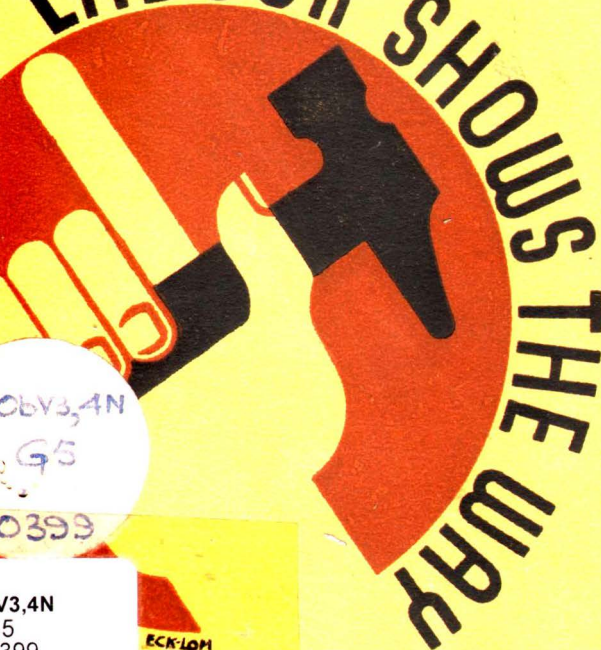


LABOUR'S WAY TO PLAN PROSPERITY

BY DAVID R. GRENFELL M.P.

LABOUR SHOWS THE WAY



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**LABOUR'S WAY TO PLAN
PROSPERITY**

LABOUR SHOWS THE WAY

THE WILL AND THE WAY TO SOCIALISM

By Clement R. Attlee, M.P.

LABOUR'S WAY TO PROVIDE WORK AND LEISURE

By Walter Citrine, General Secretary of the Trades
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LABOUR'S WAY TO HEALTH AND HAPPINESS

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LABOUR'S WAY TO PLAN PROSPERITY

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**LABOUR
SHOWS THE WAY**

General Editor: Clement R. Attlee, M.P.

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TO PLAN PROSPERITY**

by

DAVID GRENFELL, M.P.

1935

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INTRODUCTION

THE economic developments of the past five years are a cause of grave anxiety in every part of the world. After waiting with scant hope for signs of recovery, those occupying positions of responsibility are more than ever alarmed about falling trade with its effect upon production and employment. World production has failed to show its accustomed increase and actually stands at a volume substantially less than that of five years ago. Since then unemployment has been seriously aggravated. Tens of millions of industrial workers remain idle with no prospect of a return to work. The standard of living throughout the world has been appreciably lowered and enormous losses have been sustained by producers who have failed to find markets for their products.

In particular, primary producers have suffered from low prices and reduced demand. They have sold at ruinous cheapness or have been compelled to hold their stocks unmarketed. Debts have multiplied and have led to widespread default or bankruptcy.

Bitter experience has driven many millions to doubt whether the principles which have hitherto

served will be adequate for the future needs of a changed and changing world.

Those who have in the past trusted to private enterprise have been largely convinced that its unrelated and frequently conflicting activities are responsible for the economic disorder prevailing everywhere.

Keen students of business conditions readily admit themselves baffled by the problems of restoring trade and removing the evil of unemployment. Governments faced with the duty of relieving the distress of their citizens are driven to adopt remedies which they once regarded with disdain and abhorrence. Special measures are put forward involving far-reaching collective action to deal with finance, trade, agriculture, public works, and relief of destitution: in the majority of cases with the avowed object of tiding over the immediate crisis.

The responsibility of the State for such tasks has been tardily acknowledged, but the menace to order and the interests of public safety have been sufficient to overcome prejudice and compel the acceptance of the new relation of the State to industry. Changes are taking place rapidly and old ideas have to give way to those more appropriate to the times. The economics of the last century are now proved unsuitable to the world's need. Individualism has been carried far beyond its proper sphere. It is now in conflict with the interests of the people of all lands.

The question now is, how can industry be put

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on a sound foundation so as to bring security and ordered progress instead of the uncertainty and the distress arising from the present system ?

Has the time arrived for State planning of industry, and what are the principles upon which the State is to extend its functions in regulating the production and distribution of commodities and to supersede private enterprise in this service ?

CHAPTER I

THE STATE AND INDUSTRY

IN the modern state industry is indispensably associated with government. No important sphere of production can be removed from contact with political life. Changes in industrial methods give rise to new social conditions and call new political forces into action. An industrial crisis frequently leads to a political crisis. As the State gives expression to the sum of industrial forces at any time it must be influenced by the stresses which occur when any factor is appreciably altered and internal equilibrium has been disturbed. A complicated industrial system necessitates the widest diffusion of industrial and political authority. Industries are consumers of each other's products and thrive only in favourable conditions of association. Political institutions develop naturally from a diversified economic system striving to accommodate itself to the social and political circumstances with which it is surrounded.

The modern state contains a large number of conflicting interests, varying in their weight of impact upon each other from time to time.

Capitalist industry is essentially antagonistic to

society in its wider sense, nevertheless it has always sought the assistance of the State to win supremacy and security from competitors. Industrial organization has everywhere been promoted with regard primarily to personal gains, yet statesmen have pursued national trade policies and citizens of democratic states have been persuaded from motives of patriotism and a desire for national prosperity to support purely capitalist enterprises.

There are glittering prizes to be won in the battles of industry. Conquests in industry and commerce have been more lucrative than those of war. All instruments of policy, including military measures, have been employed by governments for the promotion of industry. War itself is one of the greatest of capitalist industries, employing as cannon fodder the ardent and youthful members of society and providing rich rewards for the cynical and callous who organize the supply of weapons of death and destruction at high rates of profit.

While we note the part played by war in the history of industry and commerce, it should be observed that the constructive developments of trade, far and near, have been indissolubly bound with sustained periods of peace and hard work.

HISTORY OF INDUSTRIAL DEVELOPMENT AT HOME AND ABROAD

The rapid growth of British industry from the latter part of the eighteenth century to the first

quarter of the twentieth, provides an effective illustration of the methods by which technical advancement has been supplemented by capitalist and State co-operation. It may be conceded that there has been no plan, but the field of world industry was undeveloped and ready for exploitation. British capitalists found compensation for their lack of method in the ready response of successive governments, both Tory and Whig, to their demand for new markets and for virtual monopolies over large areas of the globe.

The modest production and the simple organization for marketing in the days of hand labour were followed by the introduction of machinery and improved transport. An immense increase in manufacturing capacity came with the use of water power, canals, steam engines, railways, gas and electricity, the internal combustion engine, and with the discovery of new metals and metallic alloys.

This immensely increased production, to which we shall refer later, was not confined to the United Kingdom. A century and a half of invention has revolutionized the industrial life of the whole world.

The larger states of Europe and the United States of America strove eagerly for leadership in industry and particularly in the production of coal, metals, and engineering, upon which lesser industries are vitally dependent.

The search for raw materials and for markets was actively pursued by the respective govern-

ments. Wars were planned which led to annexation of lands and peoples in the interest of trade and profits therefrom. France, Germany, Italy, Holland, Belgium, all secured rich colonial possessions in Asia and Africa, just as Britain had taken India, Australia, South Africa, Canada and immense tracts elsewhere in the service of capitalist civilization and profits. The new imperialism spread to Japan. She is now in the forefront of the struggle for markets and for political expansion. The industrial revolution has widened its circle and is now operating in all quarters of the globe.

SOCIAL CONSEQUENCES OF THE INDUSTRIAL REVOLUTION

An almost incredible improvement in technical equipment resulted in a wide distribution of effort and great achievements in every branch of industry. Travel and trade increased a hundredfold. Between 1870 and 1914 the railways of the world had increased from 140,000 miles to 700,000 miles. Telegraph mileage from 281,000 miles to 1,406,000 miles.

Steamship tonnage from 3,000,000 tons to 27,000,000 tons. World trade from £2,000,000,000 to £9,000,000,000.

The rate of progress was not uniformly maintained; the curve showed fluctuations with definite periods of acceleration and retardation.

The beginning of the twentieth century was

accompanied by a temporary slump in trade, but the whole world soon appeared to be on a general trend towards greater prosperity despite the hardships and miseries which prevailed widely among the wage-earning classes.

Low wages and unemployment had given rise to unrest and political agitation. A consciousness of State responsibility towards the masses had come with improved educational standards and the higher technique which had been adopted in industry and commerce. The population of the United Kingdom increased from 20,000,000 to 47,000,000 in a hundred years to 1914. A century of political development on democratic lines had brought the franchise to nearly the whole of the adult population. The great Co-operative movement, the trade unions and the Labour and Socialist movement bear testimony to the ability of the masses of workers who had been long dispossessed and divorced from the management of the industries in which they were employed.

EXPANSION OF FOREIGN TRADE

Capitalism gradually assumed new forms. The relation of master and servant gave way to that of the joint stock company and its employees. Finance came to control industry through trusts, corporations and combines. Industrial capital flowed freely through City houses for all kinds of enterprises at home and abroad. Britain held

nearly £4,000,000,000 of foreign investments—more than half the world total in 1914. United Kingdom trade presented the unique spectacle of having an import value year by year 40 per cent greater than the value of goods exported.

This gap between exports and imports was adequately met from the earnings of British shipping, the income from foreign investments and miscellaneous receipts from services rendered by finance or by Government agencies abroad. Internal economy was based on a system of increasing production for sale abroad and a corresponding neglect of agriculture and food production for our own use. The old political parties, both Conservative and Liberal, stood for Empire development and expansion, and were equally strong in the advocacy of emigration and investment of capital in the colonies and the Dominions.

The industrial areas came to rely on Free Trade for regular and increasing employment. Liberal politicians attributed to our open markets all the increase in the value of foreign sales, and successfully persuaded the newly enfranchised workers in industrial employment that it was sound national policy to cultivate the maximum foreign trade though we neglected our own land in the process.

Rural depopulation marked the decline of agriculture and of the small rural industries. Farm labour transferred itself to industry and to urban employment at home, while a large and

regular overflow of workers emigrated to new countries inside and outside the British Empire.

The economic supremacy of the Free Trade industrialist was secure. Britain owned half the world's shipping, which was employed in carrying bulk cargoes of coal, iron and steel, and other manufactures from British ports.

The export trade in coal reached a value of £50,000,000 in 1913. This trade employed 10,000,000 tons of shipping carrying outward and return cargoes. Double freight earnings added to the f.o.b. prices of the coal enabled imports approaching £100,000,000 in value to be brought in without affecting adversely the balance of trade against this country.

The enormous demand for shipping to carry the bulk cargoes represented mainly on our side by coal and metal and on the import side by wheat, meat, timber, iron ore, had led to the possession of a mercantile marine of 30,000,000 tons and to a great shipbuilding industry in which 60 per cent of the aggregate world tonnage had been built.

Industrial Britain was situated in half-a-dozen congested areas on or adjacent to the larger coalfields. This powerful base of industry occupied territorially only a few thousand square miles in the Midlands, Yorkshire, the North-east Coast, the Clyde Basin in Scotland, Lancashire and South Wales. It was connected with all the world through the great seaports of Liverpool, Glasgow, Newcastle, Cardiff, Hull

and London, which flourished in consequence of the concentration on foreign trade in coal and in manufactures based on cheap and accessible fuel resources.

INTERNATIONAL RIVALRY AND THE WAR

But other countries shared in the amazing industrial progress which came about in Britain in the generation before the war. Germany had actually taken the lead in European steel production. She was second only to the United States in metals. The latter country was easily first in coal and steel production and produced half the world output in industry and manufacture.

Although America exported a very small proportion of her industrial production she supplied considerable quantities of primary products, both agricultural and mineral, to European countries. International trade rivalry was keen, and marked with strained European relations for many years previous to the outbreak of hostilities in August 1914. The war immediately engaged Germany, Austria, Russia, Belgium, France and Britain. The whole British Empire rallied to the call and every effort was made to maintain food supplies and necessary war materials for the Allies while closing the seas to the Central Powers and, as far as possible, enforcing a blockade on their trade.

One of the first effects was the increase in the manufacture of munitions of all kinds. Steel

for guns, shells, ships, and machinery was in urgent demand. The United States, for two years neutral, occupied herself in providing war material almost exclusively for the Allies. Britain added considerably to her steel production. She also made great efforts to provide coal for munition purposes as well as to supply allied and certain neutral countries. Germany made a desperate effort to defeat the blockade.

Allied shipping became a target for German submarine attack and millions of tons had been sunk before the menace was mastered. Ship-building in America and neutral countries derived a great impetus from the submarine campaign, and tonnage was maintained at the pre-war figure despite all the losses incurred.

As the war dragged on the strain told severely on all belligerents. The greater part of the world became involved and was engaged against the Central Powers. The blockade, added to the pressure of military operations, broke the entrenched power of Germany and her allies. All nations emerged from the war in a state of military and economic exhaustion. Russia had taken her own course a year earlier and had left the field to attend to her internal difficulties and to save herself from the famine and destruction with which she was threatened. Nevertheless, the potential production of industrial countries had been considerably increased. The organization of munition supplies had necessitated extensive new works for producing metal and

engineering products in countries previously without industry. When war borrowings ceased these works were closed down. This additional productive power has never since been fully employed and has remained a disturbing element in industrial relations.

POST-WAR DIFFICULTIES

After the war victors and vanquished came together to settle accounts. The treaties of peace were dictated, more with regard to their penal effect than to the ultimate economic consequences.

The Central Powers, on the verge of starvation, were saddled with obligations of a crushing character. New states came into existence by carving bits from Russia, Germany and Austria. New economic and political divisions were raised which have since presented formidable obstacles to the reconstruction of friendly trade relations. The peace treaties took away Germany's colonies and compelled her to pay reparations in coal and shipping. These threw the British coal trade and shipbuilding into immediate confusion, and led to the depression from which they have never since emerged.

Capitalism had reaped a rich harvest from those four years of war. Frenzied finance ran its course long after. An orgy of speculation overwhelmed industry and commerce, and destroyed the slender foundations upon which international trade might be rebuilt. A fitful

boom in coal and steel soon gave way to a depression, and world trade was reduced to small proportions compared with its pre-war capacity. Clearly at that time a policy of currency expansion would have enabled production and employment to be maintained. The reverse course was taken on the advice of bankers and financial advisers of creditor countries.

MONETARY EVILS OF THE POST-WAR PERIOD

War debts and reparations were pressed with little regard to future effect, Nations were virtually bled white and had to resort to various financial makeshifts to exist. Germany entered upon inflation with disastrous results to her credit. Her internal debt was cancelled almost to the last shilling but her foreign obligations were immensely increased by recourse to loans, principally from America and the United Kingdom. The moneylenders took charge of European politics. America made her claims against Britain secure. Britain was more generous to her borrowers. Even so, the burdens that remained were fantastic and crushing in their incidence. The efforts under compulsion to pay debt interest and reparations brought confusion to trade and finance. The gold standard, abandoned during the War, was restored for the benefit of bondholders. The obligations upon debtor states to pay their foreign debts has driven them to achieve an export surplus, either by limitation of

imports or by subsidizing exports. The great urge to sell with the coincident unwillingness to buy has driven down prices to unremunerative levels all round, and has reduced the standard of living and consumption to a point seriously incommensurate with the producing capacity which has been attained in modern industrial and agricultural practice.

The sustained period of under-consumption with the enforced idleness of plant and machinery is no ordinary passing phase in capitalistic development. Unemployment has reached a figure higher than ever before. In spite of the wasteful expenditure of £1,000,000,000 a year on armaments and the withdrawal of many millions of young men for military service, there are more than 10,000,000 unemployed workers in Europe, a far greater number in American countries, and a similar proportion in South Africa, Australia and New Zealand.

CHAPTER II

WHY CAPITALISM IS BREAKING DOWN

CAPITALISM has in fact signally failed to provide for the needs of society, and to make available the goods and services which men desire to render to each other in order to attain to greater comfort and security.

Impelled by selfish motives, and having neither sympathy nor concern for moral considerations, the profit-making system has permeated every feature of human activity, taking always more than it gives, intercepting the product of human skill and intellect, and levying toll of every form of labour and service.

The unregulated spirit of speculation applies in every-day affairs; every social need—housing and furnishing, clothing and food, travel and entertainment—is exploited for profit. The claim of ownership and control takes precedence over all others. Profit making is pursued with general disregard of the social consequences. The principles of capitalism are predatory in every form of operation. To buy cheap and sell dearly in a series of transactions inevitably leads to a breakdown of purchasing power and finally of production.

The cost of production represents only a small part of the market price of any commodity. Machines fed with steam, electricity, gas or fuel oil, produce at a cost infinitely lower than that of hand-made products. A halfpennyworth of electricity is equal in mechanical energy to a full day's work by one man. Machines displace men in every industry: manufacturing costs are thereby being steadily reduced while the output is rapidly increased. Thus aggregate wages tend to fall in relation to output, and the purchasing power of the workers expressed in terms of their own product is constantly being reduced.

This mechanization of productive industry as well as of transport and auxiliary industries has led to an abundance of commodities produced at low wages, but with an inadequate demand for the increasing volume of products. The capitalist motive has succeeded, with much waste of human energy and material, in bringing an abundant and varied assortment of goods, but it has not been able to devote the greater surplus to the purpose of removing poverty and want.

EFFORTS TO AVERT RUIN

This failure to give economic security is inherent in capitalism. The evil which has befallen all Europe and America is due to the unwillingness of the dominant interests, economic and political, to avail themselves of plenty and to organize for a generous distribution of commodi-

ties already produced. Failure to plan production has led to accumulated stocks of coal, oil, wheat, cotton, coffee, rubber, meat and sugar. Determined not to risk injury to the system which they have successfully exploited in the past, capitalist combinations have invoked their governments to restrict production and to sanction the destruction of food-stuffs by fire, rather than to distribute them among the needy masses, even to those whose labour produced the commodities to be destroyed. Capitalism is thus exposed in all its anarchic inadequacy. Mass unemployment, bad housing, economic unsettlement, unrest, revolution, political dictatorships give evidence of the internal conflict which has brought all industrial countries to an apprehension of ruin and destruction.

Governments are feverishly trying to redress the lack of planning. As an example the American Recovery Administration should be noted. By a series of enactments, Congress has authorized fundamental interference in the rights of ownership and the use of property. Monetary control, involving extreme inflation and a revaluation of the bullion stocks, has been designed to depreciate the claims of fixed interest investments, and to give a proportionately higher share of the national income to the producer and wage earner. The Administration has imposed restrictions on cotton and wheat production, and has fixed a scale of reward for keeping land in idleness which is greater than the wage of working on similar land.

The Treasury is finding money for schemes of public works and for large scale-afforestation. All this is violently in opposition to the tenets of capitalism but it is being done ostensibly in the belief that capitalism can be restored to a state of health and large dividends by these various means.

All governments are actively engaged in ambulance work. By a variety of contrivances they are endeavouring to substitute control for the *laisser-faire* attitude which was adopted when capitalism was developing and expanding. Poultices and splints, crutches and bandages, stimulants and blood-letting are all in evidence. Experiments in planning are being carried on in all parts of the world. The contention that industry was so delicately constructed, so nicely balanced as to be liable to complete destruction if subject to interference, has now been abandoned. Where governments are not giving direct subsidies, they have resorted to tariffs for protective purposes. Restriction of imports and quota systems carry planning so far as to determine both the quantity and the character of national production. Governments have handed over to advisory committees the responsibility for safeguarding, from foreign competition, privately owned and managed industries and, as in the case of the British iron and steel industry, for making recommendations for reorganization with a view to more efficient production. None of these, with the exception of the U.S.A. experiment, has endeavoured to protect wages or conditions of

employment. The result, even there, has not been favourable, and gives little encouragement to hope that the workers' position can be improved under any capitalist plan of reorganization.

THE REAL PROBLEM

The real problem is not to be solved by the introduction of checks or minor correctives. The evil is fundamental. Industry and trade are essentially collectivist and, therefore, must suffer when subordinated to an individual or to a small body of persons joined together by self-interest. The challenge to capitalism is a challenge to private ownership. Possession has been given legal sanction and has been given precedence over personal right. Ownership carries not only the right to use but also the right to withhold from use. The wages of working, of learning, of invention, are subordinated to the power of ownership over land and the instruments of capitalism. Wealth is highly concentrated, poverty widespread and apparently ineradicable. The enormous addition to production which has been achieved in the last hundred years of mechanical discovery and technical advancement, has not removed poverty in any country. Where technical progress has been most marked the ratio of wealth distribution is more favourable to the owning classes than under less 'advanced' industrial conditions. Mechanization has resulted in displacement of labour

and has aggravated the drift into unemployment which is always a feature of the present system. Under capitalism labour is hired to be exploited and to yield the maximum productive results at the minimum cost.

The wealth of the nations is owned by a few. Ninety per cent of the private wealth belongs to 10 per cent of the population. Only one in ten of adult Britishers has any substantial stake in the country. Low wages and unemployment are responsible for the failure of millions of good citizens to rise above the poverty line. Competition for employment compels the acceptance of inadequate wages and salaries to avoid the greater hardship of unemployment which lurks around in most prosperous times and which has in post-war years terrorized the industrial population of the whole world.

The working population do not in general own. Paltry accounts in savings banks are deliberately misrepresented as evidence of the diffusion of capital ownership said to have been achieved in recent years. Even where savings are held in the form of small bank deposits, insurance policies, building society shares, etc., they confer no sort of control over the use of such property and in fact give greater power to banks, insurance corporations and various societies to exploit those who save as well as those who are unable to do so.

CHAPTER III

AMELIORATIVE MEASURES

THE ruthless disregard of human considerations in industry has thrown upon the community and the State a great responsibility for maintaining social services for the benefit of the lowly paid. About 10 per cent of the national income has been by law directed to the service of relief; for education, housing, nursing and maintaining those who cannot secure for themselves the means of living in face of ill-health, loss of employment, old age and infirmity. Those who profit from ownership are called upon to make a contribution towards these services. There is much complaint from the rich. They represent it as a burden upon themselves, ignoring the fact that their wealth accumulates in spite of taxation.

It is not solely for the inequitable distribution of wealth that capitalism stands to be condemned. It is on the grounds that it is wasteful of human energy and of capital that it deserves condemnation. It permits sweated conditions to exist side by side with mass unemployment. It admits its inability to lower the hours of work, its failure to pay decent wages, and to safeguard the lives

and health of the workers. It stands self-condemned as the defender of poverty in the midst of plenty and as the negation of all the forces making for a more generous life. It has led to economic confusion and political perplexity. It has created slums and unsightly industrial townships where the inhabitants have been deprived of elementary decencies. Capitalism makes provision for a few and degrades the million. No social reform has been initiated by capitalism. Concessions in wages have been wrung from employers after delay and obstruction and defiance had been overcome. The whole weight of organized capital has been exercised in local and national politics against necessary social expenditure. The maintenance of public health, housing, social insurance, even the provision of such measures as Workmen's Compensation, have been opposed in every detail. Local governing bodies have been handicapped and thwarted in their efforts by the business interests represented thereon, which must take responsibility for much of the inefficiency and consequent expense to the ratepayers caused by their anti-social activities.

ECONOMY

In their present difficulties capitalists have called upon governments to reduce public social expenditure. Political crises have been conveniently created and governments have been overthrown. Constitutions have been scrapped.

Dictatorships have been established to enable capitalism to overcome the defects arising from the ordinary principles operating in industry and finance. One form of national expenditure against which there is no outcry is the vast system of national armaments so tenaciously held in private hands, and as remunerative to the armament manufacturers as it is dangerous to the peace of the world.

Capitalism with its incapacity to maintain consumption at the level of production, with its surplus goods and surplus workers, can find no way out of the impasse into which it has drifted. But distribution need not for ever be inadequate and cannot be allowed to remain undeveloped. The stage has now been reached for a balanced economy which will have an equally effective control over production and distribution.

Profit making is an unsatisfactory motive. Industry must be regulated to the needs of the communities it serves. It is a crime against the nation when capital is diverted to the production of unnecessary and injurious commodities while services vital to the life of the individual and the community are not available. With the aid of the invisible cohorts of man-power embodied in modern machinery there is no limit of production, neither can we escape from the dilemma of surplus goods and want without a radical reconstruction of our industrial system.

This new plan will have regard, in the first instance, to the needs of our large population

and must, therefore, embrace agricultural, manufacturing, and distributive services in orderly relations to each other and to the whole. Such a plan will aim to provide a higher standard of living and of amenities, with wider opportunities for leisure, recreation and enjoyment for all. No tinkering with prices and with restrictions of supply which leaves purchasing power at a low standard will be of any assistance to national or world industry. An examination of agriculture and food supply reveals that our domestic production of foodstuffs is in the neighbourhood of £200,000,000 per annum. A total of 1,250,000 people are engaged on the land.

Agriculture, though regularly declining in area and in number employed, is still our largest single industry, holding the premier position in recent years owing to the greater corresponding decline of the second great industry, that of coal-mining. Agriculture is highly diversified in character and varies very considerably in practice from area to area. The quantity of cereals grown is exceptionally small in relation to the area of cultivable land available or in relation to the population. The British people have for many years lived almost entirely on bread made from foreign wheat. Even with the assistance given through the Wheat Quota Act, at a cost to the consumer of £6,000,000 per annum, the quantity of home-grown wheat has barely attained 30,000,000 cwts., while the consumption of bread is 150,000,000 cwts. The production of meat and dairy produce,

which is the mainstay of British farming, represents less than one-half of these commodities required for supplying the needs of British consumers.

The total value of food imports in 1934 was shown at a figure of £300,000,000 and is substantially in excess of 60 per cent of the total annual consumption in this country. This deficit in food production is one of the main features of our national economy.

Capitalism has ignored it and has made no effort to redress the balance at any time. We are now confronted with a large number of hurriedly improvised measures which have been advertised as instalments of trade planning by the authors. The National Government has embarked upon a programme of intervention in trade, but there is little indication that the result is going to be an enlarged agricultural system with the employment of more people and more land.

Whatever action is taken to control trade must also affect production and consumption. As there is no shortage of production to meet the present demand measures which do not lead to increased consumption cannot ultimately benefit production.

A great deal of the legislation which has been enacted assumes the form of subsidies to producers, some of them by direct Treasury grants, some by levy on imports of the particular product, and others by simply raising prices against the general consumers of the product to be subsidized.

None of these contemplate any change in the system of production. Ownership remains intact and profits are made secure. A new relation is set up between industry and the State in which the latter is pledged to maintain the solvency of producers by restricting competition and by guaranteed prices as circumstances and political expediency dictate.

Industries which have been secured in the home market by high import duties or by import prohibitions will expect the State to continue its assistance, and will exert all kinds of influence to safeguard their own interests. Beet sugar, meat, wheat, milk and milk products are heavily subsidized. The community pays. The State has taken sides to protect rents and profits. But the State consists in the great majority of people whose income is solely derived from wages and whose purchasing power is limited accordingly.

THE FUTILITY OF ECONOMIC NATIONALISM

Not one of the advocates of tariffs, quota restrictions and prohibitions has ever attempted to state the limit to which they propose to apply those measures, or to define the means by which we are to induce foreign customers to take British manufactures while we close our doors to their products. Tariffs and import restrictions are double-edged weapons which cut off exports almost exactly to the extent to which imports are cut.

The numerous and complicated agreements negotiated by the Board of Trade and adopted by Parliament with alacrity, have only in minor degree nullified the effect on our exports.

The attempt to combine the functions of the Board of Trade with the marketing policy of the Ministry of Agriculture has not been attended with happy results. We have paid foreign countries excessively high prices for some products (the example of Danish bacon is so familiar that the figures need not be quoted), but we have accepted butter from New Zealand at a price far below the figure that would be regarded as fair and reasonable between friendly neighbours. The effort to stabilize prices has grievously broken down. The British consumer has been denied any voice in determining prices even when he has been taxed on almost all the food imported into this country. We are being carried along, step by step, towards a condition in which the limits of our imports and exports will be fixed at a level considerably lower than that previously attained. Rivalry in bargaining has already introduced extreme friction and threatens to disturb peaceful international relations. Diplomatic agencies have been burdened with additional responsibilities. Economic questions occupy the forefront of the international stage and loom darkly between the peoples of all countries waiting for employment and for the disposal of unmarketable products.

Economic competition is now not confined to

private firms, companies, or cartels. The whole authority of the State and its might is thrown into the balance of negotiations, and has to assist when rival competitors come forward to secure their share of the dwindling trade of the world. Rivalry in which governments are directly involved and in which industry has no recourse to other help, is infinitely more dangerous than the more distant and discreet patronage of the pre-war period.

Economic war goes on continuously with the State participating and controlling operations. It is a short step between the open struggle for markets in which diplomatic weapons are employed and the war for supremacy in trade which leads to the employment of armies, navies and air forces against trade and diplomatic rivals.

The expediency of 1931 has become the settled and universal policy of to-day. The attempt to balance trade has led to a general reduction of business across national frontiers, but there has been no increase in general productivity or in consumption as a result. The aim is too low, and even if the policy of accurately balancing trade succeeds at a lower level in volume and in value, there is no advantage unless it can be shown that internal trade has brought sufficient compensation for the loss of trade which had previously been borne across national frontiers or overseas.

The much vaunted private enterprise has been relegated to the lobbies and the ante-rooms

of Government Departments. Civil Servants, armed with figures and arguments based on past records, have taken control of trade and have tied the private trader securely to the system by which volumes and quantities are regulated almost in detail.

A hundred trading agreements covering every important product of as many separate countries may be regarded as evidence of much Government activity. Numerous Import Duties, Orders specifying the exact application of thousands of taxes on imported products, give a precarious sense of protection to domestic producers of similar products, but there is no elasticity, no promise of growth or expansion under these conditions.

The condition of the world is never static; new discoveries in manufacturing science are brought to light from day to day. New processes are introduced. Invention changes the method of production. Costs of transport and distribution are brought down lower and lower by mechanical improvement, by better roads, by aviation. The time factor is constantly in course of alteration. No system of trading based and designed to give stability on any set of static conditions will satisfy the needs of modern industry.

CHAPTER IV

FEATURES OF OUR ECONOMIC POSITION

THE United Kingdom occupies a peculiar position among the nations of the world. Reference has previously been made to its large purchases of food and raw materials from abroad. There is no immediate prospect of national self-sufficiency. It would be the height of folly to attempt a plan designed for that purpose. We have considerable assets of which we must dispose. These assets have served to build our enormous foreign trade and have been responsible for our considerable investment of capital abroad. Our insular position with the harbours and the easy navigability of tidal rivers must remain an important factor in relation to industry and trade.

We have enormous reserves of the best coal, located in a score of coal-fields, all of them within easy distance of docks, for shipping to countries not endowed with this invaluable agency of heat, light and power.

We have iron ores and other metals. Our heavy industries have been built on the coal-fields. We have been working for a century and a half on the production of iron and steel goods, and have produced coal far in excess of our own needs.

Coal has supplied power and heat for smelting and working metals, for the textile manufactures, for rail transport, for gas and electricity. We have consumed for all these purposes three, four or even ten times as much coal as other countries in proportion to population.

Our varied material resources are, however, second in importance to the great reserves of human experience, of skill, organizing talent and technical knowledge which have been built up by generations of application and hard work.

We are dependent on foreign markets for the sale of a third part of our coal and our manufactures; at least a third of British workers produce for export. There is not one of our major industries which can be fully occupied without exports, but equally are we dependent on foreign supplies of food and raw material for the maintenance of our people and their many occupational pursuits.

There is no country so dependent on food from abroad. In Great Britain only 7 per cent of the people are engaged in agriculture. France employs 40 per cent; Germany, 36 per cent; Belgium, 16 per cent; Holland, 27 per cent; U.S.A., 35 per cent; Denmark, 40 per cent on the land.

The proportion of home-produced wheat is 21 per cent; beef, 43 per cent; mutton, 46 per cent; bacon and hams, 40 per cent; butter 9 per cent; cheese, 30 per cent of the quantities consumed.

Much of the deficiency could be made good if we decided to depart from the existing economic practice, and to redress the balance by deliberate land settlement and increased agricultural production. For the present the bulk of British imports consists of food and raw materials. British imports are 18 per cent of all world imports. This extraordinary dependence on primary products from abroad is emphasized by comparing the value of British imports to the relative population of this country to that of the world. We find less than 3 per cent of the world's population resident in this country, buy 18 per cent of all goods sold in the world's international markets and consume 33 per cent of all the wheat, sugar, beef, mutton, bacon and ham sent overseas by all the producing countries. All these have to be paid for by exports. Coal, which is our chief primary product for export, yields a sum per annum of £50,000,000 c.i.f. in foreign ports. The greater part of our export coal is carried in British ships. The earnings of British shipping have been largely reduced by the contraction of world trade and by the enormous fall in freights. Nevertheless the value of British shipping services since the war has enabled this country to purchase raw materials extensively from all quarters of the globe.

These raw materials are valued at the port of delivery at about £300,000,000 per annum. They are carried by rail, road, or canal to the factories where they are worked up by hand and

machinery so that when they pass out to the market in the form of finished products they have absorbed twice their previous value, and it is from this margin that the wages, profits, the working costs and all standing charges are met.

OUR MAIN INDUSTRIES

The main structure of our economic system is shown by the table of employment and production in the heavy industries.

Industry.	Persons employed.	Annual production in £ million.
Coal Mining	750,000	145 Gross output
Railways	450,000	150 Receipts
Shipping	145,000	150 Earnings
Building	675,000	<u>150</u> net
Cotton	429,000	<u>43</u> net
Wool	229,000	<u>37</u> net
Engineering	450,000	<u>90</u> net
Iron and Steel	136,417	<u>35</u> net
Electrical Machinery, etc.	200,000	<u>50</u> net

The figures underlined represent the value added to the materials in the manufacturing process, which in every case stands at a figure considerably lower than the market price of the industrial output from the respective industries.

With the exception of railways and building all these industries produce at world competitive

prices and dispose of their products largely to foreign markets. As full employment can only be maintained by producing for the overseas market it will be necessary to provide for exports on a scale large enough to dispose of the surplus over home requirements.

WAGES AND COSTS

Capitalism assumes no responsibility for safeguarding the living standards of its employees and constantly resorts to wage reductions so as to cut the costs below those who compete in the same market. When competition is keen wages are forced downwards and longer hours of labour are required. The employers use their economic power individually and collectively against the men. In order that they may have negotiating power on their side, workers have been compelled to organize in trade unions and have made demands, whenever circumstances were opportune, for more wages and improved conditions. Foreign competition is put forward by the capitalists of all countries as justification for continuing bad conditions. But when the same capitalists who blame their foreign competitors for the low level on which competition is waged, are brought to meet, as in the I.L.O. Conference at Geneva, they combine readily to resist change and to perpetuate the unsatisfactory conditions which they had previously professed to deplore.

Capitalism also pursues its aim to reduce costs

and to widen the margin of profits by the use of power and machinery. When through the use of an inventor's idea—which the capitalist buys as he buys raw material—a labour-saving machine is installed to displace manual labour or to replace an inferior machine, the number of workers required for the same output is reduced, the capitalist employer counts his success by the extent to which production per person has been increased. It is the employer's boast that he, with the use of machinery, can throw men out of work and relieve himself from further obligation towards them or their dependants. The fear of unemployment is intensified in periods of depression and accounts for the rapid decline of wages when employers present the alternatives of suspension of work or wage concessions. But no goodwill on the workman's part can enable him to hold his place when an efficient machine is brought into the industry to compete with the more expensive manual labour.

The machine is fed cheaply with electrical power or steam or oil and will always tend to cheaper and cheaper costs of production in industry.

Thus capitalism ever seeks to displace labour. It exists by the margin between costs and prices. It cannot control prices while trade competition is active; it therefore is compelled to buy cheaper mechanical power; to displace human labour and to cut its costs again and again until intolerable conditions cause the workers to revolt and

to suspend production. Strikes and lock-outs are the inevitable results of the antagonism between capitalist employers and their workers. Both parties frequently strive to avoid these extreme measures but there is no authority or machinery to determine the amount of wages which should be paid, nor for retaining in employment any workers whose services are dispensable at the employer's convenience.

WAGES AND FOREIGN TRADE

Foreign trade is sometimes more highly competitive than internal trade. There are examples where in order to retain foreign markets, prices have been cut down to unremunerative levels. The home consumer has been, therefore, required to pay a higher price and to provide the greater part of the profit. But foreign trade need not always be carried on under such conditions; rather, the aim should be to encourage foreign trade in those commodities where by national circumstances or by special qualifications they can bear the cost of transport in addition to their full cost of production, including a high standard of living to those engaged in production and marketing. Owing to its superior quality the foreign trade in coal was exceedingly lucrative in pre-war years. At one time the Chancellor of the Exchequer—Sir Michael Hicks Beach—imposed a tax of one shilling a ton on exports of coal to intercept part of the profits of coal owners

and to prevent the foreign consumer from having British coal at a price which would give him cheap power for competition against British manufacturers. British exports in iron and steel manufactures of all kinds were in regular demand until the war. The same was true of all textiles, of machinery, of British-built ships, and of many specialized products of British manufacture.

The exporting trades benefit directly from the immensely cheaper rates of transport by sea as compared with overland freights by road or rail.

But the cost of manufacture must always play an important part in winning foreign markets where competition is sometimes intensified by special methods. United Kingdom exports are mainly due to the excellence of our coal, textiles, engineering goods and most of our productions, but also to the low price at which we are able to sell our goods even in distant parts of the world. Our past exports represented in a large measure the capital investments built up abroad by British investors. Exports of capital goods for Empire and foreign development have been a basic feature in our trade system.

Overseas trade employed British shipping, and owing to our large consumption of food and raw materials from abroad every ship carrying a cargo from British ports could be chartered to load a return cargo and thus earn the double freight usually available to vessels trading to and from British ports. Low freights enabled raw material and food to be delivered in Britain at

prices below those charged to Britain's industrial competitors. Complete freedom of entry for goods of all kinds gave in effect an appreciable preference to the British consumers and kept down manufacturing costs in the form of wages, raw materials and power below those prevailing in most other countries.

FACTORS DETERMINING EXTENT AND NATURE OF TRADE

Britain owes her predominant position in trade to a number of factors. She was first in the field of industrialization. Her rapidly increasing population could not be fed without imported food. Agricultural countries took large quantities of our manufactures in return. British ships carried the trade in and out. Geography, climate, resources in coal and iron, the character of our institutions, all played a part in the evolution of trade and industry. Britain came to be not only the workshop of the world but also the most important market for primary products, agricultural and mineral, from all the countries of the world.

Her immense import figures which had grown from £300,000,000 in 1870 to £1,200,000,000 in 1929, were derived approximately in the proportion of 70 per cent from foreign countries and 30 per cent from Empire countries. The proportion of exports to imports had meanwhile been maintained, exports having been raised

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from £200,000,000 to £800,000,000 in the same period of time. Visible imports showed an excess of £400,000,000 over visible exports. But the balance was fully corrected by the 'invisible' exports under various items, such as shipping services, interest on overseas investments, etc.

When these adjustments have been made it is revealed that the balance of trade as between the United Kingdom and the rest of the world has always been a 'favourable balance' and that we have not reduced our credit abroad but continued to add to it year by year. Nevertheless the imports in food and raw materials had reached the enormous total of £865,000,000 in 1925, representing at that time 77 per cent of British imports, and, in terms of value per head of population, the highest figure attained in any year.

CHAPTER V

THE VALUE OF THE BRITISH MARKET TO OTHERS

THE importance of the British market to the world is demonstrated by the following figures :

18 %	of the world's cotton exports.
21 %	„ „ „ sugar „
30 %	„ „ „ wheat „
36 %	„ „ „ wool „
74 %	„ „ „ beef „
95 %	„ „ „ mutton or lamb „
96 %	„ „ „ bacon or ham „

enter British ports for home consumption.

The following table shows the excess of British imports over exports from six selected countries in 1933 :

		millions.		millions.
Argentina	Exported	£42	Imported	£13·3
Australia	„	£48·6	„	£22
Canada	„	£46·2	„	£18·6
Denmark	„	£35·4	„	£12·7
U.S.A.	„	£75·8	„	£26·1
N. Zealand	„	£37	„	£ 9·8
		£285		£102·5

In the ten years 1924-33 Empire countries had sold to Great Britain products to the value of £2,937,000,000 and had bought £2,640,000,000 worth. Foreign countries in the same period had sold to Great Britain goods valued at £6,747,000,000 and had bought £3,456,000,000. The total value of goods sold to Great Britain in ten years reached a figure of nearly £10,000,000,000—a sum £3,588,000,000 in excess of the value bought from Great Britain by all her customers abroad. This excess of imports is inevitable if interest on Empire and foreign loans is to be paid. Inasmuch as these imports consist of agricultural products, the interest of the investor appears to conflict with the agricultural producer at home.

It will be noted that our markets are replenished by supplies from all the leading agricultural producers of the world and that there is a constant delivery of goods at very low prices which come into competition with our own agricultural products. The agricultural interests complain of the increasing imports and have applied considerable political pressure to compel the Government to adopt various measures to prevent the cutting of prices by importers of Empire and foreign food-stuffs.

Much of the reduction in prices has been due to the depreciation of currencies in one country after another. By deliberate and regulated inflation, by various expediences to control rates of exchange, by export subsidies, the price of

commodities has been artificially reduced outside the producing countries and thus aggravated where it has not directly produced the economic crisis which has made its appearance everywhere. World trade has been reduced in volume to 75 per cent, and to 32 per cent in value compared with five years ago.

THE EFFECT OF LOW PRICES ABROAD

The masses have suffered extreme privations from the dislocation of trade and the unremunerative levels at which the existing trade is being conducted.

Primary producers have been reduced to bankruptcy in all parts of the world. Agricultural crops have remained unmarketed and have fallen in value as stocks accumulated. Owing to the absence of regulation or plan for production, large quantities of food-stuffs and raw material became worthless and were destroyed to save the market from being glutted. The shrinkage of world demand coincides with a considerable increase in productive power. The impoverished primary producer's failure to purchase manufactured goods aggravated the unemployment in the manufacturing industries and thus reduced still further the effective demand for agricultural products. The purchasing power of the unemployed has never, even in Britain, been on the average above one-half that secured in wages by the same class of work-people in employment.

They are compelled to have recourse to lower dietetic standards in regard to quantity and quality, and to do without clothing and household accessories to a large extent for the reason they cannot afford to buy.

The problem of purchasing power, of currency and exchange will be dealt with in another volume but it should be noted as a mark of increased interest and knowledge of world problems that efforts are being renewed to reevaluate on a commonly agreed basis the divergent standards which national currencies have attained in recent years.

Instability of prices has led to restrictions of trade. In their turn these restrictions result in a surplus of unmarketable goods in the producing countries, and to a complete breakdown of the price system.

A country dependent on a limited range of products can only meet its obligations by selling at the price available. It often finds, having waited for higher prices, its stocks become unwieldy and burdensome. It is then forced to sell at any realizable price. The market in that product comes tumbling down to utterly unremunerative levels, and large numbers of producers are brought to ruin.

Dumping of the whole crop becomes impossible and fails utterly when as in many recent examples stocks of agricultural products have been held for two, three or four years in the expectation of improved demand, and have been sold in the end

for one-third or one-fourth of the price at which they were originally offered. Those who receive large volumes of dumped goods suffer almost as much as those who are forced to sell cheaply. Sellers are buyers also, and when Australian wool or Canadian wheat is sold below cost, that country's purchasing power falls in consequence and it can only be induced to buy, if at all, by being offered goods at an uneconomic price. We have seen much of this in recent years. The Dominions of New Zealand, Australia and Canada have suffered great losses from the low prices at which Great Britain bought their products. They have been compelled to limit their purchases directly to the extent of the reduction in their trade income, and have in certain instances provided assistance to their producers to enable them to continue to supply the United Kingdom, their only market with food-stuffs, at an unreasonably low price. Forced to realize on their stocks the Australian and New Zealand producers have been subsidized by their Governments. Thus cheap food from the Dominions has partly enabled the wages level of Britain to be kept below that of the Dominions themselves.

The failure to arrive at agreements in regard to debts and reparations, and the consequential unsettlement of trade and exchange conditions, has led to a final breakdown of the arrangements by which large deliveries of goods took place, and to widespread repudiation and default in inter-government debts and reparation claims.

DO WE STAND FOR ECONOMIC NATIONALISM ?

But the return to normal trade conditions is now abandoned. The world is divided into a hundred separate economic units, each striving to maintain political as well as economic sovereignty. By a fierce insistence on nationalism the principles of trade and industrial efficiency are being violated all round. Expensive home production is being fostered and encouraged by various methods. The nationalist in economics throws his challenge to the sun and the elements, defies Nature's bounties, and repudiates specialization by hand and brain in order that he may employ the largest possible number within the circle of his own nationality. He would produce little by hard work in the hope of escaping the perils attendant upon a badly organized system of world trade.

The Labour Party has long since recognized that error and has assumed its place in the international movement in order that the area of trade should be enlarged and not diminished. Recognizing the greater security which has ensued upon the abolition of tribal isolation and the futile rivalries of earlier times, Labour has welcomed trade and intercourse as instruments for consolidating and enriching all parties who come together to contribute from their common economic resources.

DO WE WANT FREE TRADE?

Labour has a special view of trade relations. It does not subscribe to the policy of begging one's neighbour to enrich oneself. Trade is not a matter of profit for one side. It should be equally advantageous to both parties and should be undertaken strictly on that assumption. The foolish theories which have been put forward to explain our trade in the past are no longer being advocated, but there is even now the most stubborn refusal to admit the root error of our commercial and industrial system. Labour does not and has never believed in Free Trade as presented by the old advocates of *laissez-faire*.

It has come into existence as a protest and a revolt against the idea that economic power should be employed by private persons or by companies of traders to exploit and to oppress their fellow-men.

Free Trade under conditions as we have known them can only be compared to freebooting without the risks and conducted with more genteel methods. Free Trade between equals is an entirely different thing. It is by implanting the principle of equality that Labour proposes to develop its industrial life and to arrange for the conduct of trade with the countries of the world who have agricultural and mineral products which we lack or can only produce under adverse conditions. In return for supplies of these products we can offer those services for which

we are peculiarly fitted. We can work into the raw material of a strange climè, the energy and the power of our coal; we can mould and shape the metals; we can design and construct; we can export our skill and our knowledge in exchange for the material and the special services rendered to us from across the seas.

Our intention is not to reduce foreign trade nor should we aim solely at its expansion. Labour desires to trade freely and to share in the widest and most generous sense with all other countries and thus partake of all the bounties available through human effort in every form of service and industry.

But trade is breaking down, it is no longer pretended that we have Free Trade and no political party wants to go back to the old conditions. The days of sweated production, of ruthless imperialism, and of inadequate distribution have no attraction for this generation.

PROTECTION DOES NOT PROTECT WORKERS

In every industrial country there is a growing consciousness of the failure of Protection to protect and of Free Trade to give economic freedom. The task of reconstruction cannot be carried on under the ægis of either. Whatever system is proposed it must have regard to the regular maintenance of adequate purchasing power and for the most generous distribution of goods. There must not exist on the one hand stocks of perishable commodities produced by

millions of working men and women, and on the other the endless lines of unemployed who are denied the means to buy and so unjustly suffer the penalties of the disorderly system for which they are not in the least responsible. The aim of Labour is to control and to direct trade with a view to employing in production and distribution those who are required to serve in industry and trade, and to provide fully for all from the fruits of their common enterprise.

The basis of all trade on these lines is the measure of our need and our dependence on other countries. Owing to the density of population we shall always offer a large market for the foreign producer of primary products in return for purchases of our own manufactures. But the trade must be definitely planned and related to our domestic production. To provide an ample supply of food of good quality it will be necessary to import largely from abroad and to make arrangements for warehousing and marketing large quantities of meat, wheat, sugar, butter, etc. The new scheme of marketing will have to organize distribution and to deliver on to each market-place and retail distributing centre the enormous quantities which are consumed daily by the 47,000,000 inhabitants, all of whom are large consumers of imported food. Ten million tons of food per annum, about one ton for an average family, now comes through the agency of the Co-operative Societies or of trading companies who engage in wholesale buying and selling to the

distributive trade on this side. The Co-operative Societies, with their widespread network of distributive stores in industrial districts, are pre-eminently adapted for the task of distributing the essential food-stuffs, whether derived from British or foreign sources, and to enable these enormous quantities to be economically retailed.

HOW MUCH TRADE DO WE WANT?

In recent years the average wholesale value of imported food and drink per head of the population has been about £10 per annum. That of home-grown food £4 per head. The aggregate retail sales of food exceed £1,100,000,000. Until recently there has been no discrimination between home-grown and imported food. In the Agricultural Marketing Act of the Labour Government of 1929-31, the main lines of a general scheme of commodity boards for home produce were laid down. The National Government's Agricultural Marketing Act of 1932 added to it a system of regulation of imports which has been in operation since and has led to a long list of import duties orders dealing with horticultural as well as agricultural products. There is, however, no marketing scheme for imported food-stuffs and no effective control of prices. The result of all these orders and schemes is not to improve the efficiency nor to guarantee regular supplies at stable prices, but to bring greater disorder than before and to raise prices against the consumer. Import quotas have been imposed

with the declared purpose of benefiting the overseas producers within and outside the Empire so that they may buy larger quantities and pay better prices for the goods we desire to sell to them. This enlightened policy is applied to assist overseas customers to buy and thus to help productive industry, but it is not regarded fit for extension so as to provide purchasing power for the wage earner and the unemployed at home.

Debtors in Empire and foreign countries are to be assisted to export to us so that they may pay their debts to the City. They can pay only in goods to be consumed by workers whose wages have been cut down to the minimum level. Increased consumption is to be encouraged abroad but there is no recognition of the value of increased purchasing power by the mass of the people at home. Government control as applied at present favours the rentier interests at the expense of the consumers. The machinery of regulation is always accessible to producers. Whether it is the Board of Trade, the Ministry of Agriculture or the Imports Advisory Committee the door is wide open for the producing interests to enter, and ready ear is lent to their submissions on their own behalf.

WHO IS TO PROTECT THE CONSUMER ?

There is no Parliamentary control and no body is charged with safeguarding the consumer. Tariffs and prohibitions have been added to but none have been removed. Special measures to

meet *the crisis* are still operative. The proportion of wages to the aggregate national income is much lower than it was during the administration of the late Labour Government. Economy Acts and Protectionist legislation have imposed greater burdens on the working-class consumers, and there is no attempt or promise to redress the balance and to enhance the general standard of life for the wage-earning classes.

The capitalist does not desire to create prosperity for his employees. He requires cheap production and will obtain it as long as he can by employing low-paid labour, and, when it suits his convenience, by the installation of machines to displace human labour. He will seek the assistance of Government to raise prices as he has done during the last three and a half years. He will resist modest demands for wage improvements or for better conditions on the grounds of cost and fear of competition. All that is now being done by the Government strengthens the position of the investors and industrialists. It will transfer to the investing classes any gains which may derive from raising prices. Speculators buy and sell the right to participate in greater profits. Enhanced prospects for investors are speedily translated into cash values on the Exchanges, but the workers' claim has to be pressed hard to overcome all the expediences for delay and negation which are ordinarily at the disposal of the capitalist employer against his employees.

CHAPTER VI

THE WORKER'S PLACE IN INDUSTRY

THERE is no machinery for automatically regulating the nation's consumption to its productive power.

The wage earner cannot in general own, or acquire control in, the business in which he works.

Recurring periods of unemployment, of sickness or disablement reduce his resources and keep him under ordinary circumstances on or below the poverty line.

His place in industry is one in which he has to obey orders and to work efficiently. He can never rise to the status of partner. He is taken into consultation only when he becomes an official and has been bound to his employer by special conditions of service. The subordination of workmen to a rigid system in which an individual employer may at his own whim withhold employment and the means of livelihood from a self-respecting and honest workman, is one of the worst blots on our social life.

A new idea of industrial relations has to be tried where the problems of unemployment, of wages, of pensions, of status, of training, and of education in industrial technique, will be looked

upon as matters pertaining to citizenship and not matters to be decided by a joint stock company or an individual who finds only the money to acquire a concern and wants to buy and sell every personal right of the men he chooses to employ.

Experience has shown that the common ownership of municipal enterprises, for example, has led to happier personal relations and a greater appreciation of the claims of the workers without sacrifice of efficiency. The problem of industrial administration is still unsolved. The technician is entitled to a wider scope for the special services he has to offer. Scientific management awaits the inauguration of a new plan of ownership and control. Each industry will fulfil its part in a comprehensive organization for conducting the business of the nation. Private enterprise is not competent for the task. We have to substitute for its haphazard, speculative methods a well-considered plan for progressive development of national services.

THE PLAN IN OUTLINE

The plan will provide for the complete reorganization of each of our main industries under a separate Board of Management appropriate to the circumstances. Coal, transport, iron and steel, and electricity would be subject to immediate reorganization with public ownership and control in each case. Responsibility for management to be vested in a National Coal Board, National Transport Board, Iron and

Steel Board, etc., deriving its authority from, and being responsible to, Parliament for the proper fulfilment of its functions.

At the centre of the system we would have the National Planning Council charged with the responsibility of giving general direction to the development of industry and trade, and of assessing the volume of production in each of the transferred industries. It would also advise on the general problems of industrial finance and the relation of internal to external trade. The National Planning Council might well be placed under the presidency of a specially appointed member of the Cabinet without derogation to any of the present departments of State.

Membership should consist of ten or twelve members, with widely representative knowledge and experience of industry, trade, and of economic conditions at home and abroad. The main function of this body would be advisory. It would serve as a point of contact with the Government and with Parliament, thus giving the assurance that the executive would be kept in touch with every feature of the new industrial organization. The Cabinet Minister would serve at the discretion of the Prime Minister, but all other members should be appointed for five years, two to retire annually unless with the consent of Parliament they were permitted to serve for a further term.

Before we proceed to describe the various sections of our plan a general survey of the most

important considerations involved is due to be stated. We have previously remarked upon the immense advantage of our possession of an abundance of good coal in our various coal-fields, our harbours and rivers, our established industries and the acquired skill of our people in a multitude of crafts and occupations. The question of fuel for power purposes is predominant, but other considerations have to be given full weight and must largely influence the design of any scheme which we purpose to apply for the future of industry. We have many coal-fields and an enormous range of quality of coal for various uses. We need not fear a dearth of fuel as there are proved and workable deposits estimated to yield 200,000,000,000 tons, and to last for a thousand years at the present rate of production.

The industrial future of Britain depends on the use we make of coal. Its power is made available in varied forms. It multiplies the manpower in industry; it provides heat for manufacturing and domestic purposes; it yields light and heat and power, through the agency of electricity. It gives generous returns for the labour of winning it from the earth.

With the alternative methods of using coal, either as a solid in the furnace, in the form of pulverized fuel, a colloidal mixture with oil, or in the form of oil distilled from coal, Britain is in possession of power and heat and light far in excess of any prospective consumption at home and, as in the past, will be in the position

to export coal to those countries which have need of it.

We refer to the importance of coal first, as it does, from the manufacturing standpoint, come before other things. Second in importance is the means of supplying ourselves with ample raw material. It is necessary therefore that full access to foreign supplies should be maintained and adequate means of exchange be regularly provided. Efficient transport of raw material on to the coal-fields or near thereto gives added advantage and must be counted upon in formulating a plan to promote industry on a national basis.

Then there is the supply of labour, of homes for workmen and their families, of social services and of amenities to be considered. The planning of industry must have regard, not only to the scales of costs inside the works or factories, but also to the expenses of the community which grows around an industry or into which an industry is introduced.

Now we come to consider one or two more aspects of this subject of planning. The relation of industry to localities has been one of haphazard choice in the past. The complete absence of planning results in extreme confusion and in much ugliness and inefficiency. We have the heritage of past neglect in the dingy houses and streets, the polluted rivers, and the general destruction of natural beauty frequently seen in industrial areas. Many of those towns where furnaces and mills, mines and potteries gave

employment to great numbers of men and women are now almost entirely deserted by industry, but have their people remaining in idleness because they have no work or place to go.

The sins of the town fathers are being visited upon the present generation. The locality is not attractive. Industry is not brought to the derelict areas largely because of the decay and untidiness which meets the eye and drives away all hope of revival or regeneration.

Areas which have become derelict owing to the failure of one industry are frequently saddled with the expense of public services far in excess of their resources. Local rates absorb the income from property and destroy the capital value of houses, shops and all other buildings. The life of the community comes to depend upon this form of compulsory levy on local capital augmented by grants from national resources.

While responsibility remains upon the local authorities the industrial capitalist, seeking the lowest level of costs, takes his industry into the prosperous areas where he will share with other producers and with flourishing property owners the advantage of paying little for the services placed at their disposal by the community

During recent years there has been a greater movement of industry than has been known for a century.

The tendency for many years was towards the coal-fields and the iron works. The flow of labour for mines, furnaces and mills led to the growth of

the working population around those centres of industrial activity. Building, shipping, transport, accompanied or followed the drift and gave rise to the transfer of other industries, which found in addition to cheap industrial fuel a compact and lucrative market for their varied wares.

We have seen a turn in the tide of migration; the trend is now away from the grimy neighbourhood of pits, kilns and furnaces to the more open and cheaper sites adjacent to the towns and cities of the south. With the improvement of electrical machinery, and the enormous reduction in generating and transmitting costs, power for all kinds of manufactures is procurable cheaply in places far removed from the old industrial centres. The development of road transport has also played a part in the movement of industry and of workers, to the detriment of the depressed areas and their workless populations.

The works owner has been free to wander at his convenience and to throw open his works on his own conditions, drawing upon the more mobile and frequently unattached members of the unemployed for cheap, unorganized labour, and throwing on the neighbouring local authorities the cost of houses, roads and other amenities of social life for his employees.

Low works costs have been reached by industries which thus have obtained supplies of relatively cheap power, cheap land, cheap water, cheap labour, and so enabled industry to escape its proper responsibility.

Planning should have regard to the whole of the considerations touched upon. For an ordinary works complement of 1,500 persons, a thousand houses have to be provided. Schools, shops, hospitals, libraries, and other institutions will be needed. Roads, light, water, are essential to industry. These are provided largely at the expense of the community around the works. The owner pays his part of the current expenses for ten, twenty or thirty years and then finds he can conduct operations cheaper fifty or a hundred miles away.

He has gone, leaving his workless employees, the shopkeepers, doctors, teachers, lawyers, etc., without the slightest consideration. His workers and his neighbours remain to carry on the duties of citizenship where they stand, unless they are prepared to abandon all their common and private property, with their enormously greater common debt, to follow the flitting employer and start all over again by the same process.

Migration of capital and labour needs to be controlled. The deserter from his ship or from his regiment is dealt with very severely even to the sacrifice of his liberty. There is no law binding private capitalists to their local or national responsibilities. But uncontrolled migration is only one of the numerous forms of wastefulness which takes place as a regular feature of capitalist organization. It exists by waste, by profligacy and by neglect of the national or community interest.

CHAPTER VII

THE N.P.C. AND PLANNING

THE National Planning Council must essentially have regard to the whole of the factors constituting our economic life. As the first step to establish a real national basis and a conscious direction to production and trade, it would collect all information on industrial and social conditions at home and abroad. Planning must be based on a complete knowledge of industry and market requirements. The National Planning Council would serve as a general clearing-house of economic data for the guidance of each industry.

Having all the available information and with regard only to the general welfare, the National Planning Council would draft a plan covering five or ten years, specifying in the case of the basic industries what measure of production was anticipated, year by year, and what main features of development by each industry were to be promoted.

The National Planning Council would issue its recommendations to the several industrial Boards subject to confirmation by the Government and by Parliament. The general plan would provide

for much which lay outside the functions of the Industrial Boards.

The management and control of each industry would necessarily devolve upon itself, but general questions of hours, wages, pensions, insurances, would be subject to the recommendations of the National Planning Council and matters for the Government as a whole.

Among the many specific responsibilities of the N.P.C. we would find :

The general lines of reorganization of the mining and fuel industries. The organization of agriculture and land settlement. The co-ordination of transport services by land, water and air. The development of iron and steel manufacture from ore mining to the finishing stages in the manufacture of steel. The unification of electrical undertakings for generation and distribution. A plan for effectively financing the new nationalized industries and for the control of banking. A plan for reconstruction of the cotton industry under national ownership, and a general marketing plan for the purchase and distribution of imports, and for the allocation of sufficient exportable products to enable the balance of industrial production to be maintained.

Parliament would determine by legislation the method of transferring ownership and control from the present owners to the new Boards. The National Planning Council would submit the schemes for each industry with a view to acquisition of the capital assets involved.

It would proceed to its recommendations with the assurance of State authority over industrial finance, and would lay down the terms for the transfer of shares and interests. Taking the coal industry as an example, it may be decided that coal owners should receive compensation at present market values for their holdings. Valuations are being made for death duties and are available as a guide to the transfer values. There are no insuperable difficulties in connexion with the transfer of mines, agricultural land, iron and steel concerns, transport, on similar terms. No new capital would be required. Present holders of shares would become bondholders of the unified enterprises under the new Management Boards and would be given an agreed rate of interest for the duration of the bonds.

THE MINING INDUSTRY UNDER NATIONAL OWNERSHIP

With the assumption of ownership we come to the problem of management. Let us continue our examination of the mining industry under the proposed new ownership and control. The change will be far-reaching and fundamental. The whole of the mines and the machinery will be removed from private ownership. The output of each mining district will be allocated with regard to the interests of the nation, but with special consideration to the welfare of persons employed in and about the mines.

Enormous expense has been due in the past to the failure to co-ordinate the tasks of pumping, winding and winning of coal. The unnecessary division of coal areas by barriers around each company's lease or royalty has resulted in a great loss of coal and irredeemable expense. Huge salaries have been paid to a multiplicity of directors whose knowledge of mining has often been limited to inspection of balance sheets and accounts.

Private ownership of mines has been accompanied by much avoidable waste and inefficiency. Coal has been sold with regard only to immediate profit. Wages have been low and uncertain. Working expenses have been unnecessarily high. Royalties and wayleaves have taken an annual toll sufficient to cover a reasonable return on the whole of the capital invested. The industry has been the prey of speculators and has suffered seriously from lack of organization both in production and in the marketing of its product. It offers the widest scope for technical skill, yet it has neglected scientific knowledge in the development of mining in all its phases. Working conditions have always been a secondary consideration and in many mines are inimical to health and safety. Mining is carried on in a score of coal-fields. About 750,000 persons are employed in and about 2,100 separate mines, and produce about 4,500,000 tons a week. The average output per man shift is $22\frac{1}{2}$ cwt. representing a pit-head value of 14s. 6d. There is a royalty

payment of an average of 6*d.* per ton on the entire output. Wages represent two-thirds of the cost of production, one-third covers all other costs and profits.

No reliable figures are available to show the cost of distribution. There is much overlapping, and in the case of household coal, an extremely expensive system of distribution. Coal for industrial purposes is sold on coal exchanges, and is supplied by the colliery owners according to contract specifications at ruling prices. The Coal Mines Act of 1930 makes provision for the enforcement of minimum prices. There is no stipulation in regard to maximum prices. Competition tends to drive prices down to a minimum. The owners lose by low prices but it is an undeniable fact that coal companies have found it more profitable to sell coal at higher prices through indirect channels and have thereby credited for pit-head prices a figure which is capable of being appreciably enhanced. The Secretary for Mines gave a long list of evasive measures adopted by the coal owners to defeat the object of the Act of 1930 in regard to minimum selling prices. Their ingenuity in improvising selling agencies by which they can win a profit on their output without disclosing the transaction in their colliery accounts has been equally successful.

Our National Fuel Board must, therefore, control all coal-mining and marketing activities, the treatment of coal for oil distillation, coke-

making and by-products and the marketing of the derivatives as well as of raw coal.

Future success in the coal industry depends largely upon the extent to which coal can hold its own in competition with its more mobile competitors. Oil has demonstrated its superiority, mainly as fuel for the internal combustion engine—motor-cars, aeroplanes. A growing proportion of ships are being propelled by steam from oil-burning boilers or by oil-driven motors. Coal has lost its monopoly, but still holds a four to one lead over oil in units consumed for world power purposes.

Coal is convertible to gas and oil by distillation. The two methods known as low temperature carbonization and high temperature carbonization yield tars, oil and various by-products well known to commerce and highly valuable for certain purposes. High temperature carbonization is the method practised in gas-works and results in the production of large volumes of gas from special coals, leaving a hard compact residue of coke, consisting of almost pure carbon and capable of giving off great heat in a clean fire free from flame, smoke or impurities. The quantity of tar is small, the possible yield of refined spirit is negligible. In the low temperature carbonization the temperature of the retorts is considerably lower, the yield of oil is about 10 per cent by weight, the residue is more friable and the gas given off is of small comparative volume.

Both these methods have their advantages and form an important part of the fuel equipment of the nation. More importance is attached to the extraction of oil in large volume by the process known as hydrogenation in which nearly 70 per cent, by weight of coal, is converted to oil. The principle of hydrogenation applied to heavy oils is well established and must play a very large part in the world's fuel economy, irrespective of the rivalry between solid and liquid fuel.

The function of the National Fuel Board will be to produce coal, gas and oil so as to provide in the first instance an ample supply of heat, power and light, and also to utilize fully the invaluable elements contained as by-products of coal-tar.

With a unified industry where private royalty rights and wayleaves have been acquired with the plant and equipment of the mines, the way is prepared for the larger planning of production which has then been made possible.

THE NATIONAL FUEL BOARD

The National Fuel Board will have authority over all the coal-mining districts. It will give general directions regarding output, prices, wages, hours, etc., subject to the approval of the National Planning Council upon which it will have permanent representation. The Board itself will be representative of the mining industry to the extent of 60 per cent and will consist of ten persons, six of whom will be appointed for their

knowledge of mining, two persons for their knowledge of other industries and of commerce, and two persons for their knowledge of the needs of the general consumer. The chairman may be a person from outside the industry, appointed for his knowledge of fuel problems and their relation to the structure of industry as a whole.

DISTRICT FUEL BOARDS

Each mining district will be managed separately under the direct authority of a District Fuel Board, consisting of ten members, eight of whom will be appointed for their special knowledge of mining practice, one to represent the interest of other industries and one to represent consumers. The chairman of the District Board will be chosen for his knowledge of mining and marketing of coal. The District Board will exercise full control over the management of each mine and be responsible for the appointment at each mine of accredited officials according to law.

THE WORKERS' SHARE IN MANAGEMENT

At this point it is expedient that the position of the workers in the new scheme should be stated. The private owner has been relegated to a position of complete detachment from the industry and as a free and independent citizen may or may not desire to be associated with the management as a salaried official. The mining man who is keenly

interested in the industry should not be ineligible provided he accepts the new conditions and is prepared to work loyally to make the plan succeed. Mining is being rapidly mechanized and is subject to fresh technical difficulties on account of increasing depth with its special effect on temperature and bodily health, on ventilation, on roof control and support of roadways. There is a dearth of technical ability which can only be satisfied by wider educational facilities open to all within the industry so as to combine the invaluable experience of work in the mine with the knowledge of the class-room and the laboratory.

In the past it has been found that owing to the conflict between workmen and the owners and management, many of the most intelligent workmen were driven to give attention to trade union organization and to concentrate on economics while neglecting altogether the study of mining technique. Men of less spirit found it possible to carry on official duties in the various grades and to equip themselves for the new duties as they went up in the scale of promotion to responsible positions. The working miner who attains the position of under-manager and manager has worked very hard to acquire a knowledge of subjects in which he received no instruction in his days at school. Yet the larger proportion of the highest officials graduated from the mine and have displayed great industry in pursuit of sufficient technical education to

qualify for their posts. The ordinary miner has not been encouraged to take an interest in mining education unless he showed a willingness to throw in his lot among the officials and to suppress any inclination to join in trade union activities for improving the conditions of labour. As the economic position of the workman was jeopardized by prevailing unemployment, his status has been lowered in every respect.

Education has, however, created a desire for service and with the increasing experience of working men in the trade unions, in Co-operative Societies and in all kinds of public bodies, there is much available talent for direct representation in all matters pertaining to management and control of the industry.

Good relations between all parties in the industry is an essential condition of success and a way must be found of giving effective representation to the worker from the coal face through Joint Pit Committees on to the District Boards and to the National Council of his industry. The mineworker is ready for his part in determining the conditions of his employment and in the general control of the industry in which he serves.

PIT COMMITTEES

The test of success for all managerial policy is at the unit of production. If difficulties are likely to arise anywhere it is here and therefore there should be the widest and most intimate

consultation between the officials and men. In a coal-mine questions of safety and working conditions will inevitably arise from time to time, and it is urgently necessary that all such questions should be promptly and frankly examined. Works Committees with regular meetings and consisting of representatives of all the main grades of workmen and officials should be empowered to call for all reports and to consider any suggestions for remedying the defects reported. They would also have power to deal with any suggestions for increasing efficiency and for facilitating production, always with regard to the conditions of the mine and to the proper treatment of all persons employed.

The workmen generally would thus become accustomed to participation and would bring a substantial contribution to the service of the industry.

CHAPTER VIII

NEW DIRECTORS FOR OLD

WE have given broadly the considerations which fall to be observed in recasting the system of control in one industry.

In a general way they would apply to all others, while recognizing that there is a wide difference of technique between one industry and another for which detailed accommodation should be provided.

Private enterprise permits one person to hold numerous directorships catering for coal-mines, railways, banks, iron and steel, gas-works, cotton, shipping, engineering, and others equally divergent.

It is not unusual to learn of men who serve on forty or fifty boards of directors and who preside over the affairs of a considerable number of concerns. The nominees of financial corporations are frequently given control of large blocks of capital and act as professional directors though they have no direct experience of the industries over which they wield authority.

In this we recognize the signs of industrial dictatorship and of a danger greater than that of the bureaucracy which was the bugbear of all

anti-Socialists and which all genuine Socialists are seriously seeking to avoid.

By enlisting into the service of management those who are intimately interested and have a firm grasp of the practice of their industry, we can build a system which will survive all tests and will lead to higher standards of technical and administrative ability than is possible under a privately owned and privately managed business system.

We have endeavoured to sketch the plan as it applies to fuel and will now refer to other industries to illustrate the system into which all the separate plans will fit and be brought under the common authority of Parliament.

THE SUPPLY OF ELECTRICITY .

Next take electricity. It is closely allied to coal in the supply of power to industry and is often regarded erroneously as a rival source of energy competing with coal or oil. Electricity is not in the strict sense an industrial product. The raw materials of electrical generation are coal and water. Through its agency the energy of coal is transformed for transmission in a more convenient form. In this process nearly 11,000,000 tons of coal are consumed per annum. The electrical output supplies an ever-increasing demand for industrial and domestic purposes.

Electrical units consumed increased from 2,000,000,000 in 1913 to nearly 16,000,000,000

in 1934. The invested capital of supply undertakings exceeds £400,000,000—one-half of which has been raised by local authorities as authorized undertakers. A further amount of £400,000,000 is invested in the manufacture and construction of electrical equipment. The history of electrical development shows the extreme wastefulness and inefficiency of private enterprise in catering for a large-scale public service. More than half a century ago small independent undertakings for lighting and power catered for local demands with different systems of generation and distribution and with the maximum variation in voltage, frequencies and in machine designs. There was an utter lack of uniformity and of co-ordination of services even in adjacent areas. Private enterprise in electricity was responsible for grave irregularities which necessitated Parliamentary action in the interests of the industry and of the public.

The first Act to regulate the distribution of electricity was passed in 1882, which gave statutory powers by licence from the Board of Trade or by Provisional Orders subject to consultation and approval of the local authority for the district. Later Acts of Parliament in 1888 and 1909 laid down conditions to avoid overlapping and wasteful competition.

The Electric Lighting Act of 1909 specifically empowered the extension of the area of supply through joint exercise of powers by two or more local authorities. The Electricity (Supply) Act

1919 provided for the appointment of Electricity Commissioners charged with responsibility for furthering schemes for amalgamations of authorized undertakers, and for co-ordination of supply on a regional basis.

The Weir Committee in 1926 made recommendation for further control of electrical supply under the direction of a Central Electricity Board, the main features proposed being the construction of the 'grid,' the standardization of frequency, the construction of new generating stations and railway electrification.

The Electricity Supply Act 1926 constituted the Board and defined their general powers and duties which may be stated briefly as : To supply electricity to authorized undertakers; to determine what generating stations are to operate; to provide for inter-connexion and for standardization of frequency; to determine the price to be paid for electrical supply, and to require the generation of electricity at selected stations to meet the demand at any time. Before the Act of 1926 there were 600 authorized undertakers, 350 of them being local authorities, the remainder being electric supply companies. In addition to these we had a large number of unauthorized undertakings generating current at coal-mines, steel works, railways, tramways and various manufacturing concerns.

The Central Electricity Board was given power to borrow money for the purpose of constructing or acquiring transmission lines, generating stations

and other works. In order to facilitate distribution it was necessary to adopt a common frequency at all generating stations and to construct the national 'grid' through which the surplus current generated at any time would be transmissible over large areas so as to equalize the load on the generating plants and to maintain the highest possible level of production at each station throughout the day.

The 'grid' enables a large number of stations to be closed down and to secure a supply at lower costs. Standardization was estimated to cost £20,000,000, the 'grid' a further £25,000,000 or £30,000,000.

Neither of these two essential operations could be carried out by private enterprise nor by a multitude of separate undertakings working independently of each other. The Board has borrowed over £50,000,000 and carried out the schemes submitted by the Electricity Commissioners for more effective generation and for linking the selected stations. The whole area of Britain is covered by ten schemes, later to be reduced to seven. The selected stations are placed under the control of the Board but do not actually pass into their possession. The output is sold to the Board at a price without profit to the authorized undertakers. A sufficient volume for its own purpose is bought back by the authorized undertakers and is available for local distribution at its own price.

A NATIONAL ELECTRICAL SUPPLY

The system, therefore, is not a national system in the sense that the electric plant is nationally owned; neither is the business of selling electricity carried on under national auspices. The great defect of the present system is that there is no pooling of resources and no approach to uniformity in price to retail consumers. A unit of electricity is produced cheaply at the great super-stations and conveyed at a voltage of 132,000 for considerable distances and then disposed of in bulk for less than $\frac{1}{2}d.$ a unit, while backward areas away from the 'grid' are unable to buy for less than $9d.$ or $1s.$ a unit for cottage lighting. The cost of generation depends on the volume. Distribution costs depend on distance and density of distribution. In a national system of supply the Electricity Board would acquire the industry, and plan for its development on a national basis. It would have full control of all the business of generation, transmission and distribution, even to expropriating the non-statutory undertakings in addition to all existing authorized undertakings. The National Electricity Board should have the assistance of a body of persons with technical knowledge appointed for consultative or advisory purposes, to whom questions of policy arising from technical considerations would be submitted.

In all matters of management and planning responsibility would be placed on the Board.

ELECTRICITY FOR THE COUNTRYSIDE

Electricity has not been brought to the rural areas in sufficient quantity to enable it to be supplied at urban prices. In any plan for land settlement and for agricultural reorganization it will be necessary to extend a cheap supply in order to encourage its consumption and reduce the cost. There is enormous scope for electrical machinery, for heating and lighting, in country villages and on the farms. The measure of consumption is considerably lower than in some European countries, the United States and Canada. A very small addition in price to the bulk consumers would enable the countryside to enjoy all the benefits now confined to urban areas. As the 1½*d.* postage stamp carries a letter to all residents within our shores, so by a national plan we could bring a uniform price for lighting or power and heating wherever the current is required.

Such a plan would necessarily involve the amalgamation of the 600 supply undertakings now responsible for distribution and retail. Sixty per cent of these are municipally owned and 40 per cent belong to supply companies. There would be an immediate technical advantage from unification. The cost of generation and supply vary considerably at different undertakings. Retail tariffs are generally far higher than is necessary. The economies to be achieved in the supply of electricity cannot have their maximum

effect until planning for intensified consumption under a single authority has been adopted.

We need not anticipate any difficulty about the transfer of the share capital to the Board. The greater part of the capital of the existing undertakers belongs to public authorities and offers no difficulty on that ground. By concentration on selling a great impetus would be given to demand and a rapid and steadily progressive increase in distribution could be achieved. As a short-term policy there is nothing that could provide more widely distributed opportunities of employment in manufacture, construction and field work.

The field of electrical development is urgently in need of attention. A ten years' plan to bring Britain up to the standard of consumption of Canada or the Scandinavian countries would require the provision of immense additional equipment.

The present consumption can reasonably be multiplied over and over in that period. There are 10,000,000 houses of which only one-half use any electricity.

By concentrating on greater domestic consumption, by replacing inefficient industrial machinery and by electrification of railways, the price of electricity would be brought down to the lowest level. Enormous advantages would be secured. Additional employment would not be confined to supply and distribution. The ancillary industries would gain immensely. A

large mass of skilled labour would be given an opportunity of regular and permanent employment in this vitally important industry.

Electrical concerns employ a large number of men with previous technical education and training. They will desire to assist in its development and will be able to make a valuable contribution to the management of this far-flung and diversified industry.

To a large extent the authorized undertakings are now under democratic management and control. The new plan must carry the goodwill of the worker and aim at providing in his industry for the exercise of his duties as a citizen and as a worker.

CHAPTER IX

A NATIONAL TRANSPORT SYSTEM

THE development of industry and the social well-being of the people is inextricably bound up with the provision of adequate transport facilities. An efficient transport service helps trade, whereas the lack of adequate transport facilities often cancels natural advantages and prevents industrial development.

Modern transport falls into four main divisions :

- (1) Water-borne transport, overseas, coastal and inland.
- (2) Rail transport.
- (3) Road transport, and
- (4) Air transport.

Each of these departments of modern transport presents an infinite variety of tractive machinery and vehicles.

No branch of industry can show greater progress in the use of mechanical power and in the degree of efficiency which has been attained. This is particularly true in recent years of road transport and air transport, where the full mechanical advantage of the internal combustion engine has been so successfully utilized.

Motor transport by road has enabled goods and passengers to be carried to and from places remote from railways previously inaccessible for heavy or rapid transport. In recent years railways have lost ground to road transport and are now strenuously struggling to avoid further loss of traffic to their competitors by road.

Air transport excels mainly because of its speed, but in undeveloped countries for the further reason that it is quite independent of the construction of expensive roads and railways. Aeroplanes and airships travel high above mountains, deserts, ice-fields and the open sea with equal facility, and frequently deliver their loads where no other kind of transport could possibly go.

Foreign trade is mainly carried in ships and derives great advantage from the relative low cost of carriage by water. Goods can be carried to the Antipodes by sea at a cost below that of bringing them from Glasgow to London by road or rail. This advantage is also shared by canal-borne traffic, and explains its survival in a period where so much attention has been given to speed.

All of these systems provide employment for a large number of people and serve a highly important part in the internal as well as the external trade activities in which the people of Britain are involved. Our railway system has been built and managed by numerous companies operating under Parliamentary powers and possessed of a form of monopoly of traffic in the district served by

them. There was originally no idea of co-ordination. On the contrary, railway companies engaged in deliberate obstructive measures in competition against each other.

When the war began railways had immediately to be placed under national control and were operated as a single system during the whole period of hostilities. After the war a return to pre-war conditions of management was unthinkable and a system of grouping under an Act of Parliament was enforced. The railways were merged into four groups under separate managements pursuing independent policies. The fall in the volume of traffic which followed the slump of 1920 led to steady loss of railway earnings and to a serious decline in the value of rail shares.

Concurrent with the fall in railway receipts there was a considerable increase in the volume of road transport. The latter grew in proportion as the railways fell away in favour. Road traffic was to some extent assisted in competition against the railways by the intensive programme of road construction and road improvement at great cost to the public. Competition is still being maintained, but efforts have been made to co-ordinate the road and rail traffic so as to give better facilities and to retain the use and the special advantages of both services.

Tramway and omnibus services catering for urban and rural populations were owned and controlled by a large number of local authorities

and private transport companies acting independently. The Road Traffic Act, 1930, which divided the country into areas under the control of traffic commissioners, represents an attempt to secure some co-ordination of these passenger services, but much remains to be done if the public are to obtain adequate transport facilities. As is the case in the Metropolitan area, unified ownership and control are necessary.

The London Passenger Transport Act, 1933, established as a public authority the London Passenger Transport Board consisting of a chairman and six other members appointed by a body known as the 'Appointing Trustees.' The Board is required by the Act so to exercise their statutory powers as to secure the provision of an adequate and properly co-ordinated system of passenger transport for the London Passenger Transport area, and for that purpose to take from time to time such steps as they consider necessary for extending and improving the facilities for passenger transport in that area in such manner as to provide most efficiently and conveniently for the needs thereof.

The Board has assumed control of most of the passenger transport undertakings which operate in an area within a radius of some thirty miles from Charing Cross. The services include the underground railways, tramways, omnibuses and coaches. The area comprises 2,000 square miles and the combined services which operate within its boundaries cater for a population of

9,000,000 people. Provision is made in the Act for pooling the receipts of the Board with the receipts of the suburban railways operating in the area and for the setting up of a Standing Joint Committee with a view to securing effective co-operation and a common financial interest between the Board and the main line railway companies.

The Board is empowered by the Act to create stock called London Transport Stock to satisfy the claims in respect of the transferred undertakings. The nominal amount of stock issued and outstanding at present is about £112,000,000. The consideration to be paid in respect of a number of the independent omnibus undertakings has still to be determined.

National planning of transport is vital to the efficient planning of industry. Where social or geographical considerations require a redistribution of the existing industrial population, corresponding alterations in transport would be necessary. On the other hand, it might easily be demonstrated that a well-conceived scheme of transport facilities would obviate the expense and the great inconvenience of transferring masses of people in pursuit of work. Much of the congestion in urban housing and in slum areas is due to the lack of adequate communication between centres of employment and residential districts.

We have so far referred chiefly to passenger transport. We now proceed to the problem as

it affects the carriage of goods. The railway system forms the backbone of transport and carries the heavy minerals, iron and steel, and engineering goods, which form by weight the overwhelming proportion of our internal and foreign trade. The largest single item in transport is the coal output of over 200,000,000 tons. Railways also carry immense freights of iron ore, manufactured iron, steel and tinplate, engineering goods and building material. Nearly a million tons a day are being carried by goods trains, while the total passengers carried in one year numbered 1,123,600,000,000. Railway capital is estimated at over £1,000,000,000 and the gross receipts at £150,000,000. Owing to the encroachment of road transport and the fall in railway earnings, the value of rail stock has suffered extreme depreciation, the market value at present being barely one-third of the nominal value. I do not anticipate any extension of railway route mileage, but with the establishment of a co-ordinating authority for the whole of the inland transport services and with a reasonable appreciation of the possibilities of rail transport, the railways could be used to carry much greater traffic and regain their proper place in the industrial life of the country.

But road, rail, water and air transport are one and cannot be developed in separate compartments. Great improvement in speed and regularity is immediately possible. Air transport is eminently suitable for certain purposes, but it

cannot attain its usefulness for carrying light goods, mails or passengers without a complementary organization of ground services. For this purpose there should be established a National Transport Authority charged with the statutory duty of securing a publicly owned and conducted transport system. The form of organization and administration of the different branches of transport would be determined by the circumstances in each case, and with the object of securing an efficient and adequate public transport service.

Transport in all its branches must be viewed as one complete whole. All forms of transport are members one of another and must be inter-linked if they are to play their part in the national well-being by providing a successful national transport service.

CHAPTER X

IRON AND STEEL

THE iron and steel industry occupies a basic position in our manufacturing system. It provides iron and steel for engineering works, buildings and railway construction, shipbuilding, tinplates, galvanized sheets and for numerous other manufactures. The principal raw materials are coal and iron ore. All the coal is produced in British mines, but a substantial amount of iron ore is imported. Smaller quantities of limestone, silica sand and clay for use in furnaces are also obtained from districts adjacent to mining areas.

The volume of direct employment in blast furnaces and iron and steel works is small in comparison to the number engaged in the various industries associated with them. The various processes absorb from three to four tons of coal, and from one to two tons of ore (according to the amount of scrap used) for each ton of steel. The amount of coal is considerably reduced by modern methods of steel production, but substantial quantities are consumed in the form of coke for smelting the ore, and gas for melting or heating steel. Raw coal is used for steam

generation and for production of electricity for works machinery and lighting. Iron ore is mined in Cleveland, Cumberland or South Wales, and is also worked extensively by surface operations in Lincolnshire, Northamptonshire and other English counties.

The first stage in iron and steel production is the smelting of iron ore. The total number employed in blast furnaces in 1934 was 12,480. The total quantity of pig iron produced was 6,000,000 tons. The output of iron and steel in 1934 reached a figure of nearly 9,000,000 tons compared with the record high level of 9,700,000 tons in 1917. The year 1929 was the peak year in world steel production at an aggregate tonnage of 120,000,000. In the slump which followed, world production of steel fell to 50,000,000 tons. It has now recovered to about 80,000,000. In the meantime the world's productive capacity has been increased to 150,000,000 tons, of which the U.S.A. has nearly 50 per cent, Germany 16 per cent, Great Britain 8 per cent, France 8 per cent, U.S.S.R. 8 per cent.

The annual consumption of steel in proportion to population is considerably higher in the U.S.A. than it is in Europe. Steel for building construction and for motor-cars absorbs large quantities. This new demand compensates in some measure for the smaller use for railway construction and for shipbuilding.

Britain consumes a million tons less than is being produced at home. Her foreign trade in

iron and steel consisted in 1934 of 1,366,660 tons of imports and 2,253,500 tons of exports.

The number of persons employed in iron and steel production declined from 166,840 in 1923 to 127,468 in 1934, but a greater output was secured in the latter year with a works complement reduced by 40,000 persons. These men have been displaced through an increase in the size of working units and by extensive mechanization.

The cost of production was thus brought down to the pre-war level but corresponding or greater economies had been made abroad, and prices fell to unremunerative figures all round from 1930 to 1932. The Iron and Steel Association applied for protection. In 1932 a tariff of 33½ per cent for a limited term of two and a half years was imposed on the recommendation of the Import Duties Advisory Committee, and upon the condition that the industry should undergo drastic reorganization. A further application to extend the duties and to remove the time limit was submitted within the time allowed. The Advisory Committee recommended that the duty should be maintained subject to satisfactory progress with a scheme to promote the maximum manufacturing and commercial efficiency throughout the industry, to expand the export trade in iron and steel products and to effect internal organization for various purposes.

In the order confirming the duties—No. 18, 1934—issued in May last, the Import Duties Advisory Committee submitted a scheme setting

forth in detail the constitution and the objects of the new organization. The Advisory Committee expressed some concern on the possible effect of the scheme. They declared that they 'have, of course, a statutory responsibility not only to the iron and steel industry, but also to the innumerable industries in this country, consumers of iron and steel products, on whose prosperity the future of the iron and steel industry so largely depends.' They nevertheless removed the time limit and thus met the wishes of the National Federation of Iron and Steel Manufacturers. The scheme was approved by Parliament in May 1934, after a debate in which the Labour Party criticized the Government for its surrender to private interests and its failure to recognize at any point the interests of the work-people in the industry.

The scheme lays down a plan not to organize the industry but to strengthen the Federation and to extend its functions far beyond the limits to which sectional interests should be permitted. Among the objects stated in paragraph 4 is :

- (a) To afford facilities for ascertaining the views of persons engaged in carrying on the industry in Great Britain, Northern Ireland, the British Dominions and dependencies, and the Indian Empire, and for the communication and interchange of views between the members of the Federation and between the Federation and the Government and Government Departments of the

United Kingdom, British Dominions and dependencies, the Indian Empire and of foreign countries, and any allied trades, authorities, organizations and persons whether in the United Kingdom or elsewhere, on all matters directly or indirectly affecting the industry, and take action with regard thereto as may be considered desirable.

- (b) To arrange with Governments, Government Departments, whether British or foreign, other industries, authorities, organizations or persons in regard to any action which may be proposed by them or any of them or desired by the Federation in relation to the industry or allied trades..
- (c) To promote, support, oppose or influence legislation, Government orders, regulations and other matters affecting the industry or allied trades and to compile and prepare evidence relating to the industry or allied trades and arrange for the view of the Federation to be laid before any person, Tribunal or Body or before the Public or any part of the Public and to be supported by such evidence.
- (d) to co-operate with affiliated associations in promoting or regulating the export trade in iron and steel products.

The constitution is set forth in great detail

prescribing the form of association and membership with machinery and procedure to give effect to the objects of the Federation.

The scheme ignores entirely the work-people's organizations and makes no provision for consultation with the trade unions on any of the declared objects of the Federation. A strict interpretation of the paragraphs above leads to the conclusion that the new organization of employers is to be given a status never previously conceded to any corporate body in this country. They are to receive the protection of a high tariff, now raised to 50 per cent *ad valorem*, and to have authority to negotiate with foreign governments or foreign industrial organizations on their own behalf. The Federation is encouraged in (c) to oppose or influence legislation, Government orders, regulations and other matters affecting the industry. The Federation is to be placed above the law imposed upon trade unions and similar bodies. The new scheme gives sanction to negotiations with foreign interests and foreign governments for international combinations in restraint of trade. There is no hint of any authority to safeguard the national interest from international pacts between steel corporations which may be seriously inimical to the general welfare. The machinery of the scheme has been imposed on Parliament and the people by a National Government in utter disregard of the wishes of the workers directly concerned in the industry and the millions of industrial employees

who desire protection from the disintegration and disorder which affects them all.

Organized labour demands that British industry shall be planned, and has submitted schemes for the reorganization of the basic industries, including iron and steel. They propose a British Iron and Steel Corporation to be established by Act of Parliament and to have vested in it the ownership and control of all undertakings manufacturing iron and steel products, the terms of transfer and the amount of compensation to be determined according to provisions of the Act as laid down by Parliament.

The Board or Corporation to consist of about ten persons appointed by the President of the Board of Trade after appropriate consultation. The members to be appointed for their knowledge and competence to manage the industry and to hold office for a specified term of years with eligibility for reappointment at the end of that term. The functions of the Board to be so widely comprehensive as to cover supervision of the activities of sectional boards, to co-ordinate and to keep a balance between the different sections of production, to observe the policy of the National Planning Council ; to carry on ancillary business and to acquire patents, trade rights, etc. ; to organize machinery for the purchasing of raw materials and for sales and for exercising general authority on behalf of the industry in relation to production and prices at home and abroad. The Board to submit an annual report to Parliament.

The duties of management of each large division of the industry would be delegated to a sectional board responsible for production of its class of products subject to the policy determined by the British Iron and Steel Board. Marketing arrangements in regard to the purchase of raw materials and sales to be conducted for each section by its own board. Prices to be controlled by the parent board in conjunction with a body representative of consumers and with the approval of the Minister. Works management would provide for the closest co-operation between the workers and the managerial body. By the establishment of works councils composed of representatives of the trade unions and the management, all questions touching safety and health, promotion, training and workshop practice, would receive regular attention, while the larger questions of hours, wages, holidays and problems arising from technical or mechanical developments would be dealt with by special regional boards composed of representatives of the trade unions and the sectional board. These Regional Joint Boards should function as the clearing-house of all disputes which may be referred from the various establishments. Large questions of wages and hours would naturally fall to the National Board, the National Planning Council and upon Parliament as the final authority in such matters.

THE GENERAL AIM OF PLANNING

The aim of industrial organization is to achieve productive efficiency : to provide the best possible conditions of labour ; to organize the service of persons who enter industry and to enable each industry to fulfil its share of the economic task. The basic industries have a special function. They provide the material for the superstructure of industry with its multitudinous departments. It is of vital importance that the national plan should operate in these industries and thus secure the foundations of our common life and give new strength and power to our industrial and social institutions. National planning does not mean less than the preparation of a national plan. We do not propose a rigid plan setting down permanent boundaries and fixing the exact location and extent of every feature within those limits. We rather proceed with anticipation of constant development and with a reasonable elasticity to enable our plan to grow as a living thing, as opposed to the idea of a perfect and finite creation.

The plan should, however, give effect to one dominating idea and should aim to assemble the various parts of our economic structure in a form at once symmetrical and amply proportioned.

The main objectives are simple. There is poverty in the midst of plenty. Plan to abolish poverty ! We have overwork and idleness. Plan

a more equal distribution of duty and leisure ! Education is limited to a few on the grounds of expense. Give equal educational facilities to all ! Housing accommodation is neither healthy nor beautiful for many millions. Why not build good dwellings for all ?

Planning would enable the service of each industry to be made available to the fullest extent and thus maintain the highest productive and distributive efficiency in every phase of industry and trade. This is not possible under the present system. For instance, miners are unemployed while millions of people are deprived of warmth and light. By the conversion of coal to gas and electricity the problem of domestic heating and lighting has been reduced to a matter of expense. The only obstacle is lack of planning for distribution of these services. Distribution has broken down here as elsewhere because of the mass of unyielding poverty which is permitted to block the way.

CHAPTER XI

OTHER INDUSTRIES

THE BUILDING INDUSTRY

AMONG the major industries which deserve special attention as subjects for planning, the building industry ranks high on account of numbers and of the essential character of the service it renders. With over a million persons occupied in a variety of crafts it carries on building operations all over the country. It is the most widely distributed of all industries. In the most remote villages as well as in the larger cities and towns, the builder is at work. With stone and steel, bricks and lime, he builds our habitations, factories, public works and public buildings. Floors, roofs, doors, windows, stairs, elevators, internal and external decorations are added by one member or another of the assembled crafts which work together in this industry. The materials of the trade, except timber, are mainly derived from this country. The finished product is for home consumption. Nearly half a million are employed or seeking employment in house building. Employment is subject to seasonal variations and to interruptions by frost or

excessive rains. The workers are highly organized and have combined in a national organization catering for all classes of artisans and workers. Wages and hours are determined by national agreements setting forth the regional scales of pay and the corresponding hours of employment for all classes of labour.

State assistance has enabled the enormous total of 2,500,000 houses to be built in the last fifteen years. The amount of subsidy has varied under the several Housing Acts from 1919 onwards. Local authorities have built nearly one-third of all houses erected in that period, the remainder having been built by private enterprise with or without State assistance.

There is still a shortage estimated to be over one and a half million. There is considerable overcrowding. Large numbers of houses unfit for habitation are occupied because alternative accommodation is not available. Houses cannot be built to let at a rate within the capacity of the poorer tenants. They cannot afford to pay higher rents, neither can they pay train or bus fares to any distance where housing is available. The problem of overcrowding and slums is essentially one of poverty. The slum is a universal feature of capitalism. It exists because the building industry has always been controlled by private enterprise. There had not until after the war been any plan for building houses for the people. There has been no shortage of big houses, but the low paid wage earner has been

denied decent accommodation for himself and his family.

Numbers of building workers are unable to get full employment. There is an ample supply of all the materials for houses, but there is no authority to set men to work. Landowners, financiers and speculative builders are all in the conspiracy against building cheap and wholesome houses. The State alone can bring freedom and order into the industry of building. As in all other forms of enterprise, planning and control can be effective only when the industry has been unified under common ownership.

Building for human habitation as well as for public purposes should be entrusted to a National Building Board charged with the responsibility of organizing building operations and of making the most effective use of labour, materials and land. A new era in building and in social conditions is due. The great talent for workmanship, for artistic design and decoration must be given a chance in the service of public health and domestic comfort. The planning of industry is intimately connected with the planning of towns and cities where people can live and work. There is no time to be lost in establishing a national control of building. A long-term building plan for housing must form an essential part of the general economic scheme for securing the industrial and social well-being of our people. There is a wealth of talent and designing skill eagerly seeking its opportunity. The architect can create marvels of beauty and

comfort with the labour and material now available. With his aid the industry can free itself from the disrepute to which it has been brought by the jerry builder and speculator.

THE COTTON INDUSTRY

The cotton industry holds a leading place in our manufacturing system and in previous years contributed more than any other to the value of British exports. Before the war it gave direct employment to 580,000 work-people and exported no less than 7,000,000,000 yards of cotton piece goods to all parts of the world. The export trade has gradually fallen to 25 per cent of its pre-war volume and employment has been considerably reduced. No simple explanation can be offered for the decline of this industry. It has suffered from competition abroad, mainly from Japanese, Chinese and Indian manufactures in their own markets. Cotton manufacture is no longer a Lancashire monopoly. Other countries have found it more profitable to buy British machinery and to employ their own people in the production of cotton goods. Eastern competition is likely to have a permanent effect on the exports of cotton goods and an early return to pre-war production is, therefore, not to be anticipated. The industry also suffers from the financial burdens due to the extreme over-capitalization of the immediate post-war period. Banks hold debentures for considerable amounts and have

imposed control upon the finance of the industry. Only a few firms are free from financial difficulties and have been able to hold their own under the strain of recent years.

Plans for reorganization have been proposed from many quarters, but the spirit of individualism yields slowly and has prevented any of the schemes from being adopted by the industry.

The latest proposal embodied in a report of Lord Colwyn's Committee is to scrap 10,000,000 spindles and to work the remaining number as near full time as required to meet the current demand. The plan would provide compensation for the owners of the plant to be scrapped, but nothing has been suggested to indemnify the men and women displaced by this form of reorganization.

There is no sterner example of economic conservatism than the cotton master of Lancashire. He has persistently declined all proposals for merging and unification. The cotton industry continues steadily to decline. Meanwhile no action is taken to give effect to the Colwyn Scheme. The cotton operatives are impatiently waiting for reorganization, and have declared for a radical scheme for achieving greater efficiency with control of production and distribution, as an alternative to the extreme individualism which has brought the cotton industry almost to disaster.

CHAPTER XII

RATIONALIZATION AND THE WORKERS

THE general tendency of capitalist reorganization is to restrict production and to dispense with redundant or obsolete machinery and plant. There is no doubt that this leads to a saving in costs and to displacement of labour.

The problem of unemployment is thereby aggravated and as the unemployed workman and his dependants have to rely on the community for maintenance, the net result is a distribution of the proceeds of industry on a lower scale than if the whole of the industrial body were receiving wages instead of the inadequate allowances which are deemed sufficient for the unemployed.

It is now clear that we cannot absorb the enhanced productive power of the world without an equivalent increase in currency and in real purchasing power. The interest of all classes is jeopardized by the insistence of the bankers and financiers upon deflationary measures.

We cannot allow the standards of life for our people, whether in wages, hours or social conditions, to be determined by competitive capitalism, nor by a Government representing the special interests of industrialists, investors, and landed property.

The basis of national distribution must always be related to production. The wages of various workers and consequently the price of industrial products should be adjusted according to the volume of wealth at the disposal of the nation. In this assessment we shall need to regard the whole nation as an economic unit.

As the ultimate results of foreign trade in the exchange of suitable goods for goods, commodities exported from this country will pay for our imported products. The latter, therefore, should be available for distribution and consumption as freely as if they were domestic products.

The nation must assume responsibility for production and for buying and selling in order to ensure that consumption does not lag behind and thus lead to a suspension of production and the glut which is now due to inadequate distribution.

We desire by planning to organize the largest production of goods for use at home and abroad. Under present methods over-production is more ruinous than a shortage from any cause.

The manual worker has always been liable to unemployment and to changes in methods. He is now joined by numbers of professional workers who were previously immune. Mechanization has invaded the counting-house as well as the factory. The black-coated workman is being rationalized with the business in which he is employed. Large displacements of labour are being effected by the amalgamations of independent firms, and in the case of middle-aged and

elderly employees unemployment comes almost as a sentence for life to the unhappy victim. The middle classes are being increasingly exploited by those who employ and direct their services. There is a growing tendency to seek safety in municipal or State employment to avoid the risks of the professions and of small business.

Educational institutions send out numbers of young men and women in excess of the available positions. The more sheltered situations for black-coated workers become less secure. The clerk has given way to the typist, the accountant yields his place to the comptometer. Office organization has changed the status of the clerical staffs. New ideas of management are being tried at the expense of men of the old school. Wages are low and living expenses are high. The black-coated worker has to pay high rent; he spends much on the education of his family and on clothes. He finds life more and more precarious. He is often outside the sphere of National Insurance schemes and stands on his own resources when he becomes redundant and is unable to secure a new position. He is, in fact, only slightly better off than the industrial worker. He is steadily being reduced to the uncertain position of the weekly wage earner, but his liabilities are enormously greater and his adaptability very considerably less. He will benefit from the planning of transport, electricity, marketing and finance.

The technical staff in industry occupies a

position frequently invidious. Separated from the workers by social prejudices and by divergence of industrial interests, they fail to find the necessary unity to protect their mutual interests. The technician has to endure many disabilities without complaint and without hope of redress. He seldom joins a trade union and consequently has to rely on the goodwill of his superior or upon other circumstances which too often fail to render justice to him.

The black-coated worker in industry is no more nor no less essential to it than the mechanic or the machine operator who attends to production in the various stages. In a publicly-controlled system they will find common interest on a much higher level than is permitted under private enterprise. An increased purchasing power is indispensable to any plan of reconstruction and is only attainable by raising wages to the highest levels all round.

Wages are always payable out of production. With large or surplus production wages must of necessity be adjusted upwards if a breakdown is to be averted. It is only by nation-wide planning that wages and prices can be so adjusted. The workers by hand and brain are equally interested in the productive results of industry, but their productive success will result in nothing but misery if they fail to share in generous measure the fruits of their common industry. There is no class which is immune from the dangers of the existing disorder in trade and

industry. Security for all workers waits upon the assumption of a control of industry in which low standards, unemployment, industrial strife and waste, will give way to an ordered system of national partnership.

WOMEN IN INDUSTRY

We cannot leave out of account the large proportion of women workers in various industries. In textiles nearly two-thirds of the number employed are women. More than 40 per cent of clerical work is done by women and girls. Men are gradually being displaced by women in the lighter industries. Mechanization leads to employment of young persons and of women. They are frequently ill-paid and subject to bad conditions in regard to health. Men's wages are higher and women are preferred for this reason. Industrial employment is not chosen as a career by the majority of young women. The majority give up their jobs on marriage and have to rely on their husbands' wage for house-keeping. It is only in a few industries, mainly in textiles, that women continue at work after marriage. The position of women in industry is largely determined by the social code which attributes greater responsibility and greater privileges to men. The division of labour within a family has changed and is likely to change to a greater extent. Improved facilities for cooking, washing, heating and cleaning, have lessened the

amount of time spent on house-work and have liberated large numbers of women from the drudgery and the monotony of household duties which fall to them.

Labour-saving in the homes, the reduced size of families and later marriages, all contribute to the presence of women in employment. There are nearly six million women, most of them young, for whom paid employment is a necessity. Woman is competing with man on unequal terms to the detriment of both. Even in the more advanced positions women work for smaller remuneration. They are entering the professions and are being trained for commerce, engineering and agriculture where they must qualify on the same terms as men.

Equality in work should carry equality of pay. In planning industry no distinction should be drawn between workers, beyond that of fitness and capacity for special duties. The machine has come to lighten the physical burden of labour. Industrial operations in the future will require less strength of body but greater deftness and precision.

Women and men will share the duties of industry and of administration without discrimination. To accommodate the larger body will necessitate a considerable limitation of working hours and of the working years of men and women who are to serve the nation in the service of industry.

ORGANIZATION OF LABOUR

The organization of labour is as essential as the organization of capital and equipment. Successful planning must not be prejudiced by a breakdown in administration. The utmost loyalty and co-operation will be necessary between all engaged in the several industries. The worker by hand will be given an interest in the management and will make his contributions to all works problems, including those of safety and hygiene. The latter is almost entirely unexplored in many industries and is capable of considerable development, to the permanent benefit of the workers and to the nation as a whole.

The technician and the manager will have direct authority for improving working conditions, and will be in close contact with the works committees on matters affecting the success of their unit and on the general welfare of the persons employed.

The new management will differ in form and in spirit from that generally adopted by capitalist firms in which bureaucratic authority is exercised so as to deprive the business of all initiative and independent thought. One of the gravest defects of modern large-scale industry arises from the subordination of the mass of workers and officials to the will and authority of one person who may and frequently does terrorize all who are under his control. The planning of industry under public ownership would free those officials now

under personal domination and enable them to regain self-respect and initiative in their tasks.

With a system of national ownership of the basic industries, managed in accordance with the schemes previously outlined, the foundation of national planning has been laid. An effective control of lesser industries would follow as the system developed. The National Planning Council would, through its chairman, be in close communication with the Government on the one hand, and with each industry, through the various Boards where ownership has been transferred. Industries not transferred would be required to supply information on all matters as required by the National Planning Council both in regard to its demand for raw materials as well as for disposal of its products at home and abroad.

National Planning is designed not for setting up a bureaucracy in Whitehall but for self-government of industry working on national lines so as to give a truly national direction to our industrial activities and to enable Britain to take her place in a new world industrial order, where planning has come to supersede the wastefulness and disorder of decaying capitalism.

CAPITALISM AND THE WORLD ORDER

It is no exaggeration to say that civilization is in danger of being submerged in a conflict between despairing nations. Economic rivalries have always been a prolific cause of wars. The search

for raw materials has led to wars of conquests again and again. The struggle is incessant and has now reached a state of grave danger to the world.

Economic nationalism is being accentuated by the crisis to which the whole of world capitalism has arrived. Without new markets, national units of capitalism are forced to preserve their domestic markets by costly artificial barriers in the form of tariffs and in their despair, to resort to uneconomic productions to keep their people occupied. There is no escape along these lines. Peace cannot be maintained when hunger is abroad. The nations lack bread in the midst of opportunities for plenty. The distribution of plenty needs an effective system of world planning. Planning for world trade must be preceded by control of national production and distribution. The problem is urgent. A world war would bring havoc and lasting disaster to the present world system. Capitalism is likely to be destroyed or to destroy itself, in that event.

Mass ruin and desolation is too expensive a price for the corpse of capitalism. The world can be saved by prompt recognition of the nature of the present dangers and by attending to the remedy while there is still time. Planning is inevitable. Labour proposes to plan for the reconstruction of our industrial and social life at home, meanwhile co-operating with the most progressive countries in the world in a plan for the exchange of food, raw materials and manu-

factured goods. Internal planning would have regard first to the industries and the areas where the breakdown has been most severe.

The Government does not appear to have any intention of doing anything for the depressed areas, but the problem of sustaining these communities cannot in the nation's interest be neglected.

Industrial reorganization under national auspices should be accompanied by a plan of economic regeneration of the necessitous areas. A system of Treasury grants for a period of years for the promotion of schemes of work within the areas, for road-making, land reclamation and resettlement would enable public improvement to be carried out without expense to the local authorities. A large measure of temporary work with some permanent employment would be afforded by these means.

None of the depressed areas are derelict except in the sense that their main or only industry has broken down. The communities are suffering, property values are falling lower and lower, but the public services are being maintained and the people are there, ready for any industry that may be established in the locality. It is bare justice that the utmost assistance should be given to enable them to survive and to secure employment.

Expenditure on public works should be incurred when money is cheap. Roads, schools and public improvements should be constructed as an alternative to unemployment relief, with the minimum expense to the community.

Compared with their treatment of the depressed areas the Government has shown great generosity to the agricultural and landed interests. But there is no definite plan. The policy there is to curtail production and at the same time to limit imports of agricultural products. By these measures it is hoped that prices will rise so that the farmer will receive higher returns for his labour. Import duties are collected on all food products and added to the price to the home consumer. The proceeds of these duties now amount to £35,000,000 per annum and represent the equivalent of an income-tax of 8*d.* in the £.

Thus the Government collects funds for its subsidies to wheat, sugar, beef and milk producers. The public pays: people in depressed areas make their contribution. Doles to producing and land-owning interests are not subject to a means test. The list of subsidized products is growing; meanwhile the basic industries are being neglected and the areas in which they are situated are regarded as subjects for amateur sociological experiments with a pretence of State assistance. Philanthropic meddling fails even to mitigate the depression in industrial centres. Large measures of amelioration if definitely related to a plan for industrial reconstruction are immediately justifiable. Much moral and physical damage has been done. The injury will require more than temporary remedial measures. Poverty and underfeeding undermines physical health. Every system of relief conveys a

degrading sense of dependency which is destructive of personal pride and self-respect. But men and women who have no work have to rely on community organization for the distribution of the means of subsistence. The nation has long abandoned individualism in this respect and has adopted plans for insuring all against the risks of starvation, ill-health, unemployment, infirmity and old age. The State is doing ambulance work more effectively, but it has not assumed responsibility for dealing with the causes of breakdown. The cost to the nation cannot be expressed in terms of money, nor in the most carefully compiled statistics dividing the community into prosperous and indigent classes.

THE SOCIAL IMPLICATIONS OF NATIONAL PLANNING

One of the many objections to the planning of industry is that of interference with management. The charge loses effect if we have been brought into contact with industry as it is. No one will contend that capitalist industry is perfectly conducted. Directors who have seats on forty or fifty boards are frequently met. Their contact with industry has been cynically described as touch and go. From coal to steel, railways to docks, textiles to paper-making, the professional director draws his fees and takes his hurried leave for his next directorial appointment.

National planning will be handicapped until the question of efficient management has been

satisfactorily solved. The most astute and capable managers have always found means of consulting their work-people concerning the work to be done and the mode of doing it. The average worker responds willingly and is exceedingly proud of being consulted. He gives professional advice without charge as an example to his betters.

The question of status is of extreme importance; the present tendency is to exclude the worker from all participation in management. In the sphere in which he is most competent he has been disfranchised almost as completely as he has been dispossessed. He has no vote in works policy, but he is, in the interest of imperialism, given a vote on colonial policy or on the better government of India.

The worker who is taken into partnership and has accepted his share of responsibility is not likely to lose interest in his work. He will learn much of the details of management and will be stirred to seek better results. Special subjects such as works hygiene, safety, ambulance, nursing, always attract. Industrial planning which provides a place in works management for men and women workers will do much to alter the psychology of industry. Machine workers who gain efficiency in monotonous repetition of their limited task do so at the risk of permanent loss of physical and moral fitness. A great change occurs when the workman is given an interest in affairs.

He will learn to criticize usefully and to make practical suggestions. We shall train for citizenship in the workshop. For many years the elementary school system has been educating boys and girls from working-class homes. They have gone into industrial employment. They have been subject to all kinds of character-destroying influences and have passed through the tests with credit. A new era lies ahead in which they shall have greater responsibility and greater freedom.

PLANNING FOR A HIGHER STANDARD OF WELL-BEING

As we have to provide for a new status for the industrial worker, so must we anticipate the effect on others not directly involved. Planning is an enterprise for the nation. A higher standard of material well-being would be of no value unless it was translated into a higher standard of private and public behaviour. In the coming era of shorter working hours, of improved industrial and public hygiene, of cleaner townships and improved amenities, a higher standard of education and culture will be more easily attainable. A wide range of recreational interests will be opened out and new experiences thus provided for those at present condemned to inferior facilities. Education for leisure will be hardly less important than the educational preparation for service in industry.

Planning should rapidly lead to democratization of industry and leisure.

The necessary standard of industrial development cannot be sustained without social changes on broad lines. Labour plans to widen the sphere of responsibility and to raise the status of the workers in all occupations. Recent advance in scientific knowledge has given a powerful impetus to production. Society will not benefit thereby unless it is accompanied by a complementary improvement in social organization. Further increase in production is dangerous without greater power of consumption. The capitalist system has reached the limit of expansion and is even at this moment in danger of violent dissolution.

PLANNING FOR WORLD PEACE

The peace of the world is in jeopardy because nations insist on economic independence and are prepared to use force to prevent world industry from being properly planned.

Economic rivalry is responsible for the greater part of to-day's political difficulties. Capitalist interests in every country strive by every means to strengthen their economic position. But no country can live to itself and upon its own resources. Industries require raw material to work up into marketable products. The price of manufactured goods depends upon the demand and the markets available. National frontiers have to be surmounted for buying and selling. The alternative is to stay at home and to live independent of our neighbours. That course is

not compatible with present-day conditions. Nations are being brought into closer control by inventions and greater knowledge. The economic system of the world is linked in all its parts but the varied resources of soil and climate are not as freely disposable because of the barriers increasingly being erected between nation and nation.

Raw materials are frequently held up by producers, and production is being suspended for want of demand. Competition for a share in this limited market is being waged fiercely between rival capitalists. They endeavour to reduce costs by cutting wages and by substituting machines for human labour. But machines are consumers of coal, oil and metals, and are of no productive value unless these raw materials are readily and constantly available. Capitalist industry thus depends in a special way on secure supplies of raw materials for the employment of men and machines.

The absence of any plan for apportioning the world's raw materials leads to a scramble for concessions and special rights and ultimately to the possession of territory where particular raw materials are obtainable. The struggle for raw materials has frequently led to war. Each national group of interests is keenly opposed to the territorial expansion of its competitors while it supports annexation or control of foreign territories by its own Government.

Peace hangs upon planning for access to

raw materials and for the marketing of manufactures therefrom. Scrambling and jostling in the world's highways and in the market-places often leads to violence. Diplomacy tones down the jarring voices of the disputants and sometimes succeeds in accommodating rival claims. When economic interests outweigh other considerations, diplomacy fails and war becomes the final arbiter of the dispute.

THE ETHICS OF PLANNING

The subject of industrial planning is not to be considered solely on its material aspects. Great changes in industry must affect the daily life of the individual and the community in which new industrial principles are to operate. Where industry is converted from private enterprise to a great national system all members of the community become associated in an entirely new relation and will find new means of expressing their identity in the State.

The view of industry as an evil power controlled by trust magnates will give way to the truer conception of industry as the servant of the community. The ideal of service for the common weal has always appealed deeply to men and women.

It has persisted throughout the period of intensive industrialization which has lasted for more than a century. All the anti-social influences of the profit-making system have conspired without success to destroy the public spirit of

many generations. Only a minority of people give themselves fully to the pursuit of wealth. The great majority of men and women desire freedom to follow normal interests and to perform their personal duties in acknowledgement of their social obligations. Many industrious and gifted people devote their services freely without thought of material gain.

There is a growing appreciation of the futility of struggling for private wealth. Even the rich man whose investments are profitable when workers are ill-paid and neglected fails to find satisfaction in his riches. The stigma of poverty disfigures society as a whole. Yet there is no method of removing the blemish through individualism. An acquisitive society must contain many poor to enrich a few. Economic security is for ever unattainable while the intensive struggle for the means of life continues. Poverty and unemployment mark the defects of the economic system. The entire structure of trade and commerce is in danger from the abuse of wealth and the failure to organize for the common good. The alternative to economic conflict is a plan for collective security. The task of making a living is no longer a matter of individual effort. No one lives by his own labour. It is by cooperation that individuals attain larger freedom and security. The next stage in world progress is to be won by mastery over economic forces. The basis of future success is sound planning. Old methods which do not satisfy modern tests

will have to be discarded. More generous and bolder social ideals will have to find embodiment in the new social programme. The individual struggle for mean material advantages has narrowed the sympathies and localized the interests of many well-disposed people who would be available for public service in a properly organized system. Future industrial success will be measured by the extent to which new opportunities and a new interest will be afforded to men and women who are seeking a better way. Old moral standards will have to be scrapped with much of the old machinery for regulating human activity. There are many difficulties to be overcome in building the new system of collective security. The task is one which will require a contribution from all. But the form of service needs to be essentially changed. The individual who now is forced to seek his livelihood at the expense of his neighbour will gladly join him in the greater enterprise of making a living for the whole community and in working out together the arrangements of a well-considered and comprehensive social plan.

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