

**The New Era Series**

**(VOLUME FIFTEEN)**

**INCENTIVES IN THE NEW  
INDUSTRIAL ORDER**



# INCENTIVES IN THE NEW INDUSTRIAL ORDER

BY

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## PREFACE

A NEW Industrial Order is struggling into life, displacing piece by piece the old system of private capitalism over large areas of industry. That order was based upon unrestricted profit as the motive, competition as the method, the autocracy of the employer as the government. This motive, method, and government were qualified by considerations of usage, humanity and public opinion, the bargaining power of labour, and state regulations in the interest of workers, consumers, or the general public, but remained the dominant features of our economic system.

The recent rapid growth of combinations on the part of Capital and Labour, the strength of the Co-operative Movement, the financial needs and demands of the State, the frequency and severity of industrial conflicts, have led increasing numbers of people to realise the necessity for a radical reconstruction of industry. War experience has quickened this thought, as it has quickened the actual processes of change.

The New Order emerging in this country is neither State socialism, syndicalism, voluntary co-operation nor guild socialism, but a blend of these and other schemes, varying with the conditions of the several industries. But it embodies certain common objects: (1) the abolition of unrestricted profiteering; (2) the substitution of representative government for employers' autocracy; (3) measures

for apportioning the product equitably and by pacific agreement among the parties interested in industry.

The workability of such reforms cannot, however, be taken for granted. The New Order is challenged by defenders of the old as impracticable, because capital will fail or fly abroad, invention, enterprise, and initiative will collapse, discipline will be slack in the workshop, and government interference will impair efficiency. Hence productivity will be low, and we shall be unable to maintain our population on a satisfactory level of subsistence, much less continue a career of industrial progress. These troubles, it is alleged, must follow the failure of economic incentives under the New Order.

My object in these chapters is to inquire into the validity of these and other objections, and in particular to consider how far private personal profit in present-day industry works economically, and how far it can be displaced by incentives with a wider, better, and more reliable appeal. Since this consideration of incentives involves the question of industrial control, I am led to certain necessary speculations upon the parts to be played in the government of industry by the workers, the employers, the capitalists, the consumers and the State, for the protection and advancement of their respective interests. The inquiry is informal and introductory, and presents no claim to be a scientific psychology of industry. I am indebted to Mr Delisle Burns and to my son for various serviceable criticisms upon the matter of the book when it was in manuscript.

J. A. HOBSON

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## CONTENTS

CHAP.	PAGE
PREFACE . . . . .	5
I. COLLAPSE OF THE OLD ORDER . . . . .	9
II. ECONOMIC ACTIVITIES AND THEIR INCENTIVES . . . . .	26
III. PSYCHOLOGICAL TESTS OF THE NEW INDUSTRIAL ORDER . . . . .	35
IV. BRAINS IN INDUSTRY . . . . .	70
V. INCENTIVES TO THE EFFICIENCY OF LABOUR	100
VI. THE INTERESTS OF CONSUMERS . . . . .	127
VII. THE GOVERNMENT OF INDUSTRY . . . . .	140