Persia and Turkestan.

Another period of disunion (which may be compared with the break-up of the Roman Empire) gave way to the strong Tang and Sung dynasties and a Chinese Empire, extending from the Altai to the Himalayas and from Annam to the Caspian. The great growth of this empire was due partly to dissensions among the nomad Mongols of central and northern Asia. The story of their revival and its effects on east and west alike belongs to a later chapter.

* Possibly also further south. But the early history of Southern China is very doubtful.

BOOKS TO READ.

India.

No history that is at all satisfactory. T. W. Holdernessee, *Peoples and Problems of India*, is a useful book. For Buddhism, see Rhys Davies, *Buddhism*. The Encyclopedia article is a dry compendium of facts. See also Wells, *op. cit.*, references to India, and Vincent Smith, *Early History of India*.

China.

The good histories are written by specialists for specialists. E. Hirth, *Ancient History of China*, is worth reading. The chapters in Wells, *op. cit.*, are good, and there is an excellent introduction in Fairgriever, *Geography and World-Power*.

For Confucius, see Arthur Waley's *Translations of Chinese Poetry*, the best introduction to Chinese thought.

CHAPTER VII.

THE SECOND DARK AGE IN EUROPE.

WITH the fall of the Roman Empire Europe enters upon a Dark Age comparable with the Dark Age of the Aryan invasions, two thousand years before, and, like it, caused by the impact upon a developed but devitalised civilisation of nomadic peoples at a considerably lower stage of culture but of superior vigour. From the end of the 3rd century A.D. (when the Emperor Aurelian first fortified Rome) to the 6th, "barbarians," mostly of Aryan, but in one or two cases—such as the Huns of Attila—of Mongol race, were pressing in upon and finally overrunning the Empire. By the end of the period the barbarian waves had submerged the Roman civilisation over the whole of Western Europe and Northern Africa (not Egypt); *Franks* in France, Switzerland and the Rhineland, *Visigoths* in Spain, *Lombards* in Northern Italy, *Vandals* in Africa, *Avars* and (later) *Magyars* in Hungary, *Saxons* and other German tribes in Britain.

The student should remember that though we talk of the fall of Rome as if it were a single epoch-making event, the actual deposition of the last Roman Emperor by Odoacer in 476 is only an incident in a period of slow swamping of Roman culture which lasted for two or three hundred years. He should endeavour to realise the position of a Roman town or Roman villa in such a country as, say, Britain, when the legions were being withdrawn to protect the capital and the barbarian tide was gradually covering the country. He may find it of help to compare the emotions of the planters in a rich American State, such as Virginia, in early days, when the Indians, raiding from the West, might at any moment destroy it*—though Virginia could count in the last instance on help from overseas, and there was no help available for Britain.

* Cf. John Buchan's *Salute to Adventurers*.

All the "barbarians" were, of course, not equally "barbarous." The Huns of Attila, who left the most terrifying impression, disappeared without leaving a trace, and the effect of the invasions was very different in Britain, where Latin disappeared and the Roman towns vanished even as sites,* and in Gaul and Italy. Taken as a whole, however, the barbarians were much at the same level of culture as the Persians of Cyrus' time or Homer's Greeks; *i.e.*, they were hunter-warriors, with a highly-developed military organisation, and agriculturalists only as a secondary occupation. As long as they were still in a state of trek, agriculture of the snatch-crop type sufficed; but when they had filled up the available lands, they settled down, like earlier raiders before them, to the avocation dictated by the nature of the country, *i.e.*, agriculture in the fertile lands, and sea-trading or piracy where they touched the Mediterranean coast. In the latter way began such medieval trading centres as Barcelona in Spain, or Venice and Genoa in Italy. But by far the largest part of Europe was agricultural and to the institutions developed there (which are the history of Europe up to the rise of the medieval towns) we must now turn. These institutions are collectively known as *feudalism*, which includes the *manorial system*.

(i.) The essential of feudalism is the adaptation of the political economy of a warrior people to a settled agricultural life. The Frankish or German chieftain, instead of dragging his retainers after him into battle, sets them down to cultivate, with the conquered peoples, the land he has won from the Romans (whether as his servants or as nominally free owners makes in effect very little difference).

(ii.) The adoption of settled agriculture necessitates new methods of production, unless the soil is to be exhausted. The new method adopted by the men of the feudal period was commonly that of the three-field system, where the land of the village was divided into three fields, each of which lay fallow once in three years.†

(iii.) Settled agriculture means settled agriculturalists; the cultivator must be fixed to the soil. Where his lord or chieftain has placed him there, it is the lord who forces him to remain. This arrangement, coalescing with the remains of the Roman system of agriculture (see Chapter V.) produces the great medieval institution of *serfdom*, under which the villein or serf is bound to the soil, protected by his overlord, and owing to him certain dues (which gradually become fixed by custom) of labour, military service when necessary, and the surplus product of the land.

(iv.) Protection against marauders is the other necessity for agriculture; the warrior who has settled is at a perpetual disadvantage against the warrior who has not. This necessity for protection finds its expression in the feudal system proper, where each occupier of land renders homage and military or other service to his overlord in return for protection afforded by the latter against his enemies. In highly developed feudal countries, such as France, there was in

* Except such "natural sites" as London.

† This is a simplification of a complicated subject. For fuller treatment, see books mentioned in the Bibliography.

time a regular hierarchy of feudal *vassals* and *overlords*, from the cultivator to the king.*

(v.) The feudal system is thus based throughout on the *holding of land*. Its economy is thus agricultural; the common unit of early feudal society is the castle of the lord, with the village settlement clustering at its gates. It is very much divided; small lords fight with small lords, and great with great, each bringing with him as many vassals as possible. Each of the units is theoretically self-sufficient, and though exchange, and hence markets, are gradually developing, the process, particularly after the collapse of the Roman systems of communication, is very slow. Lastly, it is static, like all agricultural civilisations.

The Church.

The Christian Church, with its head the Bishop or Pope of Rome, alone of Roman institutions survived unimpaired the fall of the Empire. This fact is of enormous importance for the history of feudal Europe. The period from about 500 to 1000 A.D. is really the great day of the Church.

(i.) In the new agricultural settlements the Church, like the priesthood in Egypt, played the part of organiser. Priests and monks (the founding of the great monasteries begins in this period) were the repositories of knowledge. They could read and write; they knew the lore of crops and seasons. As heirs, too, of the knowledge of a past period of high civilisation, they acquired additional prestige.

(ii.) As organiser, the Church ordained a great part of men's lives, when they should work and when they should not, when they should fight and when they should not. Inevitably the Church became the political organiser; it was no accident that the resistance to the Arabs and to the Turks was largely organised by the Church.

(iii.) The Church was *universal*.† It was the Church of Rome, whose empire had been universal; it spoke and taught Latin, the universal language. Whatever the facts of the case the Church inevitably thought of the world—or, after the Pope broke with the Greek Christian Patriarch (Bishop) in Constantinople—of Europe, as a whole; and when it took to political organisation on a large scale, it revived, or tried to revive the Roman Empire.

(iv.) The Church was the repository, during the Dark Ages, of culture as well as knowledge. The historical records of the time, which we possess, as well as many of the records of the Roman Empire, are due to the labours of "clerks"—i.e., clerics.

Political Developments—Arabs and Northmen.

Having sketched the society of the feudal ages, we must now turn to a brief study of the political events of the years between 500 and 1000 A.D. The confusion of the first 200 years is beyond description, and its details of slight importance. A little trade and a few trading towns were beginning to develop on the Mediterranean.

* This is less true of England after the Norman Conquest, when William I., to prevent the growth of large feudal estates, granted his followers scattered manors in different parts of the country. England is not the best type of a developed feudal system.

† Not international, which involves a conception of nationality.

but with the failure of the *pax Romana* trade was mostly high seas robbery.

- A.D. The first real event was the preaching by Mohammed of the religion of Islam in Arabia, and its extension by the swords of his successors (the Caliphs) from Arabia along the southern shores of the Mediterranean and up to the Pyrenees. The power of the *individual religion* (cf. Christianity) of Islam was immense; but unlike Christianity, it never founded a church, and the temporal power of the Caliphate was far less stable than that of the Christian Church. The conquests were hardly achieved before they split in pieces. In Europe the Arabs, having overrun the scattered communities of Spain*, were thrust back by the superior cohesion of the Frankish kingdom at the battle of Poitiers. Out of this came the first attempt to recreate a European political organisation, when A.D. the Pope crowned Charlemagne, King of the Franks, as Roman Emperor. The attempt was premature, and collapsed at Charlemagne's death. When it was revived, this time under a A.D. German prince, most of France was outside its orbit. Britain was never in at all.

The Arabs performed, however, an additional service by paving the way for a revival of science and trade. Their scientific and artistic was ahead of their political development†, much higher also than that of contemporary Europe, and by their conquests in Turkestan and the East, and their partial pacification of the Mediterranean, they opened up the trade routes to China and India.

- In the 11th century, a Mongol tribe of Ural-Altai type, the Seljuk Turks, migrated from Turkestan into Asia Minor and Syria. They were considerably more "barbaric" than the Arabs, and their interference with the growing Eastern trade was distinctly felt. A.D. Accordingly, when the Pope organised a *Crusade* or Holy War to recover Palestine from the infidel, he had the hearty co-operation of the trading cities of the Mediterranean, as well as of the superfluous fighting power of the European feudal chiefs and of those who welcomed an opportunity to plunder the East. The history of the Crusades belongs mostly to the next period; but it may be noted that after an initial success, the hostility between the rival traders of the Eastern Empire and the Mediterranean cities prevented any lasting result, and turned the Crusades into a "consecration of the fighting and free-booting spirit"—and a highly popular one.

Last must be mentioned the latest of the Aryan invasions—that of the Northmen, who were sea-raiders from the Scandinavian fiords. They descended upon England, Northern France, Iceland, and Russia, penetrated to the Mediterranean, reached Greenland

* Spain is not a natural unity, though it looks like one. See physical maps. There is no communication between north and south.

† See the *Thousand and One Nights* (*Arabian Nights*), and the tales of Haroun Alraschid.

and America, and founded a short-lived maritime kingdom on the Baltic and the North Sea. After the 11th century the Northman or Norman strain became amalgamated with the other European peoples. 1016
(Sann)

BOOKS TO READ.

For the break-up of the Empire and the period immediately following, see Gibbon and Bury's books given in last chapter, and Prévité Orton, *Outlines of Medieval History*. J. H. B. Masterman, *The Dawn of Medieval Europe*, has the facts, but is very dull. The best picture of the Dark Ages is in W. P. Ker, *The Dark Ages*,* and H. W. C. Davis, *Life of Charlemagne*. The latter's *Medieval Europe* allures by its brevity, but it is a compressed sketch, and not a book for elementary students. The best imaginative reconstruction of a Dark Age is Richard Jefferies' *After London*.††

The Feudal System.—There is no good book in English dealing with feudalism as a whole; the only source is the article in the *Encyclopedia*. For England, see Davis, *England under the Normans and Angevins*.† For the manorial system, the standard work is P. Vinogradov, *Growth of the Manor*†; Seebohm, *The English Village Community* is easier reading, but not always to be trusted. Some information is contained in most books on economic history. See Cole, *English Economic History** (in this series) and references therein. Chesterton's *Short History of England*, while containing wild statements, is a valuable corrective to most history books. Bogdanoff and Oppenheimer (see Chapter III.) may also be read.

For the Church and the revival of the Empire, Bryce, *The Holy Roman Empire*†; Tout, *The Empire and the Papacy* (text-book); Milman, *History of Latin Christianity* (pub. 1855).

For the Arabs, see *Encyclopedia* articles on *Arabia*, *Arabs*, *Caliph*; Marmaduke Pickthall, *Knights of Araby*; D. S. Margoliouth, *Mohammedanism*,* and the *Thousand and One Nights*†† (translation by Burton or Payne, not the children's abridgements).

For the Northmen, volume on the *Vikings** (Story of the Nations Series), also Norse Chronicles, such as *The Story of Burnt Njal* (Everyman translation), or the *Grettesaga*, translated by William Morris.

CHAPTER VIII.

THE MIDDLE AGES.

THE history of the Middle Ages (roughly 1100 to 1500 A.D.) is the history of *town economy* and the rise of the middle class. These are not separate, but concurrent developments; one is impossible without the other.

They both derived from a division of labour within the manorial village community. Specialisation produces, first, a class of persons who are not agriculturists (such as smiths), who can become traders and artisans, and, secondly, the exchange of goods between one community and another, which in turn involves the growth of

market centres. The towns of the Middle Ages, whether or not their existence dates back to earlier times, are primarily market-towns.

To these towns gathered, naturally, both landless men whom some feudal collision had overwhelmed and serfs fleeing from their overlords, as well as men who desired to trade or to exercise a craft. In many cases, the town's *charter* (see below) included protection for a serf who had held sanctuary there for a year and a day. Within them developed rapidly the characteristic form of medieval association—the *gilds*. There were gilds for all manner of purposes, fulfilling functions which would now be performed, for example, by Building Societies, Charities, or Friendly Societies, but we are concerned mainly with two classes, the *gild merchant*, which was the association of all trades in a single town for the purposes of protecting trade and standards, and to keep out the "foreigner," i.e., the trader from another town; and the *craft gild*, or association of master-craftsmen (together with journeymen and apprentices) in the same trade, for the regulation of standards, conditions, and prices.

It should not be imagined that the feudal society described in the last chapter disappeared before the new towns. For a long time they existed side by side, and the stereotyping of the feudal system into a complete hierarchy of vassals actually belongs to the later period; indeed, in countries economically backward, such as Russia and a large part of Germany, the institution of serfdom arose late, and continued right into the 19th century. But in the towns grew up (a) the new middle-class; (b) trade and industry, producing wealth; (c) craft and learning (e.g. at the universities) which were not wholly in the hands of the Church. All these were factors in the break-up of the system based on land tenure.

We thus have to trace four tendencies in the history of medieval Europe—the growth of towns and commerce, the decline in power of the Church, the movement towards national states (generally headed by Kings), and the growth of secular learning to the Renaissance.

(i.) The towns, as already stated, started as centres of commerce and industry, and the greatest medieval towns were on the great trading routes. Trade being still waterborne, owing to the badness and danger of the roads, the greatest trading cities were on the Mediterranean (particularly in Italy) or on the Baltic (the league of the Hansa towns). The history of mediæval commerce must be studied elsewhere, but one has only to recall the Jewish and Lombard financiers to realise the extent of its development. The importance of commerce is very well brought out by the history of the Crusades. After the Second Crusade had succeeded in establishing the Christian Kingdom of Jerusalem, the Crusaders began to fall out, both with one another and with the Eastern Empire at Constantinople, which was proving itself a greater danger to Mediterranean commerce than the Turks. Kings (see next section) were finding their own dominions of more interest than the kingdom of Christ, and during the Fourth Crusade the Venetians found little difficulty in persuading

the Crusaders to sack Constantinople instead of Jerusalem. Jerusalem was finally transferred to Christendom by treaty; and thereafter interest lapsed until another Turkish people of a more barbarous type—the Ottomans—conquered the whole of the Near East, including Constantinople and the territories of the Eastern Empire, and once more closed the trade route to China. The immediate result of this was the discovery of (a) the Cape route to India, by the Portuguese, and (b) America. 1204 A
1288 A
1453 A

As commerce developed, specialised manufacture for export began in other towns, such as the woollen trade in England, the glazes of Ghent, etc., and Western Europe was soon studded with towns of growing wealth.

(ii.) The towns, which represented the new order of commerce, came naturally into opposition with the feudal lords, representing the other agricultural stage, even when they were nominally under some lord's protection.* In this strife the towns found an ally in the King. The King, nominally the chief overlord in the territories which did homage to him, found his greatest obstacle in the power of his great feudal vassals. Against them he enlisted the towns, by granting them royal charters of independence, for which he received in return financial help against the lords or barons. This is the explanation of the early Parliaments which we find in France and England in the 13th and 14th centuries—the king at first owed his power to the assistance of the town burgesses. Later, when the kings had forgotten the earlier struggle, they thought the Parliament might very well be dispensed with.

The feudal lords were also being weakened in another direction by the spread of trade and "money economy." Prices were rising; the serfs were becoming discontented, and the lord wanted money, more than service. There was therefore a tendency to commute the villein's service, etc., for money payments, and the lord, instead of a chieftain with an army at call, became a *landlord* with grumbling tenants and labourers. This development was in the end assisted by the scarcity of labour which followed the Black Death, though its first result was an intensification of feudal oppression (the Statute of Labourers, etc.). 1348 A

This alliance between kings and burgesses against the barons produces for the first time a *nation*. By the 15th century we can talk of England as a whole; by the 16th,† of France. In the backward countries no such development took place; in Germany and Italy it was prevented by the Holy Roman Empire and the Church. The Pope would allow no temporal king in Italy; and since the election to the Empire of a German, the princes in Germany aspired to be kings not of Germany but of the world. Universal Empire, being then an obsolescent idea, they failed; and though their failure enhanced temporarily the prestige of the German towns, these, without the backing of a central government, finally collapsed when commerce expanded beyond the compass of medieval ideas. Spain, though finally freed from the Moorish Arabs by 1492, was arrested in its growth by its inclusion in the Empire under Charles V. 962 A.
1530 A

(iii.) The Church declined in the Middle Ages because its organising function grew out-of-date and lapsed. It was becoming an anachronism. This may be noticed in several spheres. (a) Men were outgrowing the stage in which they required a priest to organise their activities for them, and the Pope's claim to interfere in temporal

* Not in England, where London was the barons' ally. But England has a peculiar history. See above.

† After England had proved its "nationhood" by attacking its neighbour.

matters became more and more of a nuisance. The attitude of the Emperor Frederick II. (1211-1250) to the Popes shows clearly how the Empire, which in Charlemagne's day had been the unruly child of the Papacy, now regarded it merely as a tiresome political rival. (b) The traditions of the Church corresponded less and less to the thought of the time. Thus the Church's ban on usury more and more impeded the growth of commerce, and though not all Reformers were as friendly to usury as Luther, Protestantism proved far less of a check on "commercial morality." Similarly, the Church's conception of a universal State brought it into collision with the new nationalism. (c) Within the Church itself thought was stagnating. The intellectual development of the later Middle Ages came not from princes of the Church, but from half-heretical friars, such as Roger Bacon, who was fortunate in not being persecuted, as were other reformers, such as Wyclif and the Albigenses. (The "excesses" of Papal Courts and abbeys, etc., before the Reformation, in so far as they are not calumnies, are symptoms, not causes of decay).

1263 A.D.

Thus came the Reformation, which began as a revolt of Humanists like Erasmus and Sir Thomas More against the stupidity and of zealots like Luther against the corruption of the Church; but rapidly became part of a claim by temporal rulers to decide the religion of their subjects, and incidentally to be rid of financial dues which became a burden as soon as there was any dissatisfaction with the Church. This claim was most comfortably achieved in England, where Henry VIII. in effect replaced the Pope, achieving a sovereignty over his Church greater than he had over his people.

A.D.

In other countries it was less easily done, particularly where the peasants and the common people had been brought in under the belief that the Reformers stood for the right of private judgment. The German peasants were quickly taught that there was no right of private judgment against princes. After the Reformation the religious divisions of Europe were fairly well settled—Catholic, roughly, in the countries which, like France, Spain, and Italy, had been long under the Roman Empire; Protestant in the newcomers—excepting Ireland.

A.D.

(iv.) During the early Middle Ages the Arabs were the great advancers of science and art in Europe, and helped to keep up continual communication with Eastern development. In the 13th century, Europe was again fertilised by an Eastern people. These were the *Tartars*, a Mongol people from Central Asia, who began to extend their kingdom in the 12th century. Under Jenghiz Khan they took China from the collapsing Kin dynasty, conquered India up to Lahore, Western Asia and Russia as far as the Dnieper; later they took Southern China, Persia, and most of India, and invaded Europe as far as Hungary (see map). Their power declined rapidly after the 16th century. The Tartar rulers were militarily and culturally much superior to contemporary Europe*; they encouraged trade and travel within their dominions, and so stimulated the imagination and exploring instincts of the West.

A.D.

Medieval Europe was thus rapidly relearning much of the knowledge which had been forgotten since the days of Alexandrian culture. Moreover it was ready to make use of the Alexandrian discoveries. The fact the earth was round (discovered by Alexandrian geographers)†

* e.g., they taught the Europeans the use of gunpowder, and so helped to destroy the castles of the feudal lords.

† They also discovered steam-power; but 200 years more were required to ripen the world for its use.

became of practical importance when the land-way to the East was closed. The Turks did another service to culture, by driving out Greek scholars when they took Constantinople, and so stimulating the demand for knowledge. Under the influence of this stimulus the method of printing books from type was evolved. (Paper had been known since the 9th century, but the discovery was of no practical value till men desired to print books) 146

BOOKS TO READ.

- The institutions of medieval Europe are omitted in Wells altogether. For the guilds, see E. Lipson, *English Economic History*, Vol. I., and Renard & Cole, *Guilds in the Middle Ages*.* Most English economic histories deal in some measure with the guilds.
- For the towns, see Mrs. Green, *Town Life in the 15th Century**; Helen Zimmern, *The Hansa Towns*; J. Sismondi, *History of the Italian Republics*; William Morris, *The Revolt of Ghent*.
- For commerce, see relevant chapters of Clive Day, *History of Commerce*. A valuable book for the spirit of the Middle Ages generally is H. O. Taylor's *The Medieval Mind*. It is very important to read Maitland's *Introduction to Gierke's Political Theories of the Middle Ages*,†† and desirable to read Charles Reade's novel, *The Cloister and the Hearth*.
- The student desiring to proceed further should take Maitland's other writings, such as the *Constitutional History of England*.
- For the political history, see Bryce, *op. cit.*, and Davis, *Medieval Europe*; Wells, *op. cit.* Chaps. XXXII.-XXXIV.
- For English history, see Trevelyan, *England in the Age of Wycliff*†; Pollard, *History of England*‡; Chesterton, as above.
- For the Crusades, Ernest Barker, *The Crusades*†, is the best book. The *Chronicles of Villehardouin* and *De Joinville* may also be read.
- For the Tartars and Ottomans, see Wells, *op. cit.*, Chap. XXXIII.; Marco Polo, *Travels*; and the *Barbary Corsairs* (Story of the Nations Series).
- For the Reformation and the Renaissance, see J. A. Froude, *Life of Erasmus*; Pater, *The Renaissance*††; Cobbett, *History of the Protestant Reformation* (from Cobbett's particular standpoint); Karl Pearson, *Ethics of Freethought* (chapters on Germany); Benvenuto Cellini, *Memoirs* (in Everyman edition); Da Vinci, *Notebooks*.

CHAPTER IX.

THE AGE OF CAPITALISM (I.)

WITH the end of the Middle Ages we come to capitalism, and capitalism—first mercantile, then industrial and imperial—forms the last division of our syllabus. In this chapter we shall deal with the capitalist period up to the beginning of the power revolution of the 18th and 19th centuries, warning the student, as when dealing with the change from the Dark to the Middle Ages, that there is not a definite date to which a great change can be assigned, and that institutions obsolete in one part of Europe persists long in another.

In spite of the manifold changes noted in the last chapter, we count the Middle Ages as static, because the changes were comparatively slow, and the European of the Middle Ages, still influenced by the Church and the manorial system, thought of the world in terms of settled institutions—just prices, a proper sphere for every man, etc. In the 16th century “progress” began to be greatly accelerated, and the motive power was wealth. In very broad outline, the lines of development are as follows:—

0-1471
A.D.

(i.) **Land.**—The feudal barons begin to disappear (in England they obligingly exterminated one another in the Wars of the Roses); their place is taken by the large farmer or the merchant who has acquired or been granted land. Land is farmed to pay, which means enclosures and wage workers, or it is turned into great sheep farms requiring only a few scattered shepherds. “Sheep,” said Sir Thomas More, “are eating men.” Thus a wage-earning class appears in some measure on the land; but a far larger class of landless men, deprived of the succour of the monasteries, drifts to become a town proletariat for the capitalists. “Vagrancy” becomes a crime under the Tudors.

(ii.) **In the towns,** the rapid growth of commercial wealth makes membership of a monopolistic body a desirable thing. The guilds thus become more and more of closed corporations; while at the same time the social regulations they imposed on trade, like the restrictions of the Church, are being steadily broken down; new trading companies appear, unhampered by restrictions, and new industries arise outside the chartered towns. Within the guilds, the old distinction of master and journeyman, based on a *distinction of function*, disappears, the small master is thrust down to the journeyman’s level, and the large master (or the merchant prince) becomes the capitalist entrepreneur. The middle class of the last chapter thus split in two, one half becoming the capitalist middle-class of the 17th century and onwards, in alliance with the large farmers; the other, in conjunction with the dispossessed agriculturists, forming the lower-middle and working-classes. It was the former middle-class which in England of the 17th and 18th centuries formed the Parliament, and eventually destroyed the direct political power of the Crown.*

1 A.D. (iii.) **Overseas** commerce increases rapidly, with the East first and then with the West. Columbus’ discovery of America is generally reckoned as the starting-point of the new era; but for some time after Columbus America was of comparatively little importance. The Eastern trade was the goal of 16th century explorers, whether they sailed round Africa, across the Atlantic or into the Arctic to

* Note that, in spite of the increase of commercial wealth, landed property still commands immense power and prestige. The prestige of the land-owners is not destroyed till the 19th century.

find North-West or North-East Passages; and their aim was to establish a route not controlled by the Ottoman power in the Levant. Permanent conquest or colonisation in the modern sense was not their aim; the first European settlements overseas were plundering or trading stations, such as the Spanish conquests of South America or the Portuguese settlements on the coasts of India and Africa. In the 17th century a new development opened with the arrival of English, French, and Dutch settlers in North America. These settlers, forced abroad largely by political and religious dissensions at home, formed not merely trading stations but new communities, but they were naturally regarded purely as the property of their mother-country, whether they proved assets or liabilities. The idea of a colony as an entity in itself is not recognised until the 19th century, after the secession of North America from the British had pretty definitely asserted it.

1776-83
A.D.

In the 15th and 16th centuries the lead in overseas expansion was taken by Spain and Portugal; as these countries declined, and the trade with the American continent grew, the countries without large frontage on the Mediterranean, England, France, and Holland, took the lead, and as the struggle between these three developed, England, largely owing to her isolation from Continental disputes, finally ousted the other two, by the middle of the 18th century. Sea-borne commerce, protected by "the command of the sea" was the basis of power, until the 19th century revolutions in land transport once more altered the situation.

(iv.) **On the continent of Europe**, the struggle for universal Empire continued, at first between Holy Roman Emperors of the Hapsburg line, ruling over Spain, Austria, etc., the new national monarchy of France (the Bourbons) and the various Protestant princes in Germany, the Netherlands, and Northern Europe. At first, *e.g.*, during the rise of the Dutch Republics and the Thirty Years' War, this political struggle was complicated with the religious question; after the effects of the Reformation had crystallised, it became purely a struggle for European domination. The Hapsburg dynasty failed, and under Louis XIV. (1643-1715) and his successors, France (at the sacrifice of her possessions in India and Canada to England) made a similar attempt—an attempt repeated by Napoleon until French expansion was finally crushed at the Congress of Vienna. In Eastern Europe, meantime, the Hohenzollern line was making a State out of Prussia, and Russia under the Muscovite Czars was expanding eastward over the remnants of the Tartar Empire, and becoming a vast Euro-Asiatic power, while not developing socially beyond the Dark Ages, in spite of the efforts of Peter the Great and Catherine II. to introduce a modern leaven.

1816 A

These are the main lines of development which must next be traced, in as much detail as the class can manage, through the history of the several countries.

(a) **England.**—England, as already stated, emerged more completely from the Middle Ages than any other country, and her advancement towards capitalism proceeded rapidly throughout the period, as her island position made clear the necessity of developing sea-borne trade; though until the 18th century she was little more than a second-rate power. The feudal nobles being destroyed, the Parliament of merchants and landowners, fostered by the early Tudors, was free to develop. It soon attained sufficient power to resist the attempts of Elizabeth and the Stuarts to be as supreme in the State as they were in the Church; and when the latter used their supremacy to enter upon an unpopular foreign and religious policy, the Parliament and the Puritans joined to overthrow them (Civil Wars). The religious dictatorship established by the Puritans failed; the Stuarts returned under a tacit compact with the class represented in Parliament, and when James II. attempted to reassert himself the dynasty was painlessly shaken off. This Parliament, growing narrower and narrower, ruled for 150 years. It actively encouraged the growth of overseas trade and colonial expansion, and beat the French off the seas; but its persistent refusal to regard the New England colonies as anything but sources of revenue caused them to break away.* By that time, however, the Industrial Revolution was beginning.

8 A.D.

6-83
D.

(b) **France.**—In France the feudal nobility, though weakened by the wars of religion, continued to exist after their function was passing. During the 17th century, therefore, the alliance we have noticed of towns and king *v.* nobles turned into an alliance of king and nobles *v.* middle and lower classes. This fact held up the French Revolution for a century, and greatly increased the violence of the change. Note also the impoverishment caused by (a) the decay of the land under the nobility; (b) the handicaps placed upon the development of manufacture by lack of encouragement and religious disabilities (*cf.* the Huguenots); (c) the financial impossibility of running a sea-empire and a land-empire simultaneously. France in the 18th century, like Spain in the 16th, was unable to decide whether to concentrate on European or maritime dominion, and so eventually lost its principal colonies to Britain, which, owing to its island position, was unable to conquer on the Continent.

Inspired by the teaching of the revolutionary "Encyclopedists," men like Voltaire and Rousseau, who in their turn derived much from the teaching of the English Regicides of a century before, and by the example of the American States, the French middle and lower classes united against king and nobles. The beginnings of the Revolution were directed by the middle-class lawyers, shopkeepers, etc.; but much of its driving force came from the working-classes—the Paris "mob" which sacked the Bastille, and the peasants who drove the nobles from their seats. A politically equalitarian constitution was set up. The attack on the Revolution by the monarchist Powers of Europe produced a revolutionary militarism in France, which began by defending the Republic, went on to spread Republicanism in other European countries; and, after the Republic had been replaced by the military dictatorship of Napoleon, turned to the establishment of French rule throughout Europe.† Partly because the new French nationalism created by the Revolution roused a spirit of national resistance to France in such countries as Spain, but mainly owing to the economic and naval resources of England,

9 A.D.

9 A.D.

* It is noticeable that the New England States found monarchy already obsolete. There have never been kings in North America.

† Incidentally destroying finally the Holy Roman Empire (1806).

the attempt, as already noted, failed finally at Waterloo, and France became in 1816 a "crowned republic" with political (but not economic) equality. The importance, however, of the French conquests in breaking up obsolete European institutions should be remembered. Germany and Italy, to take only two examples, practically owe their 19th century history to Napoleon. 1815 A.I

(c) Of the States which had been great in the 16th and 17th centuries, Spain and Portugal both failed to develop a trading and manufacturing middle-class. Power to grant trading monopolies was in practice as well as in theory, in the hands of the king* and the policy of the royal house being to accumulate gold and silver in preference to any form of commodity, trade proper migrated from the Peninsula, leaving only an abundance of money, which, together with the human resources, was wasted in trying to maintain empires in the unhealthy tropical climates of South America and the East Indies. Spain was further weakened by becoming involved, under the Emperor Charles V. and his successors, in the struggle of the Holy Roman Empire to maintain dominion in Europe. By the 17th century Spain was dead, except as a bogey. 1530 onwards

The Dutch Republic, which as a Protestant community of trading burgesses, had successfully revolted against the domination of Spain, enjoyed nearly a century of great prosperity and colonial advance; its small extent, however, and lack of natural resources, combined with its exposure to attack from European powers (such as France under Louis XIV.), caused its final supersession by England. 1567 A.I

(d) **Germany and Russia.** To this period belong the rise of Prussia as a militant feudal state (see life of Stein), and the introduction of trade and industry into one or two cities in feudal Russia, but the development of both these countries, as of Italy, into modern states, belongs to the 19th century.

(e) During this period, except in India, the rule of the Tartars finally passed away. In Russia a Slav dynasty ruling from Moscow united Russia under a single Czar. In China the Ming dynasty drove out the Tartars—though it was itself overcome by another Mongol people, the Manchus, who ruled till 1912. The Tartars relapsed into the condition of wandering Asiatic tribes; and only in India a Tartar Mogul (= Mongol) kept up a fading existence until the British finally put an end to him. 1547 A.I
1368 A.I

BOOKS TO READ.

The best introduction to the period is W. Cunningham's article on *Economic Change* in Vol. I. of the *Cambridge Modern History*, but this deals only with the 16th century. For the later period there is nothing really satisfactory. See Abbott, *Expansion of Europe*; Mahan, *Influence of Sea-Power on History*; and Pollard, *Factors in Modern History**—a very suggestive little work. Bryce, *op. cit.*, continues through this period. For the later part, see Guedalla, *The Partition of Europe*.

For particulars countries, see—

England—Creighton, *Age of Elizabeth*; Trevelyan, *England under the Stuarts*†; Grant Robertson, *England under the Hanoverians*. Shakespeare's Comedies are a bridge between the old and the new cultures.

France—Taine, *L' Ancien Regime*‡; Herbert, *The Fall of Feudalism in France**, *The French Revolution* (in this series); Belloc, *The French*

* Contrast the unsuccessful attempts of Elizabeth to retain the right of granting monopolies to English traders.

*Revolution** etc.; Kropotkin, *The Great French Revolution*; Fisher, *Napoleon*.

Spain and Portugal—*Ferdinand and Isabella* is the best of Prescott's works. The Encyclopedia article on *Portugal* is good, and so is the *Spain* volume in the stories of the Nation Series.

Holland—Motley, *Rise of the Dutch Republic*.† G. Edmundson, *History of Holland*.

Germany—Carlyle, *Frederick the Great*.††

Russia—Mavor, *Economic History of Russia*; Merejkowski, *Peter and Alexis* (a novel of Peter the Great).

Some study should be given to the development of political theory from the 16th century onwards. Read More, *Utopia*,††; T. H. Green, *Lectures on the English Revolution*; Locke, *Treatise on Civil Government*; Rousseau, *Social Contract*†† (Everyman translation); Gooch, *Political Thought from Bacon to Halifax*; Laski, *Political Thought from Locke to Bentham*.

CHAPTER X.

THE AGE OF CAPITALISM (II).

THE 19th century really begins about 1760, when the great increase of overseas markets and overseas trade provides the stimulus for making use, in the sphere of mechanical invention, of the scientific research which had been growing steadily for the past 100 years; increase in selling capacity demanded increase in production. The detailed history of the mechanical inventions is out of place here; we are only concerned with its social and political effects. But the student should notice that the Industrial Revolution (as it is somewhat misleadingly called) is not a single event, or even a fifty years' event. It is a stage of development during which the progress of man's control over his environment, which is the subject of history, proceeded at a very rapid rate; also, it is the stage in which we are at present living. It has two aspects—(i.) an enormous development of mass production of goods; (ii.) a development of transport, particularly land transport.

(i.) The development of production leads to (a) the development of the working-class, as population increases and concentrates in industrial towns.* The working-class is not an invention of the 19th century, but its vast increase in numbers is, as also its complete separation from the master-class. The working-class then throws up organisations of its own—Trade Unions, Co-operative Societies—and social theories of its own, such as Socialism and Communism; (b) the growth of capital, to finance new productive enterprises, the

* Concentration makes organisation easier, thus helping the rise of Trade Unionism.

creation of huge capital accumulations wielding political and financial powers.

Note (a) that while the *effective control* of capital accumulations passes into fewer and fewer hands, its *ownership* (by means of joint-stock companies) is spread widely over a lower middle class—the peasant proprietors of capitalism.

(b) The growth of public finance, war debts, etc., the means by which capitalism grips the State.

(c) The new factories demand raw materials, and the industrial populations food. This leads to (i.) the preponderance of states with a good supply of vital raw materials (such as coal in Britain); (ii.) a scramble to secure the raw materials of "undeveloped" countries; (iii.) a growth of "mass production" agriculture in countries like America and Australia, to feed the industrial countries which cannot feed themselves.

(d) The development of *production* makes the *selling* of goods for the first time a problem. Factories must be fed with buyers as well as with raw materials, or they die. The theory (upon which the price-regulation of the Middle Ages was based) that a manufacturer produced what was wanted, is finally abandoned in favour of the theory that someone must be found or made to want whatever is produced. Hence a scramble for *markets*, wherever they can be found, growing worse and worse as the number of available new markets decreases and more and more nations enter the field as producers. The struggle to secure raw material and markets is known as Imperialism. Accidents, however, will happen; markets fail, and factories die of inanition. This phenomenon is called "trade depression," and produces the permanent unemployment, varying only in amount, which is the concomitant of industrial capitalism.

(ii.) The application of power to transport greatly improved ocean communications in the middle of the 19th century, and so strengthened the British maritime empire. Its application to land transport, however, marked a much greater advance, since it made land-borne trade and land empire really practicable for the first time since Rome.* Much of its development (including the use of aeroplanes) is still in the future, but it is already destroying the effect of the maritime supremacy of Britain.

We can now deal with the period in more detail, roughly dividing it into two periods for the purpose.

(1) Down to about 1860 the chief interest is the development of the British Empire. We have already seen how British economic power helped to defeat Napoleon. At that time the British manufacturing classes were still without direct political power. At the time of the Reform Bill they combined with the working-classes to secure political power for themselves, but not for their allies. The disappointment of the workers found expression in the Chartist movement, which, however, failed. This early revolt of the workers was paralleled in other European countries in the revolutions of

1832 A.D.

1834-1848
A.D.

* See the development of the United States—"a country created by the railway."

1848. Meanwhile, Britain's overseas possessions were rapidly expanding, notably in India (brought finally under the Crown in 1857) and Australia, and through the seizure of "key situations," such as Gibraltar and Singapore. In 1823, Britain made common cause with America in the enunciation of the Monroe Doctrine, which prevented European Powers from further extensions in the Western Continent.

(2) From about 1865 onwards, the railway begins to make itself felt as a world factor. Three new Powers appear—United States, Germany, and Japan.

860-3
A.D.

After the Civil War finally decided that slavery as a method of production was obsolete, the **United States** rapidly became the Paradise of free capitalism. The Pacific railways united the food-producing lands with the industrial settlements, and made it practically a self-sufficing community—a factor of enormous present importance.

870 A.D.

Modern **Germany** is the creation of Stein and Bismarck, who united the industrial and commercial cities of the West (many of them the remnants of the old Hanseatic League) with the agrarian and feudal East, under a strong central government. Germany aimed at a land hegemony of Europe, controlling the land-routes to the East* ; the first expression of this policy was the Franco-Prussian War, and it continued till the Peace of Versailles. After the Peace of Versailles this role is resumed by France.

904-5
A.D.

Japan in the middle of the century leapt almost at a stride from a feudal to a modern state, and after its unexpected defeat of Russia disputed with the European powers for control in the Far East. It is now, since the Great War, one of the chief world powers.

The enormous size and resources of **Russia** cause it to be regarded with growing suspicion by European powers and by British India, but the great development of Russia is still in the future. The student should notice (a) the growing importance of places on the land route to Asia—Mesopotamia, Syria, Asia Minor, Egypt, Constantinople ; and (b) the influence of international capitalism and finance in reducing the smaller states to dependencies of the larger (e.g. Portugal of Britain). Up to 1914, war, as a method of getting control of one's weaker neighbours,† is a method less used than "peaceful penetration."

Africa.

The development of Africa begins about 1880 and is marked by a scramble for raw materials. The early history of Africa cannot be dealt with here, though students who are interested will find much matter of interest (not yet well collated) both in the prehistoric period and in the large kingdoms of the Middle Ages, such as Abyssinia, and the rule of the Monomotapa. No African kingdom however, progressed beyond the feudal stage, and by the 19th century Africa was a virgin ground for religious and economic

* Also, but not so important, at a naval rivalry with England.

† Except "natives."

exploitation. By 1900 it was practically parcelled out between the rival Imperialisms of Britain, France (with Belgium), and Germany.

The Far East.

The economic penetration of the Far East, like that of South America, has only now begun on any large scale, except for the British conquest of India. This fact stimulates other powers to counter by seizing portions of China and endeavouring to secure markets and raw materials. The intervention of Japan, and U.S.A. developments in the Pacific have materially altered the situation in the Far East ; but their effect belongs to prophecy, not history.

The War of 1914.

The increasing congestion of population in Europe and the pre-emption of raw materials and markets by one power or another brought German and Russian Imperialism into collision with the sea-power of Britain and the land-power of France in the Great War, which arose immediately out of the fester of "small nationalities" left from the hundreds of years of European politics. This resulted in the elimination of the German group, and the reduction of the other combatants (except Russia) to a condition nearly amounting to dependence on the United States.

1914-18
A.D.

The Working-Class.

The early years of this period are a time of peaceful, non-theoretic growth of working-class organisations* (principally in England). Organised working-class Internationalism began with the First International of Marx, and was revived (still very weakly) towards the end of the century. By that time Trade Unionism was developing rapidly in Continental countries, and was further becoming of a more militant working-class character (the "New Unionism"). Working-class political parties had appeared a few years previously. These developments continue at a rapid rate, parallel with the developments of capitalism, up to the Great War. During the War the semi-feudal government of the Czar collapsed, and was overthrown by a middle-class government under Prince Lvov, which in its turn fell to a revolution of the working-classes, led by the Bolsheviks, and in alliance with the peasants. As in France in 1792 the Revolution was attacked by its neighbours and developed a military organisation to save itself. The development of Russia since the Revolution is as yet too recent for historical grasp ; its future, like that of the Labour movement as a whole, are subject for another syllabus.

1864-74
A.D.

1917 A

1918-2:
A.D.

* Except for the sudden burst of the Paris Commune (1871).

BOOKS TO READ.

Only a selection of the vast quantity of books can be given here.

For the economic changes (particularly transport), see Knowles' *Industrial and Commercial Revolutions of the Nineteenth Century*,* which contains much information, badly put together. Toynbee, *The Industrial Revolution*, is the standard book for the early part. See also M. H. Dobb, *Development of Capitalism** (in this series). The social effects are brilliantly given in the Hammonds' books. *The Town Labourer*, †† etc. See also G. D. H. Cole, *Life of Cobbett* (forthcoming).

For the political history, see Herbert, *Modern Europe*. G. P. Gooch, *History of Our Own Times* (from 1885) is a useful little work.

For the development towards Imperialism, see L. S. Woolf, *Economic Imperialism**; A. Viallate, *Economic Imperialism**; Brailsford, *War of Steel and Gold*, etc., etc. See also Horrabin, *Economic Geography** (in this series).

For England, a good history (allowing for its author's bias) is Trevelyan, *British History in the Nineteenth Century*. See also Max Beer, *History of British Socialism*.

For the United States, Cecil Chesterton, *A History of the United States*; Scott Nearing, *The American Empire*; and W. T. Colyer, *Americanism*.

For Germany—M. Philips Price, *Germany in Transition*.* J. H. Clapham, *The Economic Development of France and Germany*.†

For Japan—R. P. Porter, *Modern Japan*.

For the Far East—Bertrand Russell, *The Problem of China*.

For Africa—Sir H. H. Johnston, *The Opening-Up of Africa*; L. S. Woolf, *Empire and Commerce in Africa*.†

For the European War, see Gooch, *Origins of the War*; and for the Treaty, Keynes, *Economic Consequences of the Peace*, etc.

For the Labour Movement—(i.) *early*, see Postgate, *Chartism* (in this series) and *Revolution*; (ii.) *middle period*, Webb, *History of Trade Unionism*; Potter, *The Co-operative Movement*; Postgate, *The Workers' International*; Marx and Engels, *Communist Manifesto* ††; (iii.) *later*, Cole, *World of Labour* and *The British Labour Movement* (in this series); Labour Research Department, *Labour International Handbook*; Arnot, *The Russian Revolution* (in this series) and bibliography thereto.

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ECONOMIC GEOGRAPHY.

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Others to follow.

PREFACE.

This syllabus is intended to serve either as a skeleton outline for a short course of lectures, or as a guide to the reading of individual worker-students. It makes no attempt, either in itself or in its suggestions for further reading, at teaching the general facts of geography, but takes a certain amount of geographical knowledge for granted. The student who feels the need of some preliminary reading in geography should refer first to the section on "General Geography" reprinted here, by permission, from "What to Read: A Guide for Worker-Students" (Plebs League, 7d).

This course is based on the Plebs "Outline of Economic Geography," and its sections follow the chapter-headings of that book (except that here the historical chapters are condensed into one section). The 44 maps by which the "Outline of Economic Geography" is illustrated were drawn specially to emphasise and clarify the main points here treated.

J. F. H.

SECTION I.

HISTORICAL.

IT is impossible to understand History without some knowledge of Geography. Events happen in a particular *place*, as well as at a particular *time*; and the place conditions the event, just as the particular period of history in which it occurs conditions it. "What to-day is a fact of Geography becomes to-morrow a factor of History."

But it is equally true that it is impossible to estimate rightly the importance of geographical factors unless one studies them historically. For geographical factors are, broadly speaking, unchanging; and their varying effect on human societies at different periods is the result of something that *does* change, viz., man's social and economic development. Thus a geographical factor which, at a particular stage of human development, is helpful to man, at another stage is a hindrance. In order, therefore, to study Geography as a means towards the better understanding of History, it is necessary to *relate* the geographical factors to those other (and more important) *economic* factors which are the fundamental forces making for historical change.

World history, viewed from the economic-geographical standpoint, is seen to be a steady growth towards a greater degree of interdependence between all the peoples of the earth. That is a fact of especial interest to the workers, since that interdependence is the material foundation on which the international working-class movement is built.

From the days of the first beginnings of "civilisation" *i.e.*, of a settled, instead of a nomad, type of life, and of the division of society into castes and classes—in the river valleys of Egypt, Mesopotamia, India, and China; through the centuries when civilisation spread, first, round the shores of an inland sea—the Mediterranean—and then north and west across the continent of Europe; down to modern times, when the opening-up of ocean routes and the perfecting of the means of land transport (by railways) has brought all the coasts and lands of the world into touch with one another—the story is one of increasing inter-communication and, based on that, of increasing interdependence. It is the task of the workers to change an interdependence of exploited groups into a real interdependence of peoples.

Why did civilisation begin in certain places rather than in others? That is a question which Geography, obviously, must

help us to answer. What, in other words, were the particular geographical factors favourable to the development of a settled as distinct from a nomad way of life ?

- (1) Settled life in one particular area involved an advance in the technique of food production—of agriculture and horticulture—and this was likeliest to take place where there was more than ordinarily *fertile soil*.
- (2) So long as the majority of men were nomads, *natural barriers* which would keep outsiders at a distance, and thus enable the men who had settled within the area of fertile soil to develop it uninterrupted, were essential. There *may* have been a dozen or a hundred attempts at settled life made in various areas, none of which survived because they lacked this natural protection. At any rate, in the case of all those which did survive, the presence of a considerable amount of natural protection is noticeable.
- (3) The area, if it was to be developed and “organised” without setting too great a strain on men at a primitive stage of development, would need to be a fairly clearly-marked *geographical unit*, with natural means of internal communication.

All these geographical conditions were present in the four principal “cradles” of civilisation named above—the valleys of the Nile (Egypt), of the Tigris and Euphrates (Mesopotamia), of the Indus and Ganges (India), and of the Hwang-ho (China). In each of them, too, the problem of *irrigation*, of utilising and controlling the water supply, supplied the stimulus towards co-operation between larger and larger groups, and towards further and further division of labour ; while the river itself, being an easy means of communication, was a factor making for social and political unification.

This use of the river as the principal means of communication led to the development of *water transport* ; and this in turn provided the basis for the next stage in world history—the *spread* of civilisation to other areas.

It was when men had so far perfected the means of water transport as to sail out from the rivers on to the sea itself that this next stage began. And it was where this step was easiest that it was taken. The Chinese, whose rivers empty themselves into the open ocean, never took it—the step from river to ocean was too difficult. It was in the belt of *sheltered inland seas* which divide the two great land masses of the Old World (Africa and Europe-Asia) that men learned the art and science of navigation. And for close on 4000 years, from the days when first Cretans, and, later, Phoenicians sailed its waters, right down to the end of the 15th

century A.D., when the ocean routes were first opened, the Mediterranean and its coastlands were the main centre of man's social and economic development. Civilisation spread, first round the shores of the eastern half of the sea, then, carried by Phoenicians and Greeks, to the western half also ; until finally, under the Roman power, the whole Mediterranean area became a political, as it was a geographical, unity, with the inland sea binding it together.

The sea, which at an earlier stage had been a *barrier*, was now a *link*.

When, only just over four centuries ago, the *ocean*, too, became a highway, man reached a still higher stage of adaptation to his geographical environment ; he could now use a highway leading to the very ends of the earth. A "New World" was discovered ; and the coasts both of Old and New were gradually linked together.

The main centres of development were now no longer the Mediterranean lands, but those European countries (whose civilisation had derived from the Mediterranean world) which fronted the open ocean. Spain, Portugal, England, Holland, France, struggled for supremacy. And England finally laid the foundations of that world domination which the Industrial Revolution was to consolidate and extend, by defeating each of her rivals in turn and making herself "waggoner of the seas,"

One step only remained to be taken to complete the material basis for world unification—the development of the means of *land transport* and the consequent opening-up of those great land masses which were still "outside" the world of civilised men. That step was taken in the early 19th century, when the first railways were built. The vast continental areas of North and South America, of Africa, and Northern Asia were now at last "penetrated." Distances, measured by time, were reduced to less than a tenth of what they had been. The whole habitable globe was now, so far at least as intercommunication could make it so, "unified."

This opening-up and use of land routes had the important effect, also, of altering the "balance of power" among existing States. No longer did the ocean-fronting countries enjoy a monopoly of geographical advantages. A country commanding important land routes—*e.g.*, Germany—could now for the first time challenge the supremacy of the ocean powers. Railways made the unification of Germany and of the United States possible ; and they provided the only possible basis for the further development of Russia's vast inland territories.

From isolated river valleys to the coasts of an inland sea ; thence to the ocean coasts of the world ; and finally into the heart of the continents—thus inter-communication and interdependence

extended and increased. The story is one of the conquest by man of one geographical obstacle after another ; of the transformation of obstacles into means towards a further and further extension of his control over " nature."

READING.

"An Outline of Economic Geography" (Plebs League, 2/6). Chapters I. to V.

" Geography and World Power." James Fairgrieve. (Univ. of London Press, 5/-).

" Influences of Geographic Environment." Ellen C. Semple. (Longmans, 21/-).

For much interesting material on Mediterranean and Ocean Voyagers :—
" Master Mariners." J. R. Spears (Home Univ. Library, 2/-).

For effects of development of land transport ;—" Industrial and Commercial Revolutions of the 19th Century." L. C. A. Knowles. (Routledge, 6/-).

NOTE ON THE READING LISTS IN THIS SYLLABUS.

There are, as yet, very few books dealing with geographical and economic-geographical subjects from the working-class point of view. The *Plebs Outline*, various pamphlets and articles in Labour periodicals, and miscellaneous passages in books by such writers as H. N. Brailsford, E. D. Morel, Scott Nearing, Bertrand Russell, etc., practically complete the list.

It is necessary, therefore, to go to books on the subject written by opponents. And of these the best—in the sense of dealing most fully and most intelligently with present-day realities—are those written by the apologists of Imperialism. Several such books are included in the reading-lists of this syllabus, e.g., Knowles, Semple, and Fairgrieve, named above ; and Morgan, Eckel, Kermack, and others quoted later.

The worker-student must accordingly be careful to distinguish between the *facts* set out by these writers and the *conclusions* they draw from those facts. In other words he must read them critically. If he does this he will collect a great deal of invaluable material from which he will be able to draw conclusions of his own.

SECTION II.

THE WORLD OF TO-DAY.

THE world of to-day includes every habitable part of the globe, and is no longer—as it was until four centuries ago—an " island " (or two or three " islands ") of civilisation surrounded by great unknown spaces and liable to invasion by hordes of unknown barbarians. And world economic interdependence is an accomplished fact, or, more accurately, a *process* which is being intensified every day.

Just as within every separate country there has been " specialisation by districts," so that there are agricultural districts and industrial districts, each dependent on the other ; so in the world at large the day of the " self-sufficient " nation has passed, and

practically every country is dependent on some other country for this or that vital raw material, or manufactured commodity.

This interdependence was made possible, as we have seen, by the growth and development of the means of communication and transport, especially during the 19th century. Not only did steam-power, applied to land transport, complete the "opening-up" of the world by making it possible for men to penetrate the great continental land areas; but, applied to ships, it enormously extended the power and capacity of water transport. Telegraph, telephone, and "wireless" speeded up communications.

And, given this development of transport and communication, and the rapid increase in industrial productivity resulting from new mechanical processes, the interdependence of various parts of the world was made inevitable by the *geographical distribution* of particular raw materials, soils, or climatic conditions. "Nature has not scattered coal, iron, copper and sugar-land over the earth in the same lavish way that she has distributed air and sunshine." The natural resources—fuels or raw materials—on which modern industries depend are found within certain limited areas. And, under capitalism, those States which exercise control over the areas containing the biggest shares of essential raw materials will be able to dominate those less fortunately situated.

Present-day Capitalist Imperialism seeks to "develop" all such areas, and to use to the utmost all the powers—of transport or manufacturing methods—which the scientific discoveries of the last hundred years have placed in its hand. It does not, of course, seek to do this with a view to any organised, economical development of world resources as a whole, but solely with the aim of making the largest possible profit for particular groups of capitalists. This kind of exploitation makes necessary, or at any rate desirable, some sort of *political control*, confessed or concealed, over the coveted territories.

Accordingly, during the last half-century, the great capitalist States have divided up practically the whole of the earth between them. Pavlovitch ("Foundations of Imperialist Policy," p. 108) quotes from Soupan's "Geography" the following table showing the rate at which the European Powers and the United States of America acquired territory during the last quarter of the 19th century:—

	Territory Occupied.		Increase or Decrease.
	1876. per cent.	1900. per cent.	
In Africa,	10·8	90·4	+79·6
„ Polynesia,	56·8	98·9	+42·1
„ Asia,	51·5	56·6	+ 5·1
„ Australia,	100·0	100·0	—

"These figures show that at the beginning of the 20th century almost all the unoccupied territory of our planet had already been seized.

There was nothing more to divide in Africa or Asia. It only remained to re-partition—that is, to take away from other proprietors."

Further, during the latter part of this period, and especially during and since the war, a similar kind of tendency has been apparent in the world of States as had earlier been characteristic of separate industries—a tendency towards amalgamation, "trustification," the absorption of smaller concerns into big groups. The stronger, industrially-developed Powers not only annexed territories—or established "spheres of influence" or "protectorates" over them; but they also, by financial pressure, by their monopoly of certain raw materials or control of certain routes, brought most of the weaker States more or less directly under their control. (This particular method of Imperialist expansion is especially noticeable in the case of America—see later section).

Thus, the political *realities* of the modern world are no longer the sixty or seventy nominally independent "Sovereign States"; but *groups of states and territories, each dominated by some great industrial power, and each including a number of smaller states or colonies, some having de jure independence, but all alike economically—i.e., de facto—dependent on the stronger power.**

Each of these groups aims at making itself as far as possible self-supporting and self-sufficient. It seeks to bring under its control:—

- (1) Essential *raw materials*—foods, fuels, etc.
- (2) *Markets* for its products and *undeveloped territories* to which its financiers can export capital. (The problem as to what happens to capitalism when all the undeveloped territories have been developed does not come within the purview of the geographer.)
- (3) Land and sea *routes* necessary for the transport and distribution of raw materials and manufactured goods.

What are these great Groups which have, broadly speaking, partitioned the whole earth between them?

There are five of them:—

1. America.
2. The British Empire.
3. The Far East.
4. Russia.
5. France (Middle Europe and French Africa).

Present-day international politics consists of the struggles of these great Groups to strengthen themselves and to weaken one another. The "zones of friction" between them include various

* Cf. a highly suggestive article in the L.R.D. *Circular*, August, 1920, on "Factors in World Politics."

areas not yet definitely brought under the control of one single Group ; as well as other areas, at present dominated by one Group, but on which the leading Power of another Group has cast envious eyes.

Note at the outset that the real government of each Group—Russia excepted—is *a group of capitalists* ; not always the same group, but always a capitalist group possessing, for the time being, the strongest pull on the machinery of government (including, of course, the politicians nominally at the head of affairs) and using that pull to shape "international policy" in accordance with their own interests.

READING.

Plebs "Economic Geography," Chap. VI. (with map of Five Groups) and Appendix on Resources, Territories, Zones of Friction, etc.

"The Next Step," Scott Nearing. Chap. I. (Lab. Pub. Co., 2/6).

"Foundations of Imperialist Policy," Pavlovitch. Chap. VI. (Lab. Pub. Co., 5/-).

For historical outline of growth of Imperialism :—

"An Outline of Imperialism" (Plebs League, 2/6).

"Economic Imperialism." L. S. Woolf (Allen & Unwin, 2/6).

"Development of Capitalism." M. H. Dobb. (L.R.D. Syllabus No. 2).

SECTION III.

AMERICA.

THE dominant power in the American Group is, of course, the United States. It is not an accident that European civilisation, transplanted in America, made its greatest progress in that particular area of the continent. The United States is that part of America which lies in the North Temperate Zone ; and here the men of North-Western Europe—British, French and Dutch—who made the first settlements, found climatic conditions most nearly akin to those under which their own civilisation had grown up.

But the United States, as a whole, could not be developed—and did not in fact exist "as a whole"—until the era of land transport. The States, which declared their independence of Britain in 1776, occupied only the coast lands between the Alleghany Mountains and the Atlantic. The history of the United States during the first half of the 19th century—the history of their extension westward, first to the Mississippi, then to the Rocky Mountains, and finally to the Pacific—is a history of railway building. It was the railways which made the political unification of so vast an area possible.

The railways made it economically interdependent. The iron and coal fields of the east were linked with the grain-growing and grazing lands of the west and with the cotton lands of the south. Before the close of the 19th century the whole area from the Great Lakes south to the Gulf of Mexico, and from Atlantic to Pacific, had been "organised" into a great capitalist state.

The Spanish-American War (1898) marks the definite emergence of the United States as an Imperialist-industrialist Power. From that time onwards her capitalist over-lords were looking for fresh fields to conquer. Since that date she has secured "direct political control over 150,000 square miles of territory in the Caribbean area, and 120,000 square miles in the Pacific."

Her *actual* possessions include Alaska (N.W. of Canada), Cuba and Porto Rico (West Indies) and Hawaii and the Philippine Islands in the Pacific.

Her *virtual* possessions include Haiti (West Indies) and most of the smaller republics of Central America—Nicaragua, Guatemala, Costa Rica, Panama, and Honduras. Over Mexico, Colombia, and Venezuela (all in the Caribbean *oil* area) she is increasing her hold. Most of these territories remain nominally independent States. The particular Imperialist method adopted by the United States—or rather forced upon her by the political state of affairs in Central and S. America—is to gain control of a State by means of financial loans, etc., while leaving it, in name, a "Sovereign State." *

The dominance of the United States among the various states and territories comprising the American Group—indeed, her dominance in world affairs to-day—is very securely based on the immense wealth of vitally important raw materials within her own borders.

In reserves of both *coal* and *iron* she is stronger than any other country or Group (though it has to be borne in mind that the mineral resources of Northern Asia are not yet accurately known).

In *oil* production she has easily led the world. And though according to various estimates her own oil reserves are now nearing exhaustion, she is, as we have noted above, extending her control over the next richest oilfield in the New World—the Caribbean area.

Of *wheat* and *meat* and *cotton* she has hitherto not only produced her own supplies, but has exported a large surplus. To the extent that her increasing industrial development makes it impossible for her to feed her own population in future, she will rely on (and therefore bring into closer economic relationship with herself) Canada and the Argentine.

* This policy she is now also following in Europe; the Dawes Plan being in essence the application of this method to a nominally independent European state—Germany.

America's *geographical situation*, with a coast on each of the two great world-oceans, Atlantic and Pacific, is another asset of enormous importance in the world of to-day. These oceans, barriers in earlier days, are now highways leading to either side of the Old World. Just as leadership passed four centuries ago from the Mediterranean countries to those fronting the Atlantic, so now the "advantage of position" is with the Power fronting both Atlantic and Pacific.

That advantage has been enormously increased by the cutting of the Panama Canal, and by the keeping of it under United States control. With that key route in her power American naval strength in each ocean is doubled. Moreover, the Canal reduces by thousands of miles the distance between the industrial centres of the U.S. (in the north-east) and the markets of western S. America, and of Asia. New York is now nearer (*via* Panama) to Japan and Northern China than is Liverpool (*via* Suez).

Both north and south of her own frontiers the United States is working steadily for control over all the territories of the New World. Her financial penetration of Canada is increasing. And the student of geography will note the absence of any real frontier—historical or natural—between Canada and the U.S.; and the fact that owing to the physical "one-ness" of the whole of N. America, outlying parts of Canada are nearer to, and can trade more easily with, the United States than with one another.

Canada has oil, coal and wheat. Newfoundland has iron. These resources, though important items in the wealth of the British Group, are not the less desirable in the eyes of the lords of Wall Street.

S. America's lack of *coal* makes her more or less dependent on the U.S. Water-power may take the place of coal in the west of the southern continent, but this is the very area now brought, by the Panama Canal, into closer touch with the U.S. industrial centres. Everywhere in S. America the capitalists of the U.S. are busy at the work of financial penetration; and here, especially in the Argentine, is a very obvious "zone of friction" between the American and British Groups, since British capital was dominant here up to the war.

Finally, America's Pacific coastline makes her vitally interested in the control of the Pacific, and in the exploitation of the lands on the opposite shore of the great ocean. In Hawaii she has a key-point of first-rate importance on the trans-Pacific routes; in the Philippines and Guam, "jumping-off places" near the coast of Asia. Here is a "zone of friction" of tremendous possibilities; for to Japan, seeking to secure her leadership of the Far Eastern Group, control of the Pacific is an equally vital concern.

READING.

- Plebs "Economic Geography," Chaps. v. and vii.
 "The American Empire." Scott Nearing. (Rand School, 2/6).
 "The New World: Problems in Political Geography." I. Morgan.
 Chap. xxxiv. (Harrap, 21/-).
 "Geography and World Power." J. Fairgrieve. Chap. xvii. (Univ.
 of London Press, 5/-).
 "Coal, Iron and War." E. C. Eckel. Chaps. ii., ix.-xi. (Harrap, 12/6).

SECTION IV.

THE BRITISH EMPIRE.

THE first fact about the British Group to be noted by the student of geography is that it is not, as are all the other Groups to a greater or less extent, a geographical unity. Only the ocean links the widely scattered British possessions and dependencies together. The Group is therefore based on, and depends on, sea-power. (Air transport, even though developed to a far greater extent in the near future, does not materially modify this disadvantage of geographical dis-unity).

The dominant power in the Group is—as yet—Great Britain; though her absolute supremacy is now being challenged by the "self-governing dominions," which are rapidly themselves becoming industrial States. Great Britain's supremacy dates, as we have seen (Section I.), from the opening of the ocean routes in the 16th century. Her position on the Atlantic front of Europe then for the first time told to her advantage—always previously she had been on the outer edge of the centres of civilisation.

During the 17th and 18th centuries Britain succeeded in gaining for herself the carrying trade of the world. During this period she was chiefly concerned in safeguarding her trade routes by establishing ports of call at vital points. But her merchant princes were not averse to territorial annexations wherever these were possible and desirable. In India and in N. America large areas were acquired.

With the growth of the means of communication—particularly the steamship—in the 19th century, Britain's overseas dominions increased rapidly in extent. Between 1800 and 1850 their area was trebled. By 1919 (after the Great War) it had trebled again, covering more than a quarter of the surface of the earth.

The full list of actual possessions can be studied in any geography primer or atlas. (They, of course, include those areas called by agreement among the victors of the war, "mandated territories.")

But to these have to be added several *virtual* possessions ; *e.g.*, the Portuguese colonies in Africa—Portugal not being a State strong enough to stand alone, and Britain (in Africa) being her next-door neighbour ; the Dutch colonies in the East Indies—important for their oil supplies, and linked with Britain through the Royal Dutch-Shell Oil Combine ; and such minor States (*e.g.* Norway, Greece, and the Baltic States) whose geographical situation makes them useful powers in the British international game. Up to 1914 the Argentine figured in this list ; but there, as we have seen, the United States is now playing for full control.

The most important possession of all, so far as Britain herself is concerned, and the one with the exploitation of which her own commercial prosperity has been most closely bound up, is India. That vast and densely-populated area, though, like China, an early centre of civilisation, was never—except for one or two brief periods in its history—“ unified ” under a single political rule, as China at a comparatively early date was unified. Geographical factors go far to explain this. Throughout China, climatic and geographical conditions were practically uniform, whereas in India there was a far greater variety of such conditions, resulting in several “ natural ” divisions. India, also, was far more open than China was to invasion or immigration, and her history has accordingly been largely one of conquests by outer peoples—at first coming by the land “ gates ” of the North West, and, later, by way of the ocean. China’s rivers, aided by canals, provided a network of communications “ opening-up ” vast areas. In India this was less easy. Its enormous area, in fact, could not be “ unified ” in any permanent way before the era of land transport and the construction of railways.

It was the British (who had taken advantage of the rivalries of the various Indian States to extend their rule, bit by bit, over the whole peninsula) who built the railways, and in doing so broke down the last obstacle to the “ self-organisation ” of India. Railways were the necessary precedent of India’s own industrial development. Whether, now that its industrial development has begun, it can still be kept under control by Britain, remains to be seen.

The resources of this Group, while not so great (nor so compactly placed) as those of the United States, are yet very considerable. The Empire was built up on the large and easily accessible supplies of *coal* and *iron* within Great Britain itself. These are now *relatively* declining. Before the War, Britain had fallen to third place among the coal, iron and steel producing countries of the world. The relative decline of her coal export means a proportionate decline of Britain’s ascendancy as compared with other parts of the Empire ; which still has considerable coal reserves in

Canada and Australia, and smaller quantities in S. Africa, N. Zealand, and India, and enormous resources of water-power in Africa.

As regards *food*, the Empire can be self-supporting. But cost of transport, etc., makes this only possible by a system of tariffs directed against food imports from other non-British areas. This is therefore a primary problem in British "home politics," since Britain herself is dependent on imports for more than two-thirds of the food needed by her industrial population.

As a result of the War settlement, the British Empire materially improved its position with regard to one important raw material in which it had previously been deficient—*oil*. This was achieved by its acquisition of the Persia-Mesopotamia field, and also by its interest in the Dutch E. Indies (see above).

Though the British dominions are still widely scattered, recent developments have tended to concentrate the main British interests in one great area—the Indian Ocean; practically all the coast lands of which are now under British control. This concentration is encouraged by the increasing American rivalry in Atlantic and Pacific spheres; while in the Indian Ocean, as yet, Britain has a virtual monopoly.

Its disadvantage is its distance from Britain herself. And it is this fact which makes the control of the short sea route thither—Mediterranean-Suez-Red Sea—a matter of vital British concern. That sea-route was threatened before the war by the German scheme of an overland route to the East ("Berlin-Baghdad"). To-day it makes for a direct antagonism of interests between Britain and France, since French interests also necessitate control of the Mediterranean—the water link between her European and African territories.

The outstanding fact about the British Empire from the geographical point of view is its dis-unity, and its resultant dependence on sea-routes for its means of communication. Sea-routes, to-day, perforce run through areas dominated by rival Groups; and the links binding the British territories together are accordingly the weakest points of the whole Group. It is exceedingly doubtful whether, in the modern world, any group of territories can be made self-contained and self-supporting which is not geographically one, with internal lines of communication and, therefore, with full control of all its component parts. The British Group is, geographically, an anomaly. And that fact, as the struggle for power between the rival Groups becomes more acute, is bound to have very definite political and economic effects.

So far from being, as its admirers often assert, a "mighty asset for world peace," the British Group by the very fact of this geographical dis-unity provides not a few seeds of possible wars. Its interests, in one or other corner of the earth (and despite the main

concentration referred to above) clash with the interests of each of the other great Groups. Canada and S. America, arenas already of commercial and financial conflict between Britain and the United States, may yet be the cause of more open hostility. In the Mediterranean, French and British rivalry is acute. In the lands of Central Asia, bordering on India, Britain anxiously watches Russian "propaganda." And her Indian empire is a bar to Japanese ambitions for hegemony in Asia.

Within her own territories the class struggle between capitalists and wage-workers is further complicated by racial, national and religious problems of various kinds. "Possessions" like India are developing capitalist classes of their own. Were Britain, like the United States, secure in the possession of unrivalled natural resources within her "home" borders, these problems might be a less powerful threat to the political unity of her Empire.

READING.

Plebs "Economic Geography." Chap. viii.

"The British Empire," T. A. Jackson. (Communist Party, 6d).

"The Expansion of Britain." W. H. Kermack. (Oxford Univ. Press, World Manuals, 2/6).

"Geography and World Power." Fairgrieve. Chap. xi. (And see Chap. xiv. for an ingenious attempt to suggest that geographical factors necessitate the maintenance of British rule in India).

"The New World," Bowman. Chap. ii.

"Coal, Iron, and War." Eckel. Chap. xxv.

SECTION V.

THE FAR EAST.

In each of the other four great Groups the dominant power is European, or, as in the case of America, of European origin. In the Far Eastern Group alone an "inferior"—"yellow"—race has learned the lessons of Western capitalism and set itself to beat the white man at his own game.

In the French, British and American groups, also, the subsidiary territories—the areas of exploitation—include lands varying considerably in social and economic development, language, etc. Even in the case of Russia, the vast territories of the Tsarist Empire now almost all embraced in the Union of Soviet Republics are inhabited by peoples of widely-varying races and languages.

In the Far Eastern Group the main area to be exploited is a single country—China. But that country is one of such enormous (and almost unexploited) resources that the Power which can establish a monopoly of these will by that fact alone rank as one of the

major Powers of the modern world. Such a monopoly is not yet established; but ever since her sudden leap from feudalism to capitalism, little more than a century ago, Japan has worked steadily towards the realisation of that aim.

Her *geographical situation* gives her an advantage over her two chief rivals, America and Great Britain. Her island empire "fringes the coast of Asia for 3,000 miles." The annexation of Korea gave her a footing in a "key position" on the mainland. And during the Great War, when her rivals were busy elsewhere, she established herself in another equally important "key position"—one, moreover, which gave her control of valuable mineral resources as well as of land and sea routes—in Shantung. These bases are far better placed strategically than Britain's in Hong Kong and Singapore, or America's in the Philippines. And Japanese penetration and occupation of Manchuria and Eastern Mongolia has already placed large and important areas of "Outer China" within her power.

Japan is the "natural" dominant power in the Far East—since we may take it for granted that China's lack of industrial development and present social disorganisation make her exploitation by one or other outside Power inevitable. But Japan's own resources, especially when compared with America's, are almost insignificant. She depends on China in the fight for China—a fact which might, in the case of actual hostilities, go far to counteract her advantages of position.

The mineral wealth of China, though little worked as yet, is known to be very great. Her coal reserves are second only to those of the United States, and the location of some of the richest fields near the coast makes export easy. She has iron, tin, lead, and oil. She is one of the greatest producers of raw cotton. And she possesses enormous quantities of another highly-priced (not priced) raw material—cheap human labour power.

Clearly such a country is as near to being what a capitalist would call "God's own country" as any area now left on earth. And it is scarcely likely that Britain and America will forego such a prize without a struggle. Japan's one-time alliance with Britain has ended, and the present alignment of the Powers seems to be tending more and more in the direction of an "understanding" between America and Britain, directed against Japanese ambitions.

Bound up with the question of the exploitation of China is that of the control of the Pacific. This is as important to the United States, by reason of her own Pacific coast-line, as to Japan. And it is doubly important because the Power that controls the Pacific and exploits China will be able to deliver coal and steel at San Francisco more cheaply than the United States herself could supply these

from her own eastern coalfields and iron centres. And the same Power, of course, would be a formidable rival in the Pacific Coast countries of South America.

Japan improved her position in the Pacific after the War by taking over all the sometime German Pacific possessions north of the Equator. These lie in the direct path between Hawaii (the United States "half-way house") and the Philippines. The scramble for "key islands" in the Pacific—*i.e.*, for islands commanding steamship and cable routes—has been a prelude to the greater struggle for dominance in the entire Pacific area. "The Pacific came late into world history; but it is fairly safe to say that it will be well in the centre of the picture during the next half-century."

The Far Eastern Group, if Japan succeeds in establishing her leadership, would constitute a very real "Yellow Peril" to the competing Imperialisms. But no estimate of possible future developments would be complete which left out of account the geographical fact of Russia's proximity to China.

The one land gateway into China—that leading from Siberia through Manchuria—is at present controlled by Japan; and that fact constitutes a very real threat to the security of Russia's Far Eastern territories. Such a threat may react in various ways.

READING:

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- "The New World," Bowman. Chaps. xxxi.-xxxii.
- "The World Economic Situation." Trotsky & Varga. (Communist Party, 2d).
- "The Problem of China." Bertrand Russell. (Allen & Unwin, 7/6).
- "Labour International Handbook." Section on "The Far East." (Lab. Pub. Co., 12/6).
- "Coal, Iron, and War." Eckel. Chap. xxv.

SECTION VI.

RUSSIA.

THE Russian group is not only a fairly clearly defined geographical unit—the great plain of Northern Europe and Asia—but has been very sharply differentiated from the other great groups by the events of the past six years. Workers, peasants and soldiers have wrested from landowners and capitalists the control of the vast territories extending from the western to the eastern shores of the Old World.

Geographical factors have played an obvious part all through Russian history. Her vast inland area and almost absolute lack of coast-line have influenced her development at every stage. Until the era of land transport came, that development was bound to lag behind that of the rest of Europe. And the fact that no natural barrier protected her from the nomad lands of Asia resulted in her being invaded again and again by destroying barbarians.

The earliest centres of civilisation in Russia at Kieff in the south and at Novgorod in the north, were both inland areas linked by river and sea to centres of civilisation outside; Kieff, by the Dnieper and Black Sea to the Byzantine Empire, and Novgorod by the Baltic to the Hansa Trade sphere. When these outer centres declined, Kieff and Novgorod declined also.

Then followed the dominance of the whole great plain, from Europe to Northern China, by the Mongols; followed three centuries later by the gradual emergence of the State of Muscovy, centring on an area protected by forest lands. Muscovy pushed its borders northwards to the Arctic—the Turk blocked the way to the south—and succeeded in opening communications with Western Europe through the port of Archangel. Later, under Peter the Great, a coast-line was won on the Baltic, and Petersburg was built to be a "window opening on to Europe." And still later, the Turk was driven from the northern coasts of the Black Sea.

Cossacks, settlers and fur traders were meantime pushing eastwards across Asia, and the thin strip of territory between the forest zone to the north and the highlands to the south was colonised by Slavs.

But expansion did not mean development. And Russia's sheer size was a paralysing factor until, in the middle of the 19th century, the first railways were built. Then for the first time it became possible to organise and unify her vast resources. But that process was only partially completed when the Great War came, and during it the Revolution.

The same geographical factors which had all along been operating in Russian history profoundly affected the Revolution. In the first place, her vast size and as yet inadequate transport system safeguarded the Revolution in its earlier stages. Counter-revolutionary invasions broke down, through the sheer length of their lines of communication, long before the main centres were reached. Blockade was no more successful, even though Russia's few outlets made blockade relatively easy. For a far longer period than a more highly industrialised country could have done Russia, at any rate so far as the bare necessities of life went, could be self-supporting.

The same two factors—size and inadequate transport—constitute the main problem which the Workers' Government has to

face to-day. That problem is the restoration, *and extension*, of the railway system, inadequate in pre-war days, and broken down by war and civil wars.

There will be no more famines in Russia once this is achieved. And, with this problem solved, Russia could carry on even though blockaded by the rest of the world. The wheat of the Ukraine and Siberia, the coal and the iron of the Donetz and Siberia, the oil of Baku—these are ample resources once they are linked together by an adequate transport system.

For Russia, it must be remembered, is a *group* of widely varying areas, even though these form one great land mass. Cut off from one another, few of these could survive. Unified—by adequate means of communication—they form a group which, in potentialities, if not yet in actually developed resources, will be able to hold its own against its formidable rivals.

In the case of Siberia, the great land of “possibilities,” transport is an even more urgent problem than in European Russia. Its vast area—far greater than that of the United States—is crossed only by a single line of railway. Its economic resources are as yet only vaguely estimated.

According to recent surveys, “Siberia possesses the largest coal-field in the world, along the northern reaches of the Yenisei river. It is stated to be forty times as large as the Donetz basin, and three times the area of the largest (single) field in America. *But the bulk of these deposits lie about one hundred to one hundred and fifty miles away from the river; and there is no railway within five hundred miles of any part of the field.*” (“Russian Information and Review.”)

Until railways can be built, the Soviet Government is endeavouring to open up Siberia more extensively by the use of the Yenisei and other rivers (during the months in which they are free from ice), and thence by the Arctic (Kara Sea) to Archangel or Western Europe; a scheme which involves the construction of a chain of wireless stations to report and advise on movements of ice, etc.

There now exists, for the first time in Russia, a government intent on developing and organising to the utmost all the natural resources of its territories. That in itself is an asset when compared to the capitalist leadership of other groups, which aims primarily at profits, and only secondarily (or not at all) at purposeful, economic organisation of production.

During the period of reconstruction Russia may need—does need—the aid of the more highly developed industrial Powers to help her stand on her own feet—or, shall we say, remembering the

vital importance of her transport problem, "run on her own wheels." When that period is passed, and her economic and industrial development begins to surmount the natural disadvantages which have retarded her progress in the past, then the well-being of the one Workers' Group is assured.

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SECTION VII.

FRANCE, "MITTEL EUROPA," and FRENCH AFRICA.

"BRITAIN entered the Great War in order to destroy her most powerful European rival—Germany. The net result of the War for Britain (so far as her European interests are concerned) is that that rival has been destroyed, but that an even more powerful one has been set up in her place—France."

The material basis of Germany's strength was her reserves of coal and iron. Practically all the iron was by the Peace settlement ceded to France. And the consistent aim of French policy since the War has been to secure control of the coal also.

France now controls the chief iron ore supplies of Europe. And the heavy metal industries form the dominant capitalist group in the "New France"—the real power behind French "militarism."

French industry has still, very largely, to develop. It cannot develop without *coal*. France's lack of coal has been the main cause of her slow industrial growth hitherto. Even before the war she had large iron reserves. But her coal shortage prevented her from working it herself. In 1913 she was the largest exporter of "raw" ore in the world. Now, her industrialists are determined themselves to control the smelting and manufacture of that ore.

This necessitates control of coal-fields. For, several tons of coal being needed to smelt a single ton of iron, it is in general cheaper to carry iron to coal, than to bring the coal to the iron. By the Peace Treaty, the French industrialists secured control of the Saar

field. But that field was quite inadequate. The bulk of the smelting-coke which Germany had used for the Lorraine iron was in the Ruhr. It was accordingly essential that France should secure control of the Ruhr.

The nominal excuse for entering the Ruhr—*i.e.*, for stealing *European* territory in exactly the same way as Imperialists had treated territory in Asia, Africa, or Central America whenever such occupation seemed desirable—was the “necessity” for bringing pressure to bear on Germany in order to make her pay her “Reparations” debts. But the real motive of French policy is, as we have seen, the desire to secure for French capitalists control of those mineral resources on which Germany’s industrial greatness was based.*

The French aim is the domination of all Central Europe—the realisation, on an even larger scale, of the “Mittel Europa” scheme which Germany planned but failed to realise. Poland, and the countries of the Little Entente (particularly Rumania) are French “spheres of influence.” But, as a glance at the map of Europe will show, a Germany, or at least a Western Germany, under French dominance is essential if the new “Middle Europe” is to be a geographical unit.

Belgium’s geographical situation, of course, attaches her to the French group. And her coal reserves make her an important asset. With these, and the coal of the Ruhr, the Saar, and of Silesia (now in Poland), the iron of Lorraine, and the oil of Galicia and Rumania, France possesses the necessary resources for becoming a first-class industrial power.

In addition she possesses valuable sources of raw material (and man-power) in Africa. Her African empire is a solid block of territory, extending from the Mediterranean coast south to the Congo (and including, of course, the Belgian Congo). To complete the “unification” of this vast area a trans-Saharan railway is essential.

These African possessions are linked to France herself by the Mediterranean (Marseilles to Algiers or Tunis). France has accordingly a vital interest in safeguarding this sea route. This provides yet another “zone of friction” with Britain, for as we have already noted the British “main road” to the East runs through the Mediterranean sea. Britain controls the “gates” of Gibraltar and Suez, and has posts within the Sea at Malta and Cyprus. France’s own southern coast is within the Sea, and she possesses a great part of the opposite coast line—Morocco, Algeria and Tunis.

* The inauguration of the Dawes Plan means a victory for American (and British) finance over French capitalism. The latter, it now appears, is to be allowed to exploit German resources only at the price of paying tribute to Wall-Street.

She aims at securing the port of Tangier—the opposite “gatepost” to Gibraltar; but the Spanish Zone in Morocco keeps her at arm’s length—and it is unnecessary to add that Spain is here backed by Britain. In the Eastern Mediterranean, Greece and Turkey are used as pawns now by one, now by the other Group, either directly to further its own interests or to constract some scheme of its rival.

The only European Power of any importance not, as yet, definitely attached to one or other of the Great Groups is Italy. And her independence is in no small measure due to her geographical situation within the Mediterranean, and the opportunity thus afforded her, so long as two Groups are struggling for control of that sea, of playing off one against the other. Were either France or Britain absolutely supreme in the Mediterranean, Italian independence would be exceedingly nominal. Moreover, the very fact that she is an inland sea state puts her permanently at a disadvantage in the days of ocean routes. And the fact that she lacks coal makes her dependent—for a vital necessity—on whichever Group can supply her need.

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 “Coal, Iron, and War.” Eckel. Chaps. iv., xv.
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 “After the Peace.” H. N. Brailsford. (Parsons, 4/6).
 Articles on “The Comité des Forges,” by F. Delaisi, in *Manchester Guardian Commercial* “Reconstruction,” May 31st, July 12th, and August 16th, 1923.

SECTION VIII.

CONCLUSIONS.

I. Capitalist Imperialism the hindrance to World Unity.—We have seen that in the world of to-day there is a far greater degree of economic interdependence than ever before, and that the *technical*, material basis for complete world unity—means of transport and communication—is already in existence. What bars the way to the political and economic unification of the whole world? It is clear that the obstacle is Capitalist Imperialism, the partition of the territory and resources of the world between rival capitalist groups—“gigantic World Trusts.”

Those groups have broken down, and are breaking down, the old political frontier lines *within the areas they control*. To that extent they are increasing the economic interdependence of previously

separated territories. But each group aims at accentuating, and strengthening, the lines dividing it from other groups. Each aims at making itself, as far as possible, self-supporting and self-sufficing—at *independence*, not at world *interdependence*.

And since none of them can do this without in one way or another injuring another's "interests," the results of this policy must be wars—a whole series of wars.

2.—The Task of the Workers.—The aim of the world's workers is One World Group, and the organisation and distribution of world resources for the *use* of the peoples of the world instead of for the *profit* of a single small class. Their task, that is, is to complete the process of world unification.

But they cannot leave this to be brought about by "economic development." Economic development, apart from purposeful *action* by the workers, may lead to the absorption of one or two, or even all, of the other capitalist groups by one supremely powerful Group, and the establishment of a more highly organised and more efficient World Capitalism.

The workers have, then, to organise *on a world basis*, as workers, to fight against each and all of the rival Imperialisms—British, American, French or Japanese. (And they must oppose any and every activity of the Imperialists, even when this—*e.g.*, French occupation of the Ruhr—is incidentally aimed at the breaking down of obsolete political frontiers separating economically interdependent areas; since the result of all such activities will be the strengthening of Capitalism).

3.—Internationalism.—The workers' organisation must be literally world-wide, with no "colour bar" nor any sort of racial, national or religious prejudices or divisions. The white worker has to realise that to the boss *all workers—white, brown, black or yellow—are coolies*; and his choice lies between accepting a coolie status or organising along with the "coolie" against the common enemy, the exploiter.

British workers have to rid themselves of the beliefs, carefully fostered by their masters, that their interests are in any way bound up with the development, or aggrandisement, of the British Empire. That Empire, which, as we have seen, has no "geographical basis" whatever, is held together solely by the forces of exploitation; and in a world constituted as the world of to-day is constituted, it is a very prolific seed-ground of possible wars.

The interests of British workers are closely bound up with those of the workers of Europe. And these in turn must, in their own defence, organise along with the "coloured" workers of other continents, in view of the capitalist tendency to shift the centres of industrial production to lands where labour-power is cheaper.

Finally, revolutionary action on the part of any section—national or industrial—cannot hope to be successful if it is undertaken without regard (i.) to the position of the working-class movement as a whole, and (ii.) to the economic-geographical facts of the modern world.

READING.

- Plebs "Economic Geography." Chap. vi.
 "The A B C of Communism." Bukharin and Preobrazhensky.
 "Labour International Handbook," and "Labour International Year Book," 1923: various sections on International Labour, etc.
 "A Short Course of Economic Science." V. Bogdanoff (Labour Publishing Coy.).
 "The Future of Industrial Civilisation." Bertrand and Dora Russell (Allen & Unwin).

WHAT TO READ IN GENERAL GEOGRAPHY.

No one can learn by heart and carry in his head the vast mass of facts which constitute the groundwork of Geography. The best geographical reference book is a good Atlas; and every working-class student should own his own and familiarise himself with it by consulting it regularly.

Probably the best atlas on the market is the new *Times Atlas* (maps by Bartholomew), price £6 or £7. But an excellent atlas is published by Philip's—*Elementary Atlas of Comparative Geography*—at 2/-, and for class use this could hardly be bettered. Between these two prices there are atlases of all sizes and qualities. The student will decide what he can afford and select accordingly—being careful, however, to get an atlas which has been brought up to date since 1921.

If the student has forgotten what little elementary geography was pumped into him at school, and wishes to go over some of the groundwork again; he cannot do better than read Fairgrieve and Young's *Human Geographies*, published by Philip's; Book IV., *The New World* (1/9), and Book V., *The Old World* (2/-); or the rather more "advanced" versions of the same books, *Human Geographies for Secondary Schools*, Book II., *The Atlantic Hemisphere* (3/-), and Book III., *Euro-Asia* (3/6).

Modern Geography, by M. I. Newbigin (Home Univ. Library, 2/-), is a useful outline of the development and the general principles of geographical science.

The best reference book for specifically economic geography is again a good atlas. Bartholomew and Lyde's *School Economic Atlas* (Oxford Univ. Press, 6/-) is excellent, and Philip's have a good *Elementary Atlas of Commercial Geography* (3/6).

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A Guide to the Study of Marx.

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TO READERS AND STUDENTS.

This Syllabus is essentially an introduction to the life-work of Karl Marx in general and his economics in particular. The student, who reads and masters it, will be fairly well equipped for a study of Marx's works. In then taking up "Capital," he will profit most by starting with Volume III., Part VII., chapters 48-52 (which contain most of the secrets of Marxism), Part VI., chapter 37 (Preliminaries) and Part III., chapter 13, which is beautifully worked up. Then the student will do well to read chapter 19 in Vol. I., and as much as possible of chapter 1 in Vol. II. After such a course of study, he will find no difficulty in going through Vol. I., II., and III. Unfortunately, Vol. IV. is only accessible to those who know German.

M. BEER.

BIOGRAPHICAL SKETCH.

“Hitherto, the philosophers have but variously interpreted the world; it is now their business to change it.”

Marx, *Observations on Feuerbach*, 1845.

KARL HEINRICH MARX was born at Treves on May 5, 1818, as the son of Heinrich Marx, a barrister, who in 1824 left Judaism for Protestantism. He attended the public school of his native town and matriculated in the autumn 1836 at the University of Bonn, entering the Law faculty. In the autumn 1837 he left for Berlin, where he studied Law, Philosophy, History, Classical and Modern Philology, and graduated as Ph.D. in 1841 at Jena, with a thesis on Epicurean and Democritian Philosophy. During his University years at Berlin, he was attracted by the philosophy of Hegel, made friends among the University lecturers and Hegelian scholars, who, although his seniors, treated him on a footing of equality and eagerly sought his society. In 1841 he settled at Bonn, with a view to start on a career of a University lecturer, but owing to the persecution of all unorthodox teaching, Marx turned to journalism and became in 1842 first a correspondent and then chief editor of the *Rheinische Zeitung* at Cologne, a Liberal daily, founded by bankers and middle-class intellectuals for the purpose of fighting Prussian autocracy. Marx's articles proved, however, too much for the censorship, so that the paper was ceaselessly harassed and, finally, Marx resigned his position and left with his newly-married wife, Jenny (*née* Baroness von Westphalen) for Paris in October, 1843, to edit the German-French Annals (*Deutsche Französische Jahrbücher*), published by Arnold Ruge, a left-wing Hegelian. The Annals also succumbed after two issues had been published; they contain the germs of Marx's views on socialism and class struggle, so that we may say that in the winter 1843-44 Marx became a Socialist. In September, 1844, Frederick Engels, a contributor to the German-French Annals, who had lived in Manchester since the end of 1842, came to Paris to see Marx; this was the beginning of their life-long friendship and co-operation, the first fruit of their co-operation being the "Heilige Familie," a polemical treatise against their former Hegelian friends, the Radical brothers, Bruno and Edgar Bauer. Marx wrote occasionally also for the Paris weekly, *Vorwärts*, for which he and some contributors were expelled from France in 1845. Marx left for Brussels, where he lived till March, 1848, and where he wrote in French his first great treatise "Misère de la Philosophie" against Proudhon's

"Philosophie de la Misère." In this work, written by Marx in 1846-47, all that which we call Marxism is to be found more or less explicitly. In December, 1847, and January, 1848, he and Engels wrote the "Communist Manifesto" for the Communist League, which they had joined in the summer 1847. In March, 1848, after the outbreak of the Paris February Revolution, Marx was expelled from Belgium, went to Paris, whither he had been invited by the French Provisional Government, and where he remained till the end of May, 1848, so that he was able to witness the revolutionary struggles of the French proletariat, of the Blanquists and Social Democrats, for and against the dictatorship.* At the end of May he left for Cologne to take part in the German Revolution, which had broken out in March, 1848, and which was destined to find its most outspoken organ in the Cologne *Neue Rheinische Zeitung*, under the editorship of Marx, and the first number of which appeared on June 1, 1848. The defeat of the Paris proletariat in the last week of June resulted also in the decline of the German Revolution. By the spring 1849 the German Revolution was practically at an end, the *Neue Rheinische Zeitung* was suppressed; Marx left for Paris and in the autumn 1849 for London, where he remained until his death on March 14, 1883. In London he edited the *Neue Rheinische Revue* (1850), contributed economic articles to Ernest Jones's *Notes to the People*, to the Anti-Palmerstonian *Free Press*; was correspondent of the *New York Tribune* (1852-1861), published in 1859 his book, "*Zur Kritik der politischen Oekonomie*," in the preface of which he gave a short outline of his materialist conception of history; 1864-1872 he was the spiritual leader of the International Working Men's Association; in 1867 he published the first volume of "Das Kapital"; in 1870-71 he wrote the Addresses of the International on the Civil War in France (the Paris Commune). In the last ten years of his life, ill-health prevented him from finishing his "Kapital," leaving the second, third, and fourth volumes to his friend Engels to edit and prepare for publication. Vol. II. appeared in 1885, Vol. III. in 1894, while Volume IV., entitled "*Zur Geschichte der Mehrwerttheorie*," was edited and published, in four parts, by Karl Kautsky in 1905-1910.

* A distinct echo of those struggles we hear in Marx's book, "*Klassenkämpfe in Frankreich*," written in 1850, and in the "*Eighteenth Brumaire*," 1852.

I.—GENERAL VIEWS OF MARX.

“ All science would be superfluous if the appearance (the phenomenal form) and the nature of things were wholly identical.”
—Marx, *Capital* III. p. 951 (English edition).

THERE are to be found in the life-work of Marx certain general views or fundamental conceptions which pervade its texture and which are therefore preliminary to a proper appreciation of it. Unfortunately, however, they were only casually and perfunctorily touched upon by him, so that they are easily missed by the readers and students of his books. Marx was evidently so intimately familiar with those views that they appeared to him to stand in no need of any special exposition. This omission may be taken to be the cause of many of the difficulties, misunderstandings and adverse criticisms which Marx's works have met with.

These general views are :—

I.—CLASS SOCIETY.

Human society, after having left the stage of primitive tribal and communal organisation, split into two antagonistic classes, the one appropriating and controlling the means of production and the corresponding mechanism of government (State) or political power, which was created for the protection of the new property relations ; the other class, possessing but labour power and skill, has been compelled to perform the productive work and all the drudgery which is necessary to keep society going.

This class society, looked at from the point of view of material production or the very basis of social life, has been passing through three phases, namely (i.) slave-holding or antique economy ; (ii.) villeinage (later serfdom) or feudal economy ; (iii.) wage system or modern capitalist economy. The three phases of class society, while differing in their political and legal aspects and showing a progressive tendency towards universal political freedom, have this remarkable feature in common that the labouring class, either as slaves, villeins, serfs, or wage-workers, can only get their subsistence on condition of working a part of their time gratuitously for the benefit of the owners of the means of production, or providing the latter with food, raiment, shelter, and the means of economic and social intercourse, that is, paying a tribute to the victorious class. Consequently, the working time of the labouring classes in all the three phases of class society is divided into two parts—in *necessary labour* (for the satisfaction of their own needs,

or paying back with labour for the food, clothing, and shelter they receive from the possessing classes) and *surplus labour* (that part of work which they pay as a tribute or which they perform gratuitously for the benefit of the possessing classes).

This is the essential condition, the most characteristic feature of every phase of class society. Every person belonging to the possessing class gets a share of the surplus labour, and every person belonging to the labouring class pays, when employed, the tribute of surplus labour to the possessing class.

2.—THE THREE PHASES OF CLASS SOCIETY.

“ If the analysis of the inner and essential relation of the capitalist process of production is a very complicated matter ; if it is the work of scientific research to reduce the perceptible and merely apparent movement to its inner, real movement, then it is no wonder that the notions which arise in the minds of the agents of production and circulation concerning the laws of production, completely deviate from those laws, and are only the conscious expression of apparent movement. The ideas of a merchant, exchange speculator and banker are necessarily quite inverted.”

—Marx, *Capital*, Vol. III., p. 369 (English edition).

Slave-holding economy, feudalism, and capitalism denote each, in the first instance, not a collection of things and persons, but a certain social phase, certain social relations between the classes, or the social status of the respective classes. They denote social predominance of one class over the other. The owners of the means of production rule and govern, or keep the labouring class to its productive and menial tasks, and distribute in accordance with their ruling interests, the produce of labour.

“ The leadership of industry is an attribute of capital, just as in feudal times the functions of general and judge were attributes of landed property.” (Marx, *Capital*, Vol. I., p. 323, Engl. edition, London, 1889).

In the first two phases of class society, that is under slave-holding and feudal economy, the main features of class-society are manifest to all, the class relations are not obscured or disguised by any pretence, subterfuge, or complicating circumstance. The slave-holder and the feudal lord are the rulers ; they wield the political power, and they distribute the material wealth which is produced by the slaves and serfs. The subjected and disinherited classes cultivate the land, transform the raw materials, supplied by nature, into use-values. The economic conditions of antique and feudal society are altogether clear, transparent, the range of production and consumption, circulation and exchange, being relatively

narrow and therefore easily surveyed and controlled, save in cases of natural calamities.

On the other hand, class society changes its aspect when entering on its third phase—that is, capitalism. It grows more and more complex and involved, so that its main characteristics are obscured and disguised. The extension of the markets; the production for sale and not for personal use; the increase of the number of commercial links between production and consumption; the atomisation of society; the growth of political freedom; the buying of labour in an apparently free market; the ascertainment of the quantity and quality of labour through fixing its exchange-value; the intricate process of competition, out of which the tribute of the labouring class, viz., surplus-labour or surplus-value, reappears under the commercial mask of profit, have turned the capitalist system into a wide-flung net of movements and activities, which are as tangled and confusing to the untrained or prejudiced mind as the movements of the various bodies of the solar system were to the minds of the pre-Copernican times. The real positions, functions, and movements of the social classes in the economic system appear in a perverted form. The apparent movements of things, their phenomenal forms, considerably deviate from, or do not seem to correspond with, the essence of things.

Marx considered it as his main task and scientific programme to unravel the tangle, to penetrate the phenomenal forms and get to the core of the capitalist system, to reveal its class character, to show that the relation between Capital and Labour is not a business transaction between free agents, but that of the domination of the one class over the other, and that profit of capital is nothing else but the commercial metamorphosis of surplus labour, the main feature of class society. Surplus-labour is unpaid labour, or the tribute which the defeated and subjected class pays to its conquerors; it is withal the inevitable and legitimate condition—the *conditio sine qua non*—of any society based on class domination. The wage-worker is not cheated or robbed in a legal or commercial sense, no more than the villein, serf, or slave were cheated when they worked a part of their time gratuitously for their master, for each historic phase has its own legal and moral concepts, its own body of laws which express the economic and social relations of the various classes and members of society. The wage-labourer's remuneration simply cannot be the full produce of his labour, for, as a member of a subjected class, he must needs work gratuitously a part of his time for the ruling class. He may feel wronged, he may appeal to right and justice, but his appeals will be rejected, for the ruling laws and ruling ideas are the laws and ideas of the ruling class, while his own ideas of right and justice are those of the disinherited, subjected and defeated class. There exists no abstract idea of right and justice. Hence as a wage-worker within

the capitalist system he can never permanently improve his economic condition or make his own idea of right prevail, just as the slave or the serf could not change their condition as long as slave-holding economy or feudalism prevailed. Therefore, the struggle of the wage-worker ought, logically, to be directed not against the mode of distribution of the produce of labour, but against capitalist class society as an economic and political system. The object and end of his struggle is not and cannot be reform, but the liberation from the tribute of surplus labour, the emancipation from capitalist domination, the supersession of class society, the establishment of a society of economic equality.

The whole conception of Marx regarding the capitalist system as class society shows that he never deals with individual capitalists or individual labourers, but with classes as two antagonistic groups, of which the one gives surplus labour and creates surplus-value for the other. Hence it follows that Marx deals not with value, surplus-value and profit created in any single factory, mine or field, but with the collective values, surplus-values and profits of the capitalist class as a whole.

Finally, the whole consideration of capitalist society, as stated here, easily explains the reason why Marx began his "Capital" with those elaborate and ponderous chapters on exchange value and surplus value, or why he spent such an immense amount of logical abstraction on those concepts; he saw in them theoretic expressions of the necessary and surplus labour, which form the basis of the capitalist production and distribution.

To have thus analysed capitalist society and to have discovered its class character, as well as the real positions, movements and functions of the various classes and agencies operating within it, is one of the main achievements of Marx. He removed the blazing legend of *liberté, égalité, fraternité*, the veil of individual liberty, justice and righteousness, from the capitalist system and revealed it to be a phase—the last phase—of class society. This work he accomplished in his four volumes of "Das Kapital."

✓ 3.—RELATIVITY OF ECONOMIC, ETHICAL, AND LEGAL CONCEPTS.

Unlike his predecessors, who regarded the prevailing mode of production or the existing industrial order as the permanent, absolute and rational, though not flawless, system of society, Marx always reasons upon it as being a relatively transient phase in the evolution of human society. The capitalist mode of production is, in his eyes, the offspring of feudalism and the parent of the nascent communistic form of production. His life-long enquiries into capital had for its motive, first, to ascertain whence it sprang and whither it moves; secondly, to find and define the economic forms,

in which the class relations of capitalist society—that is, the predominance of the owning class and the subjection of the labouring class—express themselves; thirdly, to discover the tendencies and nascent forces which are in the process of forming the new and higher mode of production—higher from the point of view of material abundance, general welfare, and ethical level.

Marx's evolutionary view of society makes it sufficiently clear that he never deals with abstract ideas nor tries to give absolute definitions of sociological concepts. He never asks, for instance, what is value in general, or what is productivity of labour, or what is the law of population, but what is value and productivity and the law of population in capitalist society; he never inquires into the general idea of right, justice, equality, or freedom, but always into the meaning of right, justice, equality, or freedom in any given phase of social development. According to Marx, sociology knows no absolute truth, no permanently valid definitions of concepts, but all is relative to the stage of social evolution. This is a very important point in Marxism and must not be lost sight of.

4.—MARX'S CONCEPTION OF EVOLUTION.

Marx thinks consistently in terms of evolution. He owes his evolutionary view of society to the teachings of the German philosopher, Georg W. F. Hegel (1770-1831), who regards mind, nature and human history as being involved in a process of development from lower to higher stages as the external manifestation of the development of the primeval spiritual force from a mere Idea (spiritual term) to the majesty of Godhead. This process of development of Idea, mind, nature and human history could and can only go on, because its positive or affirmative elements contain in themselves contradictory, oppositional, antithetical or negative elements and strivings which come into conflict with the positive contents. The conflict leads to a struggle, in which all potentialities and gifts of mind, nature and human society are unfolded and in the room of the negated and displaced stage of form and realities there arises a new and higher stage of spiritual, mental, natural and social life, which is the synthesis of all the vital elements of the positive and negative. The rise and self-assertion of the contradictory, oppositional and negative is the essential condition of progressive development; it sets all entities in motion; the appearance of the contradictory is the first manifestation that the striving for a higher stage has begun, or that the old positive no longer satisfies; the contradiction is the mainspring of progressive development, if unfolded and brought to a head. Where, however, the power to unfold the contradiction and bring it to a head is lacking, no progressive development takes place, that is, stagnation and decay sets in. This mode of procedure in human thinking and in the operations of nature and social

history, or this progressive development of mind, nature, and society through the conflict and clash of antagonistic forces, Hegel called the *dialectical method* or the *dialectical process*, of which there are three stages—the *positive* (affirmation or thesis), the *negation* (antithesis), and the *negation of the negation* (synthesis).

Marx accepted the Hegelian dialectical method as a method of social research ; he likewise regarded the Hegelian dialectical process of universal development as formally true, but in the place of the Idea he put material forces, that is, industrially productive forces as the predominant dynamic agency of human society and its history. While Hegel is an adherent of Idealism, that is, of the doctrine that the spiritual is the primary force of universal development, Marx is an adherent of Materialism and sees in the material forces, and as regards society, in the economically productive forces, the propelling agency of social evolution.

“ My dialectic method,” says Marx, “ is not only different from the Hegelian, but is its direct opposite. To Hegel, the life process of the human brain, *i.e.*, the process of thinking, which, under the name of ‘ the Idea,’ he transforms into an independent subject, is the demiurgos (artificer) of the real world, and the real world is only the external, phenomenal form of ‘ the Idea.’ With me, on the contrary, the ideal is nothing else than the material world reflected by the human mind, and translated into forms of thought.” (*Capital*, Vol. I., p. xxx., English edition, London, 1889).

II.—HISTORIC MATERIALISM.

“The social relations are closely connected with the forces of production. With the acquisition of new productive forces men change their mode of production—the way in which they win their livelihood—and they change their social relations.”—Marx, *Misère de la Philosophie*, 1847.

1.—IDEALISM AND MATERIALISM.

The mental efforts of man to explain to himself, that is, to get a total and coherent view of the world and the fulness thereof, or to comprehend Nature and human society, resulted in the formulation of two broad conceptions which have become known by the philosophical terms—Idealism and Materialism.

By Idealism we mean that conception which asserts that only the mental, spiritual or divine possesses absolute reality and true being, and that it constitutes the fountain-head of all existence, the prime cause of all occurrences and developments, the conscious, purposeful motor force of the Universe. Mind creates and moves the material world.

Materialism, on the other hand, assumes that the true reality in Nature as well as in the mental or spiritual sphere is matter, the inherent forces of which operate in accordance with certain laws as inquired into and discovered by science. The mental or spiritual is either a product or a function of matter. Thought is the reflex or interpretation of the objective world.

Each of these conceptions has its variations and combinations; but on the whole they represent two well-defined contrary views, of which the one assumes the ideal, mental or spiritual, to be the primary force, while the other sees in the material, the bodily or physical, with its inherent properties, the prime reality and operating cause of the world.

2.—TRANSITION FROM IDEALISM TO MATERIALISM.

The great period of German philosophy was from about 1780 to 1830. Its main characteristic is Idealism, and among its famous representatives we find such philosophers as Kant, Fichte, Schelling, and Hegel. The last-named was the greatest; he reduced the main occurrences and developments in Nature, mind, and human history to the self-development of the Idea, or the spiritual germ to Godhead. Since about 1830, German thought abandoned Idealism for Materialism or physical science. This change coincided

with the rise of commerce, trade and manufactures, or with the rise of the middle-class and its tendency towards Liberalism. There was a reaction from Hegelianism ; the school broke up into several fractions, the left of which became known as the Young-Hegelians, who gradually turned the light of rationalist and historical criticism upon religion in general, and Christianity and the Gospel in particular. The best known and most radical critic of this type at that time was Ludwig Feuerbach (1804-1873), who in his work, "Wesen des Christentums" (Essence of Christianity), published in 1841, argued that God was but an idealisation of man's own mind, and that religion was merely an ideological reflex of man's emotional, intellectual and moral needs ; not God created man, but man created God according to his mental image ; man's corporeal existence was the centre of all religion and philosophy ; the consciousness, or the complex of man's ideas must be explained from his real existence, and not the latter from his ideas. But, while German thought thus became materialist and naturalist in religion and philosophy, it remained idealist in the domain of human history and social science. Even Feuerbach himself remained indifferent to industrial and social problems and recommended as a remedy for the social ills humanitarian lovingkindness. He remained a Liberal, like most Young-Hegelians.

It was the youngest of the Young-Hegelians, namely, Karl Marx, who looked from a materialist point of view also upon the wide field of human history and social science and applied Hegelian dialectics particularly to economics. If Feuerbach said that the proper study of the theologian and philosopher was the corporeal man, Marx said that the proper study of the historian and social philosopher was civil society, the basis of which he thought to have found in political economy, since the consciousness or systems of ideas of any society could only be explained from the material production of that society. Marx's object was by no means purely theoretical or scholastic ; his aim was, from the first, not only to interpret but to change or revolutionise society, or to make the vital interests and principles of the productive class the ruling interests and principles, to make the transition from capitalism to communism the conscious effort of the proletariat.

3.—MATERIALIST CONCEPTION OF HISTORY.

The materialist conception of history or social life does not by any means assert that man is only actuated by material motives, or personal gain and pleasure. It has nothing to do with the utility theory or the felicific calculus of the eighteenth century materialists or of Jeremy Bentham and his school. Its real meaning is that the basis or the fundamental structure of society is material production and the social circumstances under which production

is carried on, and that this basis, through its reactions upon the mind, determines the forms of morality, religion, philosophy, art, etc., or the ideology of society; hence it follows that with the changes of material production a transformation of the whole social life and its ideological forms sets in. For, according to Marx, the essential function or the life process or the physiology of any given society (communal, national, Imperial and international) is production of the material goods necessary to sustain life. This life process is of transcending importance and impresses and moulds, more than anything else, the instincts, emotions, reasoning faculties and volition of man in society.

Material production of society consists of two sets of factors—(i.) forces of production; (ii.) circumstances of production. The latter group rests on the former and is dependent on it, both composing the ground structure or basis of society.

The forces of production are inanimate and personal; the inanimate forces are the soil, climate, minerals, water, steam, electricity, tools and machinery; the personal forces are mental and manual workers, inventors, organisers, managers, technicians, and all persons employed in the transport of raw material from the place of origin to that of production.

The circumstances of production are the social relations between the various classes, groups and members of society, or the forms of property and government.

Those two sets of factors form the basis or the fundamental structure upon which is raised an immense superstructure of various and diverse forms of emotions, feelings, illusions, thoughts and conceptions of life, or religion, art, philosophy, etc.

In class society, each class, through their leaders and spokesmen, create and mould out of their respective material foundation and social circumstances their ideas, aims, and institutions. The single individual who receives those ideas through tradition or education, generally imagines that they are the original and real determinants of his mentality, his volition and activities, and that he is acting from motives directly generated by pure reason, morality, divine law, religion, etc.

But the human mind is not a passive organ. For, "man is himself the agent of material production as of any other activity that he performs. Therefore, all conditions which affect man as a subject of production, modify more or less all his functions and activities, including those which he performs as creator of material wealth or commodities. In this respect it can be shown that all human functions and conditions, how and whenever they may appear, exercise a more or less decisive influence on material production." (Marx, *Theorien über Mehrwert*, Vol. I., p. 381). Or as Marx observes, "The old materialist doctrine that man is the product of

circumstances and education, forgets that it is man who changes the circumstances." (Marx, *Observations on Feuerbach*, 1845).

Material production, man's functions and activities in production, and with them the whole ideological superstructure, have in the course of history undergone many changes that have revolutionised society. The question is—How did they come about? What is the dynamic law of history?

The revolutionary changes in society depend on the changes in its fundamental structure, that is, in the productive forces and circumstances of production. Discoveries of new raw materials, minerals and markets, the invention of new labour processes in field, mine and workshop, the introduction of new tools and machinery, scientific organisation of trade and commerce, increase of skill on the part of the workers, greater productivity of labour—the working of these factors results in an expansion of the productive forces, in an alteration of the circumstances of production: in a disturbance of the old social relations, in the unfolding of a class struggle, and, finally, in a mass assault upon the legal and political system and the whole old ideology. For the circumstances of production: the relation between former social classes, the former laws regulating property, the former institutions and ideological systems were generated by and adapted to a state of productive forces which is either in process of disappearing, or no longer exists. The social and mental superstructure no longer corresponds to the economic foundation. The contradiction between the productive forces and the circumstances of production becomes more and more manifest and leads to social unrest, anxious doubt and questionings, disputes and strife, acute class struggles and revolutionary upheavals.

Or as Marx says:—"To the extent that the labour process is a simple process between man and nature, its simple elements remain the same in all social forms of development. But every definite historical form of this process develops more and more its material foundations and social forms. Whenever a certain maturity is reached, one social form is discarded and displaced by a higher one. The time for coming of such a crisis is announced by the depth and breadth of the contradictions and antagonisms, which separate the conditions of distribution and with them the definite historical forms of the corresponding conditions of production, from the productive forces, the productivity, and the development of their agencies. A conflict then arises between the material development of production and its social form." (Marx, *Capital*, Vol. III., p. 1030, English edition).

The revolutionary period, the most striking symptom of which is the rise of an oppressed class to political power, closes only when the social order that had become full of conflict liberates the productive

forces from the fetters of the old conditions of production and creates the material, political and mental possibilities for the new social order.

4.—CLASS STRUGGLE.

“ Our revolution (the French revolution) was a terrible struggle of antagonistic interests. If not, what was the revolution for? . . . I consider this as a fact, an unpleasant one, but none the less a fact. . . . Since when does a fact cease to be one because it is charged with evil and danger? Since when are societies, even prosperous ones, free from contests and disruptions which displace the power, the wealth, the dignities, and which arise even from prosperity itself? I am not inclined to foment divisions and conflicts; I simply believe that we must recognise and even openly admit them in order to be able to heal them.”

Guizot, *Des moyens de gouvernement et d'opposition*.
(Paris, 1821; pp. 182-183).

Since the establishment of class society, a struggle between the exploited and the exploiting class is going on, with various degrees of intensity. The subjected and disinherited class tries, as soon as opportunity offers itself, to recover some part of its produce and to restore some measure of social equality, or even to overthrow the dominant class. The struggle becomes acute, assumes a revolutionary character, and rises to the level of a great historic drama, not primarily through misery and starvation (although some temporary economic crisis, a season of bad trade, may contribute to or accelerate the outbreak of the class struggle), but through the old circumstances of production turning into a hindrance to the progressive development of the productive forces, when the available possibilities for enlarging the sources of wealth, or for the economic ascent of the oppressed class and for increasing the general welfare, are being crippled by the old property laws and governmental arrangements which control the economic and political relations of society. In this struggle the exploiting and ruling class has the advantage of a clearer and more coherent and responsive consciousness, since the society over which it holds sway is fully developed and exhibits well defined contours, so that it is easily grasped by the mind; the ruling class enjoys likewise the advantage of education and of the knowledge of using the governmental and administrative machinery or the organised political power with a view to maintain its material and ideological domination. On the other hand, it is the weakness of the exploited and struggling class that its consciousness is blurred and can only be slowly developed, since the social order, for which it is striving, has not come yet into being, or is still in the process of formation and therefore cannot be clearly focussed, reflected and interpreted by the mind;

it suffers likewise from the disadvantage of an imperfect education and unfamiliarity with the exercise of political power. The personal qualities and rule of the leaders of an oppressed and struggling class are therefore of supreme importance. It was this consideration which made Marx so critical, so "intolerant" in his intercourse with the representatives of the labouring class.

Ancient history experienced long periods of class conflicts; they are marked by the rise of great legislators (Moses, Lycurgus, Solon), popular leaders (Prophets, Gracchi, Catiline, Spartacus), dramatists and social philosophers (Aristophanes, Plato), who either attempted to conciliate the conflicting class interests by reform legislation or by fervent appeals to the rulers to do justice to the enslaved debtors and impoverished bondsmen, or who depicted the clash between new social, moral and legal demands on the one hand and the traditional customs, religious rites and notions on the other, or, finally, tried to draw up ideal societies. In the centuries of the successive decay of mediaevalism in the various countries and the dawn of modern times, we find again great dramatists, social philosophers and reform legislators. And contemporary life, which is characterised by the decomposition of capitalist society and the painful birth of a new social order, is likewise distinguished by a long series of class struggles, and they find expression in heated polemics on subjects of social philosophy and economics, in drama, fiction, music, painting, and sculpture. In all those periods the legislators, philosophers, poets and artists were and are in the great majority on the side of the decaying order, and for the same reason which we explained above with regard to class consciousness, the old order having been fully developed, leaves stronger and clearer impressions on the mind than the nascent order, the outlines of which are still dim, being perceptible only to the genius and "visionary."

The class struggle which is now going on transcends in importance all previous struggles, since the capitalist order is the last economic formation of class society; whilst the previous struggle resulted only in a new stratification of classes, the present-day struggle will result in the abolition of class society, in the establishment of economic equality, based on labour. The original antagonism of the worker and capitalist, though concerned only with wages and working hours, grows in the course of time with the progressive unfolding of the industrial system, into an impassionate struggle for political power on a national and international scale. Great class struggles inevitably become political struggles, the immediate object of which is the possession of political power, with the aid of which the capitalist class endeavours to maintain and secure its dominating position, whilst the working class aims at the conquest of political power with a view to emancipate itself from class domination, from the tribute of surplus-labour. This aim, which is the

natural outcome of its social condition, can only be achieved in a society that collectively controls the means of production. The establishment of such a social order on a secure and permanent foundation will be the work of protracted experimental work and struggling against traditional ideas, old-acquired rights, and invidious hostilities of the adherents of the past order. It will have to undergo "a whole series of historical processes, in the course of which men and circumstances alike will be changed" and adapted to the new social principles of property, production, and distribution.

The means of production will gradually be socialised, production will be placed on a co-operative basis, education of the children and youth will be combined with productive work, in order to transform the members of society into producers and thus to remove from labour the taint of dishonour which has been attached to it during the existence of class society in all its phases. During the transition period from capitalism to communism equality of distribution of the produce is not possible, since "rights cannot outstrip the economic structure of society and the ideological development which it determines," and the transition society bears still the egg-shells of the old class society. Only in a fully developed communist order, after the distinction between mental and manual labour has disappeared, when productive activity has become with every member of the commonwealth an elementary need, a spontaneous duty of existence, when an all-round development of the personal and the inanimate productive forces has been achieved, and all the springs of co-operative wealth flow abundantly—only then can the narrow bounds of the bourgeois idea of right be extended and the communist principle of equality be put into operation."

To this economic transition period corresponds a political transition period, the government of which can be nothing else but a revolutionary dictatorship of the proletariat which must be backed by the labouring masses. It is a government primarily in the interest of Labour, for only from the policy of pursuing and protecting those interests will communism emerge as a natural product. The working class has no *a priori* ideas to realise and no artificially constructed models to look up to. The communist society can only be the *a posteriori* product of a proletarian policy.

III.—POLITICAL ECONOMY.

“ . . . My inquiries resulted in the view that the legal and political conditions cannot be explained by themselves nor by the so-called general progress of the human mind, but that they are rooted in the material conditions of civil society and that the physiology of civil society is to be discovered in Political Economy.”

—Marx, *Contribution to a Critique of Pol. Economy*, 1859. (Preface).

1.—THREE SCHOOLS OF POLITICAL ECONOMY.

Political economy deals with the social circumstances and relations under which the production and distribution of commodities are carried on in the present society.

Marx distinguishes three schools of political economy, viz., the classical, the critical, and the vulgar.

The classical school covers the period from the latter half of the seventeenth century to the first quarter of the nineteenth century, or the period of the inception and development of the Industrial Revolution. This period, Marx thinks, was rich in great and original economic writers in Great Britain, France, and Italy. Its leading minds were Sir William Petty; the French Physiocrats (Quesnay, Turgot, Mercier de la Rivière); Adam Smith, and David Ricardo. This school is fairly free from any conscious bias in favour of capitalism, its main object being to inquire into the process of production and distribution of wealth, to discover the laws that govern it, and to point out the technical and political means which favour or hinder its progress.

The critical school arose in the latter phase of the industrial revolution. The first industrial crises, the mass protests, rebellions, and open-air demonstrations of the working population, caused a good many economic and social writers and observers to inquire, with a critical eye, into the workings, tendencies and social results of the new industrial system, to find out the respective parts played by Capital and Labour in the process of wealth production and to probe into the condition of the labouring population. The pioneers of this school were Charles Hall, Charles Fourier, Robert Owen, Saint Simon and his school, Sismondi, Ravenstone, Hodgskin, W. Thompson, and some anonymous pamphleteers.

The vulgar school arose simultaneously with the critical school and from the same causes, but with a contrary purpose, namely, to justify the present order. Even its best brains do but voice, in a more or less literary language, the opinions, illusions, imaginings of the commercial and trading class with regard to the existing economic order. They have a conscious or instinctive dread of following up critical views to their logical conclusion, to the formulation of theoretical generalisations. They take the surface form or appearance of economic phenomena for their essence and principle. This school began with Rev. Malthus and went on gaining adherents in the same proportion as the critical school merged in the social revolutionary movement.

2.—MARX'S LEADING PROBLEMS.

In his study of Political Economy, Marx sought for a reply to the following questions :—

First, social history being an evolutionary process, the present society is but a stage in human evolution. The question was—How did this society arise, and whither did it tend ?

Secondly, capitalist society being a class society in which the exploited class, though nominally free, supplies surplus productive labour to the capitalist class, the question was—How did this production go on ? What were the economic categories (fixed concepts and technical terms) which expressed the social relations and conditions characteristic of the capitalist society ? What happened with this product of labour and surplus labour ? In what manner, and by what measure, were they circulated and distributed ?

With these leading problems, which logically follow from his general views (dealt with above in Chapter I.), Marx applied to the classical and critical school for light.

3.—THE REPLIES OF THE VARIOUS SCHOOLS.

To the first question he could get no reply from either of those schools, since they all assumed that Capital and Labour had existed, in one form or another, since the dawn of human history ; “there had always been rich and poor” ; but while the classical school thought that the condition of Labour was improving and would go on improving with the growth of liberty, the critical school argued that with the advent of machinery and, generally, since the rise of the factory system, the lot of the labouring poor or the producers had undergone considerable deterioration and, moreover, could not be improved but either by a return to the old conditions of production or by a system of co-operation. They all lacked the evolutionary view, the only exception being Charles Fourier, who in his *Quatre*

mouvements (1808) clearly discerned a gradual development of human society from lower to higher stages of general well-being.

Much more light was thrown by the classical and critical schools on the second question or series of questions. Here Marx found a good deal to build upon. In the classical school, particularly in Smith and Ricardo, he found his view supported that the essence of all commercial values was labour, that they were indeed the concrete expression of the social labour spent in their production, and that capital or accumulated labour employed in production yielded a profit or a surplus to the capitalist. In Ricardo he found that profit and wages stood in an inverse ratio or were antagonistic to one another, which could only mean that in the same measure as the workman succeeds in getting payment also for his surplus labour he reduces the amount of profit, since this had its source in surplus labour.

In the critical school this relation between profit and wages was revealed as a relation between a socially powerful class and a powerless class, the former exacting surplus labour from the latter.

But all those reasonings of both schools were far from being definite, distinct, or consistent. Moreover, the classical school left the class relations theoretically unaffected, while the critical school either saw in them an injustice, a moral flaw, an obstacle to happiness, or sought to remove it by advising the working class to run away from it into village communities and distant communist colonies.

Guided by his general sociological views (as stated above in Chapter I.) and strengthened by constant observations and studies, Marx undertook to give a systematic reply to his problems by analysing the whole capitalist system, by showing its rise, workings, and tendencies. He made use hereby of the reasonings of the classical and critical schools concerning value, wages, profit, and surplus labour as his points of departure, freeing them first from their ambiguities, imperfections and inconsistencies.

4.—MARX'S ECONOMIC GROUNDWORK.

“The finished configuration of the economic relations, as they present themselves on the surface or in their empirical existence, and therefore also in the notions of the agents of those relations, are very different from, aye, they are inverted and antagonistic to their inner, essential, but concealed core, and to its corresponding conception.

—Marx, *Capital*, Vol. III., p. 244-45 (English edition).

Capitalism, like feudalism before it, forms a stage in the unfolding of class society. The mission of feudalism was to render production and social life possible after the turmoil consequent upon the break-

down of the Roman Empire and the migration of races. The mission of capitalism has been to unlock and multiply the productive forces, to open up the available sources of wealth and make them flow abundantly. This is the justification of its existence, its *raison d'être*.

Capitalism is the last stage of class society ; in the same measure as, after having reached its culminating point, it is declining in strength and in ability to fulfil its mission and to control the forces of production, a more or less rapid process of transformation of society sets in and gives rise to contradictory forces—to socialist organs and features (concentration of the means of production, independent organisation of Labour, legal and trade union restrictions of capitalist control, political equality, etc.).

Capital.

The sovereign power under capitalism is Capital ; its social power is based on the possession and control of the sources and instruments of production. By means of this power it exacts from the manual and brain workers surplus labour and makes them perform the productive, dangerous and menial work, which under a system of economic equality would be shared by the whole community. The manual and brain workers are only allowed to work for their own living if they spend a certain part of their time in production for the capitalist class. The acquisition of surplus labour is the main motive of capitalist production.

Exchange Value.

The soil, raw materials, machinery, tools, buildings, etc., when used from that motive and under those circumstances of production, are capital. The goods produced under those conditions are not made for the use of the employers. The latter, after having received them from Labour, exchange them on the market and they do not reach the consumer, that is, they are not regarded as utilities or use values, until they have gone through a series of exchanges effected by middlemen. The goods become merchandise, articles of trade, valued and exchanged in proportion to their cost of production (prime cost *plus* profit) or, what amounts to the same thing, in proportion to the labour which they embody, for, cost of production consists (1) of capital expenditure which is nothing else but accumulated labour and which reappears in the new commodities ; (2) of surplus labour of the workers, which reappears in the shape of commercial profit.

Productive Labour.

Productive labour in a capitalist sense is that labour which contains surplus labour or yields a profit, an accretion of new capital.

Use Value.

The commodities produced in field, mine, and factory, come on the market as masses of exchanged values or as materialised labour power and skill of the working class. But they can only be marketed and their exchange values realised if they possess utility or use value or, what amounts to the same thing, if there is a demand for them. Utility or use value is the bearer of exchange value, but not its cause and source. The same useful commodity, could it be procured without labour, would possess no exchange value at all, while on the other hand, there can be no exchange value without use value, without such a bearer of labour. The amount of use value needed by society, or, more correctly, by the paying members of society, or the volume of effective demand is the limit of production of exchange values, or of the realisation of the exchange value of the produced goods; the reduction of the total quantity of labour to the level of effective demand is the work of competition. (*Capital*, Vol. III., p. 226-227; p. 745-746). Demand is a biological and social condition of existence, and is, as a rule, not created by the capitalist class; it is only the opportunity of capital as possessor of the means of production for using its power to exact surplus labour from the productive workers. Profit and not use is the leading motive of capitalist production. Capitalism is shaken to its very foundation, if we make use and enjoyment and not profiteering the leading motive of production. (*Capital*, Vol. II., p. 136).

Price.

Exchange value is the essence of price. Price is value modified by the rate of profit, as it will be shown later on, further by market fluctuations, by supply and demand, etc.

The price is expressed in the form of money, either as gold or some other commodity, which is an embodiment of labour and possesses therefore exchange value. It is, as a medium of exchange, only in so far superior to other commodities as it is a generally accepted form of value, and subject to its containing an equivalent of labour, is easily exchangeable for the commodities required. Paper money serves the same purpose, if it is based on gold or some other commodity produced by labour. Money is not a mere token based on convention. The introduction of money is epoch-making in human history, though it is but the effect of the incipient commercialisation of society. It has greatly facilitated the opening up of new sources of wealth, but also the exaction of more and more surplus labour from the working population by the possessors of the means of production.

Wages.

As important as the understanding of the meaning of capital and exchange value is that of the meaning of wages. If the meaning given by Marx to capital and exchange value is correct, then the

definition of wages, as given by the classical school, cannot be correct. According to that school, wages are the equivalent of the labour which the labourer gives to his employer. Were this proposition correct, then the values or price of the commodity would be equal to the amount of wages *plus* materials. In reality it is not so. Value or price is always higher than the wages and the cost of materials used in production. Were value equal to wages *plus* cost of materials there could be no profit, no accretion of capital, no accumulation. For the mere act of raising the price of a commodity by a certain percentage does not add any value to that commodity, does not create new capital. Commercial transactions can only intercept certain fractions of surplus value created in production and thus influence the course of distribution, but no amount of commercial calculations can create new sources of value out of which profit, rent and interest could be paid.

Surplus Value.

Yet there is some truth in the classical definition of wages, but not the whole truth. The classical economists and, indeed, all economists before Marx spoke indefinitely of "wages of labour," while they really meant labour power. It is quite true that the wage is more or less the equivalent of the labour power spent by the worker in production. The capitalist and the worker exchange certain quantities of commodities in proportions determined by economic laws (means of subsistence sufficient to replace the labour power spent in production, that is, exchange-value against exchange-value). But the economists "failed to notice that if a commodity has use value and exchange value, then also the labour which is embodied in the commodity has a two-fold nature, namely, not only exchange value, but also use value." (Marx). And it is the use value which the capitalist buys and which has this remarkable quality that it can produce exchange value in excess of the wages (of its own exchange value). And it is this excess of exchange value or surplus value, which expresses, in terms of political economy, the payment of the tribute of surplus labour by the workers to capital. "The recognition of this point is the whole secret of the critical attitude towards political economy." (Marx, quoted in *Labour Monthly*, Sept., 1923, p. 177-78).

Surplus labour or surplus value is the reservoir from which profit, interest, rent are drawn. "In contradistinction to all former economists who from the start deal with the various fractions of surplus value in their fixed forms of rent, profit, interest as something self-evident, as economic categories which need no explanation and no tracing back to their origin, I deal first with the sources from which they spring, namely, surplus values, in which they are, so to speak, in solution." (Marx, *ibid.*)

Sociological importance of the wage-form.

And this surplus labour or surplus value is exacted under legal forms and is, apparently, covered by the payment of wages! No physical force or violence is hereby used, no robbery or cheating committed! "The wages of labour," says Marx, "are for the first time shown in my book to be an irrational form, behind which is concealed the social relation between the exploiters and exploited." (Marx, *ibid.*, p. 178). "The wage-form extinguishes every trace of the division of the working day into paid and unpaid labour; all labour appears to be paid labour. Under villeinage (under the feudal system) the labour of the worker for himself and his compulsory labour for the lord differ in space and time in the most unmistakable way. In slave labour, even that part of the working day in which the slave is only replacing the value of his own means of subsistence, in which therefore he works for his own living, appears as labour for his master; all the slave's labour appears as unpaid labour. In wage-labour, on the contrary, even surplus labour or unpaid labour appears as paid. There, the property relation conceals the labour of the slave for himself; here, the money relation, the cash nexus, conceals the unrequited labour of the wage-labourer. Hence we may understand the decisive importance of the transformation of value and price of labour-power into the form of wages, or into the value and price of labour itself. This phenomenal form which makes the actual relation invisible, and indeed shows the direct opposite of that relation, forms the basis of all the legal notions of both labourer and capitalist, of all the mystifications of the capitalist mode of production, of all its illusions as to liberty, of all the apologetic shifts of the vulgar economists." (*Capital*, Vol. I., pp. 550-51, London edition, 1899, or pp. 590-92, American edition; Vol. II., pp. 38-39, American edition).

After having dispersed the fog in which the classical school found itself with regard to all concepts of capital, exchange value, wages, and profit, and by which the critical school found its progress obstructed, Marx proceeded with his analysis.

Constant and Variable Capital.

Capital employed in production he divided into two parts; into constant and variable. Constant capital he called that part which is spent on the inanimate means of production (buildings, machinery, raw material, motor power, etc.); it is constant, for it only adds just as much value as is used up in the course of production; it creates no additional value. Variable capital is that part with which the workers are paid in wages; it adds surplus value; it reappears in the new products with an additional value.

Constant capital = c ; variable capital = v ; surplus value = s .

Hence, $c + v$ = prime cost; $c + v + s$ = exchange value.

The rate of surplus value, Marx calls the proportion of surplus value to variable capital, or $\frac{s}{v}$

Suppose c to represent £100, v £40, s £40, then the rate of surplus value on $\frac{s}{v} = 100$ per cent., for from £40 paid in wages the surplus value was also £40.

Surplus Value and Profits.

Surplus value, as we know, is the source of profit. Commercially, however, they are not identical. For, while surplus value is calculated in proportion to the amount of wages spent on production, profit is calculated in proportion to the whole capital advanced, that is, both to constant and variable capital. Take the example given above. The employer spent £100 c , £40 v . Total £140. The profit was £40. Then the rate of profit will therefore not be 100 per cent., but $\frac{40}{140}$ or $\frac{s}{c+v} =$ about 28 per cent. The rate of profit is always smaller than the rate of surplus value.

Hence, $\frac{s}{v}$ denotes the rate of surplus value or the rate of the exploitation of labour; $\frac{s}{c+v}$ denotes the rate of profit.

Organic Composition of Capital.

Marx lays much stress on what he calls the organic composition of capital, or the ratio of $c : v$ employed in the various trades. The higher a trade is technically and commercially developed (that is where the most modern appliances and processes are applied and production on a large scale is going on), the larger is the ratio of constant capital to variable capital; in such a trade the organic composition is high, the ratio of $c : v$ may be, for instance, 80 : 20, that is, for every £80 spent on constant capital, only £20 are spent on variable capital (wages). On the other hand, in backward trades the proportion of $c : v$ may be, for instance, 50 : 50 or even 40 : 60; this is a low organic composition of capital. In the former, a large mass of constant capital (raw material, tools, machinery, etc.) is consumed per unit of variable capital, so that in one working hour much more commodities are produced than in a trade of low organic composition. In capital of a high organic composition, the productivity of living labour is much greater than in capital of a low organic composition; or, in other words, the amount of living labour spent on the production of a commodity unit is, in trades of high organic composition, much smaller than in trades of a low organic composition.

Now we know that it is only variable capital or living labour which produces or pays the tribute of surplus value or profit (since

profit is but the proportion of surplus value to the total capital advanced). If this theory of Marx is correct, then it logically follows that equal capital, with different organic compositions (for instance, 80 : 20, and 60 : 40) will permanently produce unequal surplus values and therefore different rates of profits, which is contrary to experience in capitalist life, where a constant process towards an equalisation of the rates of profit in the various spheres of production is going on.

Average Rate of Profit.

In reply to this, we must recall the conception of Marx as to the individual capitalists forming a united class, an exploiting corporation, wherever they stand face to face with the labouring class or when they have to divide among themselves the tribute of surplus labour ; further, that the divisor of any profit of a corporation is the amount of capital, or the share capital, which each of its members invested in the business. This consideration will help us to solve the problem of the formation of an average profit rate out of the different rates of exploitation or surplus values.

Suppose four capital outlays with different organic compositions :

- I. c 80, v 20, $\frac{s}{v}$ 100%, exchange value 120, profit rate 20%
 II. c 50, v 50, $\frac{s}{v}$ 100%, exchange value 150, profit rate 50%
 III. c 70, v 30, $\frac{s}{v}$ 100%, exchange value 130, profit rate 30%
 IV. c 90, v 10, $\frac{s}{v}$ 100%, exchange value 110, profit rate 10%

Total capital 400, surplus value 100%. Total values 510.

The total capital of £400, considered as being the property of the capitalist class, yields a total profit of 110 (or $\frac{110}{400}$) that is an average profit rate of 27½ per cent. Competition, transfer of capital, or withdrawal of capital from one trade to the other renders it possible that capital outlays of equal magnitude in different trades, despite their different organic composition, yield the same average rate of profit. Or the capital outlay of any single manufacturer yields an average profit rate, not according to the surplus value which it industrially exacts from Labour, but as an integral part of the total capital of the employing class. It is a share capital of a big concern, and its dividend is paid proportionately to its magnitude out of the total mass of surplus value (or unpaid labour) which the whole variable capital produces. And it is in the interest of the shareholders that each of them should exact the largest amount of surplus labour in order to increase the total sum of surplus value or to raise

the average rate of profit to its highest power. Hence the solidarity of the employers in dictating the conditions of labour. This average rate of profit added to the prime cost (or to $c+v$) forms the price of production (p).

The price fixed in that manner is equal to the expense of capital plus the average profit ($c+v+p$).

The price, therefore, deviates from exchange value, but the centre of gravity of price is exchange value. Exchange value is like the sea level, prices are like the waves of the sea.

Distribution of the Surplus Value.

The fund of surplus value is distributed among the capitalist and the landlords, or as profit of capital and ground rent. Profit of capital includes also interest on capital and remuneration of the activity of the employer or his works, if he is active as organiser, superintendent, etc.; however, the part of surplus value which falls to his share stands in no relation to his business activity, but to his social standing as capitalist, as member of the ruling and exploiting class, as well as according to the amount of capital he has invested in production.

As to ground rent, there is absolute rent and differential rent, according to the law of the average profit rate, the spheres of production of a low organic composition produce a higher rate of surplus value, since more variable capital is employed in proportion to constant capital.

Assume that the average organic composition of agricultural capital is c 60, v 40, rate of exploitation 100 per cent., then the exchange value will be $60+40+40=£140$, while non-agricultural capital has an organic composition of c 80, v 20, rate of exploitation 100 per cent., then the exchange value will be $80+20+20$, total $£120$. The average profit rate is, however, as shown above, $27\frac{1}{2}$ per cent. If the farmer sells his agricultural produce at its value, he sells it for $£140$ and has for $£127\frac{1}{2}$ its price of production or cost price, for which he would have to sell it if there were competition in land. But here the landlord comes in and takes from the farmer the $£12$ 10/- as absolute rent, or the difference between value and cost price.

As to differential rent, we need not deal with it here, since in this respect Marx does not differ from Ricardo.

Simple and Enlarged Reproduction.

The question of the balance of production and consumption in any given society occupied some of the greatest economists since Quesnay drew up his *Tableau économique*, in which he tried to give a rough outline of the circulation of the annual produce among the various groups or classes of society. In the last section of Volume II. of his *Capital*, Marx deals with this problem and attempts to

show the mathematical proportions in which production and consumption stand to one another, whereby he assumes that the whole society is built up on the capitalist basis. He divides capitalist production into two sections, into production of means of production and of the means of consumption. He gives first a diagram of *simple reproduction* (that is the rough outline of a society producing means of production and consumption, which are just sufficient to satisfy the demands of each section and leaves no margin for extending the scope of production) and then a diagram of *extended reproduction* (that is a rough outline of a society which annually produces more means of production than actually necessary, in order progressively to enlarge production, to increase the surplus value, or to accumulate).

For the understanding of the following tables it is necessary to remember that the figures represent proportions only.

Marx's table of simple reproduction is as follows:—

I. (means of production) :	$4000\ c + 1000\ v + 1000\ s = 6000$	}	9000 values.
II. (means of consumption) :	$2000\ c + 500\ v + 500\ s = 3000$		

Section I. produces annually for itself 4000 *c* and for Section II. 2000 *c* = 6000 means of production. Section II. produces annually for itself 1000 values, since only with *v* and *s* (500 + 500) things can be bought, and 2000 for Section I., which pays for them with 1000 *v* + 1000 *s*.

The whole production of Section I. covers the needs of both sections as to means of production; the whole production of Section II. corresponds exactly with the amount of *v* + *s* of both sections. Nothing is accumulated for any extension of production.

The proportion between *c* and *v* is everywhere 4 : 1; the proportion between I. and II. is 2 : 1.

Now to the table of extended production:—

I. (means of production) :	$4000\ c + 1000\ v + 1000\ s = 6000$	}	8252 values.
II. (means of consumption) :	$1500\ c + 376\ v + 376\ s = 2252$		

First, we see that accumulation can only begin in a society which produces more means of production than it annually consumes. The society, which this table represents, produces in the first year 6000 means of production and consumes only 4000 *c* + 1500 *c*, so that 500 remain, besides the 4000 *c* reproduced, so that it starts the second year with 4500 means of production. As to the circulation in the first year, Section II. buys 1500 *c* from Section I.; having paid away 1500 of its consumption values, there remain 752 for its own use, that is for 376 *v* + 376 *s*. Society starting the

following year with 4500 means of reproduction employs more variable capital and produces more surplus value, therefore Section II. (produce of means of consumption) likewise enlarges its scale of production, but always remaining behind Section I., since the production of the means of production must always be larger than the respective annual consumption, else no accumulation is possible.*

Simple reproduction may be represented by a sphere. Extended reproduction is like a spiral, the outward end of which pointing towards a further extension.

Tendency of the Falling Rate of Profit.

The transition of the process of production from a low organic composition to a higher one is only another name for the Industrial Revolution. It signifies, socially, the displacement of man by the machine. It means, economically, the relative increase of constant capital as against variable capital. For instance, if formerly £50 in wages would set £50 of means of production in motion and work them up productively, now only £20 in wages will set £80 of means of production in motion and consume them productively.

This fact is driving the Industrial Revolution forward. Let us see the reason for this statement.

As it is only living labour which supplies surplus labour or adds surplus value to the product, it follows that in trades at high organic composition the commodity unit contains less surplus value and

* The chapter in *Capital*, Vol. II., Section III., and elsewhere, dealing with the economic tables or the diagrams of reproduction are not complete, Volume II. and III. having been left incomplete. The problem to which those diagrams have given rise is as follows:—Did Marx imply that capitalist society could go on absorbing its surplus capital or accumulations by extending production and thus infinitely keeping up an equilibrium of progressive production and consumption? Or did he simply give a rough outline of a certain number of years of capitalist economy? Or, finally, assuming that Marx would have had time to finish his *Capital* himself, would he have shown that earlier or later a point must be reached when the accumulations would lead to some catastrophe? And was he altogether right in assuming that the whole world was already capitalist?

If he meant to imply that capitalist economy could progressively go on without bringing forth that contradiction between the forces of production and the circumstances of production, or without producing economic and social crises, then no social revolution could arise; moreover, his whole sociological teaching would be at variance with his Reproduction Tables. Against the interpretation of those tables by some Marxists who saw in them final and dogmatic statements, Dr. Rosa Luxemburg, wrote her "Accumulation des Kapital," in which she combats that interpretation and attempts to show that Marx himself felt the unsatisfactory state of his tables, that he did not regard them as final, but as a methodical help, for, as a matter of fact, the earth was not yet everywhere capitalistically developed; hence, in the process of extended reproduction a period must arrive where the accumulations can no more be absorbed by the capitalist countries, but must be exported to still undeveloped regions and lay the foundation of Imperialist politics, with all its consequences and universal crises.

yields less profit, the production becomes less profitable, or as it is commercially expressed, there is a tendency towards a falling rate of profit. (This applies, of course, to normal times of international peace). The following table illustrates the falling rate of profit, while the mass of capital increases and the rate of exploitation is unaltered :—

$$\frac{s}{c+v} + \frac{50}{50+50} = 50\% \quad \frac{40}{60+40} = 40\% \quad \frac{20}{80+20} = 20\%$$

To counteract this effect, the capitalist makes larger outlays of capital, extends the scale of production, organises his works in a more scientific manner, introduces more modern appliances, speeds up and intensifies labour, sharpens the weapon of competition in order to produce and sell cheaper and to recoup himself by an absolute mass of profit for the falling profit rate of the single commodity. "Small profits and large sales" make an increasing mass of profit.

In this process of transition from low to high organic composition the whole social strata of handicraftsmen, tradesmen, small manufacturers go under and sink to the level of the proletariat. The remaining giants of capital, after a sharp passage-at-arms, combine into companies, syndicates, trusts, mergers, etc., and the process of production is more and more perfected—scientifically, technically, and financially. The process of production becomes a scientific combination of associated labour; the main sources and means of production are concentrated in relatively few hands; the mass of the people are dependent for their living on the owners of capital.

Result of Capitalist Production.

The result of the capitalist economic order of society is the unfolding of the productive forces, the efflorescence of science, the expansion of material civilisation, the periodic outbreak of crises, of devastating wars for the sources of raw materials, for profitable investments of surplus capital, for trade routes and Imperialist domination. On the other hand it resulted in a clear division of society into antagonistic classes, in the unfolding of a world-wide class conflict of a social revolutionary nature, in the more compact and international organisation of the working class; in short, in the creation of material and personal forces which are already tentatively engaged in reconstructing society on a higher economic and moral foundation.

HINTS FOR STUDENTS AND CLASS-LEADERS.

By G. D. H. COLE.

1. TO STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class, there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class education. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2.—TO TUTORS AND CLASS-LEADERS.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there: recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, &c.). Select the books carefully yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

(e) Don't be content with merely taking the class. Do all you can to give each student individually the help he needs.

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SECTION I.

ORIGIN AND USE OF MONEY.

WHENEVER there has been an *exchange of the produce* of one man's labour for those of another on any systematic scale there has arisen a need for money as a "go-between" to effect the exchange. Exchange without money takes the form of *barter*, as when a child exchanges directly a chesnut for a cigarette card, or a peasant exchanges a horse for so many sheep. In the course of history, therefore, money has taken various forms—beads, cattle, slaves, salt, silver, gold, pieces of paper have all served their turn, according as they were the most convenient methods available at the time. Adam Smith tells how, just as we often slip into the habit of thinking of wealth as abundance of money, the Tartar subjects of Genghis Khan judged a country rich in proportion to the number of cattle it had.

The uses of money are as follows:—

(1) Money is needed as a *means of exchange*. Instead of the cumbersome process of bartering a horse for so many sheep, the horse can be sold for money, and the money used to buy sheep or anything else required. Until money was used, exchange was confined to a few transactions in which one thing could be bartered directly with another. As soon as goods could be exchanged for something which everyone would accept, and which could at any time be used in purchase of something else, it became possible for persons to concentrate on producing goods, not for their own use, but for exchange. Therefore, the growth of money was necessary to facilitate production for exchange and the development of the division of labour—the specialisation of each man on one job which he could learn to do expertly.

(2) Money is needed as a *measure of price*. You cannot say how much a thing is *worth* unless you have some standard by which to measure it, just as you cannot say how much a thing *weighs* until you have some measure of weight. Money is a means of providing this economic measure as a standard by which all goods are reckoned in terms of *price*. Until such a system of prices is possible, exchange is hampered. Also, no book-keeping accounts of debts and credits, gains and costs, can be kept, because there is no *unit of account*; and some system of book-keeping, with a calculation of costs and returns, is essential to modern production, however organised. Hence, what the yard-measure is to distance, the linear measure is to volume, and the ounce and pound avoirdupois

are to weight, money is to economic worth. By its index all economic activities are governed. Things are produced according as they can secure a high price, and labour and materials and plant are applied to those uses where their money-yield is highest.

(3) Money is used as a *hoard* or a means of accumulating wealth for the individual. Money itself is not wealth. Robinson Crusoe on a desert island found gold coins of little use to him. Money is valued for what it will purchase. The accumulation of money, therefore, does not increase real wealth in any sense, but it means the accumulation of *claims to share in real wealth*. A person who accumulates money has amassed for himself certain claims to share in the products of labour, which he can later realise by spending them in purchase of those products. Money, therefore, provides a method of piling up *individual wealth*, and so gives a means for the accumulation of capital and the inequality of individual riches. But when by this means money is *distributed unevenly*, some being rich in it and some poor, the function of money as a measure is seriously upset. The rich by spending their money in purchase of luxuries they want can raise the price of these things and cause them to be produced in preference to necessities of life. Money-price is thereby rendered a *false measure* of economic worth: it reflects the inequality of individual possession more than it reflects human needs. Money then becomes an *instrument of power*: those who possess it can claim ownership of what they like at the expense of those who do not possess it and who are consequently weaker, *e.g.* the man of money can own a factory or a newspaper, while the moneyless man cannot.

In a classless society money will be required only for the first two functions; in a capitalist society also for the third. Its use for this third function tends to make it unsuitable for the second.

N.B.—It is always important to remember that money is of use to us only in so far as it enables us to purchase things we need. It is its *purchasing-power* which concerns us. Gold has little use for non-monetary purposes, except as jewellery and dental-stoppings. If gold has less value as money (is under-valued) than for non-money uses, it tends to flow out of circulation into other uses, and *vice-versa*. This also happens when gold as money is undervalued in one country relatively to other countries; people take gold coin to the mint (or they did pre-war), demand gold bullion for it, and sell or export it.

The purchasing-power of money is usually measured by an *Index-Number of Prices*. This attempts to show the *average level of prices* at one time as compared with another. This is done by taking the prices of important commodities at the two dates and comparing them. Then the commodities are given certain "*weights*" according to their relative importance in the average person's expenditure; and the combined prices at one date are expressed as a percentage of those at another. For instance, if wholesale prices in 1913 are expressed as = 100, then wholesale prices in Nov. 1924 would be about = 177—a rise of 77 per cent. To the extent that prices have *risen*, the purchasing-power of money, in general, has *fallen*.

SECTION II.

THE GROWTH OF MONEY-DEALINGS.

[This chapter deals with purely monetary developments. It does not pretend to explain these monetary changes, which are merely *expressions* of more fundamental historical movements.]

IN the Roman Empire, in which commerce and the payment of tribute by subject countries to Rome played a large part, money was extensively used. Under the *Feudal System*, however, which began to spread over Europe after about the 5th century A.D., money was only little used, except in the seaport towns of the Mediterranean and the Baltic and along the important river routes where trade still continued. Society during this period was mainly split up into numerous manors or estates, the inhabitants of which placed themselves under the military protection of some lord, and in return performed for the lord certain services on his land, while holding some land of their own for their own livelihood as a condition of performing these services. To a very large extent, therefore, each manor was *self-sufficing*; the serf or labourer living from the produce of his land, the lord and his household from the surplus labour of his dependent serfs on his estate. Production was mainly for direct use, not for exchange. Apart from the seaport towns and main river routes, trade was almost entirely confined to certain luxuries for the use of lords and nobles and unprocurable necessities such as salt; and this trade was carried on by merchant caravans, travelling across Europe from the Eastern Mediterranean.

When, however, after about 1000 A.D., town life again sprang into prominence at centres of trade, money-dealings revived in importance. At first these town traders had a fierce struggle against the feudal nobles in order to get the right to control the town market. By this control they hoped to get the *power of monopoly* so to regulate prices in their dealings with the country folk and with foreign merchants as to accumulate a money profit for themselves. This they often did and became prosperous, and often they extended control over surrounding villages and forced the villagers to deal only in the town market, thereby exacting a profit from the villagers, since the latter had no alternative markets to which to resort. Later a certain class in the towns secured for themselves a monopoly of trade, and thereby were able to accumulate the money-profits of trade for themselves. This was the origin of the *merchant-capitalist class*, monopolising trade and excluding others from it, which by the end of the 15th century in England and France and the Netherlands had grown so powerful, and in England and the

Netherlands in the 16th century supplanted the feudal lords as the ruling class.

As trade developed in Europe between the 13th and the 16th centuries *the demand for coined money increased*. But gold and silver was at that time very scarce and coined money was much sought after. (In 1492 the *total* stock of gold and silver in Europe was said to be no more than £33·4 millions; whereas the gold reserve of U.S. Federal Reserve Bank *alone* was in November, 1924, £650 millions, and that of the Bank of England £128·4 millions.) The Church, the feudal lords and kings had accumulated a certain amount in *treasure* (gold and silver) during the Middle Ages, and this they used in purchase of goods, and so put it into circulation. But on the whole the feudal nobility were poor in coined money, and when hard pressed to equip themselves for the Crusades they were forced to borrow from the rising moneyed class. Hence, the new moneyed class became the creditors of feudal society. The English Crown was particularly poor and was continually in debt to German or Italian money-lenders. The Jews owed much of their wealth, and much of their unpopularity also to the fact that at one time they virtually monopolised gold and silver coin and could make large profit by lending it. As a way of avoiding repayment the nobility often organised massacres of Jews. Edward III. simply repudiated his debts to Lombard bankers and forced them into bankruptcy. Then he borrowed from the rich English merchants who were only too glad to have a hand in the profitable game. The merchants, therefore, as creditors of Crown and nobility, became not only the richest but also the most powerful people in the land.

The result was :—

(1) *Those who had accumulated money from trade were able to make a profit by charging a price for its use to those who could not trade and were moneyless*. Money-lending was a form of profit to the moneyed class at the expense of the feudal nobility and the small craftsmen of the towns, who were usually moneyless. But this profit was not only obtainable by direct lending of money at interest. It appeared in all exchange between the moneyed class and the small craftsman; *e.g.* the latter had no money to purchase his raw material and market his wares, and so the former did it for him, thereby securing a profit out of the craftsman's penury. Also, as the Crown had increasingly to rely on the moneyed class for money loans, the moneyed class rose to political power in place of the feudal nobility.

(2) The scarcity of money and the need of it for purposes of trade and as a means of capital accumulation caused *the commercial policy of the new State, controlled by the moneyed class, to be directed to the acquisition of as large quantities of gold and silver as possible*

This policy was known as *Mercantilism*, and attempted, first by prohibition of export of gold (Bullionist policy), then merely by encouraging exports and discouraging imports, to draw gold and silver into the country. Linked with this monetary policy went a wider commercial policy of developing overseas trade with *colonies*. These colonies were carefully controlled so that the merchants of the home country should have a monopoly in colonial markets and so accumulate large profits from colonial trade. This policy began in the reign of Queen Elizabeth—the Queen always praised in school history books as England's greatest monarch. In her reign the new role of the State was first recognised—to aid the accumulation of wealth by the moneyed class of the nation.

SECTION III.

THE GROWTH OF CREDIT.

CREDIT is a means of settling debts incurred in an act of exchange, without any actual passage of coin. It could not develop until there had grown a banking system on modern lines. The first deposit bankers in this country seem to have been Goldsmiths. Before 1640 London merchants had deposited their hoards of money in the Tower. King Charles I., however, when the city had refused to make him a loan, seized the gold bullion in the tower and only gave it back on condition of securing a loan. Thenceforth, accordingly, the merchants deposited their gold with Goldsmiths. This was the origin of *bank deposits*.

The Goldsmiths gave in return for these deposits "deposit receipts" or "promissory notes," and the holders of them sometimes used these in payment, instead of drawing out the actual gold. This was the origin of the *bank-note* as a credit instrument. The Goldsmiths soon saw that only a few of their depositors would want to draw out their gold at any one time, so they lent some of it out to other customers, thereby making a good profit for themselves; and this was the origin of the *bank loan* or *credit advance*. In 1694 the Bank of England was founded, primarily as the bank of the Crown, and in 1697 it was given the right of using bank notes, and this right gradually developed into a monopoly right.

As modern factory industry expanded in the 19th century new needs for credit arose. Production now became more *speculative*, i.e. things were produced *in anticipation of demand*. Instead of being produced for a near market, they were produced for a distant market, and the process of production itself became longer and more expensive. In the interval before sale capitalists wanted to obtain *credit* or a temporary loan with which to buy raw materials, pay wages, etc. Then, when the goods were sold, the credit advance could be repaid. The early industrial capitalists about 1800 found themselves very handicapped in expanding and competing through their lack of credit and capital. With the growing importance of iron and steel production on a large scale after 1870 this need became magnified enormously. Hence, parallel with the industrial expansion of the 19th century went the development of the modern banking system, with the *creation of credit* as its important function.

Now a bank, as we have seen, is only able to lend to other people as much money as its depositors are willing to *leave on balance* at the bank. Its power of creating credit is limited by the depositors' willingness to leave their money unused as bank balances. Hence, as long as it could only lend out the gold that depositors did not want to use at the moment, its power of lending was severely limited. If, however, it could induce people to use some paper "promise to pay," instead of actual gold, it could make loans to a much greater extent. Hence the use of bank-notes, made of paper, and later the adoption of the use of *Cheques*. So long as people

were willing to use them, cheques performed the work of money instead of gold. They were made *convertible* into gold on demand ; but only a small proportion of them came to be cashed, *i.e.* converted into gold ; and a large number of payments were made by cheque without the use of gold at all.

In this way the banks had created a new form of money, and they could make advances in the shape, not of actual gold, or even notes, but of *the right to draw cheques*. John Smith, for instance, being granted a loan by his bank, is able to draw a cheque for £100, which he pays to Samuel Isaacs in settlement of a debt. Samuel Isaacs pays it into his own bank account. No gold is required, yet a debt incurred in an exchange transaction has been settled. All that has happened is that the total deposits of the bank are swollen by £100—the £100 “ created ” in favour of John Smith and paid by Samuel Isaacs into his own account. The banks can create credit in this way to the extent that their depositors are willing to leave balances with them and not to ask for actual gold. Hence, the banks can create many times more *Credit-money* (cheques, etc.) than they have actual *Cash* (notes and gold) ; and they make their profit by charging more for their loans than they pay to their depositors. Usually they find it convenient in this country to create nine times as much credit-money as they have cash. Hence the ratio of Deposits to Cash Reserves is usually about 9—1.

We can, therefore, distinguish two chief kinds of money in use under modern capitalism :—

1. *Credit Money*—Cheques, Bills of Exchange, etc.
2. *Legal-tender Money* or Cash.—Gold, Bank-notes, or Treasury Notes.

Legal-tender money is that which lawfully can be tendered in payment of debts and of taxes. There are also subsidiary or token coins, such as pennies and shillings, which can only be legally tendered in payment of debts up to a certain amount. They are convertible into legal-tender ; and the copper or silver in them is not worth their face value.

This growth of credit gave a new method for accumulation of individual wealth. Wealth could be accumulated, not only in land and buildings and treasure and gold, but in credit—in paper claims to wealth, which could be realised when necessary and in the meanwhile could be lent for a certain price. Moreover, it provided not only a new form, but an additional aid to individual accumulation of wealth ; for credit is usually only given on *security*—on the security of a certain amount of money. The man who already has money is, therefore, more able to secure credit and the command over resources which credit gives, than is the moneyless man ; and the former as a result is provided with greater chance of getting rich than the latter. The advantage which the moneyed man has over the moneyless is thereby increased, and the large industrial capitalist secures an advantage in competition with the small.

SECTION IV.

THE MONEY MARKET.

IN Britain the banking system generally confines itself to the provision of credit and credit-money to industry and trade. This credit is only in the forms of loans for a short period, and is consequently used generally for the *circulating capital* of industry—the provision of wages and raw materials.

The provision of the more permanent capital of industry—the *fixed capital* in plant and buildings—is provided through what is known more generally as the Money Market, and not by the banking system; although in Germany it is done by special banks, known as “commercial banks” like the Dresdner, Deutsche, and Disconto Gesellschaft.

The Money Market is concerned with the *investment of capital* in production. It is like a reservoir, collecting numerous streams of capital from numerous lenders, assembling them, and then sending them out into various branches of industry. Before its development the individual capitalist found it very difficult to borrow more capital to expand his activities, because he was not in touch with people willing to lend. The money market provides a means by which any business seeking to borrow capital can be put in touch with people willing to lend or invest capital.

The actual mechanism of the Money Market is made up of numerous financial houses, firms of bill-brokers, stock-exchange brokers, and the jobbers who act as agents on the Stock Exchange. As water flows from a reservoir to find the lowest level, and distributes itself so as to keep an even level everywhere, so capital flows out of the money market through the hands of brokers (who act on behalf of private investors) so as to get the largest profit, and tends to distribute itself between all possible uses in such a way as to equalise the rate of interest on capital lent. If the dividends on shares of £100 each in Snooks Ltd. is at the rate of £10 per share, everyone will rush to invest there. This will raise the price of the shares on the Stock Exchange up to, perhaps, £200 per share. As a result, former shareholders will gain (having bought at £100 and now selling at £200), whereas the new shareholders (who bought at £200) still get £10 per share, *i.e.* 5 per cent. on their money—probably the same rate of profit as they could get by any other investment. It may happen, however, that people prefer to invest in a “safe” concern like Snooks Ltd. at 5 per cent. than in the risky and speculative Hobbs Ltd. at 6 per cent., and this has to be taken into account when speaking of the tendency of interest to an equal rate.

When a new business is started and requires to raise or borrow capital, it usually goes first to a firm of “*promoters*,” who undertake all the preliminary arrangements for the formation of a company. Among other things they arrange for the *capitalisation* of the company, *i.e.* the valuation of the business at some capital figure. Into this valuation there usually enter two main types of assets:—

- (1) *Tangible Assets*.—Works to be erected, inventions, mineral rights, etc., which are to be purchased.
- (2) *Intangible Assets or Goodwill*, under which are included all those intangible elements which enable a business to earn a profit, such as business connections, power of getting credit, the value of a name, monopoly powers, etc. A business usually has a higher value than the actual buildings, plant, etc., it possesses, and this extra value as a going concern is its "goodwill." A public-house *with* a license will usually sell for many times more than a public-house *without* a license.

This capital value which is given to the business will, therefore, largely be governed by its *expected power to earn a profit*. Let us suppose the business has been capitalised at £100,000. Then the next step will be for promoters to arrange to "raise" this amount of capital by *issuing shares*, either £1 or £5 or £10 shares as the case may be; and these shares will be marketed through the medium of the money market. The shareholders will, then, be providing the money which the company can use to buy its plant and buildings, to advertise, start working up a business connection, and commence production. They will be thereby purchasing the right to a *share in the company's profits*. In fact, in the early joint stock companies, shares were often not valued as £1 or £10 shares, but were merely a one-hundredth or one two-hundredth share, as the case might be, in the enterprise.

Now, if the profits of this imaginary company are £5000 per annum, an owner of £100 shares will be getting about £5 a year in dividend or 5 per cent.; and if 5 per cent. is the general rate which investors expect to get for that class of share, the capitalisation of the company will be correct. But if the profits turn out to be only £2000, shareholders will only be getting 2 per cent. They will rush to sell their shares as a bad investment, and the price of the shares on the Stock Exchange will fall; the company will be *over-capitalised* in the sense that its estimated nominal capital is in excess of the real value of the business as determined by its profit-making capacity. This fact will usually make a business try to raise its prices if it can, in order to secure a higher rate of profit on its larger capital; and this it will tend to do in so far as prices are not kept down by the competition of rival firms. (For examples, see L.R.D. *Studies in Labour and Capital—Engineering and Shipping and Railways*).

A business which is over-capitalised will find a difficulty in securing credit, because its financial position is poor; and therefore it will tend to have insufficient circulating capital to keep its fixed capital fully employed. It may, therefore, frequently happen that the over-capitalisation of business or the diminished power of the banks to advance credit (*e.g.* because depositors are diminishing their balances by drawing out money to invest in shares) may seriously hamper industry, and prevent it from working to full capacity because it has too little circulating capital in proportion to its fixed capital. This will mean unemployment and trade stagnation, or at best an unduly low level of industrial productivity.

SECTION V.

FINANCE - CAPITAL.

IN some cases the needs of industrial expansion for capital will increase faster than the accumulation of individual wealth. Under these conditions industrialists will not be able to procure sufficient capital through the mechanism of the money market by borrowing from private investors, and as a result there will be a tendency for banks and financial houses, in addition to providing short-period credit or the mere work of promoting companies, to provide as well some of the permanent fixed capital of industry. This has been the special feature of industrial development in Germany, whereby the "commercial banks" have financed most of the industrial enterprises, and in U.S.A., where financial houses like the firm of J. P. Morgan & Co. have played a large part in financing industry. In England this feature has not been so marked, but the growth of large-scale industry and the need for large masses of fixed capital in recent years has made industry increasingly reliant on financial houses, not only for the initial work of company promotion but for the provision of permanent capital as well. In Britain, however, the reverse process has in many cases occurred: big industrial combines have accumulated their own reserves of capital, with which they have promoted and financed new subsidiary companies.

This development produces a union between monopolist Finance and Industry, to which the name of *Finance-Capital* has been given. It brings large spheres of industry under the control of a few financial groups, and so aids the growth of trusts, combines, and cartels. Also, it places independent industrialists in a position of relative disadvantage in competition, owing to their smaller ability to secure capital and credit, and hence their greater limitation in expanding their operations and taking risks.

This Finance-Capital is no longer interested merely in money-lending, as were the early bankers. It is interested in promoting new industrial enterprises and in securing profit from them. It, therefore, uses its influence where it can to restrain competition and by restricting output to raise prices and industrial profits. It has, too, a special interest in finding new markets, exclusive sources of raw material, and profitable fields of investment by opening up undeveloped countries, *e.g.* the Bagdad Railway, Mesopotamian Oil, Egyptian Cotton, India, Morocco, China, etc. Financial syndicates invest capital in these countries, and since the financial groups are concentrated and have great power they are usually in a position to use the political forces of their respective States—consuls and diplomats and eventually armies and navies—to safe-

guard their investments and to keep off foreign rivals from their treasured preserves, just as was done in the Colonialism of the 17th and 18th centuries. Hence the new development of capitalism known as Imperialism, which has grown rapidly since about 1870 with the growth of Finance-Capital. Its financial aspect is the advantage which groups in possession of large capital and credit and political influence have of drawing profit from backward countries with little capital and an undeveloped credit system.

SECTION VI.

THE INSTABILITY OF THE CREDIT SYSTEM.

FROM what has been said so far, it should be clear that there are two main ways in which the credit system is unstable and liable to disturbance. When disturbance of this kind occurs, money is prevented from performing its functions, described in Section I., and serious friction may be caused in the working of the economic machine as a result. Under the strain of special circumstances such as a war the credit system may be thrown into complete chaos.

First, there will be the danger that *the amount of credit-money may vary*, owing to changes in the amount of bank loans which the banks are able or willing to give. Changes in the amount of credit-money will affect the general level of prices and have a serious disturbing effect.

Second, there will be the danger that business men may be over-optimistic about their prospects of making a profit. In this case businesses will tend to be over-capitalised (See Section IV.), and will be unable to sell their goods at prices which yield them a "normal" profit. This will tend to cause a trade depression and decline of production.

To take these two things in order :—

(1) When trade prospects are good, manufacturers and merchants will wish to purchase materials freely and will apply to the banks for credit-advances in large quantities. Since prospects of profit seem good, the capitalisation of industry is likely to increase, and so the amount of collateral offered as security for loans will increase and swell the effective demand for credit. The result will be *an increase of credit-money*,

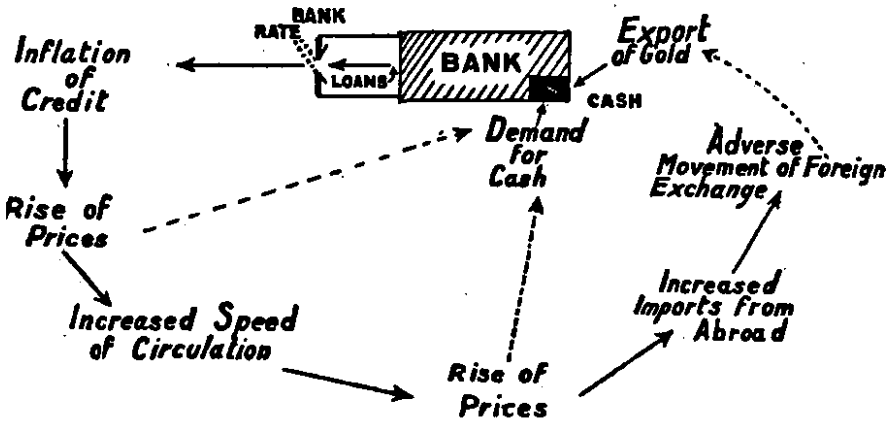
This will cause prices in general to rise, for consumers in general will have more buying-power than before; and, as the stock of available goods in the immediate present remains approximately the same, the increased clamour to buy is bound to *raise prices*. The prices of raw materials will probably rise first, because it will be on those that the industrialists who have received credit-advances have spent their money. Then, perhaps, the prices of constructional goods will rise; more labour will be employed here and elsewhere, and wage-earners will be spending more on food and clothing, and these will rise in price. Sellers of food and clothing, getting larger incomes, will spend more, and so on till the circle has spread and resulted in a general rise of prices. Conversely, the purchasing-power of each unit of money will be less; and persons with fixed

incomes will only be able to buy a smaller quantity of goods—the gain to industrialists will be at the expense of persons with fixed incomes.

But this is not all. When prices are rising and expected to rise further, people will generally desire to keep their wealth in the form of goods rather than money, since goods are rising and money is falling in value; *e.g.* people with bank-balances will withdraw them and invest them in industrial shares. As a result, *money circulates more quickly*. A story is told of Moscow during the time of rapid depreciation of the rouble to explain why the speculators were thin, because on selling goods and getting money for them they would run as fast as their legs would carry them to replenish their stocks, for, if they took 20 minutes instead of 10 on the way, the rouble might meanwhile have halved in purchasing power. Similarly, in Germany workmen, after buying all they wanted on Saturday with their wages, would buy with the rest whatever they could lay their hands on, since paper marks if kept till Monday might have fallen seriously in value. Consequently, a period of rising prices tends to cause the speed of circulation to increase (and *vice versa*), and this causes prices to rise and the purchasing power of money to fall still further; since each piece of money, passing through more hands, “does more work” and serves for several pieces.

But before this process—known as *Inflation of credit*—has gone very far, part of this extra credit-money (cheques, etc.) will be brought to the banks to be “cashed”—turned into legal-tender money. The Central Bank will then find itself faced with the danger of being drained of all its available cash reserves. It was this which in pre-war times caused the Bank of England (and other Central Banks) to take action to check inflation before it had gone very far. This they did by *raising the Bank Rate*—the rate of interest charged to borrowers; and this extra charge discouraged credit-borrowing and so stopped the creation of new credit-money. It is suggested by certain reformers at the present time that Credit Inflation could be stopped and the price-level kept more stable if the Bank of England raised its Bank Rate as soon as prices started to rise, instead of waiting until there was a drain on its Cash Reserves. This proposal is known as *Credit Control*.

The appended diagram may help in summarising the chief features of this process of Inflation :—



(2) Under a system of industry controlled by various independent industrialists each competitor is ignorant of the amount his rival is going to put on the market, and each hopes to be able to steal some of his rival's custom. Meanwhile in the prospect of high profits capitalisations will tend to increase. Eventually, each being in ignorance of what his rival will do, so much is produced, that it cannot be marketed at prices which will yield the profits which have been expected. The result will be that all will find themselves *overcapitalised*. There will be general gloom and depression and a "glut" of unprofitable goods on the market. Labour will be turned away and a period of falling prices and unemployment will ensue.

This will be accentuated if, as will probably happen, the increased business capitalisation induces an inflation of credit and prices, since rising prices will have still further stimulated business men and enhanced the capitalisation of business; and when the disillusionment comes the crash is all the more severe. The inflation of the war and 1919 boom, for instance, has caused the ensuing "slump" to be all the more severe. Further, the high anticipated profits of business will have caused people to withdraw money from bank balances and to invest it in shares, and this will diminish the power of the banks to provide credit for circulating capital at the same time as increased fixed capital requires more circulating capital to work it. Industry will, therefore, be handicapped by a general shortage of the latter and the inability fully to utilise the former.

These two forms of instability and their effects are normal features of industrial progress under the existing system.

SECTION VII.

THE GROWTH OF INTERNATIONAL PAYMENTS.

SINCE classical times there has always existed a considerable amount of international trade, and during the Middle Ages most trade was between towns of different countries—along the shores of the Mediterranean and the Baltic, and along rivers like the Rhine and Elbe and Danube. In this trade from mediaeval times payment was largely effected by means of *Bills of Exchange* which can be simplest thought of as a kind of cheque, with the difference that they are not payable until some date in the future. One of the earliest functions of mediaeval banking houses was the provision of such Bills, drawn on an agent in some other town, as means of payment for merchants.

Suppose a merchant in Paris has sold wine to a merchant of London and bought wool to the same amount from a merchant of Bradford. In the case of London he is a creditor, of Bradford a debtor. He may receive payment for his wine and at the same time pay for his wool by drawing a Bill on the London man and then sending it to the Bradford wool dealer, who will collect it at the date of maturity from London.

Alternatively, the London merchant may (it is a matter for arrangement) pay for his wine by arranging with a banker who has an agent in Paris to draw a Bill on the Paris agent and send it to the French merchant. The London merchant will pay the London banker, the Paris agent will pay the Paris merchant; but no money will need to pass between the two countries. Later, the Paris merchant may pay for his wool by a reverse process, in which the Paris banking agent gets paid for a Bill drawn on the London banker, and the latter meets the Bill and pays it to the Bradford man.

Between the 16th and 18th centuries the advanced commercial countries—at first Spain, then England, France, and Holland—developed overseas trade with colonies (*e.g.* India and N. America). But it was not until the 19th century that foreign trade became anything more than trade in one or two staple commodities, that production for the world market became a regular thing and an important part of the economic life of a country. Before, goods had been produced mainly for the national market, with just a few exported to special places. In the 19th century production for the world market became a principal feature of such important industries as coal, cotton and engineering.

Consequently, with this growth of international trade there developed the mechanism of international payments, and payments by Bills of Exchange became an increasingly important part of economic life, so that any derangement of this mechanism suffices to bring to a standstill large sections of industry in the chief producing countries.

Now, a Bill is a means of *changing the money of one country into the money of another* and so making a payment abroad. For instance, if an Englishman wishes to make a payment in New York, he will buy a Bill drawn on New York or a dollar Bill, which he will buy in pound sterling and which will be payable in dollars. The amount which he will have to pay in sterling for a Bill worth so many dollars is called the *rate of exchange*, and this will be determined by the scarcity or plentifulness of such Bills generally. If dollar Bills are scarce, because many Englishmen are clamouring for them, and few bankers will create them by drawing Bills on American agents and selling them, the Englishman will have to pay a large amount to secure one—the rate of exchange will go *against England* (and *vice versa*). If Bills become sufficiently dear, it may become cheaper for Englishmen to send *other things* as payment instead, *e.g.* gold or securities. Therefore, if gold can be freely exported, an *export of gold* will usually take place before the movement of exchange has gone very far from the normal, and also an export of securities, etc.

Now, the demand and supply of means of payment will depend on the *balance of payments of all kinds* which have to be made between countries. If the balance of payments is against England, so that she has debts to pay abroad in greater amount than credits due to England from foreigners, there will be a greater demand to sell sterling and buy other currencies than there is to buy sterling. Consequently, the exchange will go *against England*. The movement of the exchange against a country, therefore, indicates that it is for the time being in a *debtor position*—that it is living beyond its income.

The chief payments which have to be made between countries are those on behalf of imports and exports of goods, and the balance of trade always plays an important part in the matter. But there are payments to be made for other things, *e.g.* payment for shipping and banking services (sometimes known as “invisible exports”), indemnities, interest on loans, repayment of debts, etc. The following imaginary table will show what items may compose a national balance of payments:—

Credits.	Debts.
Export of Goods, ... £150 m.	Import of Goods, ... £170 m.
Services of Shipping, Banking, etc., ... £ 15 m.	Repayment of Debt or Indemnity, ... £ 10 m.
Interest on Capital in- vested abroad, ... £ 5 m.	
Loan raised abroad, ... £ 5 m.	
£175 m.	£180 m.
Export of Gold or Securities, ... £ 5 m.	/
£180 m.	£180 m.

If the right-hand side is greater than the left, then the exchange moves against the country (and *vice versa*). This movement of the exchange, however, has the effect of encouraging an expansion of some of the items on the left-hand side. The first thing will probably be an export of gold or securities to fill the gap. But if this goes on the country will lose its gold and sell out its capital (by selling shares or securities to foreigners). Further, export of goods will probably be encouraged, since foreign buyers will find goods easier to buy now that they have to pay less in their own currency to make a given payment in pounds. On the other hand, imports will tend to be reduced, since English buyers have to pay more in pounds for foreign goods. In this way a movement of the exchange will tend to alter some items on both sides of the balance-sheet, so that a balance of payments is restored.

Now, one of the most important effects of Inflation (see Section 6) will be to *turn the exchange against the inflating country*. The reason for this will be that people, having more money, will tend to buy more from abroad (especially in so far as prices have risen at home). Hence imports will tend to increase, and will continue to do so until the unfavourable movement of exchange, making imports dearer, renders it no longer worth while to buy abroad instead of at home.

When the country is on a *gold standard*, which means that free export and free minting of gold is allowed, this Inflation and unfavourable movement of exchange will not go very far before there is an export of gold. This will affect the Central Bank, which, fearing to lose its gold reserves, will be forced to take action to stop the unfavourable movement of exchange. This the Bank will do by *raising the Bank Rate*. This will tend to correct the movement of exchange (a) by stopping Inflation (see Section 6); (b) by inducing financial houses to send money to the financial centre in question, where the rate of interest on short-period loans is high. But when a country is not on a gold standard, there is no such influence forcing the bank to take action, and an unfavourable movement of exchange may proceed to any extent.

This fact that Inflation or Deflation, raising or lowering prices at home, will affect the rate of foreign exchange is the basis of the well-known *Theory of Purchasing Power Parities*. This theory says that when the *internal purchasing power* of a currency—what it will buy in the home market—moves, its *external value*—what it will purchase abroad through the medium of foreign currencies—will change correspondingly. Thus, according to this theory, if 80 francs = £1 now, instead of 25 francs = £1 pre-war, this is because 80 francs can only purchase as much as £1, and this fact fixes their rate of exchange. This will tend to happen, because, if the internal purchasing power has fallen, people will spend their money abroad where it can buy more, until

the resulting increase of imports has caused the external value to fall as well. This theory will hold good except in so far as for any reason it is *not so easy for persons to buy or sell abroad as at home*. For instance, if there is a 10 per cent. tariff levied on imports, the internal purchasing power of the currency will have to fall by more than 10 per cent. before people will think it worth while to spend their money abroad (and pay a 10 per cent. tariff) rather than at home. A tariff, therefore, by causing buying from abroad to be rather *less* than it otherwise would be, makes the exchange rather *more* favourable than it otherwise would be, and so enables the internal purchasing power of the currency to be equivalently *lower* than its external value. It is for this reason that the price-level tends to be relatively high in a tariff country. The opposite is true of restrictions on export, such as those imposed by Germany after the war to prevent everything from being exported.

But the external value of a currency may change, apart from any change in its internal purchasing power, for the following reasons :—

- (a) Owing to a permanent debit or credit balance of international payments on behalf of goods bought and sold.
- (b) Because speculators, *anticipating* a rise or fall in the foreign exchange, buy or sell the currency on the foreign exchange market, and by so doing cause its foreign exchange value to rise or fall.
- (c) Because certain fixed payments are owed by one country to another, *e.g.* reparation payments, debt payments, investment of capital abroad, etc. These will affect the balance of payments and hence the foreign exchanges, apart from any changes in internal purchasing power.

All three of these factors influenced the "slump" of the German mark after the war. Hence, the external value of the mark fell faster than its internal purchasing power, as measured by the German price-level. This was the reason for the exchange advantage which led to "dumping"—the foreign price of German exports, as measured through the exchange, rose faster than prices of raw materials and labour inside Germany. When the fall in the exchange has gone so far as to cause a serious loss of faith in the currency, (b) becomes of predominant importance through business men seeking to keep their money in the form of stable foreign currencies. In the case of Germany, this was known as "the flight from the mark." When this occurs, external depreciation proceeds independently of any internal depreciation, so much so that the former actually causes the latter (instead of the reverse), since the internal speed of circulation of money increases the more the foreign exchange falls.

SECTION VIII.

THE BREAKDOWN OF THE CREDIT SYSTEM.

DURING the war a special strain was put upon the credit system and the system of international payments. As a result, this system suffered a breakdown, which in certain countries wrecked the industrial system and in others damaged it severely and clogged its working.

The problem which faced the Governments of the belligerent countries was that of securing vast quantities of munitions, etc., for war purposes, and this meant having a claim on the labour and resources of the country to a greatly magnified extent. This claim could only be exercised in practice in so far as—(a) The claims of wage-earners, etc. for *necessaries* were reduced, (b) the claims of the moneyed class for *luxuries* were reduced, (c) the claims which the moneyed class used as *investments in new fixed capital* were reduced, (d) industry was rendered more productive, and the fruits of the increased production went to the Government for war purposes, and this could only be the case in so far as claims (a), (b) and (c) did not share in the increase.

The monetary aspect of this was how to transfer money-claims on real resources from other people to the Government. First, there was the method of *Taxation*, which, if it fell mainly on the rich, would have reduced claims (b) and (c) and transferred them to the Government's use. Second, there was the method of *Public Loans*, which would have had a similar effect as taxes, if the same people subscribed to the war loans as ordinarily contributed to taxation. Third, there was the method of government resort to the Bank of England for a *Credit-advance* or Bank-loan. It is with this third method that we are here concerned.

The creation of credit in favour of the Government had the same effect as ordinary credit-inflation (see Section 6). Being paid away by the Government in cheques drawn on the Bank of England in purchase of munitions and war stores, it added to the total purchasing power in circulation and *raised prices*; and this rise of prices ultimately reacted, as explained in Section 6, in an increased demand for Cash from the Banks. In the absence of increased supplies of Cash, the Bank of England would have had to refuse to lend any more to the Government; and, therefore, as a condition of its continued borrowing, the Government had to permit the issue of *paper Treasury Notes* to be used by the Bank as Cash or Legal Tender Money. More shortly, the Government raised money for war expenditure by *printing paper money*—by the method of *Inflation*.

To the extent that the Governments were unable to meet war expenditure either by Taxes or Public Loans, they had in all the belligerent countries to do so by this method of Inflation, and the Inflation of money and prices increased as Governments found themselves in greater financial straits. The process of Inflation, therefore, represented the bankruptcy of States, produced by the war ; to continue the war they had to throw the money and credit system to the wolves. The extent to which they were unable to raise money by taxation or public loans largely depended on the attitude of the moneyed class to such measures. In Germany, for instance, the opposition of the landed interests to increased direct taxation seems to have forced the Government to meet a very large proportion of their war expenditure by Inflation.

This method of Inflation, however, did not work by magic in enabling the Government to secure more real resources for war purposes. It created *new credit-claims* in favour of the Government, *at the expense of money-claims in other persons' hands* whose purchasing-power was diminished by the rise of prices. The persons who had to go without, because the purchasing power of the money-claims they held was reduced, were workers and small *rentiers* with fixed incomes. In practice, therefore, Inflation *transfers claims* on economic resources to the Government by method (a), described above. It acts as a concealed tax mainly on the workers. Such a method of finance is apt to be particularly popular to a capitalist government, because, not only is it a tax which can be levied easily and without people noticing it, not only does it relieve the rich of any increased income or super-taxes, but it actually benefits business men—all engaged in buying or producing and selling goods—since rising prices usually mean high profits. The effect of Inflation is, therefore, to impoverish workers and *rentiers* and to enrich the big industrialists.

Though, however, Inflation for the time being brings good profits to industrialists and acts as an incentive to speed-up production, it stores up trouble for the future in increasing disorganisation and dislocation of the industrial system. First, it will lead sooner or later to a state of *over-capitalisation*, as was explained in Section 6. Second, prices and profits will rise at different rates in different industries, and the fever of competition to increase production will consequently rage at different temperatures. The result will be that some industries will expand more quickly than the normal, and when the Inflation comes to an end, it will be found that there is too much labour and capital in some industries and insufficient elsewhere. This has particularly been seen in the case of the ship-building and engineering trades since the war. Now, the industrial system will only work at full efficiency if its various parts are well adjusted, like the parts of a machine, and if capital and labour are put to those uses where they can be most productively employed.

Inflation, by throwing into chaos the price-system, as the measure and index by which this adjustment is regulated, causes *maladjustment* and dislocation, which will tend to cause an actual breakdown, or will at best prevent the system from working at full efficiency.

In addition, Inflation of the currency caused the foreign exchanges to "slump" (see Section 7), and this caused disorganisation of foreign trade, since merchants who had sold goods ran the risk of having to pay more for a Bill of Exchange when the day of payment arrived. England and France until 1919 only maintained the value of the sterling and franc exchange by a system known as "pegging." Under this system it was arranged to borrow money in New York whenever the exchange moved against London or Paris, and this loan provided means of making payments in U.S.A. without the need of selling sterling or francs, and so stopped the depreciation of those currencies.

After the war the victor-Imperialist countries were able to bolster up their own financial position by levying tribute on the vanquished Imperialist countries. Germany was forced to pay reparations, to part with iron and coal resources to France and her colonies to Britain. This burden weighed down more heavily the vanquished nations, forcing their bankrupt Governments to resort to Inflation as the only means of meeting expenditure. This Inflation in Austria and Germany so destroyed their money, as to make it useless for its chief functions, described in Section 1. The krone fell to one-fifteen-thousandth of its former value, the mark to one-billionth. Trade and industry were brought almost to a standstill; and while the workers were impoverished (real wages in Germany in 1922 were 54 per cent. of English) and many of the lower middle class were proletarianised, the big industrialists, like Herr Stinnes, the coal magnate, made immense profits and were able to buy up firms on a rising market and combine them into ever larger aggregations of capital under a single control.

SECTION IX.

THE STRUGGLE FOR STABILITY.

BEFORE very long, however, the victor-Imperialist countries found that they were suffering as well from the financial and industrial chaos of the vanquished nations. British capitalism, in particular, which relied extensively on the Central European market, found her own industry severely depressed by the inability of Central Europe to buy British goods. As soon as this was felt—as it was when the trade depression set in at the end of 1920—British capitalism began to make attempts to *stabilise* price-levels and the exchanges. To this end, Mr. Lloyd George started his series of Conferences with France to settle the Reparations problem.

There were two ways by which the internal purchasing power of a currency could be stabilised :—

(A) *Devaluation*.—The money could have been *fixed at its existing value*, and made convertible into the money of another country or into gold at that rate. This is what was done in Austria. The krone, standing at about 330,000 to £1, was henceforth made convertible *at that rate* into pounds sterling or gold.

(B) *Deflation*.—The quantity of paper money could have been decreased, so as to restore its value nearer to the pre-war value, and then stabilised and made convertible into gold *at a higher value*. This would have an opposite effect to Inflation—trade stagnation and unemployment, since falling prices cause losses to business men and industry would have to be starved of credit.

Before either of these methods could be adopted, however, the causes of Inflation—national bankruptcy—had to be solved. This required the increasing of taxation and the cutting down of State expenditure, and where industrial chaos was great production needed reviving by a foreign loan. In the case of Germany the burden of reparations had to be lightened first, and production resuscitated by a loan.

There were two main conflicts which hindered such stabilisation from being effected :—

(1) *The rivalry of British and French Capitalism*. Whereas Britain wanted a stabilised German market, the needs of French capitalism were not so great in this direction. In fact, the influential section of French capitalism—the iron and steel magnates of the *Comité des Forges*—had their eyes on the coal resources of the Ruhr, and desired the political problem of reparations to lie open, so that they could have an excuse for the occupation of the Ruhr.

If Germany went bankrupt, the French iron magnates could exact more favourable terms from German coal magnates for delivery of coal, or buy up the latter at bankrupt prices.

(2) *The conflict of interest between Financiers and Industrialists.* The interest of industrialists tends to be in Inflation, and that of the financiers in Deflation. (There is still sufficient difference between the two in spite of Finance Capital to make the divergence important). The latter have *lent* money and are *creditors*, and when prices fall and the value of money rises, their credit-claims become of greater real value. In Germany the big industrialists seem to have actually encouraged Inflation, or at least to have done nothing to aid its cessation. In Britain the financial interests were powerful enough to prevent Devaluation and to procure Deflation instead, with the object of getting back on to the Gold Standard, whereby it was hoped to re-establish the "prestige" of London as an international financial centre. The F.B.I., on the other hand, opposed Deflation.

Owing to these and other difficulties the various conferences to stabilise Europe broke down. At Cannes, when M. Briand nearly came to an agreement with Mr. Lloyd George, the French iron and steel interests interfered and turned M. Briand from office. At Genoa the way for stabilisation was blocked by the antagonistic interests of French capitalism. As a result, Germany continued Inflation, and plunged deeper in disorganisation. In Britain there was Deflation, which resulted in overcapitalisation and bankruptcy of certain sections of British industry. France did not stabilise, but continued to keep her finances from breakdown by raising loans on security of expected reparations from Germany.

Meanwhile, Gold, to which the Mints of Europe had closed their doors, flowed to U.S.A., where alone it was freely minted. The *mint-price in dollars* (which the U.S.A. Banks guaranteed to give in purchase of any gold bullion brought to them) *therefore became the chief source of demand for gold*, without which gold would have immediately fallen in value. The value of gold, therefore, tended to be *governed by the purchasing power of the dollar*, and this depended on the degree of Inflation or Deflation of credit in U.S.A. During the war there had been *some Inflation of credit in U.S.A.* (known as Gold Inflation), and therefore *the value of gold was less than pre-war.*

If there is *Inflation of credit in U. S. A.*, the dollar and gold will fall in value, and pound sterling will be worth more in dollars and gold. And *vice versa.*

If there is *Deflation in England*, sterling will rise in value and come nearer to the dollar and to gold. If there is *Inflation*, the reverse will happen.

It is on this that hope is placed by financiers of England returning to the Gold Standard by making the pound convertible into gold at the old pre-war rate. But the rate of exchange of sterling with the dollar and with gold depend on other factors as well, which affect the balance of payments between London and New York. Payment of debt to U.S.A. turns the exchange unfavourable to sterling. Also, seasonal movement of exchange takes place, when Britain is buying cotton and wheat crops from America. Further, speculators may influence exchange, *e.g.* financiers may invest money in buying sterling in order to restore sterling to parity with gold or in anticipation of its return to parity.

The position is, therefore, that the U.S.A. bankers, having accumulated large stocks of gold (Federal Reserve Bank Gold Reserve, Dec. 1924, \$2,900,000,000), have an interest in keeping up its value on the world market. Accordingly they have continued to purchase all gold brought to them from abroad (*i.e.* retained free minting of gold), but have kept it from going into circulation by adopting a deflationary credit policy. It is also their interest to induce European countries to adopt the Gold Standard in order to take some of their gold from them and to keep up its value. This has caused American financiers to show increased interest in Europe during 1924, to make loans to France and Germany in the interest of financial stability, and to use their influence as the creditors of Europe to secure a general return to the Gold Standard.

SECTION X.

THE RETURN TO GOLD.

A COUNTRY is on a *Gold Standard* if its money is freely convertible into gold on demand, and, if gold bullion from abroad is bought freely by the Banks for a certain price in the country's money. A country can, therefore, be on a Gold Standard without gold actually circulating as means of exchange. It has been suggested that the National Bank might exchange the paper money of the country, not for actual gold, but for *Gold Certificates* (claims to a quantity of gold) which would be international currency, and could be exchanged into dollars, francs, etc., in other countries. This is known as the *Gold Exchange Standard*. The effect of this would be to keep foreign exchange-rates steady, since, if the exchange went against a country, people would be induced to change their money into gold or gold certificates and export them, as in this way their money would purchase more. This would produce Deflation in the country in question, and this would tend to stop the adverse movement of exchange (see Section 7). At the moment of writing England is not on a gold standard, since, though pound notes are nominally convertible into gold, they are not for practicable purposes, owing to limitations on the export of gold.

The beginnings of financial stability came in 1924, when France, unable to get the reparations hoped for from Germany, and finding the occupation of the Ruhr costly, showed the first signs of bankruptcy in a catastrophic "slump" of the franc. France was forced to raise a loan from J. P. Morgan & Co. of New York, and in return for this naturally had to submit to the "influence" of American finance. This was the beginning of the intervention of U.S.A. finance in Europe. There followed the *Dawes Scheme* for Germany (Gen. Dawes being a New York banker), by which a loan was given to Germany to revive her industrial system and to establish a new Bank of Issue to issue a new stable money, based on gold. In return for this, Germany was to be subjected to numerous "controls" on behalf of her creditors and to insure that henceforth the Government should not resort to Inflation as a method of revenue. This necessitated increased taxation and decreased State expenditure, and this has in practice involved a heavier burden on the workers and lower middle class, and a strengthening of the power of Finance-Capital over Germany.

Since most of the capital for rescuing Europe from bankruptcy necessarily comes from U.S.A., the latter becomes the creditor of the former: English financiers, who before the war were creditors

of a large part of the world, are accordingly anxious lest financial supremacy should pass from London to New York. To this end they favour Deflation (which can only come by starving industry of credit, causing continued trade depression and unemployment until wages are reduced to a lower level); and at the time of writing they are making a vigorous effort to restore the pound sterling to parity with gold and the dollar, and so to restore the Gold Standard. Thereby, it is hoped that the gold pound will share with the gold dollar the dominance of the world. In the struggle of interests between the two there seem to lie very important conflicts in the future.

During a period of Deflation the position of creditor finance tends to improve at the expense of industrialists, who are in a debtor position. Industry, being impoverished, has to rely to a greater extent than before on banks and financial houses for credit and capital, especially if it suffers from over-capitalisation incurred in a previous period of Inflation. Hence monetary stabilisation has been at the expense of a further growth of Finance-Capital (see Section 5.). This is seen most noticeably in a country like Austria, where most of industry is under the control of a few banks, linked with financial houses in London, Paris and New York. This new régime of Finance-Capital—the formation of a few big groups, as Britain, France, U.S.A., bringing smaller nations under their control, and wrestling for spheres of investment and markets in undeveloped countries—seems likely to lead to a new era in Imperialism.

FOR READING.

In conjunction with this present outline there should be read No. 3 in the Syllabus Series, *Finance*, by Emile Burns, especially for Sections 4, 5, 6, and 7.

For Section I.—D. H. Robertson's *Money* (Nisbet, 5/-), Chap. I., and *An Outline of Economics* (Plebs, 2/6), Pages 49-54, should be read. A more detailed and difficult study is given in Marx's *Capital*, Vol. I., Chap. 3, and in Marshall's *Money, Credit, and Commerce*, Bk. I., Chap. I, 4-6, and Appendix A.

For Section II. resort must be had to ordinary economic histories, there being as yet no satisfactory history of financial development against its economic background. Bogdanoff's *Short Course of Economic Science* (C.P.G.B., 3/-), Pages 71-82, 121-176, could be consulted; also R. H. Gretton, *The English Middle Class*. Part of the development is traced in *Capitalist Enterprise and Social Progress* by M. H. Dobb (Routledge), Chaps. 12-17.

For Section III.—Robertson's *Money*, Chap. 3; Plebs' *Economics*, Pages 57-67, 77-91; Hartley Withers' *Meaning of Money*, Chaps. 2, 3, 4, 5, 11 and 12. Also Borchardt's *People's Marx*, Pages 252-8. For an historical account—Andréades' *History of the Bank of England*.

For Section IV.—Hartley Withers' *Stocks and Shares* (Murray, 6/-). See Burns' *Finance*, Sections 2, 6-8. For a detailed and advanced account, see Marshall, *Money Credit and Commerce*, Bk. II., Chaps. 1-4; and for an even more detailed study from an orthodox point of view, F. Lavington's *English Capital Market*. W. Bisschop's *Rise of the London*

Money Market gives some historical material on this section and on Section 3; and T. Veblen's *Theory of Business Enterprise* discusses the basis of capitalisation and its economic effects.

- For Section V.**—Bogdanoff's *Short Course of Econ.*, Chap. 9; D. H. Robertson's *Control of Industry* (Nisbet, 5/-), Chaps. 5 and 6; M. Pavlovitch, *Foundation of Imperialist Policy* (Lab. Pub. Co., 4/6), Chaps. 4-7.
- For Section VI.**—Robertson's *Money*, Chaps. 2-4; Hartley Withers' *Meaning of Money*, Chap. 3; Plebs' *Economics*, Chap. 9. For more advanced reading—Keynes' *Monetary Reform* (Macmillan, 8/6), Pages 74-87. Also Dobb, *Capitalist Enterprise*, Chap. 23.
- For Section VII.**—Robertson's *Money*, Chap. 7; H. Withers, Chaps. 8-10; Plebs' *Economics*, Pages 68-76; T. E. Gregory, *Foreign Exchange Before, During, and After the War* (Milford, 2/6). For more advanced reading: Keynes' *Monetary Reform*, Pages 87-139.
- For Section 8.**—Robertson's *Money*, Chap. 5; G. Cassel's *World's Monetary Problems* (Constable, 5/-). In more detail: Keynes' *Monetary Reform*, Pages 1-74; Cassel, *Money and Foreign Exchange since 1914*; A. C. Pigou, *Political Economy of War*.
- For Sections 9 and 10.**—There is little that summarises the whole matter. The chief tendencies in the international sphere are described in *The Labour International Year Book, 1923* (L.R.D., 2/6), Chaps. 1-3. Keynes discusses alternative policies in his *Monetary Reform*, Chaps. 4 and 5; and Robertson's *Money*, Chaps. 6 and 8, gives a simple account of the issues. A good detailed account of financial collapse and of the method and effects of financial stabilisation in the case of Austria is given by J. Van W. de Bordes in *The Austrian Crown* (King, 14/-), especially the two final chapters. Similarly for Russia—S. S. Katzenellenbaum, *Russian Currency and Banking, 1914-24* (King, 9/-), especially Chaps. 3-5.

HINTS TO STUDENTS AND CLASS-LEADERS.

1.—To STUDENTS.

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(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

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SECTION I.

EXPERIENCE THE BASIS OF KNOWLEDGE.

The Meaning of Science.

Science is the knowledge which men have acquired in order that they may obtain power over the things in the external world—that is, over everything that is outside their own minds. It is not merely the passive contemplation of the external world, because even the most abstruse of scientific results always tend to give us greater control over the things that happen in the external world. It is not merely the investigation of the meaning of “Nature”; what the Universe is and what is its duration and extent; what man is and what is his origin and destiny and relation to “Nature.” These questions lead us into *Metaphysics*, that is, speculations which mostly lie *beyond physics* (or science in the strict sense). It does not concern itself with the meaning of knowledge; or what we mean by “truth”; or what is the validity of knowledge; or how we come to attain knowledge—these questions lead us into *Epistemology*, that is, in a way, a theory of knowledge. Nor does Science investigate the nature and origin of the human mind, that is *Psychology*; it assumes that there is mind on the one side, and the external world on the other, and that there are inter-relationships between these entities (entities are just things that *exist*). It studies the ways in which the mind works and it formulates a number of rules, or *logical operations*, by means of which the mind deals quickly with *experience*.

Scientific Crafts.

Also Science means that there are a number of ways in which we investigate the external world; the inter-relationships between the things that happen there and the inter-relationships between those external events and the changes that occur in the mind of the scientist. Thus we have *pure Mathematics* (which is a very formal and elaborate system of logic); *Mathematical Sciences* (such as Astronomy, Mechanics, Thermodynamics); *Physical Sciences* (such as Physics, Electricity, Light, Acoustics, Chemistry); *Natural Sciences* (Biology, Geology)—it is difficult to make a satisfactory classification, because all these branches of Science mix together. Each branch has its own *technique and discipline*, and nobody nowadays can be an all-round scientist, any more than a man could be a competent watchmaker and operative stonemason at the same time. There is a *logical discipline* that is common to all scientific crafts, but each branch has its own instruments or *tools*; thus the

astronomer uses telescopes, accurate scales and clocks, spectroscopes, etc. ; the chemist uses a balance, burettes, distilling flasks, etc. ; the biologist makes use of dissecting knives, forceps, a microscope, and so on—each scientific craft having evolved its own tools just as the other crafts have. Skill in the efficient use of a scientific instrument is of the same order as that of the traditional craftsman, and requires much the same discipline, but the scientific craftsman has, as a rule, skill in other branches than that one in which he specialises, and *he is taught to think*. In modern industry the tendency is to specialise more and more, so that the craftsman may do little more than use one tool and so he may attain a very high degree of skill with regard to this. *He is not disciplined to think*. The parallel and the contrast between the ordinary and the scientific crafts are interesting.

Experience, Sensation.

Our knowledge is *based* on experience. There are innumerable events which happen in the external world, and these events affect parts of our bodies called *sense-organs*. The sense-organs may be affected directly, as when we hear a crash of thunder ; or they may be affected indirectly, *via* some instrument, as when we hear an "atmospheric" through the telephones connected with a wireless receiver. The disturbances which are thus set up in our organs of sense are communicated to nerves attached to these organs, and so *nervous impulses* travel up into the brain and there set up some kinds of disturbances in the brain substances. These latter disturbances are then usually associated with changes in our consciousness, and it is such changes in consciousness that we mean when we say that we "hear" the thunder, or the "atmospheric," or see the lightning, and so on.

Responses to Sensation.

When we have such a sensory impression, we very often do something, thus the crash of thunder may make us start violently, or when he sees the compass card swing to the right-hand side, the quartermaster on a steamship will turn the wheel to the left, in order that he may keep on his course. Such bodily movements that follow sensory impressions are called *responses*, and, as a rule, we do not attend to sensory impressions unless we respond to them by some bodily activity or other. Then these impressions, with their responses, become part of our experience. We remember them, or they persist, somehow or other, in our mentality, even if we do not "remember" them in the ordinary sense, for we can often "recall" them after having "forgotten" them. Also they may persist as *habits*. All technical skill and training in craftsmanship consists in having established such experience. Most

of our experience is *acquired* during our life-times by imitation, reading, trying something and failing, trying it again and succeeding—by *learning*, in short.

Acquired and Inherited Experience.

There is also a great body of experience which we inherit from our ancestors. This consists of functional motor-habits and instincts. *Functions*, in the biological sense, are simply ways in which the bodily mechanism works—the respiratory function, the act of walking, the complex series of muscular actions by which an infant suckles the breast of its mother, the reproductive functions, and so on. We can do all these things without learning to do them in the ordinary sense. Thus a child begins to walk as soon as its locomotory nervous and muscular mechanisms develop (some year or so after birth). All these activities involve the complex and co-ordinated activities of the brain, nerves, and muscles, just as making a dovetailed joint requires nice co-operation of the eyes and the muscles and nerves of the hands and arms. (The latter series of actions, however, must be learned). *Motor-habits* are the establishments, in some ways, of tracts in the brain, spinal cord, and nervous system, along which nervous impulses travel and set certain muscles in operation. *Instincts* are inherited abilities to do things of the nature of craft-operations. Thus a bird can make a nest in a very definite way, using particular materials, and it does this efficiently without learning to do it in the way that a man must learn how to lay bricks. There is no sharp distinction between functional activities and instinctive ones, and both are inherited experience. Thus we are born with experience and this accumulates so long as we live. We do not transmit (by heredity) to our children more than an extraordinarily small fraction of the experience which we acquire in our own life-times, and, in general, we do not so transmit any of our individually acquired experience.

SECTION II.

THE OPERATIONS OF THE MIND.

MOST of the things that we do, as men and women who form parts of communities, are things that we have learned; we are far less instinctive than are the lower animals. All our science is knowledge, based on our experience, which has been acquired by learning and which is transmitted by example, or speech, or writing. We must now consider how we deal with experience.

Crude Sensation.

We become aware, from our organs of sensation, of the events that happen in our own bodies, and in the world that is external to our bodies, but this awareness is not thought so much as bare *feeling*. Thus a man sitting in an easy-chair in front of a good fire, or a dog lying on the hearthrug, both feel warm—soft—supported—comfortable, all at once. This is crude sensation. Probably the dog simply feels and the man may also just feel, but it is likely that he also *Thinks*. Now in thinking he cannot help forming concepts.

The Formation of Concepts.

He may reflect that the fire is warm, but so is the fur of the dog, or the sun, or a steam radiator, or the water from the hot tap in the wash-hand basin. Thus there is a common quality of warmth in things that are different in most other respects. Also he may note that the fire glows red, that the sun is red when he sets, that the hearthrug has red bits in it, that a flag may be red, and that blood is red. So there is a common quality of redness in things that are different, on the whole. Again the fire-irons are heavy, a wet sponge is heavier than a dry one, a feather is heavy because it will fall. Air is heavy because there may be "weight" in the wind, as a sailor says (and if the man is a scientist he can even weigh a bottle, then evacuate the air from it and find that it is now lighter). So objects are all heavy, in some degree.

Thus a little reflection shows that things that are very different may yet all be warm and red and heavy. For instance—we cannot think about warmth and colour and mass as existent apart from things that display these qualities, yet we must, just to save time and thought, have distinct notions about temperature, colour, mass, shape, size, consistency, etc. Therefore we make *mental concepts* of these qualities, ascribing an existence to them as distinct from the things that display them. Thus we cannot help thinking about things that have qualities, although it will become quite clear to the student, if he reflects sufficiently, that if we take away, one by one, *all* the qualities that a thing has, there will be nothing left. Thus a lump of sugar has *mass* (it is heavy); it has *form* (being composed of little tabular crystals); it has *cohesion* (the particles hold together to form the crystals and the crystals hold together to form the lump); it has *consistency* (being brittle); it has *colour*; it has *sweetness*, and so on. Now, take away the mass, cohesion, consistency, colour, sweetness, etc., and there is nothing left that we can imagine. Yet, being practical people, we insistently think about the qualities of the sugar as inhering in, or somehow being displayed by, a *substance*—that is, something that underlies the *phenomena* of mass, colour, sweetness, etc.

The human mind (in a large degree) and the lower animal mind (in a smaller degree) therefore work up the data of crude sensation. That is, the mind has a "structure," whatever it may be, and it subjects the sensory impressions to certain operations. These modes of operation of the mind are called the "categories of the understanding."

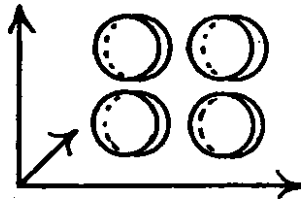
Space.

First of all, however, the mind confers the notion of *extension* on all the sensory data; it sees things spread out, or extended. We may call a certain money-value a "tanner," and so think about it as a unit, but we can also think about it as six pennies lying side by side, thus—○○○○○○—the coins are spaced out, or extended. Or we can think about things as being spread out, or extended, although we can only have sensory experience of one of these things at one time: thus the six little whistles that give us the Greenwich wireless time-signal are spread out one after another, but one at a time. Thus there is *space-extension* and *time-extension*.

Sometimes the six wireless seconds-signals may be loud, and sometimes nearly inaudible. Sometimes six pennies may be bright and new, or old and dull. Thus the *quality* of things is seen in them by the mind. Instead of six pennies, or six signals, we may only see, or hear, five: thus the mind sees *quantity* in things. Again the six pennies may have the arrangement—○○○○○○—or the other arrangement— $\begin{array}{ccc} \circ & \circ & \circ \\ \circ & \circ & \circ \end{array}$ —thus things that may be the same in quality and quantity may be differently arranged with respect to each other or something else. Thus, besides seeing quantity and quality in the sensory data, the mind also sees *relation*.

Dimensions of Time and Space.

Eight pennies can be arranged so ←○○○○○○○○← in *one dimension*, and they can also be arranged so ← $\begin{array}{ccc} \circ & \circ & \circ \\ \circ & \circ & \circ \end{array}$ ↓ sideways and up and down—that is in *two dimensions*, or we can arrange them so—



that is, sideways, up and down, and one on top of another—that is, in *three dimensions*. The movements that we can

make are all referred to three dimensions, backwards and forwards, side to side, up or down. Terrestrial animals have freedom of movement in two dimensions mainly, backwards and forwards (north and south), sideways (east and west), and all our maps represent the world in two dimensions. Aquatic and aerial animals can also move up and down in the water and air: thus they have complete freedom of movement in three dimensions. All kinds of motion on the flat (as on a map) are referred to north and south or east and west. (Thus a direction may be north, south, east, west, north-west, south-west, and so on.

Time has only one dimension. Events happen separately or together, but if they happen separately at the same place they happen *one after another*. Duration is the single time-dimension.

Units of Time and Space.

Time is specified by referring an event to some other standard event. This standard event is the crossing, or transit, of a certain star, over the centre wire of the astronomer's telescope, which is fixed so that it can only move in the true north and south meridian. From one transit of the star to the next one is the standard *interval of duration*, noon to noon, the sidereal day. The day is divided into 24 hours, and each hour into 60 minutes, and each minute into 60 seconds. Any event whatever is specified, as to its time-dimension, by the observation that it occurs so many days, hours, minutes, seconds after noon on some fixed day. For convenience we make so many days into a week, or a month, or a year, but the astronomer's sidereal day is our standard interval of duration.

Space-intervals are specified by a system of *weights and measures* that was invented in France after the great revolution. The standard to which every space-measurement is referred is the *metre* (which is about $39\frac{1}{2}$ of our inches long). For convenience we have kilometres (1000 metres), centimetres (1/100th metre), millimetres (1/1000th metre). In measuring *surface* we simply make square metres, etc. In measuring *weight* we have cubic metres, etc. Thus the standard of weight is simply a square block of pure water (at a certain temperature) which is one centimetre along each of its sides. This is called a *gram*. In measuring *volumes* (or bulks) we use these cubic centimetres, metres, etc. Everywhere in the world scientists use the metre, gram, cubic and square centimetre, etc., to specify length, weight, bulk and surface. (Traders have their own measures for unnecessarily complex commercial operations).

Other Scientific Measurements.

All the other qualities of things that we can see, smell, hear, and touch are also specified in some way. *Temperature* (or the intensity of hotness or coldness) of a thing is specified in degrees

centigrade (°C.) freezing water being at a temperature of 0°C., boiling water being at 100°C., the temperature of space at a great distance from any cosmic body being 273°C. *below* freezing-point, the temperature of the sun being about 6000°C. *above* freezing-point, and so on. We specify *colour* by measuring the *wave-length* of the light that is reflected from a coloured object. And so on. There are precise ways of stating numerically all the qualities of things that we can observe, and the knowledge of how to use instruments to measure the qualities of the things that we observe is the first part of a scientific discipline.

SECTION III.

THE DESCRIPTION OF NATURE.

Our organs of sense make us aware of changes that go on in the outer world, and thus give the mind the raw material of knowledge in the shape of sense-data. The mind then works up the sense-data, conferring on them quantity, quality and relationships. It has chosen standards of space, time, weight, speed, colour, temperature, and so on. It makes use of these standards, and the systems of measures based on them, to specify numerically all the things, events, changes, or phenomena which the sense-organs become aware about in the course of conscious life. All this becoming aware of things existing and happening in the outer world and then thinking about them systematically and measuring them in terms of our chosen units is called *observation*. When we speak, or write about things, specifying and measuring them, we are said to describe nature—or some little part of nature.

Every scientific investigation is based on a description of nature. Thus when Amundsen told about his journey to the South Pole, he described his movements; so many miles each day; the height of the sun above the horizon (thus the latitude) at the place he came to each day at noon; the height of the place above sea-level; the temperature of the air; the nature of the ice, etc. When a surveying ship explores some new part of a coast, the officers find what is the latitude and longitude of each place that they stop at, and so they can mark these places on the chart. When a biologist visits a new country he collects specimens of the various plants and animals that he sees, and then he describes these specimens. When a sociologist studies the housing question, he finds out how many families live in one room, two rooms, etc.; how many individuals compose each family; how many children, what are their sexes, ages, and so on. When an astronomer discovers a new comet, he sees that there is a faint point of light in a part of the sky where

nothing was visible on the last occasion that he looked there. The spot of light may be a new star, or a comet, or an asteroid, etc., and he then notes its position in the sky very carefully. Next night he does the same and finds that the object is in a slightly different position. Again he measures the place, and he does this several times, on different occasions. Then the process of reasoning by means of mathematical devices begins, but the various measurements of position, the measurement of the brightness of the new object, and, perhaps, the photographing of its spectrum (that is, the analysed light from the object) are the observations on which the discovery is based.

When a chemist finds a new mineral, he notes what is its crystalline form, how hard it is (it may scratch glass, for instance), its specific gravity, its colour, its chemical composition, etc. These are the observations upon which he identifies the mineral, comparing its description with descriptions of known minerals, and then finding if it is one which was hitherto unknown.

When a biologist dredges on the sea-bottom, he may find some animal which he has not seen before—say a starfish. He then notes its size, shape, formation of little bristles, prickles, etc., colour, movements, etc. He will make a drawing with precise measurements, or he may take a photograph. That is the description, and he then proceeds to find, from the books about starfish, whether this kind had been seen before. If it has not, he then has to settle whether or not it is only a "freak." So he collects dozens or hundreds more, in order that he may find whether the thing is "normal," and is really a new *kind*, or *species*, of starfish.

When a sociologist investigates the housing question in a part of some town, he goes systematically through the streets and notes how many "dwellings" there are; how many families there are; how many persons in each family; how many adults in each family, and their ages and sexes; how many children and their ages and sexes. He tabulates all this information, and so makes the description upon which he is going to reason.

When a port authority investigates the tides, it sets up a "gauge," that may be simply a long plank set upright in the sea and marked out in feet and inches. Every day the gauge is "read," that is, the observer notes how high the water rises and when it reaches the highest point, how low it sinks and when it reaches the lowest point, and so on. (Perhaps an automatic gauge may be made that records this mechanically). After doing all this for at least 15 months, the description of the tides is made, and then the mathematicians make their predictions and draw up tide-tables.

These examples will show what is meant by a description of some part of nature. Making a description is not necessarily scien-

tific discovery, which is only attained by thinking about the description and finding what it means. But all scientific discovery begins with the indispensable description. *Never* is a description quite complete, and most laborious and costly measures may be required to make it adequate for the purpose in view. (For instance, most statistical descriptions dealing with human populations; the depths of the ocean bottom, or the variations, from day to day, and place to place, of the pressure of the atmosphere). Again, any description usually requires that other ones, of quite different parts of nature, should be made. Thus, why are about 1050 girls born for every 1000 boys? Consideration of these data has led, strangely enough, to a description of quite another kind—the changes from year to year in the average wholesale prices of ordinary commodities.

Note also that our descriptions are not made from the beginning, so to speak; we make use of recognised scientific concepts in order to economise time and labour. Thus in recording the tides we use the units of time and space, the astronomical day and the foot, or metre, while we accept some reasonable definition of a "dwelling" when we describe the housing conditions. As Science grows, there has also developed a system of definitions (each being itself a short formal description) and we assume that these definitions are known and then we use them.

Descriptions of nature may be, and for a long time were, made by means of men's unaided sense organs. The ancient astronomy was just the description of the celestial objects as they could be seen in a clear sky by men with good eyesight. Then rude instruments were made, by means of which the angles between various celestial bodies, or between these and the horizon, could be found roughly. By and by the telescope was invented, and then more refined ways of finding the positions of the stars, planets, etc., were also invented, so that the description of the heavenly bodies gradually become more and more precise. Scientific instruments, or tools, were simply *invented*, that is, "found." The first lens was doubtless an accidentally formed blob of glass, and someone noticed, by accident, that it magnified objects seen through it. The first astronomical telescope was accidentally found when a boy happened to look at a church spire through two spectacle glasses held in his hands. In nearly all cases tools, or scientific instruments, have been invented in this way—without any rule or reason, and just by happy accident. Their improvement, in many cases, has been the result of a process of reasoning, but more often it has just been by trial and finding out by repeated trials what was the best kind of contrivance.

Scientific descriptions necessitate *recording*—that is, writing, and so the period of scientific discovery has been that of written

language. Merely by observation and retentive memory a knowledge of nature was doubtless attained in pre-scientific times, but such a knowledge was usually personal to magicians, priests, and medicine men, and it could not, as a rule, be worked up into a scientific system without some way of recording the descriptions and making them available for thinkers.

A rough distinction can be made between *the observational, the experimental, and the mathematical sciences*. The early stages of sciences have always been observational. The basis of Geometry was empirical (that is, it was "hit upon," so to speak, without any reasons being given). There were methods of measuring land, of laying out squares, triangles, circles, etc., as the foundations of buildings on the big scale. These methods were just found out by trial and then they were remembered and transmitted by tradition as craft secrets. In the time of the Greeks, however, Geometry had become a truly mathematical, or a deductive science.

The greater parts of the *Natural Sciences*, that is, Biology, Geology, Geography, and Meteorology are observational. Men just described the kinds of plants and animals that they saw, their forms, habits, habitations, etc.; the forms of lands, the kinds of rocks and minerals, the action of the sea and rivers on the solid materials of the earth; winds, and their direction and strength; snow, hail, ice, waterspouts, whirlwinds, etc. Great parts of the *Physical Sciences* (Chemistry, Physics, etc., and even of Astronomy) are also observational, although experiment and deduction now enter largely into these branches of science. Even now all Sciences, except Mathematics, include a huge amount of observational research. For instance, Biology is still, in the main, concerned with the description of the form, habits and distribution over land and sea of the various kinds of organised things.

SECTION IV.

THE METHOD OF EXPERIENCE.

Certain Sciences, *i.e.* those concerned with Chemistry, Electricity, Magnetism, Acoustics, Heat and Light are pre-eminently experimental ones. Here we observe what happens, just as we observe what happened when, during a storm, the wind veered from south-west to north-west and the rain stopped. But we cannot exercise any control over the events that constitute a cyclonic disturbance, and we can only watch the changes that occur. In experimental research, however, we can, to some extent, control the course of events—that is, we can change the conditions under which these events happen.

For example, we see that a piece of iron wire put into a gas flame becomes red hot, but if we file down the wire and then drop the filings into the flame we observe that they sparkle and burn. Here our experiment consists in making the fragments of iron very small, and we learn from its results that the metal is combustible. If we melt some brimstone on the end of the wire and put it into the flame, the sulphur merely burns away, leaving the iron wire just as it was. If, however, we light the sulphur and then put the wire into a bottle full of oxygen gas, we observe that the wire begins to burn with a very bright flame. Our experiment consists in replacing ordinary air, which has only 21 per cent. of oxygen, by pure oxygen, and in these conditions the iron burns freely. We learn, therefore, that oxygen is a much better supporter of combustion than ordinary air.

Again, we can observe that water can be solid (as ice), liquid (as we usually see it), or gaseous (when it is boiled to the state of steam). But quicksilver is a liquid to our ordinary observation, though if we cool it sufficiently (by methods which are known to experimentalists) it becomes hard like silver. If we heat it strongly in a suitable dish it will boil like water and form a vapour which we can condense, just as we condense water. Our experiment here consists in changing the temperature, and the result is that we learn that quicksilver, like all other metals, can exist in the solid, liquid, and gaseous forms.

Experiment consists, therefore, in our controlled variation of the conditions under which things exist, or events happen. Any event at all happens under a great many conditions, and we have to find which of them is the significant one. For instance, a wireless set gives us weak signals. Why? It may be the aerial, or the earth connection, or the valve, or the coils that are the cause of the poor signals. So we experiment. We change the aerial and there is no improvement. Then we make a new earth connection, and still things are no better. We put in a new valve without any beneficial effect. Then we change the coils, and the signals become much stronger. Thus, by experiment, we have *eliminated* the conditions—aerial, earth, valve—and have found the significant ones, the sizes of the coils.

Much of the really difficult work of scientific research consists in the management of experiments. The scientist has to *invent* apparatus, show ingenuity and resource in finding out new conditions, or in eliminating the non-significant ones, and he has to practice the ways of working the experimental apparatus, just as a craftsman has to find out how to work a new tool or machine.

All Sciences tend to become experimental ones—even Biology. But that just means that we are finding out how, by varying the chemical and physical conditions under which an organism lives,

its life-processes are profoundly affected. Thus the eggs laid by a flounder will hatch out as little fishes in about 14 days when the temperature of the water is about 5°C. But if we warm the water artificially to 12°C. (taking care to keep it aerated), we shall find that the eggs now hatch out in about six days. Physiology (that is, the study of the ways in which the organs of the living animal or plant work) is largely an experimental science. In the strict sense, we should not speak about Biology as a chemical or physical science, for our usual experiments merely show us the ways in which changing the chemical and physical conditions affect the working of the living organism.

SECTION V.

THE METHOD OF INDUCTION.

Observations and experiments thus give us the descriptions of nature that are the basis of our knowledge. The descriptions are then subjected to analysis, arrangement, and classification.

Analysis.

As a rule every phenomenon, occurrence, event, or thing that we can observe has many properties or aspects. A lump of sugar consists of a mass of crystals; the crystals are semi-transparent; they dissolve in water; they are sweet to the taste. On the other hand a piece of quartz is also crystalline—it is very hard; it does not dissolve in water, and it has no taste. A fragment of rock salt is crystalline, dissolves in water, and has a salty taste. The quartz cannot be melted at any ordinary temperature available to us; the salt can be melted with difficulty; the sugar is easily melted. This examination of these three substances shows that each of them has many qualities. We usually attend to the qualities one by one, distinguishing between them for the purposes of our investigation. Of course this is quite an arbitrary way of looking at things. Sugar is fusible, soluble, sweet, crystalline, all at once, and if it failed in any of these qualities it would not be sugar. But, just for convenience, we consider the “parts,” or individual properties or aspects of the substance, one at a time. That is analysis.

When we note that quartz is practically infusible, salt difficultly fusible, sugar easily fusible, we subject the three objects to a process of *comparison*.

Or again—as a much more complex example—take the fishing trades. We find out all we can about them by seeing the ships, ports, docks, markets, shops, etc.; by talking to the men, the middlemen, and the employers; by consulting the official reports

and statistics, and so on. Thus we accumulate a great mass of observations. Then we analyse and re-arrange all the data: the numbers of men and boys at each of the great ports; the numbers of labourers who handle the fish; the middlemen at the ports and markets; the numbers of men and women engaged in retailing the fish, etc.; that is, the *personnel* of the industry. We consider the wages of each class of employees. Then we may consider the *material* of the industry—that is, the kinds of fish landed and their quantities, and the fluctuations of the quantities landed from each fishing ground, and so on. All that is the analysis of the data of our investigations. Now we can *compare* the wages in the fishing trade at different ports and the systems of bonuses and commissions, or we can compare these earnings of the fishermen with those of, say, the seamen and firemen employed on merchant ships.

Generalisation.

Now so great is the number and variety of things in nature that we are compelled to arrange them in some ways. After we analyse their appearances and properties and compare them together, we can see that many of them show some one common quality, however much they differ in other respects. Thus plants and animals all exhibit the phenomena of life, while stones, earth, sand, etc., do not. So we can arrange things into the two great categories (or groupings) of *animate* and *inanimate* things. Looking at the animate things we see that some are apparently devoid of sensibility, that they grow and reproduce, but do not move about, that they are dependent on sunlight, and so on. These things we put into a category called *plants*. On the other hand are organisms which are usually actively locomotory, which have what we call sensation, which usually hunt for their food, and so on. These we call *animals*. So we make a first *classification* of natural things into the mineral, the plant, and the animal kingdoms, or categories.

Even then, the arrangement is a very rough one, and so we carry our classification into finer detail. Thus (for instance) a great many animals (many tens of thousands) such as fishes, amphibians, reptiles, birds, and quadrupeds, all agree in this respect, their bodies are supported by back bones or *vertebral* columns, and this is so, no matter how different they are in other respects. So we group them all together and call them *Vertebrates*, as opposed to all the other kinds of animals which do not have back bones. Again we note that many vertebrates, the Fishes, have gills, while the Amphibians have gills in their young stages and lungs in their adult stages. Then many other vertebrates have lungs and no gills at any stage. Among the animals with lungs there are many with cold blood and many with warm blood. Among the warm-

blooded animals are many that have wings, and there are others that suckle their young. Now, considering all these characters of the vertebrate animals, we can easily make the following classification :—

VERTEBRATES	{	FISHES—backboned animals with gills.	
		AMPHIBIA—backboned animals with gills or lungs.	
(animals with backbones).	{	SAUROPSIDA	{
		REPTILES—lunged animals with teeth.	}
		BIRDS—lunged animals without teeth.	
		MAMMALS—backboned, lunged, toothed ani- mals that suckle their young.	
			} No gills.

(The classification is purposely rough). We can then classify the various groups still further. Thus Man belongs to the *order*, Primates, which belongs to the *class*, Mammalia, which belongs to the *phylum*, Vertebrata. Such classifications have immense value, because each of the names, Mammalia, etc., is really a *definition*, and tells us what are the qualities, or characters, common to all its members. Thus a mammal is a vertebrate animal, breathing air by means of lungs, with a four-chambered heart, with warm blood, with a skin which is provided with hairs, its young being developed within the uterus (womb) of the mother and nourished there by means of a structure called the placenta (after-birth), and nourished after birth by suckling the mammae of the mother. When we say that an animal is a mammal, we mean that it displays all the above characters.

So also we classify the heavenly bodies into the *fixed stars* (which do not change position sensibly), the *Planets* (which wander in the sky along certain paths), the *Nebulae* (which are cloud-like bodies), *Comets*, *Meteorites*, etc.

As far as possible scientists make such classifications and arrange all things into groups, and give each group a *technical name*, which is really a definition (or assumes a definition). In this way it is possible to obtain a comprehensive view of all nature.

Technical Terms.

Just a word about these. Scientific terms are absolutely necessary, for they are precise and each one has a meaning that is shorthand, so to speak, for a long description. Thus the term "Mammal," "Vertebrate," "Sauropsida" (the Reptiles and Birds). All the sciences have these specially made words, and some of them are complex and very forbidding to the learner. Thus the substance called "Paradimethylamidobenzaldehyde" really tells us, in one compound word, the whole chemical structure of the substance and what its properties are. The term has usefulness and is not merely an instance of pedantry, as when a politician speaks about

“exploring every avenue towards a solution of the question.” Further, scientific names are made from Greek and Latin sources, and they are common to all languages.

Generalisation.

In the above examples from Biology, we see the continual tendency of Science to generalise. Thus all the animals which we call Vertebrates exhibit one character—the presence of an internal skeleton, consisting of a jointed backbone. There are a great number of animals without vertebrae which have bodies enclosed in a jointed, external skeleton—these are the “Arthropods” (Crustacea, Insects, Spiders). Again all material things, whatever they may be, animate or inanimate, are combinations of one or more of the *elementary chemical substances*, that is, Oxygen, Silicon, Aluminium, Iron, Calcium, etc. (to give the first five elements, in order of their abundance). All chemical substances are built up of *atoms*. Combustion is generally a combination of some substance with oxygen (as when coal burns in air). A sensation, whether it be seeing, hearing, smelling, touching, appreciation of cold, or heat, or pain, or pressure, is the result of certain nerve-terminations (that is, the fine ends of nerve-fibres in the sense-organs) being affected by changes that occur outside the body. In generalising we analyse our sense-data (the events and things that we have observed), and we note that some one quality is displayed by a great number of things or events which may in other respects be different. We say, then, that we have observed that all these things have a general character. Thus the bodily parts of all organisms are made up of protoplasmic substances. Protoplasm always contains a certain proportion of the chemical element called Nitrogen. This is a generalisation. All the heavenly bodies are composed of the same chemical elements that we are familiar with on the earth. This is one of the great generalisations of astronomy.

Statistical Generalisations.

In Economics, Social Science, and in Biology we usually consider the characters or properties or qualities of *populations*. A population is just an assemblage of organisms of the same kind. Thus London contains about five millions of people, and we could not consider all these men and women individually, and so we describe the London population by a series of averages. There is a certain percentage of males, of children under 5 years old, of men over 65 years, of parsons, lawyers, doctors, etc. So many people died in 1924, but we cannot consider them individually, and so we say that n per cent. of all males under 5 years died, m per cent. of all males under 21, p per cent. of all males over 65, and so on. (Here

the letters *n*, *m*, *p*, stand for certain numbers, which can be found in the Registrar-General's returns). These are general statements of a statistical kind.

What is true of a population need not be true of any individual of the population. Thus all the marine engineers form a population, and in August of 1924 7 per cent. of this population was unemployed, so many men in every 100 say. But this statement, though it is an actual representation of our experience of the population, does not tell us anything about any individual engineer. Again, in 1926, so many women over 50 years of age will die from cancer of the breast, and we know approximately what will be this proportion of the entire population. But we cannot say that any particular woman will so die. An Insurance Company can calculate, on the basis of its experience, how many of its clients between, say 60 and 70 years old will die in 1926, and it can do this very exactly. But it could not say that any one of these insured persons will die in that particular year.

Inductions.

As our experience of nature becomes greater we can make statements called *Inductions*. Thus :—

- (1) All organisms grow old and die ;
- ✓ (2) The ovum of a mammal will not develop unless it is fertilised by a spermatozoon from a male ;
- (3) Every massive body in the universe attracts other massive bodies ;
- (4) When carbon is heated to redness in the air, it burns and forms carbonic acid gas ;
- (5) All metals conduct electricity ;
- (6) Green plants absorb carbonic acid gas from the air.

Each of these statements is an Induction, and not merely a generalisation of our experience. Thus a man of 70 years of age knows that his grand-children will die, but he has no experience of their deaths. We believe that a female mammal will not have progeny unless she has access to a male. There are metals that have not yet been obtained (that is, we only know them in combination with other elements), yet we are sure that when they are prepared and studied they will be found to conduct electric currents. Thus we can confidently say that certain things will happen, given certain conditions, even if we have not observed these happenings.

The basis of all these inductions is our experience that there are *regularities in nature*. We have seen so often that animals gradually age and die, that we have made a strong probability that any other animal that we have not seen will also die. Our

induction is, in a way, a statement of our experience that we project into the future, or hold to apply in cases outside our actual powers of observation. Yet it is only a probability, however strong it may be. We say that iron sinks in water because it is heavier; or that water cannot be changed into wine, because water does not contain the element carbon (which is present in the molecules of alcohol); or that virgin procreation does not occur among human beings, because an ovum must be fertilised by a sperm. Yet we cannot assert dogmatically that these events are impossible, because (for instance) we know that some invertebrate ova *can* be made to develop without being fertilised by a sperm, and this *may be* the case very exceptionally among mammals. However, we are pretty sure that such miracles do not happen.

The Laws of Nature.

What we call "Laws of Nature" are just these Inductions. What we call Nature is not a chaos, where anything at all may happen, but is a vast domain of experience where things happen with regularity. Events, phenomena, natural changes always occur, so far as our experience goes, in certain regular ways. And so great is the experience which has been recorded by Science that we are justified in expecting that events, etc., will continue to occur in the future, in the same ways that they have occurred in the past.

Every regular way in which things happen is a natural law. A law of nature is not a command imposed by a lawgiver or creator (though that was the old notion of a natural law).

Natural laws are the results of scientific investigation. Thus:—

- (1) A pendulum of a certain definite length swings from one side to another in an absolutely uniform period of time (given certain conditions). This period is called a *second*.
- (2) While the earth makes one complete rotation on its axis (a sidereal day) the seconds-pendulum swings $24 \times 60 \times 60$ times.
- (3) The earth revolves round the sun in an elliptical orbit.
- (4) The earth moves faster when it is nearer the sun than when it is far away from the sun.
- (5) If a body is hotter than the surrounding bodies it cools; if it is colder than the surrounding bodies it becomes warmer—that is, heat flows from regions of higher to regions of lower temperature.

Fundamental Natural Laws.

Some Natural Laws are consequences of other ones. Thus when Halley asked Newton what would be the path of a planet which

was attracted by the sun according to the law of inverse squares, Newton at once said that the path would be an ellipse. Yet Kepler had already made the induction that the planets moved in elliptical orbits. Newton found out this—that any two bodies in the universe attracted each other in a certain way. Call the distance between the bodies 1 and then we can call the force of attraction one unit. Double the distance and the force of attraction is reduced to $\frac{1}{4}$; half the distance and the force of attraction is increased to 4. Mathematicians express this relation as follows :—

Force of attraction is proportional to $\frac{M \times M^1}{D^2}$

M and M^1 being the masses of the mutually attracting bodies and D being the distance between their centres. This is the Newtonian law of Gravitation.

The most important fundamental laws of nature are :—

- (1) Matter cannot be destroyed or created ;
- (2) Energy cannot be destroyed or created ;
- (3) Material things are built up of atoms ;
- (4) Atoms are built up of electrons ;
- (5) Electrons are pure electric energy in the atomistic form, that is, in minute, indivisible, indestructible parts or charges ;
- (6) There are many forms of energy, and any one form can be made to change into any other form ;
- (7) This change of form of energy is called an "energy-transformation," and every event, phenomenon, or natural change, of any kind whatever, involves a series of energy-transformations ; no scientific investigation of any natural occurrence is complete until the energy-transformations involved have been traced out ;
- (8) In every energy-transformation whatever some of the energy that is involved passes into the form of heat and tends to become uniformly distributed throughout the entire universe. It is said to be dissipated, and it becomes incapable of undergoing other transformations.

Law (8) is that of the ultimate degradation of all energy. It involves us in what seems to be a contradiction, but the discussion of this belongs to Metaphysics.

All new scientific results (whether physical, biological, or economic) *must* square with these great fundamental laws. If any new results are not in such agreement we must suspect their validity.

SECTION VI.

CAUSE AND EFFECT.

We say that every event has its cause, or that every cause has an effect. These terms—cause and effect, causation, etc.—are employed, in ordinary language, by scientists, but the meaning attached to them is always very precise.

We believe that all natural occurrences are inter-related with each other; when we know that this inter-relationship exists we speak about cause and effect. Thus:—

- (1) When a piece of coke is heated in a current of air it burns;
- (2) When coal gas and air are mixed and a match is struck in the mixture of gases there is an explosion.
- (3) If a man takes strychnine into his stomach he dies.

What are the causes of (1) the burning of the coke; (2) the explosion; (3) the death of the man? We are apt to say (1) the lighting of the coke; (2) the striking of the match; (3) the swallowing of the strychnine. However, the matters are much more complex.

(1) When coke burns there are two connected events (*a*) the chemical combination of the atoms of carbon (from the coke) and oxygen (from the air) to make carbonic acid gas, and (*b*) a generation of heat, so that the coke glows red hot. We are apt to say that the chemical combination is the cause of the generation of heat, but we mean that event (*b*) (the generation of heat) "depends upon" event (*a*) (the chemical combination).

(2) When the mixture of air and gas explodes we are apt to say that the cause is the striking of the match. Here, again, there are connected events: (*a*) the chemical combination of the molecules of oxygen and gas; (*b*) the sudden generation of heat; (*c*) the enormous and sudden expansion of the gases evolved in the chemical combination (that is, the explosion). *b* depends upon *a* and *c* depends upon *b*.

In (1) and (2) the heating of a corner of the piece of coke and the striking of the match are called "releasing transformations." The chemical energy of the combustible substances is there, latent and waiting to be released. A minute quantity of heat applied to the coke, or gas, starts the chemical combination, and this rapidly spreads. Pulling the trigger is not the cause of the firing of a big gun—it releases the energy of the charge.

(3) When strychnine enters the system it acts on the "synapses" (the junctions of the neurones that make up the nervous system). The synapses then allow practically all nervous impulses to pass without impediment, and so the muscles of the body are violently

contracted, or convulsed. The man dies "because" the respiratory muscles are so tightened up that he cannot breathe. Here a series of events all occur, one being dependent on some other one.

Thus in investigating causation we trace out series of inter-related events. We show that one event, or several events (the effect, or effects) "depend upon" some other event or events (the cause, or causes). When a , "the independent event," happens, b , "the dependent event," also happens. We cannot say that, if a happens, b "must" also happen, but it is simply our experience that it does happen. Nor can we say that the independent event, or cause, always happens before the dependent event. (Thus the "cause" of a master of a steamship altering his course may be that he knows that a cyclonic storm is approaching in a certain direction). This establishment of a condition of dependence of one event, or events, upon other ones is our notion of causation. It is not all, by any means.

In Biology and Economics we can, as a rule, only discover the mere existence of relations between events. This we do, in complex cases, by the method of "correlation." Thus about 1040 girls are born for every 1000 boys; this "ratio" 1000/1040 is not always the same. In some years it may be 1020 girls to 1000 boys, and in other years it may be 1080 girls to 1000 boys. The ratio is called a "variable." Along with this the price of food changes, going up and down in series of years. "Price of food" is also a variable. We can show that the ratio of female births to male births (the dependent variable) is connected with the average price of food (the independent variable).

In Mechanics, Astronomy, and Physics we go further, and establish, not merely the existence of a connection between events, but the "form" of the connection. Thus an event a , the combustion of coal in a steam boiler furnace, is connected with an event b , the mechanical energy of the engine attached to the boilers. But that is not all, for we can show how much of the event a is related with how much of the event b . We say now that the energy developed in the engine is "a function of" the quantity of coal burned in the furnace. Our method of investigating "cause and effect" now becomes very precise, very powerful, and very general indeed. We cannot, of course, deal with it further here.

Determinism.

This is a philosophical question. We have the confident belief that all events are absolutely connected, or related; that nothing happens except as the consequence of something else that has happened; that nothing can happen without "determining" some future happenings; that there is nothing arbitrary in nature. We

are thoroughly justified in this belief, though we cannot prove it. Our scientific measurements only "tend" to proving our belief, because they are always just a little approximate—even the most refined ones. In all our measurements and predictions there is *always* more or less error.

SECTION VII.

THE METHOD OF DEDUCTION.

Thus we make Inductions which increase our power over the things round about us. For instance, men noted long ago that the tide regularly rose and fell twice in every period of about 24 hours 50 minutes. But why in 24 hours 50 minutes instead of 24 hours 0 minutes? Some one noticed that 24 hours 50 minutes is a *lunar* day and not a *solar* one. The sun crosses the meridian every 24 hours, but the moon crosses it every 24 hours 50 minutes. Thus the tides are closely connected with the moon and this is an induction—the periods of high and low water depend on the daily motions of the moon. If now we can predict the future meridian passages of the moon and the days when she is new, full, etc., we can also predict the times when the tide will be high or low.

When we try to answer the question—*why* one event depends on another—we attempt an *explanation*. To explain some event just means re-describing it in terms of one or other of our fundamental natural laws. Thus the tides depend on the attraction of the sun and moon on the water of the ocean, but the moon, being nearer the earth, has a greater tide-generating force than the sun. Sometimes the sun and moon act together, and then we have spring tides, while at other times one tends to counteract the attraction of the other and thus we have neap tides. So the tides are explained in terms of our great induction—the law of gravitation.

The Scientific Hypothesis.

Our explanation always involves an hypothesis—that is, merely a reasoned *guess*. Thus long ago astronomers saw that the stars seemed to revolve round the earth once every 24 hours. The first attempt to explain this was that the stars were fixed on to a crystalline sphere which revolved round the earth. But the sun and moon and planets did not revolve like the fixed stars did—they changed their positions relatively to the latter. So the Greek astronomer, Ptolemy, made his hypothesis of cycles and epicycles. This did not stand the test, and Copernicus made an hypothesis that the sun was a star, that the stars were really fixed, and that the

planets revolved round the sun. Then followed a series of minute measurements of the movements of the heavenly bodies and Kepler tried to explain these and made his famous three laws. Lastly came the Newtonian law of gravitation, and then it was seen that all the movements of the planets were consequences of this great law.

Note the high degree of generality of the law of universal gravitation: it explains the planetary motions, the occurrence of eclipses and the periodicity (regular occurrence) of the oceanic tides.

Kant and Laplace made the nebular hypothesis. They supposed, or guessed, that long ago all the materials of the solar system existed in the form of a great, fiery cloud of vapour, or nebula. This cooled, contracted, and broke up. Darwin made his hypothesis of evolution by means of natural selection, guessing that all kinds of organisms had come into existence, not by being separately created, but by the modifications of a few, or of one original kind of life.

The Verification of Hypothesis.

Having made our hypothesis (which is an attempt to explain some induction, or to trace an inter-relationship between two or more occurrences), we must now *verify* it. After the spade work of making our descriptions, this process of testing an hypothesis is the most laborious part of scientific work.

We can test it directly by observation. Thus Newton guessed the law of gravitational attraction according to inverse squares. Then he tested it by showing that it explained the motion of the moon. He had to use an incorrect measurement of the length of a degree of latitude in order to test his law and he failed. Years after he learned that a new measurement had been made, and he repeated his test with success. (He said that his hand trembled so much, when he saw his calculations coming out right, that he had to lay down the pen).

Several physicists then tested the law by *experiment*. If we swing two balls (one big one and one very small one) on delicate wires and then bring them close together, the attraction can actually be seen and measured.

Many biologists have verified Darwin's hypothesis of natural selection by making breeding experiments on pigeons, fruits, vegetables, cereals, etc.

Lastly, an hypothesis may only be verifiable by *tracing out its results*. Thus if the Kant-Laplace nebular hypothesis were true, then the masses and motions of the planets and their satellites ought to be such and such. As a matter of fact they are not, and so the hypothesis, in its original form, has had to be modified.

How are Hypotheses Made ?

We cannot tell. No great scientist has ever said how he did it. Newton says simply that he "intended his mind"; that is he thought hard. In making the guess there is a resolute disciplined imagination in play. There is great memory—a mind stored with knowledge so that the guess can be rapidly tested to see that it agrees with other results known to be true. If it doesn't so agree, it is at once rejected and a new hypothesis is made (Kepler made 19 before he made his laws of planetary motion). No rules or methods exist that help us to make satisfactory hypotheses. They simply occur to the scientist, or the latter, by exercising his mother-wit, just *invents* them. This process of inventing hypotheses in order to explain something is quite easy and everyone really does it in the ordinary things of life. Most of us do it badly, so that our explanations don't stand testing. To make a really satisfactory and verifiable hypothesis is a mark of original and resolute thought. The man's mind must be *full* of his subject, and he must not cease to think about it. Then, sometime or other, the explanatory hypothesis occurs to him—apparently quite spontaneously.

Résumé.

Thus a scientific investigation falls into several stages:—

- (1) *The process of observation.* We try to observe and record everything that seems to have any bearing on our subject. We *never* make these observational data full enough, and their collection is usually a very laborious and often a costly matter.
- (2) *The arrangement,* tabulation, averaging and classification of our data.
- (3) The formation of some *induction.*
- (4) The invention of an *hypothesis* which explains our induction by relating it to one or more of the great fundamental laws of nature.
- (5) The *verification* of the hypothesis. Renewed observation and experiment.

Deduction.

Thus we make some new law of nature and we verify it again and again. (Usually the law is not verified with entire satisfaction by its discoverer, and it is only by repeated criticisms that verification, accompanied, perhaps, by some modification of the original hypothesis is attained. Therefore no scientific result is entirely accepted by other men until it has been published for a time long enough to enable it to be criticised. As a rule, also, every scientific

result must be *confirmed* by being obtained again by some other person than its discoverer, and preferably by a method which differs from the original one. Full publicity and free and repeated criticism are essential to all kinds of scientific work).

Finally, our hypothesis has been criticised, confirmed, verified again and again. It is now accepted as being *true*.

What does it mean? It now becomes capable of being treated purely *logically* and usually by the methods of the mathematicians. It is utilised in order to obtain new results by mathematical reasoning. Thus we make a *theory*. A theory is something which is generally accepted as being true, so far as it goes; it is a body of knowledge stated formally. Thus we have the theory of planetary motions; the kinetic theory of gases (that is, that all gases are composed of freely moving molecules); the theory of the tides; the atomic theory; the theory of electrons; the Marxian theory of value, etc.

Résumé.

A *Description* is a bare statement of facts in themselves.

An *Induction* is a generalisation of such facts having prospective validity.

An *Hypothesis* is a guessed explanation of the induction, relating it to other inductions. It has to be verified.

A *Theory* is a verified hypothesis, with all the consequences of the latter, stated in a formal and systematic way.

A *Doctrine* is some Theory or Hypothesis taught dogmatically; something that ought to be true. Something with the stamp of authority.

(It has always been impossible, in any department of learning, to prevent this latter development of theories or hypotheses into dogmatic, authoritative, orthodox, or academic matters of instruction. But whenever some system of views or opinions, or beliefs in science has become authoritative, or academic, or doctrinal, there has always followed a reaction on the part of the younger men. Even now this fate has overtaken the Darwinian hypothesis of evolution by means of natural selection.)

Deduction from Theories.

Thus we obtain verified bodies of knowledge which are true. Since they are true we can reason about them and so obtain new truths *without having to make further observations*. The most striking example of this kind of investigation is the discovery of the planet Neptune by Adams and Leverrier. These mathematicians noted that the movements of the planet Uranus were such that they

could not be explained by the known theory of the solar system, which stated that it was the outermost known planet. If, however, there were another planet without the orbit of Uranus, then the attraction of this body would explain the apparent irregularities. Assuming, then, that there was such a planet, the mathematicians calculated where it ought to be and their actual observation verified the prediction. Here the existence of Neptune was *deduced* from the irregularities in the motions of Uranus.

Generally speaking, a deduction means the establishment of a relation between facts, or observational, or experimental data that are already known. Thus Faraday made his laws of Electrical Induction. (Here "induction" has a technical meaning: when an electric current starts to flow along a wire there is a momentary current in another wire lying alongside the live one but not connected with it. This momentary current is *induced* by the starting, or stopping, or variation of strength of the original one). These laws were based on observation. Then the mathematician, Clerk Maxwell, thought out what was meant by Faraday's laws and he discovered relations between the latter. He made his celebrated four "electro-magnetic relations," which were purely logical things, stated in mathematical formulae. Then, what did the latter mean? Thinking about them, Maxwell showed that when an electric current flowing through a conductor was suddenly started, or stopped, or reversed, a series of *pulses* of energy *ought to* spread out and pass through empty space (or *ether*) in all directions, and with the velocity of light. Afterwards, Hertz actually made experiments that showed that all this did really occur. Other scientists elaborated the theory of electro-magnetic radiation, and then came the inventors and the industrialists who exploited and made commercial value out of the original ideas of Faraday and Clerk Maxwell. The result is the present-day wireless telegraphy and telephony.

Mathematics.

A great body of knowledge consists of nothing else than relations between observational data, and relations between the relations, and so on. All this knowledge is deductively obtained. It always leads to new observations—thus Clerk Maxwell's electro-magnetic relations suggested the early experiments of Hertz in making electric signals through the ether.

When a branch of science thus becomes deductive it assumes mathematical form. It is strictly quantitative. It leads to prediction. Science, in its fully developed state, is always *measurement and prediction*, and unless our observations can be stated quantitatively and used for predictions, our scientific results cannot be said to have become complete. Thus vast parts of Biology (including

Psychology, Economics, Sociology, etc.) are still in the crude observational state. On the other hand the older (and simpler) sciences of Astronomy and Physics are much more complete. They now deal largely with things that have been measured and about which we can make mathematical relations. Whenever that stage is attained prediction becomes possible, and not until we can predict can we say that a science has been fully developed.

A GUIDE TO FURTHER STUDY.

Concrete Science should be studied first. Several *small* text-books on Astronomy, Physics, and Chemistry should be read. There are many very good books of this kind in the "Home University Library" (Williams & Norgate), 2/- each, and in Jacks' "People's Books." The student can easily get them second-hand. Any little books, even if not quite "up-to-date," will do very well. The reading of these, several at the same time, will give a foundation of the elementary facts of Physical Science.

Then Natural Science, that is, Geology, Biology, Meteorology should be read. Here again there are many small books. If one book is wanted get "The Realm of Nature," H. R. Mill (John Murray, 7/6). But an old, second-hand edition will do, and it can usually be found on the book-stalls. Begin Biology by reading Huxley's "Physiology" (Second-hand, MacMillan, 6d to 1/- usually); then read any books on Biology in the two series mentioned that can be got second-hand. Read Goodrich's "Evolution" in "The People's Books."

Now read some books on Mathematics. Brush up Arithmetic from any old school-book and get a small school-book on Algebra and learn about the elementary operations, the symbols, equations, factors, etc.—just the bare elements of the subject. Get a second-hand school-book on Practical Geometry and, with compass and ruler and protractor (very cheaply bought), work out exercises on simple problems. Don't neglect this: it is very important.

The student will now be ready to tackle Abstract Science. Get a second-hand Euclid and dip into the Definitions, Axioms, Postulates, trying the propositions of Book I. (but be sure to do the Practical Geometry *first*). Now read two books cursorily: Whitehead's "Introduction to Mathematics," and Soddy's "Matter and Energy" (Home University Library). These are stiff and it will be necessary, in reading them, to go over the Elementary Arithmetic, Geometry, and Algebra again, as well as the Chemical and Physical books.

Try and get *the old editions* of Karl Pearson's "Grammar of Science" (the new one is too difficult). Get Clifford's "Common-sense of the Exact Science" (International Science Series). Regard these two books as an exposition of Scientific Method (especially Karl Pearson). Read Whitehead & Soddy again. Dip into Mill's "Logic" (not too deeply!).

Read more Biology—the little special books in the Home University Series. Also read Huxley's Essays, especially "Man's Place in Nature" and "Hume." Now all this will take time. While the student is doing it he will come across many other books. Read them if they are small, elementary and not too discursive.

It is not so easy now to get a *practical* discipline in science. The old Science and Art Department Classes gave this, but nowadays official educational systems look askance at pure Science—it is "vocational" subjects that are favoured. But the student may find Elementary Chemistry, Physics, etc., taught in evening schools, and, if so, he should take advantage of such facilities.



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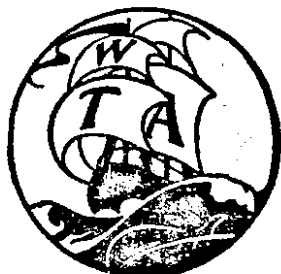
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The Development of Machines in Production

I.—INTRODUCTION

MAN is an organism existing in nature. He is a part of nature and his characteristics and habits can only be understood when related to his environment, *i.e.*, to external nature. By external nature is meant the whole of nature that is not man, *i.e.*, the part of nature outside man. Geography studies the static environment, the environment that has changed very slowly, almost imperceptibly, during man's history. It explains why one part of the earth is more favourable to a given stage of development than another. It is concerned, so to speak, with the stage. History tells the story of the part man has played on that stage. What is the key to that history? What are the laws governing it? Why has man followed the path he has travelled and no other? The answer to these questions is of the first importance because it contains within itself the answer to the question, "Where are we going?" If we can discover the laws governing the evolution of society we are in a position to predict the next step, at least, of that evolution and intelligently to shape our actions accordingly. These laws are fundamental and to discover them we must examine the most fundamental thing connected with man, which is his relation to his environment. The key to the evolution of society is the evolution of man's relation to and control over external nature. Man comes into contact with external nature first of all through his bodily organs and senses. These of themselves have remained practically unchanged through history, but they have, in effect, been developed and added to by the use of tools. The first primitive tools were, quite obviously, merely extensions of the bodily organs. Tools, using the word in the broadest sense, are the intermediary through which man establishes contact with and gains control over his environment. "Man is a Tool-using Animal. Nowhere do you find him without Tools; without Tools he is nothing, with Tools he is all." (Carlyle). The history of tools is the key to the history of human society. As tools developed so did society adapt itself to correspond. At certain stages in history the structure of society could not adapt itself to further technological development and then it decayed and crumbled and a new structure arose better adapted to meet the needs of growing technology.

It serves no useful purpose to study the history of tools and technology as a subject by itself consisting of a list of more or less

important discoveries and when, where, how and by whom they were made. It must be related to the general history of mankind. Each phase of technology must be considered in relation to the stage of development of humanity, how men lived, the structure of society, etc. It is impossible to treat of all this in a space of 30 pages or so ; all that is attempted here is an outline of the main technological developments with a general indication of the corresponding developments of society.

From the Stone Age right down to the decline of Feudalism the progress of tools had been purely empirical, by observation and accident. The growth of the means of production caused a corresponding increase in the organisation of production, the appearance of various classes having different relationships to production, the development of human society and so on. During each period of human history the development of production, including both technique and organisation, produced a corresponding development of the structure of society, until a point was reached when the latter could not develop further. Then the stress caused by the failure of society to adapt itself to the needs of production caused a decay and breakdown of the given form of society and the emergence of a new form. In this way primitive communities grew into the great slave states, these in their turn broke up and out of the ruins grew feudalism, which ran its course and then gave way to capitalism. Capitalism under the driving force of greed and competition gave a terrific impetus to production. Technology from being purely empirical and haphazard became scientific, thereby creating the means for satisfying the continually increasing need for more and better machinery.

The first advances were of course empirical ; thus the first steam pump was an attempt to utilise the force of steam without any theoretical knowledge. The observation of the performances and weaknesses of the first machines led to an elementary knowledge of the forces involved and improvements of design. Improved machines gave the necessary data for theoretical study and led to definite experimental work producing continually increasing understanding of the laws of nature. The application of this knowledge led to better and more complicated machinery.

At the present time improvements in manufacturing are effected in two ways. The first is the method of applied science, by means of which most of the ordinary day-to-day progress is effected. During the process of manufacture definite problems arise continually. These are tackled by specialists, who carry out experiments based on existing knowledge and directed towards the solutions of the problems. The other method is that of pure science, and it is by this means that most of the new departures are made, *e.g.*, the X-ray tube. Scientists, by experiment and reasoning

working towards a greater understanding of the phenomena and laws of nature, frequently without any definite idea of an application of the results of their work to industry, occasionally observe phenomena, discover laws or invent theories which have an industrial application, either immediately or after further development. Such, for example, was Faraday's work on electro-magnetic induction.

The development of scientific methods of treating technology, under the favourable influence of competitive capitalism, caused a rapid growth of manufacture during the 19th century and a correspondingly rapid increase in the size of the units of production. This led to the creation of huge syndicates and trusts, and out of competition grew monopoly; capitalism changed its character and became imperialist. For a time, roughly 1870-1910, the new economic structure released the forces of production and allowed further development of technique and organisation, but for the last few years production has been declining in the older capitalist countries. Science is not finding its full application in industry and production is becoming disorganised. This means that the existing structure of society can no longer adapt itself to the growth of the means of production, and therefore once again has humanity arrived at a period of transition from one form of society to another.

The best book dealing with the relationship between technology, social structure, and society as a whole is "Historical Materialism," by N. Bukharin. "A History of Social Development," by Müller-Lyer is a useful work which traces the growth of various factors in society, including technology, but is weak in its theoretical analysis of cause and effect. For the influence of geographical factors, see L.R.D. Syllabus, No. 13, "Economic Geography," by J. F. Horrabin.

See general note on bibliography, page 30.

II.—EARLY MAN

THE earliest manlike creatures of which traces have been found seem to have existed about half-a-million years ago. This period is known as the Eolithic (the Stone Age of the Dawn). Little is known of these creatures, but it is practically certain that they were hardly more than the brutes among which they lived. The only implements that they have left are roughly chipped flints.

After the disappearance of Eolithic man there is a long gap until we come to the Early Palaeolithic (Old Stone) Age, the period from 150,000 to 50,000 years ago, when the so-called Neanderthal men lived. These men made tools by chipping flints and probably also used wooden clubs and spears. The implements that have been found consist of hand-hammers and axes, scrapers and oval flints having a sharp edge all round and pointed at one end, of course all very crudely made. Some time during their existence they discovered the art of making fires. Except that they lived by hunting, probably eked out by wild fruit and nuts, little is known of their manner of life, but it is generally supposed that they squatted in small patriarchal groups by the sides of streams. With the approach of the last Ice Age they were forced to abandon the open and to live in caves.

Although the Eolithic and the Early Palaeolithic men belonged to the species Man, they were not our direct ancestors, but were on other branches of the family tree. The first true men appeared towards the close of the last Ice Age, about 35,000 years ago, coming from the direction of the south of Asia or the north of Africa in the wake of the receding ice. These later Palaeolithic men had already attained a certain degree of skill when they first began to leave traces in Europe. Their flint tools, consisting of hand-hammers and axes, scrapers and knives, though not polished, were more carefully chipped and had keener edges than those of the Early Palaeolithic people. As their tools were of the same type as, so were their habits and manner of life similar to, those of the earlier race. First of all they lived in the caves, from which they ousted the existing inhabitants, but as the climate grew milder and Europe became Steppe land they forsook the caves for the open. They lived by hunting, assisted towards the end by fishing. Their groups were larger and there is evidence of gathering-places at which these groups used to meet together.

During the 20,000 years or so that these people existed they improved their technique considerably and introduced the use of bone and horn. Bone harpoons and needles, for sewing hides, of a high

degree of workmanship, some of them carved, have been discovered. Improved technique meant that they did not have to devote all their time to the getting of food and skins, but were left with a certain amount of leisure, which they doubtless utilised in a number of ways. They developed art and some of the Later Palaeolithic carvings and cave pictures are wonderfully life-like and have real beauty of line. Some of these pictures are a long way inside caves and must have required some sort of artificial light, and it is possible that the hollowed-out pieces of soft stone that have been found were used as lamps.

Somewhere about 10,000 B.C., as the climate became more temperate and the vegetation changed from grass to forests of the type we know, a new race of men appeared in Europe. The Neolithic (New Stone) men, from whom the modern races are directly descended, had developed beyond the Palaeolithic stage, probably somewhere around the Mediterranean Basin, before they began to leave traces in Europe. They lived much the same sort of life, but their technique, though of the same kind, was better. In addition to more finished tools, they had the important idea of attaching their axe heads, known as celts, to wooden handles. They obtained good flints by working convenient quarries. They also brought with them the art of making coarse pottery.

The Neolithic period was one of gradual but continued development of technique and therefore of the manner of life. The celts, which were the chief implements, developed into beautifully made axe-hammers, often highly polished and perforated for the haft, for which deer horn was frequently used. Entirely new tools began to be made, such as maces, daggers, saws, gouges and chisels, and also hunting weapons such as lances, javelins, slings, bows and arrows. Improvements of this kind meant greater ease in obtaining the necessaries of life, thus enabling the tribes to become large and more settled. This, together with increased leisure, led to the discovery of new arts. Pottery was improved, ornamented, and provided with handles at a fairly early stage. Crops were cultivated; first corn, from which a crude kind of bread was made and later flax, which was spun and woven into cloth. Animals were domesticated. The arts of building of wood, wicker and mud, and of making boats from wood, bark and skins were discovered and developed.

As this stage was reached, two distinct lines of development appeared, depending on the geographical environment. Where the country was fairly open the basis of life tended more and more to rest on the keeping of domestic animals. This was the case over a good deal of Europe. Such tribes, by virtue of their manner of life, could not become very large and retained up to a fairly late stage the form of organisation known as primitive communism. Where the country was naturally protected and therefore not very

liable to invasion, as in certain areas around the Mediterranean, agriculture became the basis of life. These tribes grew into large communities, which gradually evolved more and more complex forms of organisation.

The Stone Age ended with the discovery of bronze. There was a short intervening period when copper alone was used, but bronze seems to have been discovered soon after. It must not be supposed that the discovery of metal caused any break in human affairs, though it certainly accelerated their development considerably. The first bronze implements were made, by casting and beating, to exactly the same pattern as the late stone implements. Bronze seems to have been discovered in Egypt about 5000 B.C., and to have been known in various parts of Europe at about the following times :—Crete 3000 B.C., Gaul 2000 B.C., Britain and Scandinavia 1800 B.C. The discovery of iron came later. It was known in Egypt, Assyria and China as far back as 4000 B.C., but it was some time before its knowledge spread over Europe. The following dates give an idea of when iron became known :—Greece 1200 B.C., Gaul 800 B.C., Denmark 100 A.D., North Russia and Siberia 800 A.D.

Note.—The dates given in the earlier part of this chapter are very approximate and are only intended to give a rough idea of the sort of times involved. Thus 50,000 years ago means anything between 20,000 and 100,000 years ago.

There are many works dealing with prehistoric man ; the following are suggested :—“Ancient Stone Implements ” and “Ancient Bronze Implements,” by Sir John Evans ; “The Dawn of Civilisation,” by V. G. Childe ; and the article on “Archaeology ” in the Encyclopaedia Britannica.

III.—THE SLAVE STATES

As the settled communities came to depend on agriculture there arose the need to understand the variations of the seasons, so that there gradually grew up a special class of men who understood these things and could say when different crops should be sown, etc. The whole business was, of course, mixed up with religion, and the general result was that a ruling priesthood developed.

The discovery of copper and bronze made possible the rapid manufacture of tools and weapons on a wholesale scale and increased their variety and precision, thus laying the foundation of really large scale society. It also increased the division of labour and so added to the power of the ruling class. Improved methods of production meant an increase of population, which in turn meant that there was not enough land to go round, but at the same time enabled an ever-growing number of people to specialise in making tools, weaving, and suchlike handicrafts, and thus formed an artisan class. Others became intermediaries in barter and exchange, which was becoming more and more necessary and complicated, and so formed a trading and merchant class, but the great majority could only get a living by giving their labour to others in return for food, clothing and shelter. In this way a slave class was created. It was considerably augmented by the addition of prisoners of war. In some such manner as this did the great slave states grow out of the agricultural communities of the late Neolithic period.

Egypt was the first country to develop the use of bronze tools on a large scale and by 4000 B.C., the time of the 4th Dynasty, metal tools were common. The sources of power were slaves and draught animals. Herodotus states that for the construction of the Great Pyramid, built about this time, 100,000 slaves were employed for twenty years. The blocks were obtained from the native rock by drilling holes round the piece required, driving wooden wedges into the holes and then filling them with water so that the expansion of the wood cracked the rock. The blocks were then shaped with bronze saws. The straight saws of this period varied in thickness from $\cdot 2$ to $\cdot 5$ of an inch and in length up to over 8 feet. The drills were made by bending saws into a circle and rotating the tube thus obtained. These tubular drills varied in diameter from $\frac{1}{4}$ to 5 inches and in thickness from $\frac{1}{30}$ th to $\frac{1}{5}$ th of an inch. The lathe also had been invented and was in common use by this time. Rotation was obtained by means of a bow, the string of which had one turn round a pulley that was attached to the end of the lathe shaft. In the case of the larger lathes, the string was not attached to a

hand bow, but one end was fastened near the ceiling to the end of a flexible pole, fixed by the foot, and the other end attached to a treadle. The Pyramids demonstrate the fact that great accuracy of measurement had been achieved. The first Pyramid, that of Snefru, has an average error in its base of 6 inches in a length of 480 feet and 10 minutes of angle. The base of the second, the Great Pyramid of Cheops, differs from a perfect square by only $\frac{1}{6}$ of an inch in a side of 756 feet and 12 seconds of angle. This represents a linear error of 1 in 15,000 and an angular error of only 1 in 27,000. The art of building had made considerable progress, wood, stone and bricks being used for houses and bridges. Canals were constructed for navigation, irrigation and water supply, the conduits being made of stone or brick. In rare cases lead piping was used in the important buildings. Transparent glass seems to have been discovered about this time, the earliest glass that has been found being two vases bearing the name of Sargon (3800 B.C.), unearthed at Nimrud in Babylonia. Together with these vases was a crystal lens that had been turned on a lathe.

Throughout the period of the existence of the slave states the development of technique was very slow, consisting of improvements to materials and tools and additions to their number, without any great change in method. Even the discovery of iron does not seem to have made any great difference; it was too scarce and valuable, and was not used on a large scale until the latter end of the Roman Empire. Even then it merely replaced bronze without much alteration of technique. Steel was known to the Greeks, but the method of smelting was too extravagant for it to be used to any considerable extent. Aristotle (384-322 B.C.) gives the following account:—"Wrought iron itself may be cast so as to be made liquid and to harden again; for the scoria of iron subsides and is purged off by the bottom; and when it is often defecated and made clean, this is steel. But this they do not often because of the great waste, and because it loses much weight by refining; but iron is so much the more excellent, the less recement it has." The Roman methods of smelting were so wasteful that the great heaps of slag they left were for many years the chief sources of raw material for the ironworks established in the Forest of Dean in the middle of the 17th century. The auxiliary mechanical devices in use were of the simplest, even after thousands of years, as is shown by the following list given by Aristotle:—"Draw-well, equal-armed balance, unequal-armed balance, tongs, wedge, axe, windlass, cylindrical roller, wagon wheel, shaft, pulley, sling, rudder, potter's wheel, and revolving wheels of copper or iron with different directions of revolution (probably equivalent to our gear wheels)." These appliances are all of the kind known technically as simple machines. Vitruvius, a Roman engineer, defined a machine as

“an articulated connection of wood, affording great advantages in lifting weights.” There is here no difference in kind, but merely in degree, from the implements of the earlier slave states. The study of mechanics was still very crude, ignoring considerations of forces and being purely geometrical in nature ; for example, Aristotle, in considering why unequal weights could be balanced by an unequal-armed balance, got mixed up with the properties of the circle.

It should be noted that it was not lack of mechanical ability that prevented the development of more complicated machinery, as several ingenious contrivances were actually invented. Such, for example, were the Archimedean screw (Archimedes 287-212 B.C.), Hero's syphon, Hero's fountain and Hero's steam engine, a kind of inverted turbine (Hero of Alexandria about 50-100 A.D.). These were very little used in practice, being regarded rather as philosophical curiosities. The organisation of society was such that they could not be put into practical use and so developed further. The great mass of labour was done by slaves, who were kept, bought and sold, and generally treated like cattle, and so had no interest in their tasks but merely wanted to get through existence with the minimum of inconvenience to themselves. They had little skill and could not be used for making any but the simplest machines, and even if this difficulty had been overcome by the employment of specially selected slaves, there still remained the fact that the slaves who actually used tools and machines could not be trusted to handle more delicate apparatus with the requisite care. The most important factor, however, that prevented the growth of technology lay in the attitude of the ruling class. It was cheaper and easier to buy and maintain slaves for the purposes of labour than it would have been to reduce the number of slaves and buy labour-saving devices. Therefore there was no incentive for the people who controlled society to encourage the development of technique. So towards the end of the pre-Christian era there arrived a period when the structure of society no longer allowed the free growth of the forces of production, therefore that society began to decay.

Rome was the last of the slave states and represented the highest development of that form of society. The Roman Empire was built up to meet the needs of growing production—slaves, raw materials and control of trade. With the perfection of the slave form of organisation and the failure to develop new forms, the ruling class became less and less concerned with the details of production and its organisation and became purely a controlling class. It had nothing concrete to do but govern and so became idle, arrogant, luxurious and generally degenerate and inefficient. The natural antipathy between classes grew into a definite class war which found expression in slave revolts. This led to a weakening

of the state power and inability to defend the borders of the Empire and eventually Rome itself.

The Encyclopaedia Britannica is the best source of information on the ancient slave states, as regards both technology and social structure and conditions. The accounts are given under the names of the states, *e.g.*, "Assyria," "Babylonia." Herodotus (Macaulay's translation) gives accounts of many phases of the life of the various states he visited, but should be read with caution, as he was a very credulous and uncritical individual. "The History of Engineering," by Fleming and Brocklehurst, deals with the technology of the ancients and continues the story of the purely mechanical arts down to the present day. This book should be read in conjunction with the remaining chapters of this syllabus.

IV.—THE MIDDLE AGES

As Rome became less able to defend the outlying parts of the Empire from the raids of the northern barbarians, the inhabitants had to look to their own protection. The land cultivators went to the nearest noble, who in return for protection claimed a share in the products of the soil. This developed into a system in which the nobles, who meanwhile had become completely independent of the central state, actually owned large areas and the real cultivators merely held pieces of land which they were allowed to work for themselves provided they supplied the overlord with food, etc. As the invaders overran the Empire they adopted this arrangement which they found in being; the system became more uniform and regularised, and so out of the ruins of the Empire grew feudalism.

During the Middle Ages there was little improvement in technique; it was a period of very slow and gradual development, almost of stagnation. For example, the ships of the 15th century differed very little from the Roman galleys. A society based on agriculture could not rapidly develop the urban arts; such a development requires a society based on manufacture. It is noteworthy that the only two outstanding inventions were the windmill (about 1100 A.D.), an agricultural improvement, and gunpowder (about 1300 A.D.), an addition to the art of war. Here and there a few men tried to work on scientific lines, but their theories could find no application and the importance of their work was not realised until centuries later. In actual fact they usually got into serious trouble for heresy. Chief among these was Roger Bacon (1214-1294) who, among other things, arrived at quite sound theories on the subject of mechanics. He also described a method of making a telescope, though there is no evidence that he ever made one. He spent fourteen years in prison for being suspected of heterodoxy and leanings towards the black arts.

While it is true to say that development was slow, there was, however, some progress. Iron and steel improved in quality and caused a corresponding increase in the quality and variety of tools; the arts of spinning and weaving progressed. There was a general slow development of the handicrafts. Hand in hand with this, to meet the growing needs of society, both productive and consumptive, trade grew and steadily became more important. The handicrafts and trade were both centred in the towns and with their growth the towns grew in importance and power. The first need of trade is a strong centralised government that can keep order within the country and protect, and if possible control, the trading

routes outside the country. The first stage in the transition from feudalism was the establishment of a centralised monarchy; in England this occurred with the conclusion of the Wars of the Roses and the accession of Henry VII. in the 15th century. Then began a long struggle for control of the centralised state between the king and the trading class, in which the latter were increasingly successful. Parallel with these developments there was a process of commercialisation of the land, the country being exploited for the purpose of making profits by selling the produce. As most profit could be made by the sale of wool, large areas were taken over for sheep rearing. Alongside this internal growth there went on a continual struggle between countries for control of trade routes; the chief of which was the sea. Owing to her geographical situation, England finally emerged victorious.

Feudalism passed *via* centralised monarchy to capitalism. Owing to geographical factors the transition did not occur equally rapidly in all countries, nor of course did it occur in exactly the same manner everywhere. Thus England was well on the road to capitalism by the middle of the 17th century, France did not become capitalist till the end of the 18th century, while Germany and Russia reached this stage still later.

Owing to the slow technical development there is little that can be recommended on this section of the syllabus. It is suggested that the Encyclopaedia Britannica articles, "The Middle Ages" and "Roger Bacon" be read.

V.—EARLY CAPITALISM

As the bourgeois class grew in economic and political importance, so did its outlook become increasingly dominant in society. The fundamental factor of this outlook, based on the needs of trade, was individual freedom. Applied to the field of philosophy this meant freedom to enquire into the laws of nature, and thus created the atmosphere necessary for the development of science. An important factor was the discovery of the art of printing with movable type in the first half of the 15th century. This not only facilitated the spread of general ideas and therefore the growth of the new outlook, but also created the means whereby scientific workers could make their discoveries known to large numbers of others and thus laid the basis for the rapid growth of knowledge which was later applied to technical development. At the opening of the 17th century capitalism had got a firm foothold and that period was one of great scientific activity, when many important and fundamental discoveries were made. The outstanding figure of that time was Galileo (1564-1642), who carried out a great number of investigations into the laws of mechanics, hydraulics and optics. Other important investigators were Gilbert, who in the year 1600 published the first scientific study of magnetism and frictional electricity, and Della Porta, who in 1601 suggested a method whereby the force of steam could be utilised to pump water. Probably the most important contribution of the period was the insistence upon experiment as the basis upon which to build a knowledge of the laws of nature. Galileo made himself very unpopular by the simple process of dropping simultaneously two unequal weights from the top of the Leaning Tower of Pisa and thereby refuting the belief that had been universally held from the time of Aristotle that a heavy body fell more rapidly than a light one.

With the 17th century opened a period of progress in science and invention, which, though irregular, became increasingly rapid as time went on. About 1625 Dud Dudley discovered a method of converting coal into coke that could be used for smelting. Raw coal cannot be used for this purpose owing to the presence of sulphur and to the fact that it cakes in the furnace. Prior to the discovery of coke the only fuel that could be used was charcoal, and as a law had been passed in the first half of the 16th century forbidding the wholesale cutting of timber for this purpose, the production of iron was greatly handicapped. Dudley's work was therefore of great value, but even at this early period vested interest was a brake upon development and Dudley was crushed by the

united opposition of rival ironmasters and charcoal burners. It was not until over 100 years later, when coke was rediscovered by Darby, that it came into general use and caused the production of iron to go up by leaps and bounds. Another important development of the 17th century was the spread of private colliery railways. The roads were in very bad condition and in 1630 it was discovered that a horse could pull much greater loads if the waggons were provided with rails. Each rail consisted of a flat plank, together with another plank resting on its edge to form a flange. This idea spread rapidly and by the end of the century was in common use in the collieries.

Technical development during the 17th century was necessarily of a preliminary nature and preparatory to the enormous growth of machinofacture which was to take place in the succeeding century. Handwork or manufacture was still the characteristic method of production and therefore by examining that period we can see the laws that are inherent in capitalism and independent of machinery. There was a general growth of industrial production at the expense of agriculture and parallel with this a continuous increase in the size of the unit of production. It was found that commodities could be made cheaper when made in bulk by divided labour, and therefore the stress of competition caused the factories continually to increase in size, until at the end of the century it was common to find a hundred men working for one employer. The general result was the steady withdrawal of labour from the country to the towns and the growth of a propertyless proletariat.

For this and the following section (VI.), see L.R.D. Syllabus, No. 4, "English Economic History," by G. D. H. Cole; "The Village Labourer" and "The Town Labourer," by J. L. and B. Hammond; and "Capital," Vol. I., Parts 3 and 4, by Marx.

VI.—THE INDUSTRIAL REVOLUTION

THE Industrial Revolution is usually considered to have taken place during the last part of the 18th century. Its beginnings, however, can be traced back to the beginning of the century and arose quite naturally out of the conditions created by early capitalism. The first technical step was taken by Thomas Savery, who in 1699 constructed the first steam pump. This was designed with a view to solving the problem of water in mines, especially the tin mines of Cornwall, with which Savery was associated. These mines, however, were worked by men with no reserve of capital, many of whom worked in the pit themselves, and therefore could not afford to buy the engines. Only one pump was sold for the purpose for which it was primarily designed and with this exception they were only used for supplying water to various parts of palaces, parks, etc. An improved engine was designed by Newcomen and installed in a colliery near Wolverhampton in 1711. This was so successful that several more were installed in the North of England and on the Continent during the following years. The engine was made automatic in 1718. A great impetus was given to the mining industry by virtue of the fact that much deeper mines could be worked and also by the great saving of labour. The figures for one mine showed that one Newcomen engine working for 48 hours, with one attendant, did the same work as 50 horses and 20 men working day and night for 7 days. Parallel with the development of power was the development of material. The rediscovery of coke has already been mentioned. This greatly increased the production of cast iron, which found its application in a number of new uses, one of the first being for rails for colliery railways. In 1740 Huntsman discovered the crucible method of making steel from cast iron, thereby putting on the market for the first time a steel that was of a uniform quality at a commercial price. All was now ready for the introduction of machinery on a large scale—materials in sufficient quantity and suitable for making large numbers of machines, a source of power to drive them and factories large enough to buy and use them. Machines came at an ever-increasing rate. The effect was cumulative, because the application of machinery to mining and smelting increased the production of materials, and to manufacture increased the production of engines and machines.

It is impossible to enumerate all the advances made. One of the first and most far-reaching in its effects was the spinning jenny, invented by Hargreave in 1760 and improved by Arkwright in 1767. This invention displaced thousands of hand-spinners, who

were thus left without any means of gaining a livelihood. Arkwright's first mill, built in 1768, was driven by horses. In 1771 this was replaced by a larger mill, driven by a water wheel. In 1775 improvements were effected and steam introduced as the source of power. Some idea of the misery caused to the workers and the profits made by the owners is given by the fact that in 1779, only ten years after his first invention, Arkwright's largest mill was destroyed by starving dispossessed workers, but so great were the profits that he was able to rebuild this mill and carry on without any serious strain on his resources. The invention of the power-loom shortly afterwards had a similar effect on the weaving industry. The distress caused was not alleviated until, by virtue of cheap production, the foreign market had been developed and industry had grown sufficiently to absorb the working population. This meant the organisation of industry on an entirely new basis; artisans working independently or in comparatively small shops were replaced by an exploited proletariat massed together in large factories.

VII.—MATERIALS AND MANUFACTURE

The history of the discoveries of new materials is closely bound up with the history of chemistry. The first step towards establishing chemistry on its modern basis was taken by Robert Boyle in 1661, when he clearly enunciated the distinctions between elements, compounds and mixtures, but the importance of this was not realised until a century later. During the years 1771-4, Scheele and Priestley isolated nitrogen and oxygen and showed air to be a mixture of these gases, thus preparing the way for Lavoisier, who in 1777 established the nature of combustion. Modern chemistry really dates from this time. Other elements discovered about the same time were phosphorous, chlorine, manganese, cobalt, nickel and platinum. The atomic theory was first put forward by John Dalton in 1802. Since then knowledge of the laws of chemistry has steadily increased and the application of this knowledge has continually added to the number of substances available for industrial purposes.

The following list gives the dates of the commercial production of some important substances. 1799, chloride of lime; 1791, soda; 1802, coal gas; 1815, cast steel; 1825, beet sugar; 1826, Portland cement; 1833, phosphorus matches; 1835, manures—guano and sodium nitrate; 1839, electro-plating, photographic emulsion; 1840, application of chemistry to farming; 1846, wood and straw used for the manufacture of paper; 1848, non-poisonous phosphorus matches; 1846, gun cotton; 1856, Bessemer mild steel; 1858, aniline dyes, mineral oils; 1865, nitro-glycerine; 1866, dynamite; 1867, manganese dioxide from waste products; 1868, steel from Siemen's open hearth furnace, and tungsten steel; 1876, Whitworth's fluid compressed steel; 1878, basic steel; 1880, synthetic indigo; 1888, chrome tanning; 1889, mercerised cotton; 1891, cordite; 1893, electrolytic soda; 1895, acetylene; 1900, high-speed tool steel; 1903, radium.

Not only has there been a continual increase in the number of substances manufactured commercially, but the method of their manufacture has been continually improved. Thus the introduction of the electric furnace towards the end of the 19th century gave great assistance to the metallurgical industries, both as regards quality and variety of products.

The primary technical factors in the development of production are the materials available and the machines for working those materials. Parallel with the increase in the variety and quality of materials has been an increase in the variety and quality of

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machines. The Nasmyth hammer, invented in 1837, constituted a great step forward in that it enabled heavy forgings to be made. The first planing machine was made by Whitworth in 1830. Prior to that year, plane surfaces were made by the laborious process of filing and scraping by hand, a process that was not only very slow but liable to considerable inaccuracies. The main progress, however, has been in the direction of steady improvement of design and of sub-division; for example, instead of having only one type of lathe used for every kind of purpose, we now have a large number of different kinds of lathes, each constructed to fulfil some definite function. One of the chief factors in this progress has been the improvement in methods of measurement. The first big step in this field was taken by Whitworth, about the middle of last century, who introduced the micrometer which has a common accuracy of $\frac{1}{10000}$ of an inch as against $\frac{1}{32}$ of an inch, which is the accuracy of the ordinary rule. Another line of development was towards standardisation. Here again Whitworth rendered a great service by the standardisation of screws; the Whitworth screw is still the standard in modern engineering practice.

For this and the succeeding two sections (VIII. and IX.) the best works are, in addition to "The History of Engineering," mentioned earlier, "The History of Chemistry," by Meyer, and various articles in the Encyclopaedia Britannica under subject headings, e.g. "Electricity." A very useful summary of inventions correlated with the condition of trade and the standard of living of the workers is contained in the "Historical Charts," published by the C.P.G.B.

VIII.—POWER

As has already been mentioned, the first steam engines were invented at the beginning of the 18th century, and by 1725 the Newcomen engine was in fairly common use in collieries. The steam engine was developed from its primitive to its modern form by James Watt, who introduced the steam jacket and the separate condenser in 1769 and expansive working and the double-acting engine in 1782. In this work he was considerably indebted to the theory of latent heat propounded by Dr. Black, with whom Watt had been closely associated in 1760. In 1781, Watt was working on the problem of converting reciprocating to rotary motion, so that his engines could be used for driving machines as well as for pumping, and his genius is illustrated by the fact that, when his idea of using a connecting rod and crank was stolen and patented by someone else, he devised five other methods of achieving the same end. The first compound engine was made by Hornblower in 1781, but did not come into general use until it was revived by Woolf in 1804. The next stage was that of theoretical development. In 1824 Carnot, utilising the knowledge of the behaviour of gases that had been gained by the work of a large number of chemists, propounded the cycle for the ideal heat engine. In 1843, Joule advanced the theory of the conservation of energy and by 1859, when Rankine published the "Manual of the Steam Engine," containing the Rankine cycle, the science of thermodynamics was firmly established. Since that time progress has consisted of improvements of design based on improved materials and methods of manufacture and better application of the laws of thermodynamics. The only radical advance has been the invention of the turbine. Though suggestions for utilising the principle of the turbine were made as early as 1784 by De Kempelen, the first machine was not constructed until 1858 by Harthan. The first commercial turbines were made in 1884, the impulse type by De Laval and the reaction type by Charles Parsons. The advantages of the turbine are smoother running, and the fact that units of great power occupy a comparatively small space. At the present day machines of over 50,000 H.P. are operating satisfactorily.

Several attempts at making gas engines were made during the first half of the 19th century, but the Lenoir engine, patented in France in 1860, was the first to achieve commercial success. By 1865 several hundreds of these engines were in use. The modern four-stroke engine was invented and patented by Otto in 1861. As his patent constituted a practical monopoly, other manufacturers

were forced to turn their attention to the development of the two-stroke engine. Manufacture developed rapidly when Otto's patent expired in 1885 and received a further impetus in 1892 when Thwaite suggested that gas engines could be driven by the waste gases from blast furnaces and coke ovens. The first oil engines were made in 1884, a four-stroke by Daimler, and a two-stroke by Benz. The Diesel engine, which burns crude oil, was invented at the beginning of the 20th century.

In 1799 Volta constructed his famous voltaic pile, and so for the first time produced an electric current. The first electro-magnet was made by Sturgeon in 1825. Using a magnet of this type in 1831, Michael Faraday constructed the first simple dynamo and within a space of ten days had discovered all the fundamental laws of electro-magnetic induction. The first dynamo was built by Holmes in 1857. It was a magneto machine and was used for supplying an arc lamp for Dungeness lighthouse. Self-excitation was introduced by Pacinotti in 1860 and the Gramme ring armature in 1870. The electric motor, which is only a reversed dynamo, was introduced in 1873. From that time on, electricity has made rapid progress. It must be remembered that electricity is not a source of power but is a convenient means of transmitting power. Energy from all kinds of sources can be transformed into electrical energy and fed into a common network from which it can be drawn as required and easily transformed into any requisite form—heat, light, chemical or mechanical. In this connection it is to be noted that electricity has developed the use of a source of power that was previously practically untouched, namely water power. The first water turbine was invented in 1827, but it could not be used on a large scale until electricity furnished a means whereby energy as such could be distributed from a central source over a wide area.

IX.—TRANSPORT AND COMMUNICATIONS

As is well known, the art of road-making was brought to a high degree of perfection by the Romans. It was one of the chief factors that enabled them to build and hold together their great empire. With the break-up of the empire and the advent of feudalism this art fell into disuse; massive roads were not necessary to the comparatively small baronial domains. By the time feudalism had run its course most roads were little more than rough tracks; hence we find the collieries in the 17th century putting down wooden rails. Cast-iron began to be used as the material for rails in 1737 and wrought iron in 1820. In 1788 the practice of putting down flanged rails was abandoned in favour of the modern practice of using flanged wheels. These early railways were, of course, worked by horses and were developed with a view to increasing the load that could be drawn by a horse. The first model locomotive was made by Murdock in 1784, but it was not until 1802 that the first steam locomotive actually to be used was made by Trevithick. This was followed by several more or less successful attempts at locomotive construction, including the famous "Puffing Billy" by Hackworth and Wylam. The credit for making the locomotive a sound practical proposition belongs, however, to George Stephenson. His first success was the "Locomotion," made for the opening of the Stockton and Darlington Railway in 1825, which attained a speed of 12 miles per hour. From that time on he made steady progress. The "Rocket," which was capable of a speed of 35 miles per hour, was built for the Liverpool and Manchester Railway in 1829. Steam locomotion became firmly established and a network of railways spread over the capitalist countries. The rail gauge was finally standardised in 1892. The first electric railway was the City and South London Railway, which was opened in 1890. Tramways were first introduced in 1850 and the first electric tramway was built in Ireland in 1883, the power being obtained from a waterfall.

The state of the roads during the Middle Ages has already been mentioned. The first step towards improving this state of affairs was taken in 1663 when an Act of Parliament was passed authorising the establishment of toll bars for the purpose of raising money for road maintenance. This measure was only partially successful and it was not until towards the end of the 18th century that reasonably good roads began to be constructed by John Metcalf. Macadam developed his method of road-making during the first twenty years of the 19th century. Modern road-making really

dates from 1888 when the County Councils were established. Early bridges were built of wood and stone, but as early as the 12th century bridges built entirely of stone were in existence. Stone remained the material for bridge-building until the beginning of the 19th century when cast-iron came into use. Wrought iron and the building of suspension bridges became common soon after. At the present time ferro-concrete is becoming increasingly common for the construction of bridges. With the growth of railways the importance of roads diminished somewhat until the development of mechanical transport. This had to wait until the invention of the internal combustion engine provided a light unit of power. In 1886, only two years after he made the first oil engine, Daimler fitted it to a bicycle. The results were so successful that three years later he built the first motor car and within a few years cars were being made commercially.

From the time of the slave states to the beginning of the 19th century wooden sailing ships were universally used for navigation. The main line of development was to make less and less use of oars and increasingly to rely purely on sails as the means of progression. Together with this went an increasing boldness of seamanship due not only to better ships but also to growing knowledge of such subjects as astronomy and to improvement of nautical instruments. Sailors ventured away from the coasts and boldly sailed out into the ocean. This resulted on the one hand in the discovery of new lands and on the other in the discovery of better routes to the old ones. The first use of steam as the motive power was in the *Charlotte Dundas* built at Symington in 1802. Iron was first used for shipbuilding in 1818, but this vessel, the *Vulcan*, was only intended for canal transport. In 1831 an iron ship put to sea for the first time. In 1897 the use of turbines in ships began, thereby enabling larger vessels to be built and also reducing vibration. The use of oil as fuel started to become common in 1912 when began the practice of fitting large ships with Diesel engines.

The problem of flying is one that has long intrigued men's minds and attempts at solving this problem were made as early as the 17th century. The first successful balloon flights were achieved towards the end of the 18th century. Controlled flying, however, could not be accomplished until the growth of the motor car industry had perfected the petrol engine, which provided a unit of power which was both light and reliable. It was not until 1900 that a successful dirigible airship was constructed by Zeppelin and 1903 by Lebaudy. The first aeroplane flight was accomplished in 1903 by the brothers Wilbur and Orville Wright. The rapidity of aeroplane development is indicated by the following feats:—1909, Bleriot flew across the English Channel; 1910, Paulhan flew from

London to Manchester; 1911, Conneau (Beaumont) flew round Great Britain; 1919, Alcock and Brown flew across the Atlantic.

Up to the beginning of the 19th century the ability of people to communicate with one another depended entirely on the facilities for transport, with the exception of a few special devices of very limited application, such as beacons, semaphores and flag signalling. The first successful attempt at using electricity was in 1809 when Sommering succeeded in sending signals over a pair of wires. Further elucidation of the properties of the electric current by a number of scientists led to the production of a commercial telegraph by Cooke and Wheatstone in 1837. These early telegraphs required several wires for the operation of one instrument and it was not until 1840, when Morse invented his code and key, that telegraphy over one electrical circuit became practicable. Quadruplex working, whereby two messages can be sent over one wire in each direction at the same time, was perfected in 1878. The first printing telegraph was invented by Hughes in 1854 and the modern high-speed multiplex telegraph was put on a sound basis by Murray in 1905. The first successful submarine cable was laid between Dover and Calais in 1851 and the first transatlantic cable in 1858. The telephone was invented by Bell in 1776, the first exchange being opened in the following year. Since then the chief developments have been the Hughes microphone in 1878, common battery working in 1898 and in recent years the introduction of automatic exchanges, most of them based on the principles evolved by Strowger in 1889. Long distance telephony has been made possible by the "loading" of cables, commenced in 1902, and the invention of the thermionic valve in 1904. Multiplex telephony, whereby several conversations can be carried on simultaneously and without interference over one pair of wires, was first made a success in 1918 by the application of the principles of wireless. Wireless telegraphy was first achieved in 1895 by Marconi, who turned to practical use the theoretical knowledge that had been gained by the work of a number of brilliant scientists in the second half of the 19th century. Wireless messages were sent across the English Channel in 1899 and across the Atlantic in 1901. Wireless telephony was first successful in 1907.

X.—IMPERIALISM

THE tendency for production to become concentrated in fewer factories of ever-increasing size is inherent in Capitalism. This has its roots in the need to lessen the costs of production under the stress of competition. Up to the limits set by any given stage of technical development, the greater the number of workers employed in a factory the finer is the degree to which the division of labour can be carried, and consequently the cheaper are the costs of production. This process operated in its pure form in the early days of Capitalism and enabled the larger employers to crush the smaller. Thereby they gained a bigger share of the market and thus out of their increased profits were able still further to increase the size of their factories. The introduction of machinery accelerated this process tremendously, as only factories that had attained a certain size could afford to buy or could economically use machines. This placed a powerful weapon in the hands of the large employers and during the Industrial Revolution hundreds of small workshops and factories were crushed out of existence. The perfection of the steam engine played a large part, not merely in that it provided a cheap source of power, but in that it provided for the first time a source of power that was reliable and compact enough to drive heavy and complicated machinery. On this basis production became concentrated in large factories. The development of railways and telegraphs, and later of telephones, brought these large factories closer together, so that they made agreements and amalgamated.

Trusts developed in two main directions; on the one hand concerns manufacturing similar commodities came together the better to exploit the market, and on the other hand concerns dealing with different branches and stages of the same industry came together so as to control the whole of manufacture from raw material to finished article. This involved the absorption of large numbers of firms dealing in the most diverse kinds of products and the growth of numbers of subsidiary firms for the exploitation of by-products. Parallel with the growth of industry went the growth of banking, one of the chief factors being that only big banks could handle the financial transactions of big industry. The concentration of finance in the hands of huge banking corporations meant increasing participation in industry and ultimately the fusion of industrial and banking capital. This fused capital is known as finance capital. These huge trusts, erected on the basis of machine production, required vast quantities of all kinds of raw materials to feed their industries and vast markets

in which to dispose of their products. This meant rapid colonial expansion carried out by means of peaceful penetration, colonial wars, etc. This policy was successful on the one hand because of the domination of the State by syndicated capital, and on the other because of technical progress—armaments, steam and oil-driven ships, railways, long-distance telegraphs, and later aeroplanes, long-distance telephones and wireless. The concentration of capital did not stop at national frontiers; but huge international cartels were formed which, as the partition of the earth neared completion, carried on increasingly intense struggles with each other for domination by means of diplomatic intrigues, wars, etc. (*e.g.*, the Great War). In order to establish a new field for the increasing amount of new capital created by the profits from large scale production, and in order to reduce the costs of production by the exploitation of cheap native labour, industries were established and built up in the colonial countries. Unable to face the competition of this cheap labour, the industries of the older capitalist countries gradually declined.

The growth of large factories created a huge propertyless proletariat concentrated in centres of production; the workers were herded together in rapidly-growing towns. While capitalism was still expanding and developing new colonies, the workers were able to maintain their standard of living, but as soon as the major portion of the earth had been partitioned by the big capitalist powers the resulting intense struggles between them forced them to increase their oppression of the workers. The general standard of life began to decline about 1903. The industrial development of the backward countries on the basis of cheap native labour accelerated this decline. Production in the older capitalist countries could not face this new competition on the old basis and the result was increasing unemployment and vicious attacks on the conditions of the workers. The outcome of the capitalist structure of society is the paradox that the development of technology and the mastery of natural forces by man has brought a diminishing standard of life and increasing misery to the vast mass of humanity.

The best works on the subject of Imperialism are Marx's "Capital," Vol. I., Parts 7 and 8, and Lenin's "Imperialism, the Last Stage." J. A. Hobson's "Imperialism" is out of print, but may be obtainable at libraries; J. A. Hobson's "Evolution of Modern Capitalism" (1926 edition) is very useful for facts.

XI.—THE PRESENT TREND

It is difficult to speak of the tendencies of modern science and technology as some of these tendencies are repressed by the capitalist structure of society and are latent rather than definitely expressed. We will, therefore, first consider them as if they had free expression, and then consider the restraints upon them.

From about the 16th century, when science was placed on a sound basis of co-ordinated experiment and theory, it has progressed steadily, covering wider and wider fields of knowledge and gaining an ever-deepening insight into the laws of nature. From time to time new branches have come into existence and grown in importance and with increasing complexity scientists have become more and more specialised in their work. Of recent years there has grown an increasing recognition of the unity of science and the interdependence of its various branches. Technology has developed on parallel lines. The application of new knowledge in the sphere of industry has resulted in the development of new branches of production and continual improvement of products. Here again there is a tendency on the one hand towards an ever greater degree of specialisation among technicians and on the other towards unity in both the field of knowledge and that of actual production. The tendency towards unity also expresses itself in a growing recognition of the mutual interdependence of pure scientific research and industrial technology. To summarise, in the field of science and technology there are at present two main complementary tendencies—on the one hand, as knowledge becomes more fundamental and its application more complex, specialisation increases, and on the other, there is a general trend towards co-ordination and unity.

The growing complexity of science and technology creates an ever-growing need for well-equipped laboratories, expensive apparatus, experimental plant, etc. These things mean the investment of capital in a manner that is not immediately productive of profit; sometimes it takes years before a piece of research yields results that can be applied industrially. As it is an ingrained characteristic of capitalists to expect good and quick returns on their outlay, they prefer to use their money in the lucrative business of exploiting the cheap labour of backward countries rather than to foster technical progress. This results in science and technology being starved of their necessary materials. Even if by some miraculous means capitalism were to reform and overcome this difficulty, it would only raise in a more acute form the question of the supply of research workers. As a general rule, to become a

research worker a man needs not only natural ability but sufficient means to enable him to go through a fairly long and expensive training and sufficient keenness to abjure the higher remuneration that can be obtained from commercial activity. This means that recruits for this branch of work are drawn from a comparatively small section of society. The tendency towards co-operation and unification means the necessity for full and free publication ; there are two kinds of restraints operating upon this under capitalism. A good deal of publication is paid for by the scientific workers themselves *via* subscriptions to scientific societies, technical journals, etc. Publication is therefore considerably handicapped by lack of funds. A more important restraint is that of trade secrets. In order to gain advantages over their rivals it is common practice for capitalist concerns jealously to keep to themselves their technical processes. This means either that a new process does not become general throughout an industry or else that the work of discovering it has to be done several times over. Patents, theoretically intended to benefit inventors, in practice have much the same effect as trade secrets. The restraints so far considered are restraints upon further progress in science and technology. The restriction of most immediate importance, however, lies in the inability of capitalism fully to develop and unify industry on the basis of technology as it is at present. A striking example of this is the critical state of the British coal mining industry, which is a direct outcome of this failure of capitalism. The present need, to which there are no insuperable technical difficulties, is for the co-ordination on a national scale of the coal, iron, steel, transport, and electricity supply industries, together with the production of by-products and the utilisation of waste energy. Such co-ordination can only be achieved by the ignoring of vested interests, a step which it is impossible for capitalism to accomplish.

The development of technology and the forces of production generally is prevented by the capitalist form of organisation. An examination of history shows that when a similar state of affairs has arisen in the past, technology has burst its bonds, the structure of society has collapsed, giving way to a new form that has allowed freer development. Analogy leads us to the conclusion that the capitalist system is nearing its end. This conclusion is supported by the presence of symptoms of decay similar to those that were present during earlier transition periods. As in the last years of the Roman Empire a large section of the ruling class is entirely decadent, parasitic, luxurious, idle and divorced from the processes of production, the class that performs the labour of society leads an existence of increasing oppression and misery, and between these two classes there is ever-growing hostility and conflict. To meet the needs of capitalist production the working-class has been massed

together and taught to co-operate. The workers have therefore been able to build up organisations for the protection of their interests. The perfection of these organisations, together with the growth of a revolutionary spirit due to oppression, will eventually enable the capitalist bonds to be broken. The development of the working-class within the framework of capitalism is analogous to the development of the capitalist class within the framework of feudalism. Taking all these facts into consideration, we can safely assert that capitalism is rapidly approaching the time when it will be overthrown by the working-class, who will lead society into new forms of organisation that will give free scope for the further development of technology and the forces of production.

"Historical Materialism," by N. Bukharin, treats the subject of this section in a comprehensive manner and should be carefully read.

BIBLIOGRAPHY.

The books suggested at the ends of the chapters of this Syllabus are merely intended as a guide, and a student who wishes to read up the subject should not consider himself bound by the suggestions. The nature of the subject rules out the possibility of cheap books ; but some, at least, of the recommended books should be obtainable from a local library or similar source.

- "Historical Materialism," by N. Bukharin. Allen & Unwin, 12/6.
- "History of Social Development," by Muller-Lyer. Allen & Unwin, 10/6.
- "Ancient Stone Implements," by Sir John Evans. Longmans, 10/6.
- "Ancient Bronze Implements," by Sir John Evans. Longmans, 25/-
- "The Dawn of Civilisation," by V. G. Childe. Kegan Paul, 16/-
- "Herodotus," translated by Macaulay, 2 vols. Macmillan, 18/- per vol.
- "History of Engineering," by Fleming & Brocklehurst. Black, 12/6.
- "The Village Labourer,"* by J. L. & B. Hammond. Longmans, 6/-
- "The Town Labourer,"* by J. L. & B. Hammond. Longmans, 6/6.
- "Capital," by Karl Marx. 3 vols. Kerr, 10/- per vol.
- "History of Chemistry," by Meyer. Macmillan, 17/-
- "Historical Charts." Communist Party. 6d per set.
- "Imperialism," by N. Lenin. Communist Party. 1/6.
- "The Evolution of Modern Capitalism," by J. A. Hobson. Walter Scott Pub. Coy. 7/6.
- "Syllabus Series," Nos. 4 and 13. Labour Research Department. 6d each.

* Paper-covered edition at 2/- now out of print.

HINTS TO STUDENTS AND CLASS-LEADERS.

1. TO STUDENTS.

(a) Neither the syllabus nor the lectures of the tutor or class-leader are a substitute for independent reading. You cannot profit by a course unless you read steadily in addition to listening and joining in discussion.

(b) You will get a grip of your subject best by writing. Make written notes as you read as well as in class, and try to put your impressions on paper in the form of essays and written work. Never mind making mistakes or writing badly. Practice is the only way to do better. An essay on half a sheet of notepaper, or a personal letter to the leader on some point that wants clearing up, will give you a start if you feel in a difficulty. It is of vital importance to you to be able to express yourself clearly on paper. It clears up your thinking and it adds greatly to your power to influence others.

(c) When you are reading, remember that a book is a tool. Read carefully, but don't waste time in being too careful. There are many books of which it is worth your while to read a few chapters or even a single chapter, but not worth your while to read the whole. Read that part of a book which contains the information you want. Learn, by practice, how to use the index to find what you want. Too hasty reading and too slow and conscientious reading are both enemies of successful study. Use your books as you use your tools. Learn also how to use your Public Library. Find out what it contains, especially if it includes a reference library, and get a sympathetic librarian or assistant or friend to teach you how to make full use of it.

(d) Take part in discussion. Heckle the class leader well on any point on which you are unsatisfied or in doubt. But, both in questions and in discussion, stick to the point and see that your fellow-members stick to the point. Discussions that are all over the shop are of no educational value.

(e) Regard the class, not as an end in itself, but as a means and a starting point. Try to learn how to follow up for yourself the points which interest you. Don't be content with what the class-leader tells you. Find out things for yourself.

(f) Attend regularly and punctually. It is no good belonging to a class unless you give it first claim before all other engagements. If ever you miss a class, make up the loss by specially careful reading, and ask the class-leader to help you on any doubtful point.

(g) Remember that for every worker who attends a class, there are still a thousand who don't. Try to equip yourself to be a class-leader and so help in the movement for working-class education. Try to get your Trade Union and other Societies to which you belong to take up educational work as a serious part of their functions.

2.—TO TUTORS AND CLASS-LEADERS.

(a) This syllabus is not intended to bind you down, but merely to help you. Modify it as you like, wherever possible with the co-operation of the class. Expand here, contract there: recommend for reading the books you think best. The syllabus is only meant as a *general* guide to method of study. But, where you modify it, let the students know in advance exactly how you propose to treat the subject.

(b) See that the class is as well as possible supplied with books. Get a book-box from one of the bodies which provide them (Club and Institute Union, Fabian Society, Tutorial Class Libraries, Central Library for Students, &c.). Select the books carefully yourself. See that the students make the fullest use of the Public Library (and its Suggestion Book). Talk to them about books and how to read and use them.

(c) Wherever possible, get the students to do written work, and make this as easy as possible for them by hints on writing, suggestions of subject and treatment, and so on. How much and how good their written work is depends largely on you.

(d) Stimulate questions and discussion, and don't do all the talking yourself. You should need to do progressively less as the class gains in knowledge and group cohesion.

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AUTHOR'S NOTE

THE word "Imperialism" is sometimes used to cover any and every form of territorial expansion by a particular State. In this Syllabus it is used in a more precise sense, and refers to territorial expansion only as one aspect of the development of capitalism. The syllabus is intended as an outline study of the imperialist stage of capitalism; it aims at analysing the conditions which give rise to imperialism, the specific features of imperialism, and the results of imperialism. It is an analysis, not a history. Persons, territories, dates, are only important as illustrations; the extension of empires is one feature of the process we are studying, but the other, the "parent" feature, is the economic development which is the fundamental cause of the process.

The economic system in the "mother" country must therefore be the starting point. The first section deals briefly with the chief characteristics of this economic system, *i.e.* capitalism; it is only intended as a convenient summary of a subject which will be already familiar to readers. The subsequent sections are an analysis of imperialism; but Sections X., XI., and XII. (which can be taken after Section I. by advanced students) revert to the theory of capitalism, discussing the nature of capitalist accumulation and trade, and showing the fundamental cause of imperialism. These subjects are essential to a complete study of imperialism, but involve a more abstract theoretical treatment which should probably be taken later on by most students.

There is an immense amount of material available, but it is widely scattered; several of the most useful books are out of print or in foreign languages, and much of the existing literature of imperialism is written from a purely descriptive standpoint. The best books available are Lenin's *Imperialism*, for facts combined with theory; and J. A. Hobson's *The Evolution of Modern Capitalism*, for a good description of trusts and their methods of working.

The books in the L.R.D. Colonial Series are brief but detailed studies in which the events and figures recorded are brought into clear relation with the expansion of British capitalism and its effects on the peoples concerned. At the time when this goes to press (May, 1927), the four books issued in this series are *British Imperialism in East Africa*, in *Malaya*, in *China*, and in *West Africa*. *Egypt* is in preparation. Every student of imperialism should obtain these books (6d each, or 1/- in board covers); and every class-leader should arrange for particular students to follow one or other colony, and to illustrate points mentioned in this syllabus from the development in each colony. In this way the theoretical study can be brought into relation with current issues.

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<i>The Evolution of Modern Capitalism.</i> By J. A. Hobson	7/6
<i>Economic Imperialism.</i> By L. S. Woolf	2/6
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I.—THE FEATURES OF CAPITALIST PRODUCTION

IMPERIALISM is a stage in the development of capitalism ; it cannot be understood without a clear picture of capitalist production. The main features of capitalist production are :—

- (a) Ownership of the means of production by a small class, Capitalists
- (b) Employing a property-less class, Labour, to produce—
- (c) Goods which have to be sold on the market (Commodities), their
- (d) Production bringing a surplus to the Capitalists—Profit.

Labour power is a commodity and is bought on the market by the capitalist in the same way as any other commodity ; its value is equal to the value of the commodities necessary to produce and maintain it, *i.e.* food, clothing, shelter, etc. But labour power, applied to productive processes, creates values greater than those necessary to maintain it—*i.e.*, it creates a surplus. The capitalist who employs labour therefore buys labour power (pays wages to the workers) and gets back in products an equal value plus a surplus. This surplus is the capitalist's profit, and the relation of the surplus to the total capital employed is called the rate of profit.

Capitalist production is production *for profit* ; and with the expansion of capitalist production the *total volume* of profit increasingly exceeds the capitalist's needs and becomes accumulated in increasing quantity. This accumulation each year is itself the basis for the further expansion of capitalism.

But the expansion is actually applied in those industries (or countries) in which the best *rate of profit* can be secured. An industry which is yielding a relatively poor rate of profit gets no share of the new accumulation ; means of production in that industry may be closed down or used for other purposes. Production in that industry declines (absolutely, or relatively to other industries) ; and as a result prices of its products rise, and thus the rate of profit in that industry rises again. In the same way, an industry which is yielding a relatively high rate of profit attracts a large share of the new accumulation each year ; as more means of production are used in it, more products appear on the market, their prices fall, and thus the rate of profit in the industry falls. (A good recent example of this is the expansion of the artificial silk industry, in which Courtaulds were getting specially high profits).

In this way the various rates of profit in the industries of any country tend always to approximate closely to each other, any chance fluctuation (owing to weather, new inventions, etc.) righting itself in the way indicated, until the *average rate of profit* is restored

The same tendency to an equal rate of profit shows itself as between different countries, but this tendency may be restricted by artificial means, such as tariffs, monopoly control, etc.

Capitalist production functions smoothly when it has :—

- (a) Adequate supplies of Labour, *i.e.*, Labour which is suited to the current technique of production, and whose purchase-price (*i.e.*, wages) is less than the value produced ;
- (b) Adequate supplies of raw materials, including food and other articles required for the maintenance of labour power ;
- (c) Adequate markets, *i.e.*, markets where products can be sold at a price which will yield not less than the average current rate of profit ;
- (d) Adequate possibilities of expansion, *i.e.*, possibilities of using its profits (over and above those consumed) in the form of further capital (means of production) which in turn can be used to make further profits.

It is obvious from this that in the search for profits or higher profits, capitalism tends constantly to seek

- (a) Cheaper labour ;
- (b) Cheaper sources of raw materials ;
- (c) Better markets ;
- (d) Better " investments," *i.e.* such places and methods of production as yield higher profits.

Broadly speaking, it can be said that in the early period of capitalism there was competition between capitalists within each country in the search for these means of getting higher profits ; but when capitalism has reached a high degree of concentration and monopoly, the national capitalist groups begin to seek them in competition with the capitalist groups of other countries. No single motive is the driving force of imperialism, other than the search for profits. Many capitalist (and some Socialist) writers who attempt to explain imperialism (we can ignore those who treat it as " the white man's burden," etc.) call attention to one or other of the aims noted above ; one says imperialism is a search for markets, another that it is for raw materials, another that it is for food-producing areas, another that it is for investments and cheap labour. In a sense each is right, but each has got hold of only one aspect of a whole process. This process is governed by the search for profits ; its form is different at particular times and for particular countries, but it is essentially the process of capitalism. The stage of Imperialism had been opened by about 1875 in Britain, France and Germany ; and by the end of the century every capitalist country had reached it.

But the imperialist stage itself was a stage in the development of capitalism ; it arose out of certain changes which grew up in the structure of capitalism ; and again, imperialism brings new difficulties for capitalism. A study of imperialism therefore must aim at examining the whole process. It must be made clear that what

we are examining is an economic development, not a policy. A policy is only the conscious formulation of the needs of a class; the needs themselves arise out of the economic system.

READING.—*Industrial and Commercial Revolutions of the Nineteenth Century* (L. Knowles) is useful for a general description of the early stages of capitalism. *Capital* (Marx) is, of course, the classic for theoretical treatment, but the subject belongs primarily to a study of Capitalism, not Imperialism, and the summary given above is enough for the present purpose. Sections X, XI, and XII, of this syllabus, however, deal with the theory of capitalist accumulation, which, as the following sections show, is a vital feature in the actual working of imperialism.

II—THE FUNCTION OF FOREIGN MARKETS IN EARLY CAPITALISM

At the period when capitalism developed, contact was already established between various countries. But foreign trade was not important in relation to the total production of the countries, and consisted mainly in the exchange of various forms of luxury articles. With the growth of capitalism and machine production, especially in textiles, the technically advanced countries (in the eighteenth century Britain) began to realise the need to import raw materials and export manufactures in exchange for them, in order to maintain capitalist production and profits. In the early stages, the important factor in foreign trade was the distribution of natural resources; raw cotton had to come from a cotton-growing country; but apart from this natural distribution (of which tea, gold, and other luxury articles of that time are other examples) there was no incentive to trade. In 1800, British imports and exports together were only about £60,000,000; from 1700 to 1780 they had not risen above £30,000,000 annually.

But with the establishment of regular imports of raw materials on a growing scale, and exports of manufactured articles in exchange, it began to be realised that the export and sale abroad of machine-produced goods yielded *greater profits* than the sale of these goods on the home market.

Under what conditions is a higher profit possible than on the home market? Consider what happens when a new type of production is adopted by one or two firms within an industry. The first power machine weaving in Britain enabled the owners of that particular factory to produce at, say, one-third of the cost of the average hand-weaving; but the price at which they could sell their products was the same as that of the hand-weaving products, because price reflects the general average cost of production (this cost being reducible to labour value). The same happened with

Ford cars, when mass methods cheapened cost to Ford, but he was able to get prices reflecting the production costs in less well-organised concerns. In all such cases the technically-advanced concern makes profits well above the average. Exactly the same happens when (1) a particular area develops technical methods in advance of surrounding areas—for example, the eastern areas of U.S.A. ; or (2) capitalists in a technically-advanced country export their products to a backward country. Cloth exported from Lancashire to China (before China developed industrial production) would be exchangeable for other products on the basis of the value of cloth hand-woven in China, *i.e.*, at a higher price than could be obtained in England, where prices were determined by the general use of machinery and the saving of labour-power through machinery. Thus exports to technically-backward countries realise higher prices and therefore higher profits ; and, as we saw in Section I., capital tends to be applied where higher profits can be obtained—*i.e.*, there is an expansion of the export trade.

This is the real explanation of the rapid extension of the export of commodities, and why in particular they are exported *to backward countries*, realising that this applies where

- (a) the whole country is backward—China before, say, 1900 ;
- (b) the country generally is advanced, but the particular branch of industry is backward—American motor exports to Britain before Britain adopted mass production methods.

This, however, does not complete the function of exports. The expansion of production (whether for home or export sale) necessitates the increasing *import of raw materials*, an adequate supply of which we saw is essential. In fact, the values realised by the sale of products abroad are brought back in raw materials as a general rule ; food, which plays a large part in British colonial trade, being a raw material of labour power. Thus exports tend to become essential to the continuance of production.

As long as the early capitalist countries were in the main importing raw materials and exporting machine-made articles of consumption, there was a very high rate of profit on this trade, and the rapid accumulation of profits made possible the expansion of capital (*i.e.* of means of production for producing surplus value). Hence an ever-increasing quantity of machine-made products appeared, making possible the extension of foreign trade to countries hitherto untouched ; and thus gradually the capitalist countries established suckers all over the world, drawing in high profits through exchanging machine-made products for native products, and at the same time creating a world market, a world economy, in which specialisation developed and the international exchange of products became as essential to production as the exchange of products between the coal areas and the other industrial areas of Britain.

There was constant rivalry for markets between the national capitalist groups, and fighting between the capitalist groups and the colonial peoples in order to "open up" trade. But in the main, the struggle was for opportunities to exchange consumption articles for supplies of peasant-produced raw materials and food. Capitalism remained, so to speak, at home; it established exploiting connections with peasant production elsewhere, but left it unchanged. Foreign trade was still exchange, though profitable exchange for the capitalist countries. But with the appearance of the conditions for Imperialism the character and function of foreign trade changed. This is dealt with in Section IV.

READING.—For the theoretical treatment of foreign trade, see Marx, *Capital*, Vol. III., Chap. 14, sect. 5. For examples of foreign trade in articles of consumption, and the profits from this exchange, see the L.R.D. Colonial Series, especially *China*, Chap. I. and *West Africa*, Chap. III.

III—CONDITIONS LEADING TO IMPERIALISM

THE search for raw materials and markets for the realisation of profits is inherent in capitalist production itself; and the conflicts arising from this appear from the earliest days of capitalism. They are therefore not the specific conditions which mark Imperialism. Imperialism could not develop until capitalism had reached a stage when

- (1) concentration of ownership had brought an effective degree of monopoly; that is, when a small group could influence the course of production within particular industries;
- (2) the financial system had developed to such an extent that any such control had to be in the hands of the financial groups, or could only be exercised through them;
- (3) the State no longer served the interests of all capitalists as an undifferentiated class, but directly served the interests of the industrial and financial monopolists.

These three conditions were essential before the characteristic features of Imperialism could appear, but they are conditions within capitalism; they themselves arise out of capitalism, and the fundamental laws of capitalist production continue to operate when the imperialist stage is reached.

In Britain, the emergence of the three conditions noted above was a relatively long process, depending on (1) the great mass of accumulated profits; (2) technical developments; as well as (3) legal changes. The main technical development was the growth of the iron and steel industry and heavy engineering in which large units were essential (they can be contrasted with the textile industries, in which a large concern merely involves the aggregation of a

number of machines, not the erection of specially large machines). This necessitated a large amount of capital in the hands of one group, and the need for this was met by legal changes, *i.e.* the encouragement of joint-stock companies under the Companies Acts of 1844 (registration of companies), 1855 (limited liability), 1858 (extension of limited liability to Banks), 1862 (codification of company law). As a result, companies were established in every industry, the promoters getting in capital from a large number of shareholders, but retaining control. In order to retain control, it was not necessary for the promoters to hold a majority of the capital; the law allowed differences in voting rights to be established—for example, a concern with a total capital of £1,000,000 might have £400,000 in Debentures and £400,000 in Preference shares without voting rights, and £200,000 in Ordinary shares, which alone carried voting rights. Experience showed that effective control could be exercised without holding even half of the voting rights; the larger the number of shareholders, the easier it is for the directors to retain control, as the overwhelming majority of shareholders do not take the trouble to vote, and if they do, usually support the directors. Thus large units under control of a narrow group became possible, and the great fund of accumulated profits seeking investment, together with the profit-making advantages of the large unit and combinations of units, led to their extension into every sphere of industry. Between 1856 and 1868, 7056 companies were formed, with a total nominal capital of £895 millions (not necessarily all issued—there are no statistics of actually issued and paid-up capital for the early period).

Exactly the same development occurred in Banking, and the large joint-stock banks absorbed first the private banks and then the smaller joint-stock banks. Between 1844 and 1861, 34 private and 10 joint-stock banks were absorbed by amalgamation; between 1862 and 1889, 97 private and 40 joint-stock. The technical developments of finance (especially the growth of the cheque system and of credits) hastened the process of financial concentration, and at the same time led to growing control over industry by the financial concerns. This was partly due to the need for financial help in the floating of industrial companies; partly to the fact that the banks, controlling vast resources, were able to set up industrial companies themselves (this was a specially important feature in Germany and the United States); and partly because of the Bank control of credit for current business (this was and is still of special importance in connection with any period of bad trade, when companies get in debt to the banks). With the extension of the credit system, industrial companies tended to use Bank credits instead of new capital as their business developed, so that in practice a large part of the capital used is actually controlled by the Banks. This control is exercised through directors representing the Banks on

industrial companies, as well as through "advice" from the Banks without personal connections.

In this way *industrial concentration and monopoly and financial control* arose. Identification of the financial groups with the State machine cannot be proved statistically, but becomes apparent in national policy, especially the increase of armaments and their actual use in furthering financial and industrial interests. The Boer War is a good example; British policy in China is another. Conditions for this identification may however be mentioned; the use of the working-class against rival capitalist groups, involving wide extensions of the franchise (1867, 1872); and the growth of a highly-controlled press and educational system—more recently, cinemas and wireless—to rally voting support for imperialist policies. In particular, each war shows the financial control over the State machine, and the "continuity of foreign policy" is a reflection of this permanent effective control.

With the development of these three conditions (monopoly, financial control, and State identification with these), and on the basis of the tremendous accumulation of profits from exchange trade (see Section II.) and from industrial and financial monopolies, the character of foreign trade changed—from the export of consumption articles to the export of capital.

It should be noted that the export of capital from Britain (and, to a less extent, from other countries) was in operation early in the nineteenth century; loans to foreign governments, railway loans, and even the setting up of factories in Belgium, France, etc., were carried out by British capitalist groups between 1820 and 1875. But after that period the export of capital began to be a dominating feature in foreign trade; and the development of monopoly and financial control in alliance with the State machine led to competition between capitalist groups in different countries for territories where monopoly control of raw materials and investments could be secured and to which capital goods could be exported. Between 1876 and 1900 the following percentages of the territory named were brought under the control of the capitalist States—Africa, 79%; Polynesia, 42%; Asia, 5%.

Lenin (Chap. VII.) notes five features of the imperialist stage of capitalism—(1) monopoly, (2) bank control, (3) export of capital, (4) international capitalist monopolies, (5) territorial division of the earth among the chief capitalist groups. These further points are dealt with in later sections.

READING.—For general treatment and detailed facts on the growth of combines and banks, see *Imperialism* (Lenin), Chaps. I.-III.; *The Evolution of Modern Capitalism* (J. A. Hobson), Chaps. V.-VIII. The Plebs pamphlet *Banks and the Workers*, gives some useful points. *Short Course of Economic Science* (Bogdanoff), Chap. IX., might also be consulted.

IV—FOREIGN LOANS AND INVESTMENT

IN the export of capital it is useful to distinguish two main forms—loans and investments. The difference is that foreign loans are made to a foreigner—for example, a Russian Tsar, a Sultan of Turkey, an Emperor of China, or even a foreign merchant; while investments involve the carrying of the home country capitalist interests into another country—setting up of rubber companies in Malaya; tin or gold mining companies in Africa; textile mills in India, etc., directly owned by the home capitalists. It is not a hard and fast distinction from the point of view of the home country; a loan to a Russian Tsar is an investment to the British or French lender; the supply of capital goods (usually railway material) may be a condition of the loan. But it is an important distinction from the point of view of the foreign country concerned; a loan to a foreign State may leave the productive system in that State practically unchanged, when the loan is for war material, Court squandering, etc. Investments essentially change the productive system in the foreign country, involving the introduction or extension of capitalism.

Historically, the first form of the export of capital is loans, owing to the accumulation in the hands of the banks and financial houses being relatively earlier than large-scale production of capital goods, but also to the fact that loans are a form of penetration which can be carried through without political control of territory, although they prepare the way for such control (as in Egypt).

Where there is already a native trading bourgeoisie a large volume of loans may be made to it, in addition to loans to the native State. These loans are usually made by banks set up by the home country and operating in the foreign country concerned—for example, the Hong Kong and Shanghai Bank. The bank does not import and lend gold, but amasses in the foreign country concerned the proceeds from the sale of commodities imported from the home country, and uses this fund for loans to native merchants, etc. A similar method is used for non-productive loans to native States.

The economic effects on the home country of loans to States for non-productive purposes, or to native merchants for trading purposes, are (a) to increase the exports of articles of consumption to that foreign country, at the period when loans are made; (b) to increase the imports from the foreign country in subsequent years, in payments of interest on the loan; (c) by thus reducing the total products of the foreign country available for exchange (inasmuch as a substantial part is earmarked in payment of interest) to reduce the total exports of consumption articles to that country.

But with the growth of heavy industry and engineering in capitalist countries the loans to foreign States take the form of

loans for constructional purposes—railways, harbours, bridges ; and loans to foreign municipalities develop—for tramways, electric lighting, etc. In such cases the banks and the industrial concerns act together—the banks offer and raise the loan (getting commissions and interest on any sums lent by themselves) on condition that it is used to buy railway or other material from industrial concerns in which the Banks are interested—the industrial concern thus getting a new market and new profits.

The economic features of this development are (1) the increase in the export of *capital goods* to the foreign State ; (2) a simultaneous increase in the export of consumption articles to that State, the proceeds of which cover that part of the loan which is to defray construction costs (labour, salaries, commissions, etc.) in the foreign State ; (3) a subsequent increase of imports from the foreign State in payment of interest ; (4) a corresponding diminution of that part of the foreign State's surplus products which is available for exchange ; and, therefore (5) an eventual fall in exports of consumption goods to that State.

A further stage is reached later with investments in the limited sense, *i.e.*, the export of capital goods in the form of productive machinery—mining, textile, etc. This is usually kept in the ownership of the exporting country's capitalists, who then begin to produce in the foreign country articles hitherto produced only at home—such as coal or cotton goods (see Section VIII. for the part played by the native bourgeoisie at this stage).

The economic effects of this are (1) higher export of *capital goods* ; (2) higher export of consumption articles, the proceeds of which are to pay for erection costs ; followed by (3) lower export of consumption goods when the new factories begin to produce ; (4) higher imports from the colonial country, because profits have to be brought home ; but (5) as the field for investment narrows in the home country, profits tend to be left in the foreign country, and to be used for extending production there, leading eventually to production of capital goods there and consequent loss of markets for the home country of both consumption articles and capital goods.

It is apparent therefore that each stage of development, from simple loans to loans for construction and finally investment, results for the home country in

- (a) increase of exports (consumption articles alone, or capital goods and consumption articles) in the first period ;
- (b) subsequent increase of imports for interest payments, and corresponding decrease of exchange imports ;
- (c) therefore decrease of exchange exports of consumption goods.

As accumulation of profits continues and is even accelerated by the higher profits made on foreign trade, the means of production in the home country are extended in order to invest the profits,

i.e., use the accumulated capital to produce more profits. As long as the chief means of production produce consumption articles, there is a check to their extension in the fact that there is a limited market. But with the growth of means of production producing capital goods such as steel and machinery, the market for these goods can be extended for a considerable period by the export of capital, resulting in profits for the makers of the capital goods exported, and interest and commissions for the financial groups.

Thus while the drive to export consumption articles is the motive of higher profits, combined with the need for raw materials, the drive to export *capital goods* is the need for (a) immediate profits on the making of capital goods, and (b) investments which will produce future profits.

READING.—For the general treatment of this subject, see *Imperialism* (Lenin), Chap. IV.; for particular examples, see any of the L.R.D. Colonial Series, especially *East Africa*, Chap. VI.

V—IMPERIALISM IN VARIOUS COUNTRIES

WHILE the general conditions for the rise of imperialism, and the specific features of imperialism, apply wherever the capitalist system exists, the special history of capitalist growth in different countries requires examination, as it explains the pace of development towards imperialism and the particular factors which acquired special prominence.

BRITAIN.—The examples given in this book are mainly of British developments, which were conditioned by (a) the considerable extension of capitalism at an early date, before technical changes necessitated the large unit; (b) the consequent wide distribution of ownership of the means of production, and consequently of profits; (c) the relative slowness in the growth of effective monopoly arising from this; and (d) the company legislation which created the necessary legal forms for uniting the scattered accumulations. (Siemens, the German heavy industry magnate, told the German Reichstag in 1900 that "the £1 share is the basis of British imperialism"). At the same time, the early historical development of British capitalism was mainly in consumption articles (cotton goods) from the export of which, as we have seen, great profits were made. Hence the Manchester school of free traders, which influenced State policy during the middle of last century. In such conditions, the rise of monopoly, industrial and financial, was relatively slow in Britain, and took the form of the simultaneous emergence of a number of separate important groups bound together by working agreements rather than by unified control. The result of this history

is that although effective control is centralised in associations dominated by the larger concerns in alliance with the Banks, industry, comparatively speaking, is not "scientifically" organised. The Banks themselves dominate industry by means of directorships and control through loans rather than by direct holdings of shares. It is these special features which make "rationalisation" on the German model difficult at the present time.

GERMANY.—The industrial revolution stage was comparatively late in Germany, in the main owing to (a) the absence of accumulated profits from foreign trade; (b) the existence of a number of separated feudal States. Industrialisation spread only after 1850 (to some extent with the help of British capital); and only became important after the unification of Germany (1867) and the conquest from France of the Alsace-Lorraine coal and iron field (1871). By this time the technique of production already necessitated the large unit; but owing to the lack of widespread accumulated profits, the industrial joint-stock company could not meet the need for large amounts of capital. Hence the Banks were the only means of finding large sums and therefore the large unit grew up in Germany as the direct offspring of the Banks, encouraged and assisted by the Government. Although later in reaching capitalism, Germany was therefore earlier than Britain in reaching a high degree of concentration and financial monopoly, and identification of these with the State. The result was a more rapid accumulation through monopoly control and a consequently more rapid expansion of the heavy industries producing capital goods. By 1900 Germany was producing more steel than Britain. But it was not only the concentration and consequent better equipment that helped German industry; the monopoly control, acting through the State, secured heavy protective tariffs, which raised prices (and profits) within Germany, and thus financed German exports (so-called "dumping"). Hence arose an even more direct conflict with other capitalist countries than would in any case have arisen over colonial raw material sources and markets. The high degree of monopoly in Germany has been further developed by the war, and has made possible the "rationalisation" of production, *i.e.*, widespread closing down of inefficient concerns and concentration on the more efficient. This will necessarily lead to a new rapid accumulation of profits, combined with growing restriction of the workers' purchasing power, and the consequent renewed pressure for capital export.

FRANCE.—French capitalism, like German, was slow in developing; as in Britain, there were widespread accumulated profits from earlier foreign trade; owing to the loss of Alsace-Lorraine, heavy industry could not develop to any great extent (in 1900 France produced little more than a quarter of the output of steel in Britain). Hence the relative importance of the small business in France, and

the concentration of French capital in the Banks and investment trusts, rather than in large industrial companies. The export of capital was therefore mainly in the form of *loans* to Governments and municipalities (especially in European countries—Russia, Spain, Italy, Rumania). At the same time, industrial combinations developed in alliance with the Banks, and with the recovery of Alsace-Lorraine have become powerful and are seeking to export capital goods.

UNITED STATES.—The development was similar to Germany's and, owing to the vast natural resources, the growth of immense concentrated units in alliance with the Banks and protected by tariffs was able to proceed without requiring colonial extension as the European capitalist groups did. Extension of the capitalist area did in fact take place westwards and southwards; and with the Spanish-American war (1898) colonial development began. The export of capital has taken almost entirely the form of *investments* and export of capital goods to Canada, Mexico and South American States; although loans to European and other Governments are important.

The output of iron and steel in these countries gives a rough idea of the relative development at different periods (in million tons) :—

		Average. 1870-74.	Average. 1900-04.	1913.	1926.
Britain,	...	6·9	13·5	17·9	13·8
Germany,	...	2·1	16·2	27·4	21·9
France,	...	1·3	4·3	12·2	15·8
U.S.A.,	...	2·3	29·8	30·0	47·1

In studying the development towards imperialism in different countries, it must not be forgotten that the same fundamental process is at work in each country. Differences, for example, in the formal structure of capitalism do not imply any fundamental differences in the ownership of the means of production, or in the capitalist system of production. Nor do they necessarily imply any less degree of effective monopoly, industrial and financial.

READING.—*The Evolution of Modern Capitalism* (J. A. Hobson), Chaps. V., VII., and VIII. Articles on *British Colonial Policy and Imperialism* (M. H. Dobb) in the *Plebs*, 1921.

VI—INTERNAL ECONOMIC RESULTS OF IMPERIALISM

FOR the capitalist countries which enter the Imperialist stage, the economic results are :—

(1) In the early stages, a rise of the average rate of profit, through the process indicated in Chapter II.—trade with backward countries, where goods produced by machinery can realise values fixed by hand-production, combined with the turning of the proceeds into cheap raw materials (including food).

(2) Because of the higher rate of profits and rapidly accumulating mass of profits, further rapid growth of industries producing capital goods, *i.e.*, instruments of production which can be used for making further profits. For example, the expansion of British foreign trade in textiles made necessary (a) more textile machinery, (b) therefore more engineering works to produce textile machinery, (c) and more raw materials both for textiles and for textile machinery and for labour to work the new machines. This applies with diminishing intensity as Imperialism passes into the stage of decline.

(3) The more powerful capitalists (Banks, or industrial groups connected with Banks) extend their monopolies, floating new enterprises which remain under their control, and buying up (a) concerns which are specially favourably placed, and are making more than the average rate of profits ; and also (b) concerns which are bankrupt or in difficulties owing to the competition from monopolist groups.

(4) In the early period, owing to higher profits and growing monopoly, the capitalists can give the workers an improving standard of living and working conditions ; real wages rise, hours are reduced, and Factory Acts are applied. None of these are given voluntarily ; but the pressure of the workers for " reforms " is successful because capitalism can afford to buy off any determined movement with such concessions. This is the period of development of Labour " opportunism " as opposed to class-struggle tactics. At the same time, the need for greater skill and greater " drive " in handling the modern machines leads to the capitalists educating the workers (free compulsory education ; this incidentally brings new power over the minds of the workers—opportunity for imperialist propaganda). See par. 9 below, and also Section IX. for the later stages of this process.

(5) But with (a) the virtual partitioning of all productive colonial areas and saturation of these areas (*i.e.*, absorption of a large part of their surplus produce in payment of interest, and competition for the balance from a steadily growing output capacity in capitalist

countries, and (b) the higher "organic" composition of capital—more fixed capital, more raw materials, and less labour power—the rate of profit begins to fall.

(6) The fall in the rate of profit leads to (a) the closing down of weaker concerns and consequent unemployment; (b) pressure on the workers; (c) manufacturing in colonial areas with cheaper labour; (d) State intervention—tariffs, subsidies, and war.

(7) Each of these attempts to keep up the rate of profit leads directly to more unemployment, which in turn reduces the purchasing power of the workers, and therefore raises in a still more acute form the difficulty of finding a market.

(8) The process therefore leads inevitably to a declining rate of profit in the capitalist country, which however only affects the capitalist class *as a whole*, while the more powerful groups, now in an almost complete monopoly position, may be actually improving their position (accumulating more profits) in contrast with the general position of capitalism.

(9) The result is that accumulation becomes the privilege of a continually narrowing section of the capitalist class, while the remaining sections turn to attacks on labour conditions as the sole remedy for the disappearance of their profits. The more powerful capitalist sections (a) give special conditions to their own workers—higher rates, welfare work, company unions in various forms, etc.; but (b) use the difficult position of the weaker capitalist sections to lower general working conditions, which are then lowered also for their own employees. Concessions made in the earlier stages of Imperialism are taken away from the workers, unemployment increases with each further lowering of working conditions, and the class struggle enters a stage of almost continuous acute conflict.

Each conflict further lowers (a) the purchasing power of the workers; (b) the margin of accumulation for the capitalists as a whole; while (c) the powerful capitalist groups further extend their monopoly and control; but are faced with (d) a working-class rapidly developing a national and international organisation.

The later stages of this whole process cannot be considered in isolation in separate countries; international rivalry and war; the rise of native capitalism and a native proletariat in colonial areas; and the decline of capitalist production, are all bound together. These are the subjects of the following sections.

READING.—*Imperialism* (Lenin), Chap. VIII. and Chap. X. See also various articles in the L.R.D. *Monthly Circular*, especially the January, 1927 number. *Short Course of Economic Science* (Bogdanoff) is also useful, especially Chap. IX.

VII—INTERNATIONAL RIVALRY AND WAR

INTERNATIONAL rivalry between capitalist groups has always existed. The opening up of any specially favourable market (such as China) or source of raw materials (gold, oil) by one group of capitalists, which is thus able to make specially high profits, is followed by competition for those high profits from other capitalist groups. But with the growth of monopolies, the increasing accumulation and control by financial groups, and the identification of the State with these groups, a more consciously planned rivalry developed, in which the capitalist State carried out a persistently "Imperialist" policy, and armed itself for this purpose.

In the first place, the rivalry was for State control of territories, instead of for markets or the right to obtain raw materials. Influence over another State (where a relatively strong State existed, as in Egypt, Turkey, China), or the setting up of a new State under control (colonial governments), brought with it special control over supplies of raw materials, and an effective monopoly of loans and capital exports. Secondly, the collection of interest and repayment of principal necessitated control of the borrowing State's finances (as in the Chinese Customs, which were controlled by foreigners, whose first duty with the revenue collected was to pay the interest on loans; or in colonial countries, where the colonial government imposes taxation to pay interest on loans).

State control of colonial or semi-colonial territories was therefore essential. At first, it was a race to secure control of new territories; then, when conflicts threatened to endanger profits, the stage of partitioning out territories began; by agreement between a number of countries (Berlin Conference of 1886, which divided Africa into spheres of influence); or by arrangements between two countries (Anglo-Dutch arrangement of 1870; Anglo-French of 1904); or by arrangement between capitalist groups—agreeing on a division of profits (pooling arrangements). Monopoly thus began to spread *internationally*.

But (1) any partition agreement is based on the strength of national groups at a given time, and any change in relative strength (*i.e.*, capitalist development of particular industries, or of industry generally, or greater necessity to expand capital exports, or to get raw materials) leads to the cancellation of the agreement; and (2) the stage is rapidly reached when all the colonial areas are already divided up, and further extension is a necessity of each national capitalist group.

The inevitable result is war. Preparations for war (munitions, warships, dockyards, etc.) are very useful in providing State markets for the heavy industry groups; they usually involve also loans, which are useful to the financial groups; and when war actually

develops, the benefit is spread through other capitalist groups. On the other hand, the taxation involved worsens the position of the workers, reduces their purchasing power, and therefore further emphasises the capitalist need to send capital goods abroad, *i.e.*, to extend control of colonial areas.

After a war, a new arrangement of territory is made ; but soon this new arrangement ceases to satisfy capitalist needs, and war preparations and war to change the arrangement follow once more. Each temporary solution leaves the fundamental fact unchanged—the need of capitalism to expand—and wars recur at more frequent intervals.

The particular rivalries leading up to the war of 1914 were liquidated for the moment by the wiping out of Germany as a colonial power and the lopping off of important German industrial areas ; but new rivalries have already appeared between United States and British groups, French and Italian groups, and Franco-German and British groups. Moreover, apart from these rivalries between capitalist groups, new conflicts have inevitably arisen from (a) the establishment of the first workers' State in Russia, and (b) the rise of nationalism in colonial countries, especially China.

The functions of a " League of Nations," composed of capitalist States, can only be (1) to secure better opportunities for the more powerful capitalist groups ; (2) to unite the capitalist groups for action against the non-capitalist groups. The fundamental conflicts of interests continue unchanged ; and the League serves to give international sanction for particular acts of spoliation (Versailles Treaty, Mandated Territories, etc.). The virtual failure of disarmament proposals shows that war will be the only method of changing the balance of power between the groups.

READING —*Imperialism* (Lenin), Chaps V., IV., and IX. *Economic Imperialism* (L. Woolf), and *The War of Steel and Gold* (Brailsford) are useful for reference to particular points. The L.R.D. White Paper, No. 18, *The League of Bankers*, gives some important facts about the League of Nations.

VIII—RISE OF NATIVE CAPITALISM AND PROLETARIAT

IN the early stages of capitalist invasion of colonial countries, the existing State and powerful groups are attacked in order to break their resistance to foreign capitalist domination. Even where loans are made before this domination is established (for example, Egypt) force is used at a later stage, and the conditions of peace involve subordination of the native State machine to foreign capitalist control.

But from the first establishment of regular trade with colonial countries, native merchants or chiefs are used as middlemen by the capitalist invaders. In the most developed colonial countries (China, India) a powerful class of native landowners already exists, and also a merchant class. But even in Africa such a class develops ; in all cases it is the means through which a small number of foreign capitalists can extend their trading connections, collect raw materials far in the interior, and safeguard political control. Naturally encouragement by the foreign capitalists hastens the growth of the native middlemen, and makes them into rivals of the foreign capitalists instead of servants. In this stage, the native middlemen have become conscious capitalists, realising that the foreign capitalists are making considerably higher profits than they are, and (under the influence of the ordinary capitalist motive of seeking higher profits) entering into active competition with the foreign capitalists.

In this competition they are brought up against several factors which prevent their effective economic growth, such as—

- (a) the deadweight of foreign loans, involving taxation to provide the foreigners with interest ;
- (b) direct political control by the foreigners, or indirect control through a puppet government, which secures legal advantages for the foreigners ;
- (c) the economic control by foreign banks and strong monopolies, which directly hinder native development.

The result is the rise of nationalism, economic and political, taking the forms of—

- (a) propaganda for the cancellation of foreign loans ;
- (b) attempts to secure State control and use it to further nationalist production ;
- (c) general economic action in boycotts of foreign goods, and propaganda for the use of national products.

Alongside of the native merchant opposition there is also opposition to foreigners on the part of a native industrial capitalist class (which develops from the merchant class). The native peasantry, oppressed with heavy taxation for interest on foreign loans, willingly follows the native capitalist lead, and meanwhile a proletariat is developing, engaged in both native and foreign enterprises.

The native proletariat also feels the pressure of foreign control, in taxation, low wages and long hours. Its first organised efforts are directed against the foreign capitalists ; and it is ready to support the native capitalists in order to remove foreign control.

Hence arises a coalition between native capitalists and native proletariat, which may form a serious danger to foreign control. China and India are the best examples. But the coalition is necessarily of short duration, in proportion as the nationalist movement

becomes successful. Sections of native capitalists more directly connected with the foreigners, or more highly developed as capitalists, realise that the real challenge by the native proletariat is to capitalism, and therefore leave the nationalist movement and side with the foreigners. Thus by the constant shedding of the Right Wing, the nationalist movement becomes dominated by the Left, *i.e.*, becomes a revolutionary movement, while the Right Wing is ready to retain its economic position by sabotaging the revolutionary nationalist movement, accepting and working "Reforms" giving the Right Wing a share in the Government, etc.

The rise of the nationalist movement

- (a) hastens industrialisation, in order to displace foreign goods;
- (b) by this competition and by boycotts, etc., checks imports from the foreign capitalist countries;
- (c) hastens accumulation by the native capitalists, and therefore strengthens their economic power;
- (d) hastens the organisation of the native peasantry and proletariat.

Even apart from armed conflict, the rise of the nationalist movement involves the foreign capitalists in difficulties (competition, demands for preferential treatment, political opposition, boycotts, etc.) which are only got over by compromises inevitably becoming more serious; or, if compromises are not given early enough, armed conflict arises.

The position in the British Dominions, Canada, South Africa, and Australasia, is that considerable capital investments from Britain have created a drain on production for the benefit of British groups, and the general conditions for opposition to these British groups exist. But in each case there are special factors which modify this opposition. Generally speaking, there is an interlocking of interest between the groups in Britain and in the Dominions; in Canada, United States interests are more important than either purely local Canadian or British interests. In Australasia the industrial and financial interests are largely identical with British. In South Africa only is there the nucleus of a nationalist movement in the Boer groups, and in the considerable numbers of natives and imported Indians; but there are also important interests directly connected with Britain. In such cases the opposition to exploitation by purely British groups is existent, but is not as yet of great importance.

READING.—The best illustration of the process is given in *British Imperialism in China*, especially Chaps. IV. and V. The position in India is dealt with in R. P. Dutt's *Modern India*. There is as yet no satisfactory study of the position in the British Dominions, but articles in the L.R.D. *Monthly Circular*, Jan., Feb., March, and May, 1926, contain some useful points.

IX—IMPERIALISM IN DECLINE

IN preceding sections we have seen that capitalism, after it has reached the stage of extensive monopolies closely linked with the financial groups and controlling State power, in its search for more and higher profits extends over "backward" countries, and makes specially high profits from them in a process leading from trade to direct industrial exploitation.

By this expansion, capitalism is able to postpone the difficulties arising from the capitalist system itself, especially the difficulty of continuing to accumulate profits and finding no possibility of using them *as capital* in the home country except at a rapidly falling rate of profit, owing to the fact that the market is limited by the workers' purchasing power.

Nevertheless, the expansion is only a postponement. As we have seen, the introduction of capitalism in backward countries involves a continuous decline in the export of consumption articles from the home country, with consequent unemployment, further reduction of the workers' standards, and continuous active class struggle. The export of *capital goods* continues on a large scale; but with the colonial countries approaching saturation and also beginning to produce capital goods themselves, the export of these also from the home country declines.

But capitalism in the home country becomes more concentrated, monopolies extend in every industry, the control of the Banks becomes more effective and in closer touch with the State machine. The decline in production for export does not seriously affect the powerful capitalist groups, who continue to draw profits from colonial industries and who use their monopoly position (a) to keep up prices on a restricted production, (b) to "rationalise" industry—close down the smaller and less efficient concerns, introduce mass production and other technical devices to reduce costs.

These measures keep up profits, but again only for a time, because every such method produces more unemployment and means a smaller purchasing power from the workers. The home country becomes a parasite country, living mainly on dividends from the colonies and the luxury trades catering for the capitalists.

The powerful group of finance capitalists use their influence on the State machine to secure contracts, subsidies, State-guaranteed loans, and orders from Colonial States for capital goods. But these also merely postpone the decline, accelerating it eventually owing to the load of State debt and consequent taxation.

Meanwhile, a change is taking place in the outlook of the workers. The early stages of imperialism were successful in developing home production and raising the capitalist's rate of profits. In order to avoid checks to production at this period, the capitalists made con-

cessions to the workers—wages, hours, Factory Acts, etc. Each actual concession is only made when the workers are sufficiently well organised and determined to enforce it ; nevertheless certain sections of the workers begin to develop the psychology of co-partnership—identifying their own conditions with the prosperity of capital, and rejecting the idea of class struggle. Consequently, the frequent actual conflicts become represented as due to “extremists” on one or both sides ; a Labour aristocracy of relatively well-paid workers develops, and also a Labour bureaucracy which endeavours to keep the balance, and is used by the capitalists to weaken the workers’ resistance, and to divert it into safe channels.

The idea of Empire plays a large part in determining the attitude of the Labour aristocracy and bureaucracy ; “the white man’s burden,” the prestige of the country, continuity of foreign policy, unity of Empire, and similar ideas are used to disguise the real exploitation of the colonial workers and the resultant decline in the home country’s trade and production. Imperialist rivalries and wars serve to develop “patriotism,” deepen the psychology of unity between the Labour aristocracy and the capitalists, and help to spread that psychology among wider groups of workers.

But these ideas begin to lose their hold when the capitalists can no longer continue the concessions of the early imperialist period, production declines, unemployment increases, and the conditions of the working class in the home country steadily get worse. The organisation of the workers becomes more centralised and effective ; and struggles develop on a national instead of a sectional scale. The fundamental facts of the class struggle become more widely realised ; and the identity of the struggle in the home country with the struggle in other countries is understood ; gradually internationalism grows stronger, and support is given to the revolutionary nationalist movements in the colonies, which are realised to be essential steps towards the overthrow of capitalism. This brings acute division within the working-class movement between the sections of the Labour bureaucracy, which are still dominated by Imperialist conceptions, and the workers who realise the nature of Imperialism. As in the earlier stages, this section of Labour is used by the capitalists to weaken the workers’ resistance to keep it within “constitutional” channels, while these legal channels are narrowed by anti-working-class legislation, “emergency” acts, etc. In Britain, the Guardians Default Act and the Trade Union Bill are recent examples. But the economic position steadily worsens, and the workers become more class-conscious with every repressive measure ; while the colonial nationalist development weakens the power of the capitalists.

The overthrow of capitalism in Russia not only lops off a part of capitalism, but serves as a practical object lesson ; the elimination of private profits in Russia’s large-scale industry enables a planned

expansion, with a steady rise in output and in workers' conditions, in contrast with the declining output and worsened conditions in capitalist countries. Hence the class struggle develops an international State front (Soviet Russia, and the Chinese Revolutionary Nationalist Government) as well as a home front.

READING.—*Imperialism* (Lenin), Chaps. VIII. and X. *The Decline of Capitalism* (Varga). Recent developments should be noted from current journals, and their bearing discussed.

X—THE THEORY OF CAPITALIST ACCUMULATION

THE economic causes of Imperialism and the detailed economic working of Imperialism cannot be completely understood without a closer examination of the theory of capitalist accumulation and indeed of capitalist production in general. Accumulation (although expressed in money terms) is fundamentally the increase of the means of production; and these include not only fixed plant and raw materials for the production of goods, but also food, the raw material of labour power. Capitalist accumulation is accumulation of the kind indicated in the hands of the capitalist class, and under capitalism such means of production are only made use of in so far as their use will bring surplus value to the capitalists. Otherwise they are left idle; buildings and machinery are even dismantled, raw materials and food are deliberately destroyed or their output restricted.

The theory of capitalist accumulation has to explain under what conditions accumulation is possible, and how it is related to production. It is obvious that real accumulation takes place whenever any of the necessary means of production are created in excess of (a) the requirements of consumption, which include capitalist needs (including luxuries), and food and other articles which serve as the raw material of labour power; and (b) replacements of machinery, raw materials, etc., used up in the process of production. It is equally obvious that in order for this real accumulation to be usable in extending production on the same basis, it must be divided into two parts—(1) buildings, plant and raw materials for production of goods; (2) food and other articles as raw material for labour power. If buildings and plant exist, and food, etc., but no raw materials (as in the raw cotton shortage during the American civil war), production cannot take place. Raw materials and food, etc., without plant, are equally useless in most industries; and plant and raw materials without food (for labour power) can produce nothing.

The result is that the smooth working of capitalist accumulation requires a balanced surplus of these two main classes of products;

the actual relation between the two depending on the stage of technique and the current standard of living of the workers. It must be clearly realised that money accumulation—the accumulation of a bank balance—means nothing apart from this accumulation of real productive resources. It is in the process of production that surplus value is made, and profits created for the capitalists. The possession of money, and its “investment” in shares, etc., constitutes only a legal claim by particular individuals to a part of the surplus value created in actual production.

From this analysis it is clear that to understand the working of capitalism a distinction must be drawn between production of (A) means of production (plant and raw materials) and (B) consumption articles; and we must examine what constitutes the market for each type, because the finding of a market is an essential for the smooth working of capitalism and therefore for accumulation.

Production is a continuous process, in which all kinds of articles are produced at varying periods and in various quantities. But in any given period, say a year, what are grouped as A and B above are produced, and the total value of A or of B must be as under:—

Value of A or of B = values of (a) fixed capital depreciated in the course of production and (b) raw materials used, (c) food and other consumption articles used to create labour power, *i.e.* wages (all the foregoing are regarded as costs of production); profits, including (d) consumption articles for capitalist use; (e) accumulation of fixed capital; (f) accumulation of raw materials; (g) accumulation of food, etc., for additional workers required by the extended capital.

But while the total *value* of the products of each branch of production must be equivalent to the above, the *form* of the products is different; of branch A, it is only means of production; of branch B, only consumption articles. Considering the branches of production as wholes (*i.e.*, omitting for the moment the fact that they are divided into different sections and different ownership) the conditions of finding a market for the products of each branch are clear. A keeps, and does not need to market, products which are in the form required for his industry (capital goods and raw materials); B keeps, and does not need to market, products which are in the form required for his industry (food and other consumption articles). But each has to market the balance which is not in suitable form for his requirements. The following makes this clear:—

Products in the form required.

KEPT BY GROUP A.	KEPT BY GROUP B.
Capital goods and raw materials produced in year:	Consumption goods made in year:
(a) to replace fixed capital depreciated in course of production;	(b) to replace some raw materials used (<i>e.g.</i> , grain seed);
(b) to replace raw materials used;	(c) for labour power—wages, etc.
(c) new fixed capital to extend production;	(d) for B capitalists' consumption;
(f) additional raw materials to extend production.	(f) for some raw materials to extend production;
	(g) for new labour power to extend production.

Products not in the form required.

SOLD BY GROUP A.	SOLD BY GROUP B.
Capital goods and raw materials produced in year :	Consumption goods made in year :
(c) for value of wages ;	(a) to replace capital depreciated ;
(d) for A capitalists' consumption ;	(b) to replace some raw materials used (e.g., coal) ;
(f) some raw materials surplus to their own needs (e.g., coal), which B requires ;	(e) for new fixed capital to extend production ;
(g) for additional wages—new labour power to extend production.	(f) for new raw materials to extend production.

So long as the value of what Group A is obliged to sell is equivalent to the value of what Group B is obliged to sell, these two sets of products are in effect exchanged (through the medium of money-sales, or directly in the case of trustified groups), and capitalism proceeds with a new turnover on a larger scale (owing to the accumulation provided out of profits). But it is obvious that an unsaleable surplus may arise if either A or B produce too much in relation to the other's needs (effective needs for the next turnover of production). The only buyer of capital goods which are surplus to Group A's own needs as shown above, is Group B ; the only buyer of consumption articles surplus to Group B's own needs, as shown above, is Group A.

In what sense are the workers the market ? We have seen that the consumption articles produced are used *either* by the capitalists of Groups A and B (and even luxury consumption has a limit) or by the workers in these Groups. But the workers' consumption is limited by the amount of wages paid by Groups A and B. In other words, the *real* buyer is the capitalist, who buys labour power and thereby the consumption articles which produce labour power. This is quite clear in cases where wages are paid in kind ; but it is equally true where wages are paid in cash. Therefore under capitalism the market for consumption articles depends *mainly* (apart from consumption by the capitalists themselves) on the amount of wages paid in capitalist production. Referring to the scheme above, if items (c) wages, and (g) wages for new labour power to extend production, are reduced in total value, while B's production is as before, B has an unsaleable surplus of products. But this reacts next on A, because B, having an unsaleable surplus, in the next turnover, does not produce so much as before, and therefore does not require his normal amount of new capital goods (machinery, etc.) or raw materials (coal, etc.).

In fact, an *absolutely* unsaleable surplus occurs very rarely ; but the effect of any such surplus is to reduce prices and thereby profits ; while the reduction of profits reduces accumulation and therefore the amount available in the next turnover for an extension of capital goods, raw materials and labour power used.

Apart from occasional fluctuations, due to failures of harvests, speculation, wars, or even the mere fact that there is no *plan of production*, all of which result in over-production and crises, there is one factor which is constantly and increasingly affecting the balance. This factor is the developing technique of production.

READING.—*Capital* (Marx), Vol. II., Part 4. Article by Mainwaring "The World Crisis and the Labour Movement," in the *Plebs*, 1921. *Short Course of Economic Science* (Bogdanoff), Chap. VIII.

XI—OVERPRODUCTION AND ECONOMIC CRISES

If capitalist A produces in one year two machines, employing 100 men; and in the following year, making use of some technical development, can produce the same two machines with 50 men, the quantity of consumption articles required by A is less (represented by total wages bill); and there is a reduced demand on B from A, *i.e.*, B cannot find a market for the same quantity of consumption articles; but also A cannot find a market for one of his two machines. This is a factor which is constantly narrowing the market, though it is *modified* by such factors as reduced working hours for the workers, or higher wages.

Capitalism is constantly developing technique which saves labour costs, and is therefore accumulating more and more *in the form of fixed capital and raw materials*, and less in the form of consumption articles which have to be given to the workers as wages. In turn, however, the accumulation of fixed capital becomes useless, or diminishes in use to the capitalists, because the market for capital goods automatically narrows with the reduced need for consumption articles. Actually, production continues, but at a falling rate of profit.

Under monopoly capitalism, however, the reaction to the falling rate of profit is a *conscious limitation of production* in order to keep up prices and profits, whether operated through price-fixing rings, or through agreements to work part time (for example, the cotton industry), or through the restrictions on exports (for example, the Stevenson rubber restriction scheme), or restrictions on sown area (in the case of raw cotton or wheat), or definite fixing of a total output and assigning quotas to different concerns, etc.; in particular, any of these methods may be supplemented or enforced by Bank restriction of credit (to a particular concern, to an industry, or even to a whole country). Industrial monopoly controlled by the Banks and utilising the State machine can keep up the rate of profit for a time, in spite of the fundamental law of declining profits. This can also be done by cutting the labour costs, or the raw material costs, or the costs in the actual process of production (improved technique).

The improvement in technique is going ahead steadily, but as we have seen, it leads constantly to overproduction of capital goods and crisis. The reduction in wages is also constantly being tried, and it leads to stoppages, and, even if successfully carried through, to further overproduction. The reduction in the cost of raw materials (apart from lower wages) is constantly tried by opening up new sources of raw materials.

So far as these methods are successful, the immediate result is more accumulation ; and because of more accumulation, an increase in the next turnover of production. But each of these methods in turn also creates new difficulties for capitalism. Either an improvement in technique or a reduction in wages (or longer hours) reduces the wages bill, which means, reduces the demand for B.'s products, thereby reducing B.'s demand for capital goods, and causing general over-production and renewed crisis. Theoretically, a new source of raw materials might be found which would cheapen production without involving lower wages costs ; in practice, lower wages costs is always the result ; and the further results are the same as in the case where wages costs are lowered directly. Thus capitalism can find no way out, and leads steadily to declining profits and declining output.

The position since the war has given a general confirmation to this analysis. The "Coué" methods of the bankers and politicians, speaking vaguely of improving trade, in spite of statistics, and when confronted with the statistical decline referring it to Bolshevism or strikes, do not need any other comment than to point out that industrial disputes are *effects of the process of decline* and of the capitalist efforts to find a way out. But there are two theories of the position which need examination. One is that by some great new technical development capitalism can stabilise itself for a long period ahead. Points against this theory are (1) the existing capitalist relations, at least in Britain, make such a rapid and widespread technical development impossible ; even the coal industry cannot achieve wholesale organisational improvements, still less wholesale technical improvements ; (2) such technical developments can only bring improvements by saving in labour, *i.e.*, creating wider armies of unemployed, as in Germany ; (3) the consequent class struggle in Britain, and the international and colonial struggles, are now too constant and widespread to allow any such development. The second theory is that capitalism can be stabilised by paying higher wages. This arises from the idea of crises as caused by "under-consumption" ; that improving conditions can be obtained by legislating for higher wages and keeping down prices. Points against this theory are (1) it must mean, if effective, a reduction in profits, involving greater tendency of capitalists to seek to maintain their level of profits by transferring production abroad ; (2) apart from exports of capital, the result must be to press forward technical changes involving reductions of workers

employed, *i.e.*, greater productivity per worker would be the result, and not greater employment; (3) higher wages would have only a temporary effect, and the "anarchy of production" would soon result in over-production and a new crisis; in any case, it is asking too much to expect the capitalists to increase wages and accept lower profits without a fight.

READING.—*The Decline of Capitalism* (Varga); *The Workers' Register* (L.R.D., issued early in 1923); and articles in the *L.R.D. Monthly Circular*, especially January, 1927, deal with the after-war position. The theoretical side is stated in an article by Max Beer in the *Plebs* of June, 1927.

XII—ECONOMIC CRISES AND FOREIGN TRADE

WE have seen that accumulation depends on the smooth working of capitalist production, and that, apart from other causes of crisis, accumulation itself causes over-production, crisis, and a constant decline in the rate of profits. It is sometimes said that the colonies, or foreign countries in general, provide a market for over-production. But the analysis in Section X. showed that the market depends on production itself—Group A.'s production in relation to Group B.'s. Is this affected by foreign trade?

Foreign *trade*, in so far as it is really trade and not the export of capital, is essentially exchange. Group B. can take cloth to West Africa, but brings back palm kernels, and has still to face the problem of a market for the palm kernels or margarine produced from them. Unless the demand in the home market is great enough, *i.e.*, unless there is enough purchasing power (through wages) to buy the cloth, there is not enough to buy the margarine; the West African trade has not solved the difficulty of finding a market. But, as we saw in Section II., so far as the market exists, the exporter of cloth and importer of margarine has found a *more profitable* market, by exchanging cloth valued at £1 for perhaps margarine valued at £3, instead of exchanging it in the home market for £1.

Supposing that what B brings back in exchange for the cloth is tin, a raw material for A. A, who has hitherto produced tin in Cornwall, can now get it cheaper from abroad, ceases to produce it in Cornwall, and therefore stops wages and the consequent demand for cloth from the Cornish workers. B, instead of selling his cloth in Cornwall, sells it in West Africa. But, owing to the factors noted in Section II., and to the actually cheaper labour costs in West Africa, he gets the same amount of tin in exchange for less cloth. The market has not expanded; it is reduced.

In what way, then, does the "opening up" of a new country help capitalism? How is it that with every extension of foreign trade (even in consumption articles) production in the home industry increases? Precisely because *higher* profits are obtained from trade with a backward country; higher profits are a condition for expanding

accumulation ; expanding accumulation is a condition for expanding production. It is the *higher profits* that count, not the mere fact of foreign trade. Only by this analysis can we understand Imperialism in its later aspects. *Higher profits* are the driving force ; and if higher profits can be made from manufacturing abroad instead of trading articles manufactured in the home country, capitalism shifts the place of production accordingly.

But while capitalism *as a whole* cannot gain markets from foreign trade (in the sense that—again apart from capital exports—a foreign country always in effect exchanges goods and therefore the goods looking for a market simply alter their form without having found a market), nevertheless an individual capitalist, unable to sell his products in his own country, may find that he can sell them abroad. The money form of the transaction obscures the underlying exchange ; he himself does not bring back the tin, rubber, or other produce actually sent in exchange. Thus there is a general illusion of a foreign market as a means of selling surplus goods ; and hence attention (even of the workers) is concentrated on foreign trade rather than on the home trade. In fact, approximately 70% of British production is for the home trade, and the other 30% for export—including exchange articles and capital exports.

Again, just as one capitalist may find a market abroad so far as his own particular products are concerned, so the capitalists of one nation may find markets for their own products. A country producing the first machine-made cotton, engineering or other products, has the whole world as a market, in the sense that that country will open up exchange relations (and as we saw from Section II., very profitable exchange relations) with the whole world. But the capitalists of that country will still have the problem of disposing of what they get in exchange ; and, as we saw, that problem is only solved by an expansion of production.

There is, however, one form of trade which is not exchange in the direct and simple sense. That form is *credit*, or exchange in future years for what is given now. An English Bank which advances money to an Indian merchant arranges it, as we saw in Section IV., by keeping in India the proceeds of cloth exported from England, and lending the proceeds to the Indian merchants. In this way an immediate expanded market is found ; nothing is brought back at the time to encumber the English market. If, for example, the Indian merchants (or India as a whole) has a normal surplus production available for exchange of £100 millions, normal trade would be £100 millions and this would be the limit of British annual exports to India. But supposing that Britain lent India £1000 millions at ten per cent. to carry out the transaction, Britain would export £1000 millions, *i.e.*, her market would expand (for that year) ten times. But it is obvious that thereafter India would have no surplus over for exchange ; her £100 millions of products would come each year as interest, and Britain would have lost the

market for the future. Actually, of course, no such extreme case happens, because the amount which Britain can lend depends on the amount accumulated; the £1000 millions can only be lent in any year in so far as products to this value are available after meeting costs (capital and raw material replacement and wages) and the consumption of the capitalists themselves. Nevertheless, it is a process which is constantly extending, and it is on the basis of credit or investments abroad that capitalism expands its markets apart from the expansion arising out of normal accumulation at home.

What is the relation between the results of this analysis and imperialism? We have seen that the growing mass of accumulation, taking shape in means of production which economise labour and reduce the part of capital spent in wages, *i.e.*, in buying consumption articles, steadily restricts the home market. This shows itself in falling profits, with periodical crises of over-production. Foreign trade in the exchange sense does not find markets for over-produced goods; it is merely exchange of specialised types of goods, and the goods brought back in exchange still require a market.

The need for markets for over-produced goods can only be satisfied by *exporting capital*; and, as we have seen, the export of capital inevitably destroys the exchange basis for foreign trade, turning the original capitalist country into a parasitic country, importing its consumption requirements as interest instead of as exchange for exports.

It is the control of the machinery of credit which has given the Banks their control over markets, and their control over industry, and their particular interest in *investment abroad* (not foreign trade in its exchange sense). And it is for this reason that imperialism involves *finance-capital* as well as *territorial expansion*; and its special characteristic is the *export of capital*. The analysis of capitalist accumulation and the nature of markets thus shows the economic necessity, owing to factors inherent in the capitalist system of production itself, of the whole process of Imperialism described in earlier sections.

Imperialism, as finance-capital dominating the State, is thus seen as the inevitable outcome of capitalism; the struggle of the workers against imperialism must express itself in resistance to finance-capital in all its manifestations and not only to war (pacifism). Similarly, opposition to wage reductions at home must be accompanied by opposition to the external activities of Imperialism; "Labour Imperialism" strengthens capitalism. And *all* expansion of finance capital (monopoly, war, etc.) is slowing down production and worsening conditions for the workers. There is no way out except by Socialism and planned production, in which accumulation (and therefore greater production) enlarges the consumption and leisure of the workers at the same rate as production expands, while trade between countries would be simply exchange between specialised areas.

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No. 18—THE DEVELOPMENT OF MACHINES IN PRODUCTION By A. SERNER
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Others to follow.

PREFACE

THIS course is intended as a skeleton outline for worker-students, studying either on their own or in classes or study circles. References are given to books which should be read to fill in the skeleton outline with more solid matter. This extra reading is essential if the student is to gain anything from a study of the course. The outline attempts to sketch the main tendency of development in note-form and to be a guide to reading; but it is, and can be, no more than this. In study groups, the preparation of essays or papers on specialised aspects of the course—for instance, one might take the textile industry in France, another the history of trade unions among the miners, another the rise of banking—and the reading of them to the circle and the discussion of them often acts as an incentive to study and self-expression and forms a fruitful method of group research.

In giving lists of books, I have placed the simpler books, most likely to be accessible to the student, at the head of the list, and then subsequently the more detailed works for which he will probably have to seek in a second-hand bookshop or a book club or local library.

My syllabus on *The Development of Capitalism* was originally written about five or six years ago and is now out of print. I have now rewritten it entirely, so that there is little of the former syllabus left in it, except events and dates; and the present accordingly constitutes an entirely new outline. It has seemed convenient to divide the present syllabus into eleven sections. This can be adapted, if need be, to a course of a different length, merely by dividing some of the existing sections into two.

M. H. D.

SECTION ONE

THE EARLY STAGE OF CAPITALISM

IN the two centuries prior to the reign of the Tudors in England (1300-1500) important economic changes were taking place which were producing the decline of feudalism and the beginning of capitalism. *First*, with the growth of trade and the need to have money for purposes of trade, the feudal lords began to lease part of their estates to tenant farmers, and to allow their serfs to *commute* the feudal services which they had formerly owed for a money payment (or rent) instead. *Second*, some of the feudal lords themselves, or their younger sons, began to take part in trade in the towns and to live on money-rents and on profits of trade instead of on the services of serfs as before ; while at the same time merchants from the towns often bought or rented land from the feudal lords, evicted the former peasant holders, and " enclosed " the land to form a large capitalist farm, worked by hired labour. *Third*, in the towns an upper class of richer craftsmen, who had given up handicraft and had taken to wholesale trading exclusively, began to be formed. These began to organise mercantile guilds or trading associations (*e.g.* Mercers, Drapers, Grocers, etc.) which by charter secured a *monopoly* of their particular line of trade. They also began to limit their numbers and to exclude others from sharing in this monopoly by imposing exorbitant entrance fees and entrance qualifications on those desiring to enter the trading guilds. In the case of commodities which were traded in abroad, the merchants of various towns joined together in powerful national trading bodies, which secured by charter from the Crown a monopoly of that line of export trade (*e.g.* Merchants of the Staple—wool merchants ; Merchant Adventurers—cloth merchants ; later, the Africa Company, the Levant Company, etc.).

Similar developments were taking place in the Netherlands, Western Germany, parts of France and North Italy. Often in these cases (and to a lesser degree in England) the towns extended their control over the surrounding countryside, attempting to turn the rate of exchange between rural products and town products to the advantage of the town, thereby yielding to the merchants of the latter an extra profit, or a *super-profit*. This they did by limiting the freedom of the peasants to buy and sell in other markets, by placing maximum prices on foodstuffs from the village sold in the town market, by limiting competition between sellers of town handicrafts by prescribing minimum prices for these, and occasionally by inaugurating collective purchases of food and raw materials by the Mayor on behalf of the whole town. This system of *town monopoly* enabled the town to have a monopoly advantage in its

trading relations with the weaker countryside, and added to the wealth which the merchant upper class of the towns, by their existing monopoly of wholesale trade, were able to amass.

At the same time there was beginning to be formed at the bottom of the towns a growing mass of persons without any means of livelihood except to hire themselves as "journeymen" (day labourers) for a wage. They had an increasingly small chance of gaining admission to the craft guilds (which were becoming exclusive) and setting up as master craftsmen, still less of ever climbing into the ranks of the mercantile guilds. Their number was swelled by former serfs who had been evicted or had fled from the villages and had moved into the towns.

By the 16th century, accordingly, three important pre-conditions of capitalism had begun to develop:—

1. The development of trade and the widening of the market for commodities.
2. The growth of a moneyed class which, by virtue of its position of monopoly and advantage, was able to draw large profits and out of these profits to accumulate capital.
3. The growth of a proletariat, without land or capital, dependent for a livelihood on working for a master.

The Tudor period in England marks the rise of this new merchant capitalist class to political power. By the struggle of the towns against feudal authority in the 14th century; by the growth of powerful national trading associations like the Merchant Adventurers in the 15th century, and their growing influence over the Crown as moneylenders to the royal treasury, this new class came to occupy positions formerly held by the old feudal nobility, now weakened and impoverished by the Wars of the Roses. A new centralised State apparatus, pursuing a national commercial policy, was created with a largely bourgeois personnel. With the profits of trade this new class bought land and titles (often the Church lands seized by the Crown during the Reformation) and became the new Tudor aristocracy.* In the Netherlands, likewise, this new class came to power, establishing a centralised State with bourgeois personnel. In France, however, it was not strong enough to replace the feudal nobility completely: a compromise resulted, and many remnants of feudalism continued in the countryside. In Germany, Italy and Spain the feudal nobility and the Church were able to gain the upper hand and to curb or even suppress the growing

* The rise of the bourgeois class to power in England is usually treated as being much later than this—1689 or even 1832. Actually, however, it would seem that the most important "key positions" passed into the hands of the new class in the 16th century, even though only into the hands of an advance section of that class—the export merchants—and even though much of the feudal "tegument"—the Court, aristocratic influence and tradition, etc.—remained till later.

influence of the merchant class. Consequently, in these countries the further development of capitalism was checked.

Between 1500 and 1800, accordingly, production took on an increasingly capitalist form. But being handicraft (hand-loom weaving and spinning, hand metal-working with tools, etc.) the production was not concentrated, but scattered in small workshops and workrooms in the villages and provincial towns. This was called the *Domestic System*. So long as it continued, the small master craftsman survived, carrying on handicraft in his own house or workshop, and employing a few apprentices and journeymen to help him; and this middle class of small masters continued to be important. Some of them managed to grow rich and prosper and climb into the ranks of the big capitalist merchants; and in the 17th century an important new group of *nouveaux riches* masters began to apply their capital to organising the Domestic Industry as "*merchant manufacturers*," giving out work to poorer craftsmen (as London tailoring houses to-day give out work to be done in the home or in small sweat-shops), paying them a price for it, and marketing the finished products themselves. They formed associations like the Silkweavers, the Glovers' Company, the Pinmakers, which secured from the Stuart kings charters giving them a monopoly in their particular line (the Stuart corporations). At the same time the majority of small master craftsmen progressively lost their independence. They became increasingly dependent on some capitalist "*merchant manufacturer*," receiving raw material from him and handing him back the finished product, often receiving advances of money from him and so becoming in debt to him (*e.g.* in tin-mining and tool-making), in some cases even renting his tools or machines from the capitalist (*e.g.* tool-making and hosiery-knitting). By the 18th century the small master craftsman had almost been pushed into the position of a wage-earner: the only difference was that he still worked in his own home in his own time, employing in turn auxiliary wage-labour; sometimes, but not always, he owned his own instruments of production.

It was this new group of capitalists—those interested not primarily in the export trade, but in organising the Domestic Industry—which lay behind the Parliamentary movement of the 17th century. The new Stuart corporations desired to share in the political control which in the previous century had been secured by the Tudor merchant companies. They were the backbone of the agitation against monopolies at the beginning of the 17th century (*i.e.* of monopolies awarded according to Court influence and therefore shutting out the younger sections of capitalists); they came into violent conflict with the Crown and the Tudor aristocracy (which had now become mainly landowning in interest, or interested exclusively in drawing profits on the export trade)

in the Civil War; they finally triumphed in 1689, securing a monarchy which was under Parliamentary control. Then this new section of the merchant class, growing prosperous, itself bought land and titles, and became the Whig aristocracy of the 18th century.

The new merchant class used its political control over the State to shape State economic policy in its own interest. The result was a vigorous national commercial policy, known as *Mercantilism*, which was common to the advanced capitalist countries where the merchant class held political power. Just as earlier the Merchant Guild of a town had tried to regulate trade with outside so as to turn the terms of trade to its own advantage and so draw super-profit at the expense of the dependent countryside, so now the bourgeois State tried to regulate trade to the advantage of the merchants of that country. This trade was principally with *colonial* countries (e.g. India, North America, West Indies, Ireland, etc.). The Mercantilist policy tried to forbid the colonies to buy certain things except from the merchants of the home country or to sell certain colonial products except to merchants of the home country; while the colonies were prohibited from manufacturing commodities which competed with those which the merchants had to sell. In this way the colonies were made into special "preserves" for the merchants of the mother country to buy and sell in, free from the competition of other countries. Consequently, the merchants were able to draw super-profit from colonial trade which added to the wealth and the accumulation of capital in the hands of the capitalist class at home. The policy led to wars between mercantilist countries, quarrelling over colonial "preserves"; e.g. England v. Spain in the 16th century, England v. Holland in the 17th century, England v. France in the 18th century. It finally led to the revolt of the American colonies in the 18th century against the control of England which oppressed them, and the setting up of the independent United States of America.

BOOKS FOR STUDY.

- Plebs Textbooks No. 5, *Outline of European History* (National Council of Labour Colleges, 2/6), Chaps. 1-3.
 Cf. L.R.D. Syllabus on *Imperialism*, Sections 1-2, and *Money and Prices*, Section 2.
 Bogdanoff, *Short Course of Economic Science* (C.P.G.B., 3/-), Pp. 121-132, 139-183.

Also :—

- Dobb, *Capitalist Enterprise* (Routledge), Chaps. 12-19.
 Marx, *Capital*, Vol. I., Chaps. 26-31.
 F. A. Ogg, *Economic Development of Modern Europe* (Macmillan), Chaps. 3 and 4.
 W. J. Ashley, *Economic History*, Bk. I., Chaps. 1 & 2; Bk. II., Chaps. 1-4.
 G. Unwin, *Industrial Organisation in the 16th and 17th Centuries*.
 Pirenne, *Belgian Democracy*, for the Netherlands.
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SECTION TWO

THE INDUSTRIAL REVOLUTION

IN the course of the 18th century there occurred in England certain inventions, both in the making of iron and in textiles. These had the effect of greatly increasing the output of these goods and cheapening their production. They also introduced the use of *power* to drive this new and more complicated machinery—at first water power, later steam power. Dudley had already in the 17th century invented the coal blast; Darby about 1730 had used coke for smelting; Smeaton in 1760 invented his blowing apparatus, and Newcomen's pumping engine was introduced about the same time. In 1766, Thomas and George Cranage invented the reverberating furnace; in 1783 Onions combined this with a new puddling process, and Cort invented the rolling mill. In textiles, Kay in 1733 had introduced an important invention in weaving, and Hargreaves in 1765 in spinning; and between 1768 and 1785 Arkwright, Crompton and Cartwright introduced inventions which involved the application of power to spinning and weaving. At the same time Wilkinson, Watt and Bolton, following Newcomen, perfected the use of the stationary steam engine.

This new machinery was too expensive as a rule to be bought by the independent handicraftsman. It needed the capitalist with money to invest in buying this machinery and setting it up. Further, as power was needed to drive the machinery, it became necessary for the first time for the work of production to be concentrated where the power was available (*e.g.* by the side of a fast-running stream, and later in districts where coal was to hand) and where several machines could be harnessed to the same source of power. These two facts necessitated the setting up of *factories* by capitalists, who owned the machinery, hired labour to work the machinery and directed that labour in the factory. Hence the transition from the Domestic System to the *Factory System*.

The inventions did not come in England by chance. They came because production and trade were more highly developed in England than elsewhere, and consequently people had begun to concentrate attention on methods of production and ways of improving them and to experiment to this end. Moreover, because of the previous development over three centuries of the tendencies described in Section I., the inventions, when they came, found the soil already prepared: capital was accumulated in the hands of a business class ready to finance industrial development, and a propertyless class willing to work in the new factories already existed. In other countries where these pre-conditions were not so matured, the industrial revolution was retarded. In turn, the new changes produced a further accumulation of capital and further

swelled the ranks of the proletariat. As the new power-driven machinery produced at a much higher rate than the old hand looms and spinning wheels, the new capitalists who were first in the field made large profits and quickly rose to wealth, while the trade of the hand-spinners and hand-loom weavers was gradually taken away from them, and these craftsmen were forced to migrate to the towns and offer their labour-power for hire in the new factories. At the same time the further introduction of capitalist farming in agriculture (the ejection of the peasant holder, the "enclosing" of the village common land, and the leasing of the land instead to a capitalist tenant farmer) increased the number of landless persons whose only means of livelihood lay in hiring themselves to the new factory-owners.

The Factory System, therefore, differed from the Domestic System which preceded it in the following respects:—

1. The factory, the machinery and the raw material are owned by the capitalist; and the production process and the sale of the finished product are organised by the capitalist.
2. Hence the capitalist is no longer merely a merchant, interested in *trade*; he is a manufacturer, owning machinery and hiring labour-power direct, and interested in *production*.
3. The worker no longer owns the instruments with which he works. The former class of small craftsmen or artisans has largely disappeared. As new inventions take place, it becomes increasingly difficult for him to "save" and buy machines of his own: he is no longer independent, but increasingly dependent on the capitalist for a livelihood.
4. The capitalist no longer requires specific legal patents and monopolies to secure him his higher income and superior position. The latter is now secured to him, thanks to previous historical developments, by his accumulated capital and by the existence of a dependent proletariat forced to work for him. To accumulate fresh capital, he need no longer dispossess and rob small producers (what Marx called "primitive accumulation"): he need only accumulate part of the "surplus-value" produced for him by the proletariat that he employs.

But the transition to factory production did not come all at once, nor at the same time in every industry. In iron it came early in the 18th century, since technical changes already made factory production desirable. Silk mills were found in the first half of the century; in cotton-spinning and weaving the change did not begin until the end of the century. In wool, power machinery did not make headway until after 1830, and in lace and linen and silk not until after 1840. In the knitting trade, although factory industry had come earlier (because of the invention of the wide frame), steam power was not introduced until the invention of the rotary frame in 1845. At the same time improvements in transport—first roads, then canals, later railways and steamships—facilitated the new expansion of production by widening the market and cheapening the cost of movement both of finished goods and of the

materials and fuel used in production ; while, in turn, the improvements in iron facilitated the building both of railways and of the new textile machinery.

Along with the grouping of workers and machines in factories went the grouping of factories and industries in particular localities, either near (a) their source of *power* (e.g. coal or water), or (b) their raw material, or (c) their markets. This is called the *Localisation* of industry. Thus cotton factories first sprang up near the fast-running streams on the slopes of the Pennines. Later they moved down into the plains of Lancashire, where the damp climate was favourable to cotton spinning, and where there was easy access both to coal and to the ports through which shipment of raw cotton from America was made ; and Manchester became the chief market for cotton, with Liverpool as its chief port. Similarly wool manufacture, which under the Domestic System had been scattered in numerous villages nearly all over England, became largely localised in the West Riding of Yorkshire, with Bradford as its commercial centre. The chief centre for iron and steel was for a long time on the coalfield of the Black Country, north of Birmingham. Later, with reliance on imported ore and foreign markets, South Wales, the Clyde and the Cleveland district of Yorkshire, close to seaports, took the place of the Black Country as centres of iron and steel. This grouping enabled, too, a large amount of *Specialisation*—specialisation of particular workers on particular jobs, and of particular factories on particular processes (e.g., in worsted trade, combing, spinning, weaving, finishing, dyeing). Also, it was possible for subsidiary firms to spring up (e.g., makers of cotton machinery) to specialise on supplying the wants of the textile trade. This localisation and specialisation involved immense economies : the man or the firm who can devote all his or its energies and skill to one particular job can do that job much more efficiently.

But during this early period of factory capitalism, when textiles were our leading industry, there was no large-scale industry in the modern sense. Mills and factories were quite small ; a mill employing 200 hands was considered large. There was still opportunity for the small capitalist, starting with a little capital, to climb up on the backs of others and become a prosperous and wealthy cotton magnate. Many of the new Lancashire capitalists had been formerly yeoman farmers or small tradesmen ; many of the new iron masters came of middle-class Quaker families, such as the Lloyds and Attwoods of Birmingham, who later, from the profits of iron, founded banking houses. Industries were not run by large companies as at present, but by single men or families—one-man business or family partnership. These early capitalists were usually hard-working, energetic, thrifty almost to miserliness, who sweated and brutalised workers in their mills on weekdays, and on Sundays gave liberally that the poor might have obedience and piety

preached to them. Fortunes were quickly made in those days out of the "differential profit" of those who exploited an invention first, while the factory workers, including women and small children, worked 16 hours a day under the whip of an overseer.

BOOKS FOR STUDY.

- Plebs, *Outline of European History*, Chap. 4.
 Bogdanoff, *Outline of Economic Science*, Pp. 183-212.
 L.R.D. Syllabus, No. 18, on *Machines in Production*, Sections 5-9.
 J. A. Hobson, *The Evolution of Modern Capitalism*, Chaps. 1-4.
 L. Knowles, *Industrial and Commercial Revolutions* (Routledge, 7/6),
 Parts II. and V.
 J. L. & B. Hammond, *The Rise of British Industry* (Methuen, 10/8),
 Chaps. 5-11.

Also :—

- F. A. Ogg, *Economic Development of Modern Europe*, Chaps. 6 and 7.
 Ashton, *Iron and Steel in the Industrial Revolution*.
 Usher, *Introduction to Industrial Hist. of England*, Chaps. 9, 12, 13, 14, 17.
 Clapham, *An Economic History of Britain*, Vol. I.

SECTION THREE

LIBERAL POLITICS

As we have already seen, the capitalist class no longer needed specific legal monopolies and privileges to secure them a position of advantage and a large income. The capitalist class did not need legal charters of monopoly: they had the monopoly of accumulated capital, without which the starting of production was impossible. The proletariat no longer required to be forced to work: economic necessity alone—the absence of any other means of livelihood—compelled them to work for the capitalist. Hence, the new capitalist class could afford to talk about "Freedom" and the abolition of legal regulations and restrictions on industry.

Moreover, England, being first in the field with the new inventions and with factory industry, was in a position of monopoly in the world's markets. The principal market for the new Lancashire industry was on the continent of Europe, *not* in the colonies as had formerly been the case with the cloth trade; and in this new trade England had virtually no competitors. Moreover, her chief raw material—cotton—came now, not from a colony, but from an independent nation—U.S.A. Consequently, the new capitalists could afford to scrap Mercantilism; they could secure super-profit from foreign trade without it, thanks to England's monopoly of the new inventions; and its continuance hampered the rapid expansion of foreign trade.

Summarising, therefore, we can say that capitalism in the new conditions had the following requirements:—

- (a) A cheap and steady supply of raw material. Raw cotton came from America. Therefore, good relations with America was desirable, and trade must be free and unrestricted. Later an increasing amount of wool, iron ore and wheat came from foreign nations.
- (b) An expanding foreign market to permit full advantage to be taken of the economies of factory industry on a large scale. The best market was Europe. Hence Peace and Free Trade in Europe were desirable.
- (c) An abundant and cheap labour supply. Hence the old restrictions on the mobility of labour, legal regulation of wages, and everything which hindered the worker from being proletarianised and from moving into the industrial centres were undesirable. Corn Laws which raised the price of bread made labour dear, and therefore were hateful to the middle class.
- (d) The new capitalists were opposed to such State regulations of trade and legal privileges which put them at a competitive disadvantage by making it difficult for newcomers to penetrate into certain branches of production and by buttressing up older established interests (e.g. the privileges enjoyed by the merchants of the East India Company, etc.).

For some time the older, more conservative sections of the capitalist class, in whose hands political power was concentrated, opposed these aspirations of the new factory capitalists. Consequently, a demand grew up among the latter for an extension of the franchise so as to give political power to the new interests; and a new political movement, opposed to the policies of both the old Parties, Whig and Tory, began to develop, advocating greater Democracy, a policy of *Laissez-faire* (let alone) towards industry, and of Free Trade in foreign commerce. This was the new Liberalism, with its roots in the new industry and trade of Manchester.

Huskisson, Secretary to the Board of Trade, in 1823 went to meet these demands by lowering many of the protective import duties, and in 1824 began to abolish the mercantilist Navigation Acts, which, although favourable to British shipping, hindered trade with foreign countries. But little change was likely so long as the new industrial capitalists had no direct voice in the government of the country. The franchise was almost everywhere in the hands of the 17th and 18th century merchant families who had now bought land and become conservative landed gentry (the Whig aristocracy). The new manufacturing towns of the North had little or no representation in Parliament. Finally in 1832 threats of violence, and among other things threats to withdraw gold from the banks, forced the Duke of Wellington, the mouthpiece of the Tory landed interests, wisely to bow to the inevitable, and to allow the passing of the Great Reform Act, which enfranchised the middle class (but not the working class).

Following 1832 the final remnants of Mercantilism were swept away, and reforms took place to make the political system fit the changed economic circumstances. The Poor Law of 1834 introduced the workhouse principle, and was based on the principle that unless the workhouse were made less "eligible" or pleasant than

conditions of the poorest workers, workers would not be willing to work at the wages the employers were willing to offer. In 1835 there was a reform of municipal government to give the middle-class power of control over local administration. Cobden and Bright, the Manchester cotton manufacturers, organised the Anti-Corn Law League, and waged a fierce political war on the landowners. In 1846 Sir Robert Peel gave way, and by 1849 the Corn Laws were completely abolished. In 1853 Gladstone, of Liverpool, took the lead of the new Liberal Party, swept away the last remnants of protective import duties, withdrew military garrisons from former "outposts of Empire," and made a commercial treaty to promote Free Trade with France.

So the black factory chimneys and congested towns, the keen competition of thrifty manufacturers and swiftly made fortunes had their social reflex in the conditions of mid-Victorian England—with its moral code of thrift, pushfulness and family devotion, as praised by writers like Smiles; with the robustness of its families and its meals of roast beef and Yorkshire pudding; with "money," not "birth," its criterion of quality, and ostentation or "prettification" as its only canons of Art.

BOOKS FOR STUDY.

- L. Knowles, *Industrial and Commercial Revolutions*, Part III.
 J. L. & B. Hammond, *Rise of Modern Industry*, Chaps. 13-15.
 Dobb, *Capitalist Enterprise*, Chap. 20.

SECTION FOUR

CAPITALIST IMPERIALISM

By 1870-1880 several important changes had begun to take place in the situation of British capitalism.

First, the technical changes which had taken place in the 18th century were succeeded by a fresh series of inventions in iron and steel, causing such a rapid expansion of production in the iron and steel trades that some writers have given to it the name of the *second industrial revolution*. In 1856 there was the Bessemer invention; in 1864 Siemens and Martin invented the open hearth process; in 1875 Thomas & Gilchrist invented the basic process, which enabled phosphorus to be removed from pig-iron in the Bessemer converter.

Second, there had taken place further extensive improvements in transport which widened the market and facilitated the export of even heavy metal goods to countries outside Europe. During the '40's in England there had been a speculative burst of railway construction, and in the '50's the main continental lines were laid down. In 1840 a regular service of steamers was going from

London to the Mediterranean. In 1869 the Suez Canal was built, providing an easy trade route to the East.

Third, a considerable development had taken place in the mechanism of credit and business finance, making possible the aggregation of capital in large amounts. The banking system had developed considerably and had been centralised and stabilised by Peel's Bank Charter Act of 1844. New Company Laws in 1855 and 1862 extended to the members of joint stock companies the right of limited liability, which caused the joint stock company with numerous shareholders to supplant the family partnership as the typical form of business. It became possible to draw upon the capital of numerous *rentier* investors who themselves had no connection with industry. Consequently, large businesses were possible where previously they had been prevented by the difficulty of raising the necessary capital; and the large business acquired the financial advantage over the small of being able to raise credit or additional capital more easily.

Fourth, British capitalism had begun to lose its monopoly position in the world market. Other countries had made great advances in factory industry; and in the second industrial revolution Britain no longer took the lead, but was even surpassed by other countries. Consequently, the super-profit which British capitalism was able to draw from foreign trade began to decline. In the severe trade depression which afflicted British industry in the '70's foreign competition began to be seriously complained of for the first time; and a definite reaction began to set in against Free Trade.

The result of the new expansion of the iron and steel trades was to shift the economic centre of gravity from textiles to iron and steel, from Manchester to Birmingham. In the latter industry there existed much greater economies of production on a large scale and of combining a number of processes in one works than existed in textiles. A strong trend towards concentration of production in large units and "mass production" set in; and the large business, facilitated by the new developments in credit and company finance, began to displace the small. Given the trend towards large-scale business, individual firms began to combine together into large units to eliminate competition in the home market and to raise the rate of profit by monopolist measures. Sometimes these were "horizontal combines" of competing firms; sometimes "vertical combines," reaching back to control raw material, reaching forward to control finishing processes and the marketing of the product. In Britain there were Associations for the control of prices, and actual combines and interlocking of firms in iron and steel, etc., like Vickers, Furness Withy, John Brown; in U.S.A. there have been trusts like the U.S. Steel Corporation; in Germany, Cartels, or common selling agencies. These large combines tended to be closely linked up with financial syndicates and financial

groups. This was particularly true of the continent of Europe and of U.S.A., where capital accumulation was not so highly developed, and, largely lacking the huge industrial profits piled up in England in the first half of the century, the industrial capitalists found it difficult to raise the capital for the new giant businesses without reliance on "investment bankers" and financial syndicates. Indeed, in financing the industrial development of other countries, particularly railway construction, British capital, flowing out in the form of foreign investments, played a large rôle, earning for London the position of the financial centre of the world.

Therefore, we have the third of three stages of capitalism :—

1500-1800— <i>Merchant-capital.</i>	Domestic industry.
1800-1870— <i>Industrial-capital.</i>	Small Factory industry.
1870- — <i>Finance-capital.</i>	Monopolist large industry linked with finance.

Faced with increased competition in European markets and with a decline in its position of advantage in foreign trade, British capitalism began to turn attention to new markets outside Europe. The new iron and steel capitalists were particularly interested in these markets owing to the great possibility of demand for iron and steel products (for railways, constructional materials) if the agrarian countries of Africa and Asia were industrialised; the large demand of European countries for railway and constructional materials which had kept Birmingham so busy in the '50's and '60's was beginning to be spent by 1880 and to be satisfied from German and French industry. In trade with backward agrarian countries, an advanced industrial country can usually draw "super-profit" because of the greater productivity of labour in the latter and the small productive powers of the former: in other words, the advanced country can sell its exports dear and buy its imports of food and raw materials cheap, and so procure the product of several units of labour of the agrarian country in return for the product of each unit of labour applied by itself in manufacture. But British capitalism at this time, faced with a declining profitability of trade in European markets, needed to arrest the decline in the rate of profit by *increasing* the "super-profit" it could derive from trade with Africa, Asia and S. America. Hence it looked once again to the method of carving out colonial "preserves," from which the competition of foreign firms would be partly or even wholly excluded. This was specially favoured by the big trusts and combines which, having largely eliminated competition in the home market, would have a strong monopoly position in colonial markets (*e.g.*, Lever Bros. and the Niger Company) if only those markets were safeguarded from the intrusion of foreign combines. Moreover, since in these colonial areas labour was cheap and capital scarce, there were large profits to be made by financiers in investing capital there (instead of at home), provided those areas were made "safe"

for capital investment. If in the floating of loans and granting of "concession rights" (for mining, railway building, etc.) the competition of foreign financial syndicates were excluded, the financiers in question could make all the more favourable a deal.

This was the economic basis of Imperialism—the revived scramble for colonies which commenced again about 1870 and 1880. Imperialism can, therefore, be defined as *a certain stage in the development of capitalism—monopolist finance-capital*. The characteristic policy of this stage is based on *the attempt to arrest the decline in the rate of profit by increasing the "super-profit" drawn at the expense of backward colonial countries*. Britain, faced with a decline in its former position of advantage in world markets, was particularly driven towards this new policy in the closing decades of the 19th century. But other countries which had reached the stage of finance-capital also followed suit, first Germany and France, later U.S.A. The features of this new stage can be roughly summarised as follows:—

- (1) The concentration of real power (as distinct from the mere right of the franchise) in the hands of a new oligarchy of the big trusts and financial syndicates of the leading capitalist countries. The State becomes (even more closely than before) a political department of Finance-capital.
- (2) A new policy for the State begins to supplant the previous policy of *laissez-faire*—a policy of State action to advance the interests of capitalism, particularly in the international sphere.
- (3) The State of the Mother Country extends its control over numerous colonial countries, and pursues a colonial policy and a foreign policy favourable to Finance-capital.
- (4) The Export of Capital to colonial areas, first in railway construction, mining, etc., later in establishing actual industries.
- (5) An increasing export of capital goods (iron and steel, etc., for railways, constructional work, etc.) to colonial countries.
- (6) An increasing rivalry of the leading Imperialist Powers in the scramble for colonies, leading to a race of armaments, and finally to War.

In Britain between 1870 and 1890 the Liberal policy of Gladstone of Liverpool began to give way before the Imperialist policy of Chamberlain of Birmingham. In France Jules Ferry, who in 1884 promoted the seizure of Tunis (because a railway concession had been given by the Bey of Tunis to an Italian company), of Tonkin in Indo-China, and of French Somaliland, was the political figurehead of the new movement. In Italy there was Crispi, who intrigued to secure Tripoli for Italy. For some time German Imperialist expansion was carried on by private companies and explorers like Dr. Peters, and there was no concerted policy directed from Berlin. But in 1900 the large-navy party (backed largely by Westphalian iron and steel interests) triumphed, and in 1907 a Colonial Office was instituted with Herr Dernburg as Colonial Minister. Dernburg was of the Dresdner Bank, which had large investments in the iron and steel industry. After the Spanish-American War in 1898, U.S.A. began to "penetrate" into Central and South America.

and acquiring the Philippine Islands from Spain began to show increasing interest in the Pacific and in China. In 1909 the administration of President Taft gave official support to the "expansionist" policy being pursued by the banking house of J. P. Morgan.

About 1880 the scramble for Africa started. Between 1880 and 1890 five million square miles of Africa were seized by European Powers. By 1914 all Africa, except Liberia and Abyssinia, was subjected to the Powers, chiefly Britain, France and Germany. A similar scramble took place in China and the Pacific. Rivalry between the Powers in extending their political influence, "penetrating" and marking out "spheres of influence," also took place in the Near East, in Turkey, Asia Minor, Persia and Mesopotamia.

Up to 1900 the keenest imperialist rivalry was between Britain and France. Cecil Rhodes promoted the idea of the Cape to Cairo railway "to pick up trade along the route." France, on the other hand, wanted to control the whole of Central Africa from Senegal and Morocco across to Somaliland. British Imperialism won when Kitchener occupied the Sudan in 1898. In 1902 France and Britain came to an agreement that Britain should have a free hand in Egypt and France in Morocco; and after this date the rivalry came to be between Germany, on the one hand, and Britain and France on the other. German Imperialism after 1900 became a concerted policy, and the Deutsche Bank promoted the Bagdad railway scheme, hoping thereby to link up Berlin through Vienna, the Balkans and Constantinople with Bagdad and the Persian Gulf. This endangered (a) British interests in Egypt, Persia and India; (b) French interests in Greece and the Levant; (c) Russian interests in Persia and the Caucasus; and (d) the interests of all three in the question of the Straits of Constantinople and access to the Mediterranean. This led up through the Balkan crisis and the Serbian question (Serbia was an important link in the Berlin-Bagdad chain) to the war of 1914.

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SECTION FIVE

CAPITALISM IN GERMANY

ECONOMIC evolution does not follow identical paths, nor do its various stages synchronise in different countries. Different geographical, and sometimes racial, conditions affect it in different countries, and the social institutions developed out of past historical conditions influence the trend of subsequent development, retarding here, deflecting there. But there is a *tendency* for economic development to follow the same course, in so far as ideas spread across national boundaries, technical changes are borrowed by one country from another, and the economic condition of one country is affected by that of another. With the growth of communications and the linking up and interlacing of different industries in different countries, the development of different countries has tended since 1870 to synchronise much more than it did 100 years ago. To-day events in China, India, etc., although having their own special differences, are showing a quite amazing parallel to economic and political events in Western Europe (*e.g.* growth of industries, nationalism, trade unions, class struggle, etc.).

In Germany in the 16th century the growth of merchant capitalism had been checked by the reactionary influence of the feudal nobility, who suppressed the growing power of the merchant class and deprived the towns of many of their privileges. Germany remained split up into numerous small States and Principalities, and her trade and her merchant class declined. In 1800, as a result, Germany was still in the throes of the feudal system, which had been abolished in England at least 300 years before. Eighty per cent. of her population was rural. Methods of cultivation were very primitive. Town life, built up on trade and handicraft industry, had actually declined since the 17th century. The Prussian Minister Stein made the first steps towards abolishing feudalism, and by political reforms transferred political control to a very small extent to the towns. Serfdom (the legal binding of the worker to the land, and the compulsion to perform labour on the lord's

estate) was abolished in Prussia in 1807; but it was not till after 1860 that the final traces of feudal rights were swept away. "Enclosures" and evictions of poorer peasantry, as in England, followed the abolition of serfdom. (N.B.—Until serfdom was abolished, no proletariat and free labour supply in the towns could exist).

As for the rest of Germany, that part which was under the occupation for a time of the French Emperor Napoleon received from him revolutionary reforms, especially the Rhine Provinces, where serfdom was abolished, internal customs duties repealed, and road building undertaken. All these measures were necessary preconditions of the development of capitalist production.

In 1833 Prussia had instituted the Zollverein (customs' union), which began to break down some of the previous restrictions on trade. In the '40's a Liberal movement began to develop, demanding a democratic constitution and national unification; and in the revolutionary events of 1848 the struggle of the rising middle class against the landed aristocracy and the Princes took an acute form. But the middle class was weak, and the Liberal movement was easily crushed by the existing State. The further development of capitalism was only made possible by the military ambitions of the ruling class of Prussia, who wished for a united Germany under Prussian control. Consequently Bismarck, the Prussian Chancellor, worked for one of the aims of the Liberals—national unification—and purchased the support of the middle class by giving them certain concessions. Power remained in the hands of the *Junker* landowners, but capitalism and the capitalist class were granted certain privileges and freedom of development.

In the '50's railway building was begun largely as part of Prussia's military policy; and in 1867 the first step to the unification of Germany—Bismarck's North German Confederation—achieved an extension of internal Free Trade and a co-ordination of the railway system. After 1850—but not until then—the industrial revolution began to develop in Germany, partly with the aid of English machinery and English skilled workmen imported into the Rhineland and Saxony. In 1846 there were only 136 cotton mills in all Prussia, and only 9 out of 300 furnaces in Silesia were coke-smelting. But between 1845 and 1860 the consumption of raw cotton was more than trebled, and between 1852 and 1867 the number of spindles increased by 122 per cent.

The lateness of the Industrial Revolution in Germany was due to:—(a) the late abolition of Feudalism and Serfdom, (b) the absence of capital accumulation: the merchant class of the towns had not grown rich by colonial trade as had those of Britain; (c) the absence of a developed banking system as existed in England, France, and Holland; (d) the existence of a number of separate States, each with its own laws, tariffs, and restrictions on trade; consequently there was great difficulty of communication and a very narrow market for industry.

The second industrial revolution followed close on the heels of the first. In 1871 Germany took from France the Alsace-Lorraine coal and iron field, and the Thomas-Gilchrist invention enabled the utilisation of these ores which are of a phosphoric nature (see Section IV.). By the end of the century, Germany had become an Imperialist power.

The following features of modern Germany are notable:—

- (1) The very rapid industrial growth in the thirty years before the war. The rapid growth of the electrical industry after 1890 was particularly remarkable (*e.g.* the big electrical combine, the A.E.G.).
- (2) The political compromise between the Junker landowners and the industrialists. Germany, lacking Britain's ability to secure an overseas food supply, had to rely on home supply in case of war, hence her imperialists had to encourage agriculture by Protection. The Junkers, while retaining all the important branches of the State machine in their hands, gave concessions to the capitalist class (*e.g.* Protection and light taxation) to encourage industrial development. The revolution of 1918 terminated this compromise and marked the political overthrow of the Junkers by the capitalists.
- (3) The high development of concentration of capital and of industry. The predominant form of monopolist organisation was the Cartel or Sales-Syndicate. The Rhenish-Westphalian Coal Syndicate of Essen, formed in 1893, controlled the whole coal industry of that district, and the Steel Works Union of Dusseldorf, formed 1904, controlled most of the steel industry; there were also "mixed works" combining coal and iron under one control. After the war there was a big development of "vertical combines" (*e.g.* Stinnes); but since 1924 there has been a tendency to go back to "horizontal combination;" and to-day nearly every branch of the iron and steel and metal trades is dominated by Cartels.
- (4) The important rôle played in industrial development by the "commercial banks," like the Dresdner, Deutsche and Disconto Gesellschaft. These make a special function of financing industry (by taking up shares, not merely by short-term credits), and sharing in the control of industry. The reason for their predominance was largely the absence of capital accumulation in private hands in Germany. Hence Finance-capital before the war reached its highest development in Germany.

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SECTION SIX

CAPITALISM IN FRANCE

UNLIKE Germany, France had seen the abolition of most feudal restrictions prior to 1800 and the growth of a merchant class which

had become wealthy through colonial trade. Nevertheless, there had been no complete transfer of power to the bourgeois class as had occurred in England. Power still rested with the aristocracy which had influence at Court; and as a result trade was still restricted by provincial barriers, tolls, etc., and the weight of taxation bore upon capital. Remnants of feudalism still existed in the countryside.

The French Revolution in 1789 made the following significant changes which were necessary before the further development of capitalism on the lines of the industrial revolution could take place: (a) to abolish the final remnants of feudal restrictions and the power of landlords (*e.g.* manorial courts), (b) to give political power to the middle class, (c) to shift some of the burden of taxation on to the landowners in the shape of direct taxes, (d) to break up large estates, (e) to abolish Gilds, etc., which restricted free trade and the mobility of labour, (f) to abolish internal tariffs. Napoleon, who reflected the ideas of the new period, instituted many public works, such as road and canal and harbour building. Most of these conditions were necessary conditions for the development of capitalist production.

There had been a few French inventions in textile machinery, such as the Jacquard silk loom in 1804. But by 1825 handicraft was still dominant, and it was not till after 1825, when Britain removed her prohibition on the export of machinery, that the importation of British machinery began to revolutionise the textile industry. In 1834 there were only 5000 power looms. By 1846 there were 31,000. In 1830 coke smelting was not yet introduced into the iron trade. By 1864 the number of coke furnaces surpassed the number of charcoal furnaces. Railway building under State direction went ahead after 1842. The commercial (free trade) treaties arranged with various countries by Napoleon III. after 1852 also assisted capitalist development. As in other countries, the second industrial revolution in iron and steel came after 1870, and between 1870 and 1897 industrial output was trebled. But the change to modern large-scale industry, such as took place in Germany, U.S.A., and Britain, was in France very slight.

The chief features of the economic system in France are:—

- (1) The absence, prior to the war, of coal and iron, and the scattered nature of the supplies which do exist, precluded the development of concentrated localised industries. Hence French industry has tended to be scattered in many different centres and not localised in a few to the extent that it is in other countries. Since the war, however, France has acquired from Germany the rich iron and coal resources of Lorraine and the Saar, and as a result her iron and metal industry has undergone a very rapid development, largely repairing her pre-war backwardness.
- (2) For this reason French industry before the war tended to specialise and to excel in those products in which the chief feature is special skill and quality rather than economies of standardised mass production.

- (3) France is still predominantly an agricultural country of peasant small-holders.
- (4) The prominence of the Banks and the importance of the *rentier* class: the Banks by gathering in the mass of small savings of the peasants—always a thrifty class—are able to have considerable power, and to make large investments abroad.

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SECTION SEVEN

CAPITALISM IN RUSSIA

FEUDALISM and the rule of a feudal aristocracy continued in Russia later than in any other nation of Europe. Serfdom was not abolished until 1861; political power still remained in the hands of the land-owning aristocracy until the first Russian Revolution in March, 1917.

Already in the 18th century there were factories to be found in Russia, textile factories round Moscow, Yaroslavl, etc., and iron works in the Urals. But work was mostly by hand: the labour was bonded serf labour; and the factories were usually owned by feudal lords who employed their own serfs in them. Tsar Peter the Great, pursuing a policy of "Westernising" Russia, encouraged this development by assigning the right of founding factories, and also assigning State serfs to the proprietors to work in the factories. Many of the peasant revolts of that time (*e.g.* the Pugachev rising) had their backbone among these industrial serfs. A small class of merchants existed—mostly free peasants who had made money by trade and money-lending—and occasionally grants of the right to start factories were made to them. But in the last half of the 18th century the development of a class of bourgeois factory-owners was definitely obstructed by legislation which made it difficult for a merchant to acquire serf labour by purchase of land. By the end of the 18th century there were over 100,000 industrial serfs working in factories and workshops.

At the beginning of the 19th century the custom developed of allowing the serf to commute his feudal services for a money payment; and the serf was now able to move into the towns and hire himself for wages. This placed a supply of free labour at the disposal of capitalist factory-owners, and gave an impetus to the growth of a capitalist class. But this very fact caused a decline of factory industry and a growth of village domestic industry (*kustar*). When labour was no longer bonded labour, which could only be made to work by the whip, and when power machinery had not as yet been introduced, there was no particular advantage to

the capitalist in concentrating production under one roof : it became actually cheaper for him to give out work to be done by the peasants in the villages, himself acting as " merchant manufacturer " (see Section I.), giving out raw material and marketing the finished product. For technical reasons iron production tended to remain on the old factory basis, with bonded labour, while textiles adopted the capitalist domestic industry.

The emancipation of the serfs in 1861 dealt a blow at the old feudal factory industry, relying on serf labour, (and caused a setback to the iron industry) and left the field open for the capitalist domestic industry. The introduction of the power loom in the next 20 years reintroduced factory production, this time on a capitalist basis. But, with small capital accumulation, a small labour supply and lack of communications, the progress of the industrial revolution was slow ; until in the '90's a vigorous building of railways under Count Witte, the adoption of a gold standard and the attraction of a large flow of foreign capital hastened the pace of industrial development.

The principal features of Russian capitalism before the war were :—

- (1) The industrial revolution was hardly completed. Russia remained predominantly an agrarian country, some 85 per cent. of her populations being agricultural, mainly peasants. The domestic industry still employed several times more workers than factory industry.
- (2) The Russian capitalist class was weak and had to rely both on foreign capital and on foreign managerial and technical personnel. Consequently foreign capital played a large part in Russian capitalism.
- (3) Political power was still in the hands of an ex-feudal aristocracy.
- (4) Partly owing to the influence of foreign capital, the industry which existed was of a fairly modern kind, and the factories were of a large size. Consequently, in these factories there was a nucleus of a highly-developed, class-conscious factory working-class ; even while large sections of the unskilled workers who had only recently moved to the towns, and often only worked in the towns during certain months of the year, were half-peasant in character and ideology.

This weakly-developed capitalism was, naturally, the first to break down under the strain of the Great War. In March, 1917, a revolution overthrew the Tsardom and transferred power into the hands of the capitalist class. In November, 1917, taking advantage of the weak position of the capitalist class, owing to the industrial breakdown, the workers in alliance with the peasants seized power through the Soviets, set up a Workers' State, and proceeded to abolish class monopoly by socialising large industry and shaping social development in the direction of socialism.

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SECTION EIGHT

CAPITALISM IN U.S.A.

DURING the 19th century the dominating factor in the economic life of U.S.A. was a continuous westward expansion of population and capital, first into the fertile lands of the Middle West in the Mississippi Valley, and later across the mountains to the Pacific Coast. This westward expansion at first provided a fertile field for capital investment, with abundant natural resources, labour being very productive; later its yield provided abundant capital accumulation. For instance, when a city like Chicago grew up within ten years, the owners of the ground sites reaped immense fortunes.

In 1850, therefore, U.S.A. was divided into three separate economic divisions:—(a) The East—the manufacturing and trading states of the Atlantic seaboard, (b) The Middle West—the farming interests, making fortunes rapidly, and forever pioneering and expanding, (c) The South—the semi-feudal, aristocratic, slave-owning interests of the cotton planters.

In the East till 1830 Domestic Industry predominated. Coke smelting was not introduced by 1840. After 1830, however, the application of machinery to industry introduced capitalist production into the Eastern States. In 1835 the electric telegraph was invented; in 1842 the Nasmyth steam hammer. In 1840 there were only six anthracite furnaces; by 1856 there were 121. There was, however, little localisation of industry as yet. Cotton factories were usually scattered about the slopes of the Alleghany Mountains, where they could utilise water power. Between 1845 and 1860 a lowering of the tariff took place to please the traders of the East.

Between 1840 and 1860 railway building took place in the Eastern States, linking the East with the Middle West. In 1854 the first railroad to the Mississippi was completed. This enabled the Middle West to find a market for its products in the towns of the East; and for Eastern manufacturers to find a market in the Middle West; and produced that binding together of the West with the East, in conflict of economic interests with the slave-owning South in the Civil War of 1860. It was not till after the Civil War, however, that the manufacture of steel rails was started, enabling railway building on an extensive scale. In 1869 the first transcontinental line was completed. Between 1860 and 1870 the mileage of the railway was doubled, and by 1880 it was trebled. This was the period of railway building in the West and South.

This widening of the market produced a second period of industrial expansion between 1860 and 1870. This was further fostered by the high tariffs imposed during the Civil War and continued after it, which produced a kind of "hot-house" development of infant industries. Steam-power began to be used more

generally in the cotton industry, and a migration commenced of cotton factories to the South, where both coal and raw cotton were available. A revolution in iron and steel production was impelled by new inventions, such as the hot-air blast and the Bessemer process. At the same time there was an immense demand for iron and steel for the new railroads under construction. During this period emigration from Europe provided an abundant cheap labour supply (between 1830 and 1920 30 million immigrants went from Europe to U.S.A.); and European capital also flowed in to assist capitalist construction work. In financing development, especially railways, financial syndicates and investment bankers (e.g. Rockefeller, J. P. Morgan) played an important rôle.

Thus, whereas round 1840 the industrial revolution had been confined to a few States of the east coast, and was even there limited by smallness of the market and scarcity of labour; after 1860 the Industrial Revolution spread to the Middle West and South, and was followed closely by a further revolution and expansion on a gigantic scale in iron and steel.

In 1860 U.S.A. was importing manufactures and exporting raw materials and foodstuffs. By 1910 this situation was materially altered. Since the war she has become predominantly an exporter of manufactures, and is importing raw materials on an increasing scale. During the war, unlike Europe, U.S.A. increased in wealth; and after the war her export of capital assumed large proportions. U.S.A. began to be the creditor of the world.

The main features of U.S.A. capitalism are:—

- (1) The great speed of its growth since the Civil War. This is largely responsible for the immense wealth and power of its big captains of industry, who made fortunes within a few years.
- (2) The large size of American industrial units and the predominance of Trusts. Many attempts have been made to "break" the Trusts by legal action—sponsored by smaller capitalist interests and the Middle West agrarian interests; but these attempts have signally failed. Instances are—Standard Oil, Steel Corporation, American Tobacco Co.
- (3) The huge wealth of the natural resources inside the area of U.S.A.
- (4) The high degree of specialisation and localisation of industry and the predominance of large-scale production; mainly due to the rapidly expanding market and the recent character of industrial growth.
- (5) The large extent to which agriculture has been capitalised. The big American farm of the Middle West, worked with scientific machinery, is in strong contrast to the French or Russian peasant small-holding.
- (6) The lateness of American capitalism's diversion of attention to overseas markets. Not till 1880 did exports of manufactures become of great importance. Till the end of the century there was abundant room for capitalist expansion in the West. Not till 1898 did American capitalism become imperialistic. To-day American capitalism has the largest capital accumulation in the world, and occupies the monopoly position in world markets which Britain held in the first half of the 19th century.

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SECTION NINE

EUROPEAN CAPITALISM IN DECLINE

THE Imperialist War of 1914-1918, resulting from the Imperialist rivalry which was described in Section IV., dealt a severe blow at European capitalism, causing complete collapse in Russia, and all but complete collapse in Germany and Austria. The principal economic effects of the war were :—

- (1) Material destruction and devastation—this was small *relatively* to the other effects.
- (2) Exhaustion of capital stock—railways, buildings, roads, machinery falling into disrepair—because the resources usually devoted to repair of capital depreciation were devoted instead to immediate war purposes.
- (3) Breakdown of the machinery of organisation by which the various specialised parts of the economic system are held together (under *laissez-faire* conditions this connecting link consists of the market). Consequently, a breakdown of the system of international division of labour and specialisation? textile weaving factories in one part unable to produce because they could neither procure supplies of spun yarn from factories in another part, nor dispose of their cloth to the finishing industry, etc.
- (4) Breakdown of the money and credit system owing to the resort to inflation (printing of paper money) by governments as a means of revenue.
- (5) In many countries a severe shrinkage of the cultivated area in agriculture, owing to the unwillingness of the peasants to cultivate and send to market, when the inducement afforded to them, in the shape of the manufactured goods they could get in return, had now shrunk so considerably, following the breakdown of industry and its concentration on war requirements.
- (6) Withdrawal of Russia, through the Soviet Revolution, from the area of capitalist exploitation.

The main burden of this breakdown of production, and the famine of commodities which resulted, showed itself first of all in a severe reduction of the standard of life of the workers and of the lower middle class. As a result the workers began to adopt a revolutionary temper: strikes in the factories, mutinies in the armies, leading up to open revolts, occurred, still further shaking the foundations of capitalism. In some countries there were also peasant revolts. The Treaty of Versailles, which concluded the war, sought to buttress up the position of the victor Imperialist countries by imposing heavy burdens on the defeated countries,

which made the position of collapse in the latter worse. Heavy reparation demands were imposed. Large tracts of territory were taken away from Germany and Austria, particularly those containing coal and iron and important industries, and handed over either to France or to one of the new puppet States of France set up in Eastern Europe (Poland, Czecho-Slovakia, Jugo-Slavia). These countries, in the attempt to foster new industries of their own, raised high tariff barriers, restricting trade and still further breaking up the international division of labour. Thus capitalism continued in a state of collapse in Central Europe for three or four years after the end of the war.

But this collapse reacted on the position of the victor Imperialist countries as well (*e.g.* the trade depression in Britain, aggravated by the collapse of the Central European markets for English textile and engineering products). France found it impossible to extort reparations from Germany, so long as Germany was in collapse. Consequently steps were taken to "stabilise" Central Europe—Austria in 1922, Germany by the Dawes Scheme in 1924. Loans were advanced to these countries to enable them to balance their Budgets, terminate inflation, introduce a stable currency and set industry on its feet again. In return for these loans, certain "conditions" and "controls" were imposed on the debtor countries. But owing to the scarcity of capital in Europe, most of the capital for this (and also capital to aid Italy and France, etc., as well) came from U.S.A. Europe, therefore, recovered from the immediate post-war crisis at the price of becoming debtor to U.S.A.

But this passing of the acute phase of the crisis and apparent stabilisation, though it was followed by a certain revival of production in parts of Europe (*e.g.* the "boom" in Germany in 1925-6), did not surmount the crisis altogether, and did not restore European capitalism to its pre-war position. Trade depression still continues in Britain. Fresh industrial difficulties in Germany are on the horizon, now that the temporary stimulus afforded by the huge inflow of foreign capital between 1924 and 1927 is coming to an end. European capitalism, and particularly British capitalism, continues on the decline. The reason for this is that the *super-profit* which European capitalism (and particularly Britain) was able to draw from trade in the world market has sharply declined and continues to decline. British capitalism has definitely lost its monopoly position, not only in European markets, but in markets outside Europe, and is even beginning to do so in its own colonial markets. The reasons for this are:—(a) the rise of U.S.A., rich in natural resources, with advanced industrial resources and technique and huge capital accumulation, to the position of dominance in the world market and in world finance; (b) the rise of colonial capitalism (*e.g.* cotton and jute in India, woollen-production in S. Africa, Canada, Australia) competing with British industry and closing those markets (*e.g.* by tariffs) to British goods.

Attempts have accordingly been made to combat this decline of super-profit by the following methods:—

- (1) By reducing the standard of life of the workers and increasing working hours (*e.g.* the coal struggle, abolition of 8-hour day, scrapping of State expenditure on social reforms, English Trade Union Bill, Fascism).
- (2) By "rationalising" production—speeding-up the intensity of work, introducing economies and new methods—and copying American methods generally. This has been done particularly in Germany. The more conservative British capitalists have been slow in doing this. Its results are to increase the instability of the workers' position, intensify the working day, and (combined with 3) to increase unemployment absolutely.
- (3) By eliminating competition by the formation of monopolistic combines and cartels, aiming to restrict production and raise prices and profits. In so far as this is done in the home market, the increased profit is at the expense of the workers and petit-bourgeoisie (*e.g.* international steel cartel, increased cartelisation in Germany, talk of British coal and steel cartel, Mond chemical combine, etc.).
- (4) By a keener Imperialist struggle for colonies and more intensive exploitation of colonies (*e.g.* East Africa, W. Africa, growing of cotton in Sudan, etc.).
- (5) By European capital transferring from investments in home industry to investment in colonial industry (*e.g.* British capital in Indian steel and cotton), since the rate of profit in the latter is greater than in the former. This tends to cause unemployment in the home country and hastens the industrialisation of the colonial countries.

These very remedies, however, have the effect (a) of increasing the revolt of the workers at home against the attack on their standard of life, (b) of increasing Imperialist rivalry in the international sphere, (c) of stimulating the growth of colonial nationalism, of a colonial proletariat, and ultimately an anti-Imperialist colonial revolt. Owing to unequal development of capitalism, the decline in some countries is more marked than in others; in Soviet Russia, where Socialist economy is being applied, there is steady progress instead of decline.

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SECTION TEN

COLONIAL CAPITALISM

WHEN export of capital to the agrarian colonial countries began, it first of all tended to go into railway building, harbour building, mining, etc. This increased trade and tended to increase the super-

profit which the Imperialist country could draw, at the same time as it yielded an improved rate of exchange to the native peasant producer. Later, in those countries where native resistance to the encroachments of Imperialism was weak, measures were often introduced which increased super-profit by depressing the position of the native peasant producer. For instance, the cutting down of native land reserves (*e.g.* East Africa and Natal), the imposition of heavy taxation on the native to force him to increase the supply of peasant produce (and so cheapen it) which was offered on the market to the capitalist merchant companies, or to force him to leave his land and work for wages and so swell the labour supply available for the white capitalist planter, factory owner or railway company. Sometimes actual forced labour was used (*e.g.* on "public works" in E. and W. Africa). Again, the formation of big monopolist trading companies (*e.g.* the British South Africa Co., the Niger Coy., etc.) would eliminate competition among the traders who bought from and sold to the native peasant producer. In these cases the poorer section of the peasantry tend to be proletarianised, either by direct expropriation, or indirectly by impoverishment which forces them into the hands of the money-lender. A cheap labour supply is created, and it becomes profitable for Imperialist capital to set up large-scale plantations and factories in the colonies. The colony becomes industrialised. Alongside the foreign capitalists grows up a colonial capitalist class, starting as small traders, money-lenders, commercial agents and middlemen for the foreign capitalists, and later setting up as industrial capitalists on their own. This colonial capitalist class in the course of time comes to grow jealous of the privileged position of the foreign capitalists, and desires to secure political power, in order to promote its own interests and give "protection" to native industry against foreign competition.

Hence the development of *colonial nationalism*. This is usually based on several elements and groups of interests :—

- (a) The native colonial capitalists, desiring "protection" and privileges for themselves (*e.g.* Indian jute, cotton and steel capitalists).
- (b) The native petty-bourgeoisie—smaller traders, lawyers, intellectuals.
- (c) The peasantry, exploited through trade by foreign Imperialism.
- (d) The colonial proletariat, working in the newly-developed capitalist industries.

(a) and (b) are most likely to accept a compromise with Imperialism, accepting a limited share of political power and economic privileges. For instance, in India British capital is itself invested in Indian cotton and steel production, and therefore itself stands to gain as much as Indian capital from a system of Indian tariffs. Hence a pact between the British and Indian capitalists, to the disadvantage of the industry in Britain which used to export to India. Similarly in China, the big industrial capitalists among the Chinese and the *compradore* merchants (commercial agents for foreign firms) were

the first to strike a compromise with the foreign Imperialists and give up the nationalist struggle. As Imperialist exploitation increases, however (see Section IX.), and colonial capitalism develops (developing a proletariat), the nationalist movement becomes more rooted in the peasants and workers, coming under the lead of the latter with their trade unions, etc., and takes on a more mass character and a more uncompromisingly anti-Imperialist form.

At the present time the colonial countries can be roughly grouped in the following way:—

- (1) The former colonies of the Mercantilist period (see Sect. I.), which secured self-government during the Liberal period of the 19th century, developed their own capitalist industry, and now stand forth as virtually independent capitalist countries, developing their industries by tariffs, etc., and competing with European industries. *E.g.* Canada, S. Africa, Australia—"the Dominions."
- (2) "Semi-colonial countries," politically independent in name, economically subjected to foreign capital; with foreign capital invested in mining, railways, and the beginnings of factory industry; and also in practice subject politically to a considerable amount of foreign control and "pressure." *E.g.* Venezuela, Columbia, Peru, Nicaragua, etc., in S. and Cen. America, subject to American capitalism; China and Persia divided out among several "spheres of influence."
- (3) Mandatories and Protectorates: economically dominated by foreign capital; politically under the control of some foreign Power, though with a limited degree of "self-government," this representing as a rule a "compromise" with either the upper ranks of the native capitalists or with a native feudal landowning class—*e.g.* Egypt, Palestine, Mesopotamia.
- (4) Colonies, annexed to an Imperialist Power, in which the latter, under pressure of a growing nationalist movement, has "bought off" a section of the colonial capitalists by economic concessions and a limited degree of self-government—*e.g.* India.
- (5) Colonies completely under the political and economic dominance of an Imperialist Power—*e.g.* East and West Africa, Morocco.

A slightly different grouping of colonial countries can also be made along economic lines, according as they are:—

- (a) Still predominantly agrarian, foreign capital having confined itself mainly to trade and to railway building and perhaps mining; and where the native peasant producer has been left in possession of his land, probably through fear of provoking native revolts—*e.g.* West Africa.
- (b) Where the process of industrialisation has begun; where pressure has been brought on the native peasant producer by dispossession of his land or by taxation, to create a proletariat, and where foreign capital is being invested in plantations and factories (*e.g.* East Africa, Malaya, etc.).
- (c) Where industrialisation is already considerably advanced, a developed proletariat exists, and a native industrial capitalist class is pressing for "Protection" of colonial industry against foreign competition—*e.g.* India and China.

In addition there are countries, formerly semi-colonies of some Imperialist Power, which took advantage of the weakening of the European countries during the war to establish some measure of political and economic independence, and to build up their own industry out of their own resources and by tariff protection, *e.g.* Mexico, Turkey, and those parts of China under nationalist control.

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 SECTION ELEVEN

THE WORKERS' MOVEMENT UNDER CAPITALISM

SINCE capitalism is a system of class monopoly, developing as that class monopoly matures, capitalist production represents a system of exploitation of the economically weaker proletariat for the benefit of the capitalist class, just as feudalism represented the exploitation of serf labour for the benefit of the feudal nobility, and slavery the exploitation of compulsory slave labour. Consequently, the working class has an interest in combining together to protect its own interests and lessen the degree of its exploitation. So long as capitalism is on the up-grade, and capitalist profit is expanding, this collective action of the workers tends to confine itself to *reformist* activity—gaining reforms inside the existing system. But when a check occurs to the growth of capitalist production, or any circumstance causes capitalist profit to decline, any improvement in the workers' position tends to meet severe resistance, and the workers' organised movement, gaining in strength, begins to challenge the existence of class monopoly itself—the struggle tends to become *revolutionary*. In addition to the workers, various other groups which are economically weak may be exploited by the capitalist class by virtue of the position of advantage enjoyed by the latter (*e.g.* the small craftsmen under the Domestic System, peasant producers, etc.); and at times of crisis they may revolt and join their interests with those of the workers.

In the early period of capitalism, a propertyless wage-earning class was incompletely developed. Though organisations were to be found and revolts occurred among the journeymen and the small craftsmen, these were usually spasmodic and isolated. Workers were still scattered, not concentrated, and organisation was difficult. Journeymen usually hoped ultimately to set up as small craftsmen on their own, and their efforts were directed to facilitating this, rather than to strengthening their position as wage-earners. The

craftsmen, though they might revolt against the large capitalist merchants, were usually conservative in their aims—seeking to conserve their old position of independence, resisting the encroachment of new methods, clinging to local exclusiveness.

With the coming of the industrial revolution the line of class division between worker and capitalist was sharpened. The middle group of small masters was eliminated, and the worker's chance of setting up as a small master on his own became very small indeed. Further, workers were concentrated together in factories and towns, where they began to think and feel in terms of groups rather than individuals, and where organisation became much easier. Hence the beginning of trade union organisation to protect the workers' position in the wage-bargain. These unions began, however, with being as a rule *local* (confined to a town) and *sectional* (confined to a craft).

After their initial struggles, and after British capitalism had begun to grow prosperous from the profits of its position of monopoly in the world markets, these craft unions, representing the skilled workers, found it possible to secure a considerable advance in their position by careful organisation designed to make the supply of their labour scarce, and to place them in a privileged position. In other words, they were able by securing certain minor privileges for themselves of a monopolistic character to share in the super-profit which British capitalism at this time enjoyed. This was the policy of the *Old Unionism* (1850-1880); and this was the basis of the *aristocracy of labour* which developed at that time, Liberal in outlook and hostile to Socialism.

With the increased foreign competition after 1870, and the severe trade depression of the '70's, an impetus was given to the organisation of mass trade unions among the unskilled and semi-skilled (the *New Unionism*). These mass unions sought to improve their position by collective bargaining and the use of the strike weapon. In politics they tended to adopt *Reformist Socialism*—the policy of securing reforms in the position of the worker by State help, e.g. Trade Boards, legalisation of T.U.'s, Eight Hours' legislation, Social Insurance, etc. A similar movement developed in other advanced capitalist countries, e.g. France and Germany, where trade union organisation developed and Social Democratic Parties were formed. Internationally these various national parties were linked together in a loose federation—the Second International. But at this time European capitalism was increasing its acquisition of super-profit by means of Imperialist expansion: wealth was expanding and capitalism could afford to concede a share in this increasing wealth to the workers. This was particularly the case in Britain. Consequently the workers' movement in the various countries adopted purely Reformist aims, and the Labour leaders adopted a neutral or even favourable attitude towards Imperialism. In Britain the movement was particularly moderate

owing to the traditions of the Liberal "aristocracy of labour" and the influence of the strong and wealthy craft unions which survived from the period of the Old Unionism. When the war came, the Labour and Socialist leaders of the various countries sided with their own Imperialist States.

In the period of crisis and of decline at the close of the war, the situation was altered. Reformism everywhere received a check. Social retrogression set in—attacks on the workers' standard of life and on trade unionism, abolition of 8-hour day, reduction of State social expenditure, increased intensity of work and "Americanisation," Fascism, etc. The masses of the workers became revolutionary, and a challenge to the whole basis of capitalism in class monopoly gathered force (e.g. Russia, Hungary, Bavaria, Austria, Italy). At the same time as this was occurring, the organisational machinery of the workers' movement remained in its pre-war form, when it had been built and adapted to the Reformist aims of that period, while the control of the movement still remained in the hands of the Reformist leadership which had grown up in the pre-war period, during the war occupied government posts or ministerial chairs, and continued to pursue a pro-imperialist reformist policy. Hence, in all European countries there developed a contest inside the workers' movement between the old Reformist leadership and those sections of the rank and file who were calling for a new revolutionary policy and a new revolutionary leadership—a contest which in some respects paralleled that between the Old and the New Unionism in Britain in the '80's and '90's.

At the same time sections of the peasantry and lower middle class in some countries were organising and showing signs of revolt against capitalism; while in the colonies was developing, not only a colonial working class and working class movement, but also a wider anti-Imperialist movement, comprising the peasantry and sections of the colonial middle-class as well. An increasing tendency developed for the more anti-Imperialist sections of the European working class to join hands and form organisational connections with, on the one hand, the peasantry of their own country, and, on the other hand, the anti-Imperialist movements in the colonies.

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