

THE WORLD OF TO-DAY

INDUSTRIAL IDEALS

VICTOR GOLLANCZ

HUMPHREY MILFORD

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THE WORLD OF TO-DAY

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CONTENTS

	PAGE
INTRODUCTION	7
I. NOBLESSE OBLIGE	9
II. SOCIAL REFORM—I	II
III. SOCIALISM IN GENERAL	15
IV. STATE SOCIALISM	19
V. SYNDICALISM	24
VI. GUILD SOCIALISM	25
VII. THE GUILD SOCIETY	30
VIII. THE SOVIET SYSTEM	34
IX. ENGLISH SOCIALISM AND THE RUSSIAN REVO- LUTION	44
X. THE CRITICISM OF SOCIALISM	46
XI. SOCIAL REFORM—2	52
XII. INDUSTRIAL PEACE	55
XIII. PROFIT-SHARING AND WHITLEY COUNCILS	58
CONCLUSION	63
A BIBLIOGRAPHICAL NOTE	6
INDEX	64

A BIBLIOGRAPHICAL NOTE

Introduction. For Single Tax, "Progress and Poverty," by Henry George (Kegan Paul, 2s.). For credit reform, "The New Age" (6d. weekly).

Chapter I. "Sybil," by Benjamin Disraeli.

Chapter II. "Liberty," by J. S. Mill (Longmans, 1s. 9d.). "Liberalism," by L. T. Hobhouse (Home University Library, 2s. 6d.).

Chapter IV. "Fabian Essays in Socialism" (Allen & Unwin, 2s.).

Chapters VI and VII. "Self-Government in Industry," by G. D. H. Cole (Bell, 5s.). "National Guilds and the State," by S. G. Hobson (Bell, 12s. 6d.). "Chaos and Order in Industry," by G. D. H. Cole (Methuen, 7s.). "Guilds of House Builders," by S. G. Hobson (National Guilds League, 39 Cursitor Street, E.C., 1d.).

Chapter VIII. "The Bolshevik Theory," by R. W. Postgate (Grant Richards, 7s. 6d.). "Bolshevism at Work," by W. T. Goode (Allen & Unwin, 2s. 6d.). Russian Code of Labour Laws (People's Russian Information Bureau, 152 Fleet Street, E.C., 3d.). "The I.L.P. and the Third International" (National Labour Press, 1s.). Articles by Bertrand Russell in "The Nation" of July 10, 1920, and following issues.

Chapter X. "A Critical Examination of Socialism," by W. H. Mallock (John Murray, o.p.). "Guild Socialism: A Critical Examination," by G. C. Field (Wells Gardner, 5s.). "The Dictatorship of the Proletariat," by Kautsky (National Labour Press, 2s. 6d.). "Liberty," by J. S. Mill. Articles by Bertrand Russell as above.

Chapter XI. "The Paisley Policy," by H. H. Asquith (Cassell, 2s.). "Ways and Means" (6d. weekly).

Chapters XII and XIII. "The Principles and Methods of Industrial Peace," by A. C. Pigou (Macmillan, 6s.). "The World of Labour," by G. D. H. Cole, Chap. ix, 1919 ed. (Bell, 5s.). "The Human Needs of Labour," by B. S. Rowntree (Nelson, 3s. 6d.). "The Payment of Wages," by G. D. H. Cole (Allen & Unwin, 6s.). "Labour Unrest," by B. S. Rowntree (article in "Contemporary Review," October 1917).

General. "The World of Labour," by G. D. H. Cole (Bell, 5s.). "A Modern Symposium," by G. Lowes Dickinson (Dent, 3s. 6d.). "Roads to Freedom," by Bertrand Russell (Allen & Unwin, 3s. 6d.). "A Constitution for the Socialist Commonwealth of Great Britain," by Beatrice and Sidney Webb (Longmans, 12s. 6d.).

INTRODUCTION

THIS book has been written with the aim of presenting, in a connected form, the main features of the outstanding schemes for industrial reconstruction now before the public, together with the reasons for which they are advocated. Broad methods of dealing with the industrial situation as a whole have alone been considered; thus, while some attention has been given to profit-sharing (which, in alliance with cognate measures, is felt by not a few to be generally applicable to our present difficulties) no mention has been made of particular proposals for the reorganisation of particular industries.

Even so selection has been necessary; and the guiding principle (which in one case only has been abandoned) has been to deal with those proposals about which the most widespread curiosity is felt in this country at the present time. Thus Whitley Councils and the Soviet System, which are often the subject of contemporary discussion, are alike included; Anarchist Communism, on the other hand, is referred to only in a footnote, not but that it is a subject of considerable interest, but because it is obviously outside the main stream in England to-day. For the same reason exigencies of space have necessitated silence on two great schemes of reform, which are nevertheless of such importance that brief reference must be made to them here. The first is that which, finding the root of all our evils, not (with the Socialists) in the private ownership of the means of production, distribution, and exchange in general, but in the private ownership of land in particular, would by a 'single tax' on land values inaugurate an era of universal freedom; the second (which is not new, but has during the last year or two been vigorously restated in the columns of *The New Age*)

proceeds on the assumption that the maldistribution of purchasing power caused by the private control of credit is at the root of the evil, and accordingly sees in the reform of the modern credit system the major part of the solution.

In dealing with the question of motive a simple rule has been adopted. The majority of reformers assert that they have in view the welfare of the whole community ; but it is at least probable that some individuals of every school are aiming at nothing of the kind. It may reasonably be asserted that some Liberals are Liberals merely because Free Trade is at once the traditional policy of their Party and to their own commercial interest ; that some Socialists wish to provide in widespread chaos an opportunity for their own aggrandisement ; and that some Industrial Peace men, believing that the establishment of Socialism would be both to the advantage of the greatest number and to the material disadvantage of themselves, deliberately desire to lull the workers to sleep in order to prevent such a consummation. In each case it is of great importance to estimate whether the worthy or the unworthy motive is the real characteristic of the group as a whole. But such an estimate must be made by every individual citizen as the result of personal contact and a developed capacity to judge of men and affairs. Accordingly, in the following pages the reader will find no reference to unworthy motives, but will be left, if in the interest of truth it seem necessary to him, himself to supply the omission.

INDUSTRIAL IDEALS

CHAPTER I

NOBLESSE OBLIGE

No thoughtful man of the nineteenth century could observe the poverty, starvation, and degradation of life which, now in lesser, now in greater degree, were the lot of a considerable percentage of English citizens, without seeking for the remedy. 'Children of nine or ten years were dragged from their squalid beds at two, three, or four o'clock in the morning and compelled to work for a bare subsistence until ten, eleven or twelve at night—their limbs wearing away, their frames dwindling, their faces whitening, and their humanity absolutely sinking into a stone-like torpor utterly horrible to contemplate.'¹ As Disraeli put it, there were two nations—the one in general happy, rich, and educated, the other wretched, poor, and without culture or knowledge. We may well begin this book by outlining the solution with which that statesman felt sympathy at many stages of his career. It is not so much a body of concrete proposals as a general attitude of mind; and for this reason it wins no great public attention in an age of revolutionary movements such as the present. But it is by no means dead—were it so we should not be dealing with it here; on the contrary it is characteristic of many generous

¹ Statement of Mr. Broughton Charlton, County Magistrate, at the Assembly Rooms, Nottingham, on January 14, 1860, quoted in Marx's *Capital*, and Mr. Bertrand Russell's *Roads to Freedom*,

thinkers of our own time, whose number, it seems probable, may increase and not diminish as events proceed.

It is no part of our purpose to consider for their own sake general theories of society and government. But it is necessary at the outset to make reference to one of them, as it will be necessary on occasion again where otherwise the industrial solution under discussion would not be completely intelligible. With the ordinary democratic theory we are familiar enough; but it is only in the government of subject races that Englishmen of this generation come face to face with the paternal or authoritarian ideal. Yet this ideal is clearly no less applicable to the internal government of a single country than to the government of dependencies by an Imperial Power. Instead of a whole people governing itself through a Parliament elected under a system of more or less universal suffrage, we might have two distinct classes, the governing and the governed—the former understanding, by reason of their superior education, wherein the latter's true interests consist, and having the good-will to act accordingly.

As with society as a whole so with industry; on the one hand governing and governed, on the other employers and employed. And just as the true solution of the problem of government was felt to consist in the training up of a wise, strong, and humane body of governors who would carry out with justice and selflessness the function with which they were entrusted, so the industrial problem would be solved only when the employers and the landlords understood that they owed a duty to the men of whom they were in charge. To allow 'cash payment' to be no longer the only link uniting class to class; to inspire mutual respect among employers and employed; to teach the manufacturer that his wealth and power carried with it responsibility for the well-being of his worker—these were the aims of many reformers, and in the attainment of them they saw the sole hope for an ordered, contented and dignified industrial life, free from the reproach of poverty, insanitary conditions,

and excessive hours of labour. The rich and the rulers must be converted by the teaching of the most enlightened among their number into an aristocracy of service.

But although the hoped-for change was one not dependent on Acts of Parliament, these reformers did not shrink, nor would their modern followers, from urging and carrying, sometimes in the face of bitter opposition, legislation calculated to further the workers' interests. It will not be forgotten that it is Lord Shaftesbury to whom we mainly owe the factory legislation which has done so much to alleviate industrial conditions.

CHAPTER II

SOCIAL REFORM—I

WE have mentioned the amelioration or abolition of poverty; and we are about to mention the establishment or extension of liberty. The two aims, though often thought of as identical, are clearly not so; and the confusion has led to some disastrous consequences. It is of course perfectly true that, in all but the rarest cases of spiritual development, poverty—which nine times out of ten must imply pre-occupation with material anxiety—is a barrier to the development of the individual, and its abolition is accordingly a part of the programme of all who desire to establish liberty. But it is possible to abolish poverty without establishing liberty; for poverty is material, and liberty is spiritual. The rich man who is a slave to gambling is not as free as the tramp who sleeps under the hedge and never knows where the next meal is coming from.

It is difficult to imagine two ideals more opposed to one another than that which was the subject of the last chapter and that which is the subject of this. To the Liberal political philosopher and economist, liberty was everything. Human personality, he argued, is the

source of all value ; the more freely a man develops and the more completely he expresses his individuality, the greater is the sum of good which he thereby adds to the common stock of civilization. Such individuality is possessed by every human being ; men are born equal, not in the sense that their potential capacities are identical, but in the sense that they are endowed, one and all, with a personality which is capable of development.

Now this development can only come from within. You may give a man a comfortable life by prescribing for him his every action ; but if you do so, he remains a cipher—at best the mere medium for another's good, instead of the source of good himself. The ideal at which to aim is that of a great society in which all the citizens develop to the full their varying capacities, and in which each willingly co-operates with his fellows.

Or one may put it like this. I do so and so for one of three reasons ; either because I think it right to do it, or because I am compelled to do it by someone else, or because I voluntarily follow that someone else's superior judgement. In both the last two cases the person who prescribes my action can only do so by virtue of the intellect which he possesses ; but I have intellect no less than he, and if he could prescribe the action, then I could originate it. What I have done by my passive attitude is simply to waste part of the world's sum-total of character.

What logically follows ? Liberty implies self-government. We must then make that self-government as perfect as possible by giving every citizen a vote ; by establishing the supremacy of the Commons, who are the elected representatives of the people, over the Lords, who have power merely by reason of their hereditary position ; by the payment of members, in order that any man, however poor, may be elected as a representative ; and perhaps by Proportional Representation, or some other device, by means of which Parliament may be made more adequately to reflect the opinion of the country. Again, liberty implies freedom of speech and freedom of dis-

cussion ; accordingly we must remove all restrictions on the right of public meeting, all censorship of opinion, all disabilities (such as religious disabilities) which have been imposed on individuals or groups on account of the ideas which they hold. Moreover, an attempt must be made to give every citizen an equal opportunity to live a life which corresponds with his capabilities ; and such equality of opportunity can be given, in the first place, by a wide extension of educational facilities, and secondly, by removing any barriers which law or custom may have erected to prevent a man undertaking duties which he is by capacity, character, and temperament capable of fulfilling.

But what specifically of the industrial solution ? It has been well expressed by Professor Hobhouse. ‘ Maintain external order, suppress violence, assure men in the possession of their property, and enforce the fulfilment of contracts, and the rest will go of itself. Each man will be guided by self-interest, but interest will lead him along the lines of greatest productivity. If all artificial barriers are removed, he will find the occupation which best suits his capacities, and this will be the occupation in which he will be most productive, and therefore, socially, most valuable. He will have to sell his goods to a willing purchaser, therefore he must devote himself to the production of things which others need—things, therefore, of social value. He will, by preference, make that for which he can obtain the highest price, and this will be that for which, at the particular time and place, and in relation to his particular capacities, there is the greatest need. He will, again, find the employer who will pay him best, and that will be the employer to whom he can do the best service. Self-interest, if enlightened and unfettered, will, in short, lead him to conduct coincident with public interest. There is, in this sense, a natural harmony between the individual and society. True, this harmony might require a certain amount of education and enlightenment to make it effective. What it did not require was governmental “ interference,” which

would always hamper the causes making for its smooth and effectual operation. Government must keep the ring, and leave it for individuals to play out the game.'¹ In other words the solution is to be found in equality of opportunity, combined with the removal of all the legal restrictions which hamper industrial enterprise and initiative.

When the supporters of this doctrine of *laissez faire*² called for the freeing of trade, they literally had Free Trade chiefly in view. They felt that low wages, poverty and industrial unrest were the result of tariff barriers which divided nation and nation. But in our own day the doctrine clearly has another application. The post-war Cobdenite, while of course opposing the imposition of tariffs, is primarily concerned with the removal of the controls, regulations, and restrictions which were imposed on trade and industry by the Government during the course of the war.

But we cannot stop at this point if we are to describe in outline the body of doctrine which may be termed Liberal social reform, and which was probably more popular than any other in England during the years immediately preceding the war. Factory legislation, designed to prevent, for instance, the exploitation of child labour, was at first strongly opposed by many Liberals, for it clearly restricted the power of the manufacturer to do what he liked in his factory. But as time went on Liberals not merely ceased to oppose such State interference, but actually began to put it in the foreground of their programme. Belief in liberty remained as strong as ever; but it was felt that governmental action must be progressively brought into play in order to prevent

¹ Hobhouse, *Liberalism*, p. 58.

² *Laissez faire* must be carefully distinguished from Anarchist Communism. *Laissez faire* means letting everybody do as far as possible what he likes in a society based on the economic foundations which exist to-day. Anarchist Communism means letting everybody do what he likes in a society based on the communal as opposed to the private ownership of the means of production, distribution and exchange.

the occurrence or mitigate the results of conditions repugnant to the public conscience. Thus we find the same Government which, on the grounds of liberty, proposed self-government for Ireland and the curtailment of the powers of the House of Lords, also carrying the Trade Boards Act, which provided for the establishment of a minimum rate of wages in certain sweated industries, and the National Health Insurance Act, which sought, by means of a compulsory levy on employers and employed, to prevent the destitution to which sickness among members of the working class might otherwise lead.

These two ideas—the application of liberty to communal life, and State interference in order to prevent conditions that shocked the public conscience—were combined by Liberal social reformers in varying proportions according to the temperament of the individual. One would lay more stress on the first idea, another on the second; but together they formed the essential creed of the group as a whole. Some to-day still retain this pre-war position; but it will be seen in a subsequent chapter¹ that the events of the last six years have considerably modified the attitude of many.

-CHAPTER III

SOCIALISM IN GENERAL

THE general Socialist conception may be most easily expressed in terms of its attack on the Liberal social reformer. To the latter the Socialist makes the following reply. 'You understand the importance of liberty; but you do not see that by merely applying liberty to the surface of society as it exists to-day you do not make liberty a reality for all, or perhaps even for anyone. What is the indispensable condition for freedom? Obviously it is this—that, in the first place, a man must

¹ Chapter XI.

have sufficient of material necessities—food, clothes, housing—to enable him to live a full life; and that, in the second place, he must be in a position freely to choose the method by which he may acquire these necessities—more especially if the time taken in acquiring them is actually the major part of his life. Now it is clear that, as a matter of actual fact, these two conditions are not fulfilled at the present time. Both in great cities and in the country actual starvation is not uncommon, and even when there is not starvation, there is commonly, among the working classes, only just sufficient on which to live—this bare sufficiency being obtained by long hours of dull and depressing work. Such a sufficiency, obtained in such a way, is the completest possible barrier to a full and a free life.

‘What good is it to apply liberty to the surface of a society such as this? Assume that you make freedom of opinion, freedom of parliamentary government, freedom of the press a reality: does this give the more freedom to the life of an unskilled labourer who works eight hours a day for fifty shillings a week? Do not think of the moment—once perhaps in every three years—when he puts a piece of paper into the ballot box; do not think of the time when he may feel bound to give voice to some unpopular or unorthodox doctrine; think rather of his hour after hour at the docks, and of the hour after hour of his fellow worker at the lathe, in the mine, or behind the counter. This is the continuous reality for him; and in *this* life he is not free, but a slave.

‘And if you attempt to meet these objections by laying less stress on freedom of opinion (which we may unite in regarding as one of the most precious of goods in any conceivable society) and on Parliamentary Government, and by laying more stress on equality of opportunity, my answer comes readily enough. Retain your present system, but graft on to it as complete an equality of opportunity as is conceivable: then you merely make the composition of your slave class more fluid, while leaving the *existence* of that class unchanged. The son or grand-

son of the wage-earner, or even the wage-earner himself in his later life, may become an employer. But if you make this process universal, you reach the logically impossible position of everybody being an employer and there being nobody to employ. What would actually happen, if you *were* able to establish complete equality of opportunity, would be that, though the membership of the servile class might be constantly changing, the class itself would remain.

'What is the cause of all this? We have seen that as the first—though merely the first—condition for freedom a man must have sufficient of the material necessities for a full life. How are those material necessities obtained? In the most ultimate sense their source is the land, from which comes food to keep men alive, timber with which to build their houses, and the coal which gives them warmth. But in a less ultimate sense, and in more developed societies, the source of these necessities is to be found also in the machinery which converts raw material into finished product. For this process of conversion brain is essential; but brain is useless for purposes of production unless there is land and machinery to which it can be applied.

'What is the situation to-day? The land and machinery—the means of production—the ultimate sources, without which none of the necessities of life can be produced—are held in absolute ownership by a minority of individuals. No one but that minority has any right of access to them, or any power to use them. But the majority must keep alive; so that all they can do is to sell themselves absolutely to the possessors, and take in return just what the possessors care to offer them. Imagine a small island, producing food and timber, and inhabited by five savages. Imagine that one of the five obtains absolute right of ownership in the land and all its produce. The four others can no longer cut down the trees of the forest with which to build their huts, or sow the corn with which to feed themselves. They must place themselves at the absolute disposal of the fifth

man, who, since they must live, can do what he likes with them. As are the four to the one in this, a savage, community, so is the working class to the capitalist class in England to-day. The employer, if he is inhuman and stupid, will give the employed just sufficient on which to keep alive; if he is inhuman and wise, he will give him that amount, in excess of what is required for bare subsistence, which will increase his efficiency as a worker, and so his master's profits¹; if he is human, he will give him as much as he can without ruining his business. But be he wise or stupid, cruel or human, the relation of the two remains the same; it is the relation of master and servant. In addition to the wage which the masters may give the workers of their own free will, the latter may be able, by organizing, by building up a reserve fund out of their wages, and then by withholding their labour, to compel the masters to grant them an increase. But their reserve consists merely of what they have been able to save out of their wages; the reserve of the masters consists of the means of production themselves. It is therefore with the masters that the overwhelming power resides; and in any event what is to be said of a system of production under which the producing body is divided into two hostile parts?

'The remedy? Ownership of the means of production—land and machinery—and the means of distribution—the railways, canals, road transport—not by a minority, not by a majority, but by the community as a whole. This is a better way than yours. You apply liberty to the surface of a society the very foundation of which is slavery. We cut away slavery from the foundation, and deliberately create the conditions under which liberty may be possible for all.'

Abolition of the private ownership of the means of production and distribution—this may be taken as a summary description of Socialism in general, or rather of the basis on which all Socialists would build. But Socialist theory has taken widely different forms, even in

¹ 'The Economy of High Wages.'

the same country and at the same time ; and we may now turn to consider some of the more outstanding varieties which hold currency to-day. During the course of the following pages an attempt will be made always to distinguish the end—i.e. the kind of society which it is desired to set up—from the means—i.e. the way in which it is proposed to set up that society. Unless this distinction is kept carefully in view much confusion of thought will be inevitable.

CHAPTER IV

STATE SOCIALISM

THE form of Socialism which was most prominent in this country during the last two decades of the nineteenth century, and the first decade of the twentieth, was that which may perhaps best be termed 'State Socialism.' This form of Socialism still has many adherents in this country, though not so many as formerly ; and it alone is still thought to be the creed of Socialists as a whole by the majority of those who have not made a definite study of the trend of Socialist thought. The term itself is not a very happy one, since it is often applied to the regularization of or interference in industry by the Government of a community from which individual ownership of the means of production has not been abolished—i.e. to a variety of Social Reform with the emphasis on State interference, rather than on liberty. Of this nature was what is commonly called the 'State Socialism' of Bismarck. But to the latter the term 'State Capitalism' is more justly applicable ; and whenever the term 'Socialism' is used in these pages it will be intended to imply that at any rate the ultimate form which its adherents desire society to take, is one in which private ownership of the means of production has no place.

As a matter of fact, many of the Fabians, who were most

intimately associated with the development of State Socialism in this country, often lost sight of the ultimate aim, with the result that they tended to coalesce with the left wing of the progressivists, and to adopt a programme very like that of State Capitalism. Policy concentrated more and more on immediate detail, and less and less on ultimate aim. The reformism which sets out here and now to improve the condition of the workers took the place of the revolutionary spirit which seeks to alter the basis of society. This is none the less true because in strict Fabian theory reformism is itself the chief means of accomplishing the revolutionary end of abolishing capitalism.

Still, we must give some account of the final aim of State Socialists properly so called, and of the means by which they desired and desire to attain it. The end in view may be best understood by taking as an example a single industry—say the railways; but a word as to the Constitution is first necessary. In the State Socialist Utopia, then, the Government of the country is very much as we know it to-day. It is a Parliamentary Government, but has been so perfected that nothing 'undemocratic' remains. The franchise is universal. There is perhaps some form of Proportional Representation or Alternative Vote. The House of Lords no longer exists. To turn now to our industrial example, the railways—the permanent way, rolling-stock, station buildings, together with the land on which they stand—are the property, not of managing directors or shareholders, but of the whole community. How then are they managed and worked? They are *managed* by a Government Department, just as are the telephones at the present time; that is to say, by a permanent staff of salaried Civil Servants, with a Minister at their head. The latter is a member of the Administration of the day, and is replaceable by another Minister in the event of a change of Government following on a General Election. The railways are *worked*, on the other hand, by the railwaymen as at the present time; but the latter are paid, not by the railway

companies, which have ceased to exist, but by the State itself. Thus everyone connected with the railways has become a State or Civil Servant.

Think of the whole of industry as conducted in this way, and you have a fairly complete picture of the State Socialist society. The ultimate control of industry, it is urged, is in the hands of the whole people, for the latter have the sole power, by means of Parliamentary elections, of setting up and overthrowing a Minister ; and although the Civil Service administers in detail, it is the Minister who directs policy. Consequently it is certain that industry will be conducted in the interests of the community as a whole. Moreover, a higher standard of comfort for the workers will be possible, not merely owing to the elimination of the rent and interest now paid to the private individual, and of the profit appropriated by him,¹ but for two other reasons also. In the first place, the collectivist method of production is far more economical than the competitive ; it eliminates waste at every turn, and so increases enormously the stock of commodities which are obtainable for the same or a lesser output of energy. Under competition, for instance, ten milk-carts serve a single street ; under collectivism one milk-cart could do the work in the same amount of time, and thus release the labour of the other nine men for productive purposes. In the second place, people will be working for the good of the whole community, and not to increase the profits of private persons ; and this motive of public service will put heart into their work, and so result again in an increased output of commodities.

It was these latter points on which, as time went on, greater and greater emphasis was placed. Fabians insisted on the *efficiency* of collectivism, the disappearance of poverty which would result, and the high standard of

¹ No individual will receive rent, since the land will be owned by the whole community. Nor will he receive interest, since there will be no private ownership of the means of production, and consequently no occasion for the payment of a fee for the loan of them. Profits will be replaced by a salary for service rendered.

comfort which would be possible for all. But although for all but a very few poverty implies slavery, liberty (as we have seen) is not necessarily secured by its abolition.

What now of the means? The method of arriving at the desired society was to be in the main that of Parliamentary action. A body of men was to seek election to Parliament with the intention of carrying through the necessary transition measures. As the electorate became increasingly aware of the soundness of their views, this group would grow, until, perhaps in alliance with other Members of a progressive tendency whom it might influence, it succeeded by means of one Act of Parliament after another in nationalizing the various industries, and in setting up State Departments to administer them. In this way the transition to a Socialist society might be effected in a peaceful and orderly manner.

To the general State Socialist belief in Parliamentary action, the Fabians as a body added the doctrine of 'permeation.' 'Civil Servants were to be permeated with the realization that Socialism would enormously increase their power. Trade Unions were to be permeated with the belief that the day for purely industrial action was passed, and that they must look to Government (inspired secretly by sympathetic Civil Servants) to bring about, bit by bit, such parts of the Socialist programme as were not likely to rouse much hostility in the rich.'¹

A word as to nationalization, which has here been mentioned for the first time. Nationalization simply means the transfer from private to communal ownership of any or all of the means of production or distribution.²

¹ Bertrand Russell, *Roads to Freedom*.

² It is important to realize that it is the means of production and not the product which is affected. If, for instance, we were to nationalize Coats, the community as a whole (in State Socialist doctrine, the State) would own the sewing-cotton industry, and the sewing-cotton produced prior to its distribution to users of it; but when distributed the reels would be the property of the consumer.

There are various ways in which an industry can be nationalized by Act of Parliament. It may be simply taken over without compensation—i.e. the shareholders may be expropriated ; or it may be bought from the shareholders—at the market price (the price which, as an ordinary business transaction, a group of private individuals would be prepared to pay for it), at less than the market price, or possibly (if the shareholders are members of, or have influence with, the Government) at more than the market price. If it is intended to buy the industry it is improbable that the Exchequer will have sufficient money available to pay for it outright ; in which event the plan most usually proposed is for the Exchequer to borrow money from the shareholders themselves—i.e. to hand over to the old shareholders Government stock, paying a certain fixed rate of interest. But it is obvious that if this interest is to be paid in perpetuity to the original shareholders, their heirs, or the persons to whom they may transfer the stock, then the position, from the Socialist standpoint, will be most unsatisfactory. For, although we shall have got rid of production for private profit, a great army of people will be drawing a share of the wealth produced by the community, not because they are themselves contributing anything towards the production of it, but because they, their ancestors, or their friends, once owned the *means* of production. How then can the debt be cleared off ? It can be repudiated at some time or another—the Government stock can be cancelled, for instance, at the death of the holder ; or alternatively a sinking fund may be set up by means of which, with greater or less speed, the capital may actually be paid back. What the latter method comes to is this : the community pays a great share of its wealth to non-workers¹ for a generation, in order that in the next generation it need pay them nothing.

The State Socialists in England have not as a body

¹ Or rather, to certain citizens *qua* non-workers ; it may of course in addition pay a salary to the same citizens *qua* workers.

contemplated simple expropriation; but between the methods of sinking fund, repudiation at death, and other devices, they have been divided. Few have regarded a perpetual debt charge as a possibility.

CHAPTER V

SYNDICALISM

SYNDICALISM is French in immediate origin, but has its roots in the Anarchist Communism of Bakunin. Out of it sprang the Guild Socialist theory of this country, which recently has itself spread to France (to develop side by side there with the original Syndicalist doctrine), as well as to other countries. These theories have then in their turn, to a certain extent, been modified by the influence of the Russian revolution.

Syndicalism was less a logical body of thought than a vigorous and indignant protest against State Socialism from within the socialist ranks. Guild Socialism accepted and preserved the protest, but while doing so set out a far more reasoned argument, and proposed something like a coherent system. At the same time it added more than a little of its own, and part of what it added was originally taken from State Socialism itself. It will be best, in order to preserve the logical order of our argument, to give here in the most summary manner a hint as to the meaning of Syndicalism; but then immediately to pass on and present Guild Socialism as a direct attack on State Socialism, pointing out in the process the divergences between Guild and Syndicalist theory.

For the management of industry by State Departments, Syndicalism would substitute management by the workers engaged in the industry themselves—the State having altogether disappeared; and instead of attempting to win through to the new society by Acts of Parliament, it would use the Direct Action of the workers, organized in

great industrial unions—the culminating act being a General Strike of the whole proletariat, by means of which society would be held up, the capitalist expropriated, and the Trade Unions placed in possession of the industrial machine.

CHAPTER VI

GUILD SOCIALISM

‘To all Guild Socialists the society contemplated by bureaucratic State Socialists is repugnant. ‘Consider the reality,’ says the Guild Socialist, ‘of what you propose. Once every three years, or two years, or six months, the railwayman casts a vote, and so takes a share in deciding what group of people is to control the policy of the country. The number of issues before him is necessarily enormous; they may include matters of high railway policy, but they will also include foreign relations, education, mining policy, and a thousand and one other things. He must strike some sort of rough balance and vote for the party with which perhaps on the most vital issue, or on the majority of issues, he is in agreement. But now think, not of that moment which comes once in six months or three years, but of his daily life, the actual hours he lives day after day, year after year. For a great part of his time, and over a great part of his personality, so to speak, his most real concern is with his work as a railwayman. Where is his liberty in relation to this work? It does not exist; he is a slave, compelled to carry out absolutely the instructions of the Government Railway Department. It may be his opinion that a new line should be laid out to open up a remote district; he may see the possibility of building a station here, of shutting up a station there; he will think perhaps that the regulations for the safety of passengers are inadequate, that it would be advisable to test a new brake or to

proceed with electrification. And if he does not feel or desire any of these things, he should feel and desire them. He should look upon himself as a member of a great profession, the railway profession, carried on in the interests of the nation. You say that he is free because he elects Members of Parliament, and because from the majority party so elected come the directors of public policy ; we say that he is a slave because, as a railwayman, he is completely subservient to an external authority, instead of being a rational, self-governing human being. You reply that he helped to elect the authority, and that the principle of self-government is therefore fulfilled ? Well, there may, at the last general election, have been some point of railway policy before the electorate ; but it will have been confused with other issues, and so the railwayman will have been unable to cast a direct vote on that point alone. Moreover, it will only have been a point ; it is the permanent Civil Service that controls the ordinary workaday policy. What would you think if the Government were to impose rules of medical etiquette on the doctors and surgeons ? Would you pretend that the profession had really imposed these rules on itself, because every doctor has a Parliamentary vote ? So with industry. We are not making the ludicrous proposal that the individual railwayman should be free to act according to the passing whim and fancy—working fifteen hours on Monday and not at all for the rest of the week ; we are proposing that he should, as a railwayman, obey a railway authority which he has united with all other railwaymen, and with railwaymen alone, to set up, and which he may unite with all other railwaymen, and with railwaymen alone, to depose.'

It is this idea of self-government in industry, as the only method by which liberty can be made real, which is at the root of Guild Socialist doctrine ; and so far there is little to distinguish it from Syndicalism. The Guild Socialist desires to see every industry democratically conducted by a self-governing body consisting of all the workers in that industry, organized into a profession

which they may carry on in the public interest. Mine-owners will not, as at present, buy for a wage absolute control over the labour of the individual miner, who has no voice in the management of the industry and no control over the product ; nor will there be a State mining department, which similarly will hire miners for a wage, who similarly will be voiceless ; but a single National Guild of all mine-workers—manual, technical, intellectual—will conduct the industry on self-governing lines, appointing and dismissing managers from among their number, and so bringing real liberty and real democracy into the work which constitutes so important a part of their lives.

But Guild Socialists are not content, like the Syndicalists, with making democracy and liberty a reality only in relation to production ; they would make it a reality over the whole of life, with its manifold interests and duties. And in order to do so they elaborate what has been called the principle of functional democracy. The miner is not only a miner ; he is also a consumer of food, and perhaps also an 'enjoyer' of the public gardens of a neighbouring town, and a member of the Christian Church. Just as he must have liberty and self-government as a miner, so must he have liberty and self-government in these other relations also. But in these other relations he will obviously organize for purposes of self-government, not with other miners, but, for instance, with all the other enjoyers of the public gardens of the neighbouring town, and again with all the other members of the Christian Church or of its local branch. And so we get the conception of a great complex of organized bodies, each one carrying out, by means of democratic self-government, its own peculiar function.

It will assuredly not be by Acts of Parliament that this society will be brought into being. 'Economic power,' argues the Guild Socialist, 'precedes and dominates political power.' Those who possess the economic power use the political machine for their own ends, and prevent it from being effectively used for ends other than theirs.

It is not merely that the capitalist class, with its grip on the sources of production, can wield the weapon of starvation, which enables it to laugh at Parliamentary procedure; but also in a capitalist society wealth is, avowedly or unavowedly, the chief object of men's desire and respect, and consequently the possessors of wealth have a ready means of persuasion or even bribery in their hands. If a minority in Parliament attempts any really radical reform, the capitalist majority there, in alliance with its friends outside, is always able to turn it to its own ends. If you tax excess profits, the profiteer passes on the tax, with a little more as well, to the consumer. If you pass a minimum wage bill, the wage-payer can get more than the increase out of the wage-earner by raising the price of the product. But what, it will be argued, if you had a majority of Socialists in Parliament, which had not to be content merely with wresting concessions from the Government of the day, but was itself in control of the Parliamentary machine? Could not such a Government expropriate the capitalists, and so achieve a Socialist society by constitutional means? In the first place—so replies the Guild Socialist—the control by the capitalist class of education in the broadest sense must postpone for a long time, if not for ever, the accession to power of a Socialist Government which really meant business. Most of the great newspaper proprietors are capitalists, and the majority of those who are Socialists in sympathy are in the power of their opponents, since they cannot keep going unless the capitalist advertises in their newspaper. And so by selection, suppression, and distortion of facts, and by a cunning appeal to noble emotions, which are utilized to serve base ends, what should be the greatest instrument of popular education becomes in reality the surest method of blinding workers to their true interests and making them support reactionary policies. In the schools, again, there is a rigid, though secret, censorship of opinion. In the Public Schools, which are run by the wealthy for the wealthy, care is taken to prevent a teacher arousing the

genuine thought among his pupils which might result in the acceptance of unorthodox views, and to dismiss him hurriedly if he does arouse it. And in the elementary schools Governmental influence is used to achieve a similar result. Finally, if there were any sign of a serious and genuinely widespread growth of revolutionary opinion,¹ the Government would not hesitate to abandon the secret method and openly to establish censorships, secret service departments, and the rest, to prevent its further spread. But what if, in spite of this, a Socialist Government, determined to end capitalism, were actually returned to power and proceeded to pass the first of the necessary measures? Then the capitalists themselves would throw constitutionalism to the winds and resist with all the means in their power, counting on the support of the majority of the military and the police, with their long tradition of servitude to the established order. Westminster would be deserted, and the fight would be fought to a finish in the silent factory or across the barricades.

It is reasoning such as this which leads the Guild Socialist to put his faith, not in Parliamentary, but in industrial action. Just as the economic power of the capitalists at present dictates policy, so it is only by the conquest of economic power that the workers can reach their goal—whether by organizing so perfectly and building up so large a reserve fund that they can eventually use the General Strike and hold out longer than the capitalist, or by gradually filching away bit after bit of control from the employers in the factory and workshop, until eventually they have the whole control in their hands, or again by a sudden seizure of the industrial machine. Syndicalism, as we saw, favours the General Strike weapon. All Guild Socialists are united in condemning Parliamentary action and in considering

¹ By revolutionary opinion is meant opinion which desires a change in the economic foundations of society, not opinion which desires to bring about this change by sudden or violent methods.

industrial action essential, but there is considerable difference among them as to the form which this industrial action should take. We shall find it easier to understand these differences—differences as to the *means*—after we have considered the Russian revolution ; but before doing so it will be worth while to discuss the end—the Guild Society—in a little greater detail.

CHAPTER VII

THE GUILD SOCIETY

ALTHOUGH it is a comparatively short time since the Guild idea was first put forward, already considerable differences of opinion exist as to the form which the Guild Society should take. Not that any Guild Socialist desires to present a detailed picture of the final Utopia ; for the latter, in his opinion, must necessarily depend on the development of events, and therefore cannot be foreseen. At the same time an outline sketch of the future organization is necessary, in the interests of clear thinking ; and accordingly three outstanding examples (each one of which is subject to a considerable number of variations) may usefully be given.

I. There was an attractive, if dangerous, simplicity about one of the earlier pictures of the Guild Society which was put forward. Production is carried on by National Guilds, each Guild consisting of all the workers, whether by brain or hand, in the particular industry. The various Guilds send delegates to a National Guild Congress, which acts as a co-ordinating authority on the side of production, and which thus represents the whole community organized in accordance with their functions and interests as producers. Over against this Guild Congress is the State or National Parliament, elected on a territorial basis as at present, and therefore again representing the whole

community, but this time organized as consumers. Guild Congress and National Parliament are co-equal authorities, and any conflict between them is solved at a joint session. The State *owns* the means of production, which it leases to the various Guilds. Each Guild carries on production by authority of a charter of incorporation ; and it is by a levy on the Guilds that taxation is raised. Mr. Bertrand Russell, slightly modifying this programme by the admixture of a little Anarchism, suggests that freedom and vigour in art and science would best be safeguarded by paying everyone an income sufficient to guarantee the means of bare subsistence, whether he were willing to work in an accepted sense or not ; and he holds that, if we organized production more scientifically than at present, and induced men to refrain from idleness by paying an income to workers higher than the minimum paid to non-workers, then an output of commodities would result sufficient to guarantee subsistence to workers and non-workers alike. He further proposes that incomes should be paid in the form of money valid only, say, for one year—a method which, while enabling a man to save for a summer holiday, would at the same time safeguard against such an accumulation of riches as might threaten a re-introduction of the capitalist system.

The form of Guild Socialism described places it in contrast with Syndicalism more vividly than any other ; for while Syndicalism considered men only as producers and abandoned the State, here we have a balance as between producers and consumers, and a State set over against a Guild Congress.

II. In revolt against the conception both of the Consumer State and of two co-equal authorities, we get Mr. S. G. Hobson's conception of the Spiritual State possessing the sole final authority. For producers as such there are the National Guilds and the Guild Congress as before ; but the interests of the Consumers as such are represented, not by the State, but by a Distributive Guild : ' What shall be the constituents of this Distributive Guild ? First, all the Producing Guilds whose goods it distributes

will be represented on its Executive or whatever its managing body may call itself. Reciprocally the Distributive Guild will appoint its representatives to the directorates of all the Productive Guilds. Secondly, representatives from the municipal bodies on the management in each area covered by the Guilds. Thirdly, consumers chosen by the general body of customers.¹ Moreover, every consumer would be a member of the Distributive Guild by the payment of a nominal fee, and representation of consumers upon the local and central authorities of the Guild "would derive from business meetings of these customers," the germ of which, so far as organization goes, is to be found in the present Co-operative movement.

Representing the citizens, neither as producers nor as consumers, but simply as members of the nation, is the State—i.e. a territorial Parliament from which the Executive Authority—the Government—derives its power. The State is the vocal organ of the nation considered as 'a complex of ideas, the fruit of tradition, history, art, literature, and that pervasive sense of national spirit and consciousness which springs from a life lived in common through many generations.'² This State is the final sovereign authority; but it only interferes with the Guilds or the Guild Congress if they act in a spirit contrary to 'public policy'—for instance, if they should attempt to re-introduce capitalism.

III. Finally, opposed equally to the idea of the Consumer State and the Spiritual State are those who desire the disappearance of the Centralized State altogether; they think, not of a centralized Authority, but of the varied interplay of a complex of functional groups. In such a Society the interests of consumers would be safeguarded by a number of bodies, of which a development of the existing Co-operative movement would certainly be one.

¹ S. G. Hobson, *National Guilds and the State*.

² *Ibid.*

But most important, perhaps, would be local authorities not unlike those which we know to-day.¹

A word in conclusion about craftsmanship. All Guild Socialists desire a return, if possible, to something comparable with the individual craftsmanship and joy in work of the Middle Ages, and for this reason not a few have looked with suspicion on great National Guilds, inevitably operating by the method of mass production, and have proposed smaller local Guilds instead. But they now generally recognize that we cannot suddenly put the clock back and ignore modern developments. Accordingly, they are willing at the outset to let National Guilds develop out of the great national Trade Unions, hoping that, when the Guilds have been established, the workers will naturally set about re-introducing such craftsmanship as is compatible with economic possibility—the capitalist motive for producing cheap and shoddy wares having entirely disappeared.

¹ The Co-operative movement is a body of working-class consumers organized at present with the predominant motive (which was not, however, the motive of its pioneers) of securing commodities at a price equal to the commercial cost of production. The members appoint managers to the various stores, to whom they pay a salary, and the latter engage employees at the ordinary (and sometimes it is to be feared at less than the ordinary) rate of wages. The members buy the commodities from the store at the ordinary market price, but the profit which thereby accrues to the store is periodically distributed among the members in proportion to the value of their purchases. The retail stores buy largely from the wholesale co-operative, again at the ordinary market price, and the wholesale profit is similarly distributed to the various retail stores.

It has been claimed by some that a widespread extension of the Co-operative movement would provide the best solution of the social problem. The Guild Socialist points out in objection that as producers men are as badly off under co-operation as under capitalism. Even if the employee of the retail or wholesale co-operative is himself a member of it, he merely gains materially—by getting things cheaper, but does not gain spiritually—by becoming self-governing in relation to his work.

CHAPTER VIII

THE SOVIET SYSTEM

MORE interesting, possibly, than any of the forms of socialism which we have been describing, is the Soviet System—by which is meant the revolutionary socialist movement which is under way in Europe at the present moment, and of which Russia affords merely the most conspicuous example. Although the movement is mainly a Continental one, it is necessary to give some description of it here—not merely because there are upholders of Sovietism in Great Britain, and because events abroad have considerably modified English socialist thought (particularly with regard to ways and means), but also because the reader will find it interesting to compare one form of Socialism in practice with the various theories which have been put forward in the preceding chapters. For reasons which will become apparent, the order of treatment so far followed will here be reversed, and the means considered before the end.

The theory on which the Russian and Hungarian revolutions proceeded, and on which the German Spartacists intended to proceed, is as follows. It is useless to attempt to set up a socialist society by working through the existing political institutions of the Capitalist State¹; that society can only be set up if complete power is possessed by those who desire to set it up—by the exploited, the proletariat, the working class. But they can only exercise power if the present political machinery is superseded by a new political machinery, both deriving its authority from, and answerable solely to, the proletariat.² Now, just as you cannot achieve the socialist society by working through Parliament, so, even more obviously, you cannot by means of parliamentary action abolish Parliament, and substitute for it a new political organization by means of which Socialism may be achieved.

¹ For the reasons given on pp. 27-29.

² 'All power to the Soviets.'

Consequently what is necessary is a *coup d'état* (which may or may not be bloodless) on the part of the proletariat, which will substitute for the capitalist the proletarian political organization. The new organization must then exercise a rigid dictatorship in order to guard against counter-revolutions, and under cover of which industry may be re-organized on socialist lines.¹ But this is not all. The proletariat, deadened by generations of capitalist domination, is, as a whole, too apathetic for action, and prolonged capitalist propaganda has rendered it incapable of realizing its true interests. Consequently the initiative in making the revolution—in taking the first decisive step for the supersession of the capitalist by the proletarian organization—must come from the 'conscious minority' among the proletariat. That minority understands what are the real latent desires of the majority, of which the latter themselves are ignorant. But once the decisive action has been taken the majority wake up, give their support, and so by massed action consolidate the Revolution.

The Communist Party in Russia and the Spartacists in Germany regard themselves as this 'conscious minority.' But it should be noted that in Russia the theory has been modified to 'fit the facts' by admitting into this 'conscious minority' of dictators people, like Lenin, who are anything but proletarians, but who hold 'the right opinions.'

What form then is this new political organization of the proletariat to take? It is explained very simply in the declaration of the Spartacus Union. After demanding the disarming of the entire police force and of all officers,

¹ It is important to observe that the 'dictatorship of the proletariat' is merely, in Marxian theory, a transitional stage. Once Socialism has been firmly set up under cover of it, there is no such thing as proletariat, and therefore no occasion for dictatorship—there is simply the whole body of citizens living under socialist conditions. During the transition stage ex-capitalists are controlled by ex-employees. When the transition stage is over, ex-capitalists and ex-employees are alike simply members of the socialist community organized on a basis of complete self-government.

and the arming of the entire male population as a Workers' Militia, with a Red Guard of the workers as the active part of it for the protection of the revolution against counter-revolutionary plots, the Union goes on as follows :

'Removal of all Parliaments and Municipal Councils; their functions to be taken over by the Workers' and Soldiers' Councils, and by the Committees and organs of the latter bodies.

'Election of Workers' Councils all over Germany by the entire adult population of working people of both sexes in cities and rural districts, along the lines of industries, and election of Soldiers' Councils by the soldiers, excluding the officers and ex-officers. The right of workers and soldiers to recall their representatives at any time.

'Election all over Germany of delegates from the Workers' and Soldiers' Councils to the Central Council of the Workers' and Soldiers' Councils; the Central Council to elect the Executive Council, as the highest organ of legislative and executive power. For the present the Central Council is to be convened at least every three months—the delegates to be re-elected each time—for the constant control of the activity of the Executive Council and for the establishment of a living contact of the bulk of the Workers' and Soldiers' Councils in the country with their highest organ of government. The right of local Workers' and Soldiers' Councils at any time to recall their representatives on the Central Council and send new ones in their stead, in case the former do not act in accordance with the will of their constituents. The right of the Executive Council to appoint or remove the Peoples' Representatives as well as the central authorities of the land.'

To this sketch the Soviet system now actually in operation in Russia approximates very closely; but before describing it a word must be said as to Trade Union structure, which is the core not only of the Soviet, but also of the Russian Industrial System. The workers are organized in great Professional Alliances according, not to the craft or trade which they follow, but to the

great industry or service to which they belong. Thus all the railway workers of a given district hold mass meetings, at which they come to decisions concerning their interests. They also elect representatives which, together with representatives of the railway workers from other districts, form a council of railwaymen for a larger area, and so on until we get the All-Russian Council of Railwaymen. At each stage they also unite to form a Trades' Council with the representatives of other unions, and so we finally get the All-Russian Council of Professional Alliances, which roughly coincides with our Trade Union Congress. As illustrations of the Professional Alliances, those catering for paper-workers, food, metal-workers, art, and banking institutions may be mentioned.

Now let us assume for the sake of simplicity that the population of Russia is entirely concentrated in towns, and let us further take Moscow as our example. The Moscow Soviet, which meets weekly, and which is both the Local Authority for Moscow and one of the units from which the Central Authority is built up, consists of some 12,000 members, who are delegates sent by various groups. Of these groups the Moscow branches of the various Professional Alliances are the most important. But the workers in the various factories also elect delegates to represent them in that capacity; and there is a smaller delegation from each of the wards of the city (to represent the interests of the citizens as residents of a particular part of Moscow¹), of the political parties in Moscow, and of the Trades' Council. Various other special interests are also represented. Thus the Chinese workers of Moscow (of which there are about a thousand) have a Council of their own, and elect one member to go to the weekly meetings of the Moscow Soviet. Imagine now a Chinese textile worker who is a member of the

¹ The right to vote for a ward delegate is confined to those who are not attached to a factory, and so cannot assist at the election of a factory delegate. The most important body of ward voters consists of those wives of workers who are engaged in domestic work at home. Non-workers are of course excluded from the ward, as from the other varieties of franchise

Communist Party. If he is an active citizen, he unites, first with the other Chinamen, secondly with the other textile workers, thirdly with the other workers in his factory, and fourthly with the other Communists, to elect a representative to the Moscow Soviet. It is claimed that all his various interests are thus represented ; moreover he is in direct touch with his representatives, and if the action of the latter displeases him he can send another representative next week.

The Soviets of Moscow and all the other towns then send delegates to the All-Russian Congress of Soviets which meets at least once in six months. The All-Russian Congress appoints the Central Executive Committee, which is in constant session, and corresponds with our Parliament. The Central Executive Committee in theory appoints the Commissaries of the People or, as we should phrase it, the Cabinet.

Such in a simplified form is the Russian Soviet System. Only towns have been mentioned, but the same general principles are preserved in the case of the village, volost, district and provincial Soviets.

In considering this system two distinct aspects of it must be carefully separated. As we have seen, it is a revolutionary political organization for establishing Socialism ; and for this reason all but the proletariat are disfranchised under it. But apart altogether from this consideration, it clearly involves a theory of representation quite different from our own ; and it is of interest to compare it with English parliamentary institutions after assuming (as of course in other circumstances might be the case) that under it all citizens have a vote. One may put the comparison somewhat as follows. In the first place, the Soviet is an indirect system, which, by means of a number of intermediate bodies, provides at each stage for direct contact between the elector and the elected. Thus the Commissary of the People can be deposed by the Central Executive Committee.¹ The

¹ This is certainly so in theory ; but there can be little doubt that in actual fact the Commissaries are in an unassailable

personnel of the Central Executive Committee may be entirely changed by the All-Russian Congress at their biennial meeting. Each biennial meeting of the All-Russian Congress brings together a new set of representatives chosen for the occasion by the various Soviets; and the members of the various Soviets themselves may be deposed weekly if they do not carry out the wishes of the electors.

Secondly, the Soviet system combines the ideas of local and functional representation. The Moscow Soviet is distinctively a Moscow body; but the members of it mainly represent Moscow residents according to their professional interests, though the representation of the Moscow wards (numerically not of great importance) introduces once again the territorial principle. In England of course representation is in theory purely geographical.

This comparison must not be taken to imply that the Soviet system on the one hand, or the Parliamentary on the other, is the more satisfactory. A number of important considerations are involved; we have only space to point out here how the systems actually differ.

* * * * *

So much for the Soviets—the political instrument for the setting up of the Socialist Society. What of that Society itself? And in particular, how is its industry organized? It is now nearly three years since the Bolshevik revolution; and in spite of the blockade and the state of war which has existed, sufficient progress has been made to enable us to give some sort of picture of the form which the Socialist Society is taking. At the same time it must always be remembered that a state of war does exist, and that, quite apart from this, Russia is still in what may be called the second transition stage—the

position. For the student of government the divergence between theory and practice in this particular case is not of great interest; on the other hand it is important to consider whether under *any* circumstances the Soviet system would be likely or bound to lead to such a dictatorship of the Commissaries.

first being represented by the establishment and consolidation of the Soviets.¹

The Soviets, as we saw, were the instrument of the Revolution; and the question immediately arises, have they a place in the developed Socialist Society? That the organization—Town Soviet, All-Russian Congress, Central Executive Committee, Commissaries (or, in other words, the State machinery)—still exists might be attributed to the fact that it must take much more than three years to bring into being complete Socialism, even if there were no enemies within or without. But although the Soviet organization is gradually becoming of less importance as the work of the Supreme Council of National Economy, set up after the first consolidation, becomes more prominent, it seems fairly certain that the whole Soviet structure will persist in some form or other under Socialism of the most developed kind in Russia—in other words that there will be a Centralized State as the final authority in that society, deriving its power through intermediate bodies from the people organized locally in various groups according to profession, party, and other interests.

In our description of the Soviets we reached the point at which the Commissaries or Ministers are appointed by the Central Executive Committee of the All-Russian Congress of Soviets. Each Commissary is at the head of a great State Department, and of these (if we omit for the moment those of State Control and the Supreme Council of National Economy) there are some sixteen, such as those for Foreign Affairs, Nationalities, Justice, Education, Labour, and Food Supply. The Commissary is responsible to the Central Executive Committee for the conduct of his department; but working with him there is usually a Collegium or directing board of the department, of varying size and variously chosen. To

¹ Private industrial enterprise still exists in Russia, many of the smaller industries not having been nationalized; but this fact, which is incidental to the transition period, and which, if and when Socialism becomes complete, must disappear, will be ignored throughout the following description.

take two examples. The Directing Board of the Commissariat of Labour consists of nine members, of which five are directly elected by the National Council of Professional Alliances (i.e. the Trade Union Congress), and four appointed by the Council of Peoples' Commissaries (i.e. the Cabinet). The National Council of Professional Alliances has the right to challenge the four nominees of the Peoples' Commissaries, and the whole body has to be confirmed by the latter. In the case of the Commissariat of Education, the Directing Board consists of nine members appointed by the Council of Peoples' Commissaries; but in addition there is a grand collegium which meets rarely for the settlement of important questions, and which consists of representation from the Professional Alliances, the Co-operative, the Teachers' Union, and certain other Commissariats (e.g. that for affairs of Nationality) which are particularly affected.

Much the most important of the Commissariats is the Supreme Council of Public Economy, which already controls a considerable proportion of the industrial production of Russia, and in conjunction with the Commissariat of Finance carries out the financing of all branches of public economy. The administrative body is a great collegium of some seventy members, of which ten are representatives from the Central Executive Committee, thirty from the National Council of Professional Alliances, two each from ten District Councils of Public Economy (which are local bodies formed after the same model as the Supreme Council itself), two from the Central Co-operative, and one each from the Commissariats of Ways and Communications, Labour, Agriculture, Finance, Trade and Industry, and Internal Affairs. Trade Unionism is therefore the basis of the structure, directly through the thirty representatives from the National Council of Professional Alliances, indirectly through the other representatives also. This body meets at least once a month; and in addition there is a small Directing Committee of nine—eight members of which are elected by the great

collegium itself, while the ninth is the Commissary, appointed by the Central Executive Committee.

The Supreme Council is divided into a number of sections, each of which controls a certain number of industries. Thus, to take a fanciful example, there might be a Tea and Sugar Section controlling the production of these two commodities. Each Section has dependent upon it a number of Trusts, and each Trust controls a single industry. Thus dependent upon the Tea and Sugar Section are the Tea and Sugar Trusts, and the Sugar Trust controls the whole sugar industry of Russia. The Trust is like a board of directors of a capitalist Sugar Combine. It distributes raw materials to the sugar factories, regulates their output, and controls their financial operations; it makes all its estimates six months in advance and submits them to its section for ratification, which finally submits them to the Supreme Council. At the head of the Trust is an administrator appointed by the section under which the Trust falls. But he again works with a directing committee which is probably variously chosen, but which in one case at least consists of three members elected by the workers in the particular industry, three by the general body of Professional Alliances which have branches in the locality in which the industry is carried on, and three by the local branch of the Supreme Council.

Finally, at the head of each sugar factory or group of factories there is a manager who is certainly appointed from above (i.e. not by the workers in the factories), and perhaps usually by the local branch of the Supreme Council. He once more works with a small management committee consisting often of five members, say himself, two nominated by the workers in the factory, and two by the technical staff. But the entire personnel of these management committees has to be ratified by the proper section at Moscow.

In addition there is often in the factory a purely workmen's council, which carries out many important functions. It has practically complete supervision of

labour discipline, of the observation of rules and laws, and of the health, housing and culture of the workers. The initiative in taking on and dismissing men also frequently lies with this workshop body ; its action in this respect is discussed with the Management Committee, and controlled in a general way by the Committee of the Trust.

The enrolment, distribution and payment of labour still remains to be dealt with. These matters, together with the fixing of hours, insurance, and pensions, are in the hands of the Commissariat of Labour, the directing body of which has, as we saw, a majority of members directly elected by the National Council of Professional Alliances. Not only so, but all labour laws really originate with the National Council itself, undiluted by other representation, and are then sent to the Commissariat for ratification or amendment. The method by which the tariffs of pay are fixed is interesting. The National Council of each Professional Alliance works out the tariff for its own industry. The All-Russian Council of Professional Alliances considers these various tariffs, and, if necessary, amends and co-ordinates. Finally the tariffs go as a whole to the Commissariat of Labour for ratification. The reader need hardly be reminded that there is complete conscription and regulation of labour ; that a standard output is required under penalty from every worker ; or that, in the interests of increased production, a bonus is now paid to the worker who exceeds the minimum standard required.¹

¹ The above account is in accord with the latest reliable information which was available when it was written ; and any value which it may possess can only attach to it as a description of the organization of one particular Socialist society at one particular transitional stage. But events in Russia move rapidly ; for instance, a large part of the work of the Commissariat of Labour has, since the above was written, been taken over by the Supreme Council of Public Economy, which was found to possess a more satisfactory body of statistics.

CHAPTER IX

ENGLISH SOCIALISM AND THE RUSSIAN REVOLUTION

THE course of the Russian Revolution has excited considerable controversy among English Socialists as to the best method of transition from capitalist to socialist society. We are not concerned here with those who would work through the existing machinery of Parliamentary government, but rather with the division which has occurred among those Socialists who look to the industrial power of the workers for the attainment of their ends. We may conveniently take as a typical case the cleavage among Guild Socialists on this point—a cleavage which, if not caused by the revolutionary continental movements of the last few years, has certainly been accentuated by them.

All Guild Socialists, as we know, repudiate Parliamentary action; but while one school relies entirely on action by the workers in the industrial field (or at least attaches predominant importance to it at present), others consider that the creation of a proletarian political machinery will also be essential. The former group reasons as follows. If we can gradually build up great industrial unions over the whole field of industry (on the model of the Miners' Federation of Great Britain) by some form or other of amalgamation as between the various craft unions in a single industry, but with adequate protection for craft interests; if, further, we can imbue the technicians and professionals with the Guild idea, and get them to join, or work hand in hand with, the appropriate industrial union; and if, finally, the workers can filch away, through the intermediate stages of collective contract¹ and the like, more and more control from the em-

¹ Collective contract is the name given to the method (with which experiments have recently been made) by which workers in a factory or industry contract to sell their labour to the employer as a single unit. The employer pays a single sum to the representative of the group, among which it is distributed according to the wishes of its members.

ployers: then we shall have created bodies capable, sooner or later, and without an intervening period of chaos, of taking over the whole control of industry in accordance with Guild aims. When the embryonic Guilds are sufficiently developed and have obtained sufficient control, a General Strike may or may not be necessary to bring about the final abdication of the exploiting class. But even if a General Strike is necessary the Guilds will be ready, at the moment of its successful termination, to carry on with the productive work of the nation. Meantime, while the building up of these bodies is proceeding and control is being acquired, we may actually form Guilds within the existing system (such as the Building Guilds which have lately been formed at Manchester and elsewhere) which will teach valuable lessons and solve difficult problems in advance.

Guild Socialists of the other school, while supporting the creation of industrial unions and all such extensions of workers' control as they consider genuine, think that the political machinery of the Capitalist State is so powerful that if it remains alone in the field it will, at some time or other, mobilize its forces against the workers and prevent the establishment of Socialism. Consequently, sooner or later the workers will have to abolish the Capitalist State, and set up in its place a political machinery of their own, deriving its power from, and answerable to, themselves alone. The Russian Soviet system furnishes an example of one possible type of proletarian organization, though the form which the latter takes in this country may differ widely from the Russian model, just as conditions here differ widely from conditions in Russia. The initiative in establishing the English counterpart of the Soviets will be taken by the 'conscious minority,' and when the Soviets are established they must exercise dictatorship until the Guild system itself is in being.

CHAPTER X

THE CRITICISM OF SOCIALISM

THE first objection made by nearly all (and the only objection made by many) opponents of Socialism, proceeds on the assumption that Socialism is a synonym for State Bureaucracy. These great State Departments controlling all productive enterprise—will they not inevitably crush out from the life of the people initiative, progress, freedom itself? We shall have a regimented nation, compelled by a tyrant—no less tyrannous because it is of our own making—to carry out with unswerving obedience the allotted task. Self-reliance and independence will go, and their place be taken by a spoon-fed docility; and the healthy manhood which has been characteristic of all great nations will vanish for ever. And there will be, not merely a servile, but an impoverished people. For what are we to expect from the dead hand of the civil servant in control of the productive machine? At the best his enormous responsibility for the welfare of the whole nation will make him disinclined to take risks; but the taking of risks is the very life-blood of progress. At the worst, with his fixed salary and the sense of security which it brings, he will do the very minimum of routine work which will enable him to retain his position. But the organization of production which has made the English people rich has been carried out by captains of industry who have not hesitated to spend themselves in the battle. So will the decay go on, until a body of men is strong enough and wise enough to re-establish capitalism.

It will be seen that this criticism falls into two parts; on the one hand, it calls attention to the servility of a people regimented by State officials, on the other, it points out the inefficiency which must inevitably be characteristic of any industrial system under which the initiative lies with the Civil Servant. Now it is clear that

the first part of the criticism, while it must be most carefully weighed as an indictment of State Socialism, is not merely quite inapplicable to Guild Socialism and Syndicalism, but is itself the chief weapon with which State Socialists are assailed by Syndicalists and Guild Socialists themselves. We may speak of the servility of a man whose every action is directed by an official at Whitehall, but we can hardly speak of the servility of the railwayman resident in Battersea, who co-operates with his fellow railwayman in the settlement of railway policy, and with his fellow residents in improving the amenities of Battersea Park. At the same time it is perfectly possible to hold the position that, though State Socialism is only one particular variety of Socialism in general, and though the society at which, for instance, Guild Socialists aim is not open to the charge of servility, nevertheless, once given the communal ownership of the means of production and distribution, a highly centralized and bureaucratic tyranny, operating by means of labour conscription and the denial of personal freedom, would in practice always sooner or later result. In this respect Bolshevik Russia can be pointed to as a warning.

The second part of the criticism, though applicable only to State Socialism in the form in which it is expressed above and in which it is generally current, is nevertheless capable by amendment of entering the lists against the Guild System and its like. For is not an industry (it is argued) which is democratically managed by a Guild of all its workers in much the same position as an industry managed from Whitehall? Instead of the dead hand of the Civil Servant we have the dead hand of the Guild official, hemmed in by regulations and at the mercy of committees; and the result would be the same—timidity, inefficiency, and a low level of production. Russia, where the logic of the situation rapidly led to the setting up of autocrats in the factories and workshops in place of elected representatives, is again cited; but in estimating the importance to be attached to this example, we must bear in mind the level of education in that country,

and the breakdown of the productive machine to which, before the Revolution, the war had already led, as well as the plea that, though at first the democratic management of industry might not be possible, it would be rendered practicable by a transition period of experiment and education.

It remains to mention an important objection specifically applicable to many of, if not all, the forms which Guild Socialism has taken. One of the earlier varieties of Guild theory, as we have seen, postulated two co-equal authorities—the Guild Congress and the National Parliament. But can there be any order or stability in a community characterized by such a duality of final powers? Must not the ultimate authority, the ultimate sovereignty, be single, indivisible, and defined? Investigation will show that the same problem arises in connexion with other developments of the Guild idea—even with that which, while leaving the final sovereignty with the State, would give an autonomy to the Guilds conditioned only by the stipulation that they must not act in a manner contrary to 'public policy.'

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We have shown that the popular criticism of Socialism, whether valid or not, can (unless amended and restated) be valid only as a specific criticism of State Socialism; and we have mentioned some other of the outstanding criticisms which may specifically be urged against alternative forms of Socialist organization. But surely there must be some basic criticism of Socialism itself—not of this or that form of Socialism, but of any system which presupposes the communal ownership of the means of production, distribution, and exchange? In what, then, does this criticism consist?

It may be put in two slightly different ways. The complete self-expression of a man in industry is only possible if he can experiment, manage, and direct entirely on his own initiative; and it is from this self-expression alone that a level of production can result high enough to guarantee the means of subsistence to all. Such self-

expression is impossible if a man does not individually possess the means of production ; and it is also impossible if he has to co-operate in management (as under the Guild system) with other members of a group who have an equal voice with himself.

Or, from a different angle : a level of production high enough to guarantee subsistence for all can be achieved only if the entrepreneur is spurred on by the motive of private wealth. A man increases output in order to increase his own wealth ; and in doing so he is serving the community.

The Socialist, of course, begins his reply by pointing out that as a matter of fact the system has not resulted in all, or nearly all, having the means of subsistence, still less sufficient means for a full and free life ; to which his opponent as obviously retorts that if that is so the workers have nothing to blame but their own folly in restricting output. And so the debate goes on. But these points may be hurriedly passed over ; for we have come to a clash of ideas of more fundamental importance, between which the reader must be left to decide. For when all other arguments are exhausted (and provided that the opponents equally desire the widest possible extension of liberty for all) the final battle must be fought around the conflicting ideas of public service and private profit, of self-sufficiency and co-operation. The Socialist (if we may simplify to the utmost limit) sees in the desire to heap up riches, over and above what is required for a life free from material anxiety, a form of the base will to power and of the lust to dominate over others. He sees this desire as merely the lower side of some men's natures—but a side which the capitalist system itself has nourished to the suppression of nobler and saner instincts ; and whether or not he accepts the economic interpretation of history,¹ he considers that if we allow the motive of public service to have a better chance of

¹ The economic interpretation of history (to which Karl Marx adhered) teaches in its most rigid form that thought and the whole life of man are entirely determined and moulded by economic factors.

development, by removing the inducements to greed inherent in the capitalist environment, then it will become dominant, and, while possessing inestimable value in its own nature by reason of its mere presence, will also act as a general inducement to useful work, far more potent than the sum of the inducements at present offered, to the minority by the hope of wealth, and to the majority by the fear of destitution. The non-socialist, on the other hand, sees many good elements in the desire for gain—such as the wish to provide for a family—and in any event thinks human nature to be such that were there no motive but that of public service, general slackness, inefficiency, and destitution would prevail. This last point is vital, and no Socialist who fails to take it into account and deal satisfactorily with it can hope to win a hearing from practical men of affairs.

Again, the Socialist, while admitting and indeed emphasising the necessity for disentanglement in adventures of the spirit (though even here there is desire for union or desire for the realization of one's identity with the whole), thinks that in all social acts (of which production is necessarily one) the fullest self-expression is to be found through co-operation with others; or if he does not go so far as this, he points out that a co-operative system alone can secure some measure of self-expression for all, even though it may limit the complete self-expression of the few. The non-socialist, on the other hand, feels such compulsory co-operation to be an irksome and intolerable barrier to real freedom. Better a society in which the few can manage industry unshackled and unrestricted, and in which (by equality of opportunity) anyone can become one of those few, than a society in which everyone is at the beck and call of all the others.

* * * * *

Equally emphatic is the criticism of all methods of attaining Socialism except the Parliamentary method—a criticism in which many Socialists, and probably the majority in this country, join. 'To bring about change by the use of the economic power of the workers'—it is

the voice of Macdonald as well as of Mr. Asquith, the voice of Kautsky no less than of Denikin—is to substitute force and compulsion for persuasion and assent. All progress in social organization has proceeded in the opposite direction; we have gradually learned to count polls and not to smash them. What freedom can there be in a community unless it has for its basis those democratic institutions which, by providing for self-government, carry into effect, in the most practicable form, our belief in the supremacy of the individual's conscience over any opinion dictated to him from the outside? To set up Soviets you must disfranchise all who are not of your opinion; you say you do so in order to establish a new order, in which freedom for all will be far more genuine and real than is now the case. But what is this but a new form of that intolerance which, appearing again and again throughout the history of the world in the form of religious or political persecution, lies at the very root of all reaction? You think that a socialist society is desirable; I think otherwise. You and I are both reasonable individuals; why should you be more right than I? Surely the only reasonable way is to attempt, by means of persuasion and logical argument, to convince others of your superior wisdom; then we can all act together to attain an end which we have all come to desire. And the reactionary nature of your thought is even more apparent in your doctrine of the "conscious minority." What is this but the extreme of arrogance? Have you not been so carried away by impatience and indignation that you have forgotten to respect the thought and conscience, not only of what you call the exploiting class, but even of the mass of the workers themselves? Men have always had a compelling sense of the rightness of their own ideas; but progress consists and has consisted just in this—to realize that the men who differ from us have a sense equally compelling; that we and our opponents are alike endowed with intellect and with the knowledge of good and evil; that, though we are certain we are right, nevertheless, since the other man also thinks he is

right, we *may* be wrong; and that, therefore, if we compel our opponents to act in accordance with our ideas, we commit a certain sin by the act of compulsion itself (even if we are right), while we run a further risk that the compulsion is being used to produce what is absolutely an undesirable result.'

Moreover, a sudden or violent revolution would not only mean a long period of strife and hatred, but also cause such a breakdown of the productive machine (particularly at a time when the production of the world as a whole is hopelessly disorganized owing to the war), which would in all probability involve universal poverty and the end of Western civilization.

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This and similar reasoning causes a great and growing number of people to see as the chief aim of reconstruction the defeat of all forms of Socialism, and in particular of all revolutionary methods of attaining it. Such men may be termed anti-socialists; for though they often combine enthusiasm for measures calculated to improve the condition of the workers (such as minimum wage legislation) with their anti-socialism—regarding such measures as good and right in themselves, or as the best means for preventing unrest—nevertheless it is the fight against Socialism which they regard as of fundamental importance. The reader must have the case for opposing Socialism always in mind during the remaining chapters of this book.

CHAPTER XI

SOCIAL REFORM—II

WE saw in the second chapter that there were two main elements in the doctrine of social reform so widely held during the decade preceding the war—first, applica-

tion of liberty to the communal life (the present economic foundation on which that life is built being retained); second, belief in a certain measure of State interference in order to prevent conditions that shocked the public conscience. We saw further that these two elements varied in their relative strength according to the temperament of the individual reformer. When brought face to face with socialistic propaganda, however, the majority of social reformers react in one of three ways. They may become Socialists; but if they do not—if, that is to say, so far from seeing Socialism as the logical development of the desire for liberty, they see it rather as threatening the latter's extinction—then they tend either to become primarily advocates of industrial peace, or to readjust the relative importance of the two elements of their creed. It is with this latter reaction that we are here concerned.

The argument is clear enough. The form of Socialism held by the majority of Socialists in this country until recently, involved management of industry by the State; and that form, though in all probability not now held by anything like the majority of Socialists here, is still, in popular opinion, synonymous with Socialism. Moreover, in the only country where Socialism has been put into practice—in Russia—State control has undoubtedly been a predominant feature of the régime. But is not State interference a road to this Socialistic management? Does it not involve a gradual encroachment on liberty, which, if allowed to proceed, would finally result in the setting up of the Socialist State? If so, we must place more and more insistence on our first element—liberty—and must place less and less insistence on, and even strongly oppose, the increasing habit of State interference.

Growing consciousness of Socialism led to this modification of ideas in many reformers before the war; but the war itself, with the wide extension it gave to State interference, and the growth of revolutionary Socialist thought which it occasioned in its later stages, has had

the effect of uniting into a definite body reformers whose opinions have been modified in the way described. More prominent than any article of their faith is the conviction that, could we once get completely rid of the industrial controls, restrictions, and regulations which are a legacy of the war, and which hamper individual initiative and productive efficiency at every turn, we should have gone a long way towards solving our present problems.

Such reformers cannot be called anti-socialists in the sense in which the term was used at the end of the last chapter. For, while they oppose nationalization and tend to oppose State interference in industry, they are primarily concerned, not so much with the fight against Socialism, as with the positive business of safeguarding, introducing, or restoring liberty. Thus they oppose coercive measures which may be directed against Socialist organizations and the propaganda of Socialist or any other opinion; they protest against any interference with the private lives of citizens; and they seek to abolish privileges or disabilities which old law or custom has established, and new law or custom may seek to establish, as between the rich and poor, the 'noble' and the 'humble.' Although we cannot identify the group in question with any political party, we shall nevertheless find the Independent Liberals who were returned to Parliament in the General Election of 1918, together with their supporters, to be broadly representative of the opinions in question. For example, the majority of this party have protested both against the continuance of the Ministry of Food (in which respect most Socialists will disagree with them), and against the activities of the Secret Service (in which respect all Socialists will support them). They object to Soviets as inconsistent with the right of every citizen to a voice in the government of the country, and no less oppose the exclusion from the Parliamentary franchise of women under thirty (as similarly inconsistent), and any tendency which may be observed towards loss of power by Parliament and its concentration in the hands of the Cabinet. They dislike

control in the interests of the workers, but no less do they dislike control in the interests of the capitalists.

CHAPTER XII

INDUSTRIAL PEACE

GROWING consciousness of Socialism, which, as we saw in the last chapter, has revived the advocacy of something not unlike the old *laissez faire*, has also led many men of every party (Lord Robert Cecil and Mr. Whitley meet here on common ground) to adopt 'industrial peace' as the main plank in their programme of industrial reconstruction. They agree that not a few of the evils which Socialists discern in our present society do actually exist; but they do not at all agree that the Socialist remedy is the true one.

On its economic side—so runs the argument—the social problem largely resolves itself into the simple fact that a great number of workers are on or near the poverty line, and are liable, as the result of unemployment, to become actually destitute. Put slightly differently, what the workers really desire is a high and regular income; and it is the absence of it which causes the greater part of the present unrest. Now out of production comes the wealth available for distribution in the form alike of profits or of wages. Consequently, the economic welfare of the workers (and therefore, *ex hypothesi*, the solution of the social problem in its economic aspect) is conditioned, first, by the general method of production adopted; secondly, by the degree of efficiency with which that method functions; thirdly, by the proportion in which the product is divided. Under the first head the capitalist method of production, with the spur which it gives to individual initiative, is the one most likely to result in a high level of production. Under the third

head, the share of the workers may be increased by reducing profits; but there comes a point at which further reduction would remove all incentive from the employer. Under the second head—and here is the crux—the capitalist system obviously does not work as smoothly as it might at the present time. Remove the hindrances to its effective functioning, and you increase the same total of wealth produced, and therefore the workers' share.

What are these hindrances? Chief of all is the fact that the two elements whose co-operation is necessary in any act of production—capital and labour—too often regard one another with suspicion or even hatred, with the result, at best, of constant friction, at worst, of strikes and lockouts. The essential thing is to get rid of such cross-purposes. Let the masters and the men be in constant touch with one another; let them make a sympathetic examination of grievances and difficulties on either side, until at last they come to realize that their true interests are in fact identical—it being to the advantage of labour no less than of capital that production should be increased to the utmost limit. As for strikes and lockouts, with the disastrous loss of wealth which they involve, a system of Compulsory Arbitration might be adopted—under which strikes are prohibited, all disputes being settled by a Board consisting of nominees from both sides and an impartial Chairman nominated by the Government—or of Compulsory Conciliation—which, while not prohibiting strikes, makes them illegal until the matter has been referred to a similar Board, and judgement has been pronounced. But of course it would be unwise to adopt these methods if the workers as a whole are suspicious of them, or if their introduction might lead to an outbreak of the very unrest it is desired to allay, or even to a revolution.

Nevertheless, however successful we may be in bringing masters and men together, we cannot hope for the desired result unless we also remove the perfectly definite grievances of the worker, and particularly those which induce

him to restrict his output. These grievances fall into two classes—the material and the spiritual. On the material side, as already stated, a great number of the workers are on or below the level of bare subsistence; they live in constant fear of unemployment, the probability of which increases in direct proportion to the speed with which they finish a job; and they have no guarantee that, if they improve their output, the whole result will not go to the employer. On the spiritual side they have not that sense of self-direction without which no rational man can be happy. Let the State then guarantee to every man a minimum wage sufficient at least for the bare support of himself and his family, and to every woman a wage sufficient for her own support; let some method of profit-sharing be adopted which will give to the worker a material return for his increased energy and efficiency; let there be such a wide and generous scheme of State Unemployment Insurance as shall remove his fear of starvation; and let his spiritual needs be satisfied by giving him some voice in the conditions of his working life, and even perhaps in the management of the business. So production will be increased, and there will be more for all.

To the general ideal of industrial peace—with some details we will deal later—the Socialist replies: In its essentials Socialism is a cry for liberty; it proceeds on the assumption that private ownership of the means of production gives the owner dictatorship, and places those who must accept employment from him, or starve, in the position of slaves. To advocate industrial peace under such conditions is to ask the slave to acquiesce in his slavery; but to do so is degradation.

Or if emphasis is laid not so much on liberty itself as on the means to liberty which is to be found in the possession of an adequate income, then it is pointed out that under Capitalism labour is robbed of the wealth which it creates, and that it is absurd for the robbed to produce more for the robber in order that a little may be given

back to him. The majority of modern Socialists, when they say that labour is robbed, do not mean that manual labour is the source of all wealth. They mean rather that wealth is the result of a complex process in which natural resources, the labour of brain and hand, and the achievements of past generations, co-operate; a process the result of which neither *can* be allotted to this or that individual in proportion to the part he has played in it, (since the latter is unascertainable), nor *ought* to be so allotted (even if it were ascertainable); but a process the whole result of which is seized by the capitalist class, which hands back to the rest of the community only so much as it is willing or forced to restore.

CHAPTER XIII

PROFIT-SHARING AND WHITLEY COUNCILS

Two items in the programme of industrial peace require more detailed consideration. Both are examples of the application of socialistic ideas to capitalist society. The case of profit-sharing will make our meaning clear. The Socialist considers that the producer of wealth is the community as a whole, a leading part being played by the workers; and that the employer robs the community of it, paying back to the worker just as much as he chooses in the form of wages. He accordingly proposes the abolition of private ownership in the means of production, as alone rendering this process possible. The profit-sharer, while retaining Capitalism, would share, in a lesser or greater degree, his profits with the worker.

The general method is to fix a fair return on the capital of the employer—so much per cent.; to fix a standard wage for the men, to be paid if output is not sufficiently great to yield a return larger than the given percentage; and to pay a bonus on wages in proportion

as the profits rise above this figure. There are many varieties of profit-sharing ; the two most important are the premium bonus system, which pays a bonus to the individual worker on his individual output, and the shop piece-work system, which pays a bonus to the workshop as a whole on its production.

The Socialist objects that all profit-sharing schemes are anti-social, in that they give the worker an interest in high prices at the expense of the community ; that they are directly opposed to the socialist conception of production for use and not for profit ; that they appeal to the most materialistic side of a man's nature, whereas Socialism makes its appeal to the highest ; that they make the slave content with his slavery, and so prevent the growth of the unrest which alone can lead to the inauguration of a better system ; and that in particular the premium bonus system encourages cupidity in the individual, and so destroys his solidarity with others in the workshop, while the shop piece-work system undermines the Trade Unions in their attempt to impose the discipline on the workers which is essential if they are to act as a compact body *vis-à-vis* the employers. The profit-sharer, on the other hand, claims that his device gives the worker a real stimulus to increase production, and so to create a fund which will render a higher standard of living possible ; that it is nonsense and worse to sneer at its materialism, since a good and regular income is quite obviously what in a commonsense world everyone desires ; and that if profit-sharing stops unrest, so much the better, because unrest is in itself a bad thing, and provides just the desired opportunity for every kind of agitator and revolutionary.

So with joint control. The Guild Socialist argues that each industry should be controlled by all its hand and brain workers, organized into a self-governing body and carrying on production, not for its own profit, but for the use of the community. The Whitleyite, while retaining production for private profit, would associate in control the employers and workers of each industry.

The Whitley report advocated the setting up, in industries sufficiently well organized, of a Joint Standing Industrial Council, composed of representatives of employers and employed, the appointment of the Chairman being left to the Council itself. Similarly there should be District Councils developed out of the existing machinery for negotiation in the various trades, and Works Committees, representative of the management and of the workers employed. The following questions were suggested as among the most important which the National Councils should either take up themselves or allocate to the District Councils or Works Committees:

(1) The better utilization of the practical knowledge and experience of the work-people.

(2) Means for securing to the work-people a greater share in the determination of the conditions under which their work is carried on.

(3) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the work-people a share in the increased prosperity of the industry.

(4) The establishment of regular methods of negotiation for issues arising between employers and work-people, with a view both to the prevention of differences and to their better adjustment when they appear.

(5) Means of ensuring to the work-people the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(6) Methods of fixing and adjusting earnings, piece-work, prices, &c., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph 3.

(7) Technical education and training.

(8) Industrial research and the full utilization of its results.

(9) The provision of facilities for the full consideration

and utilization of inventions and improvements designed by work-people, and for the adequate safeguarding of the rights of the designers of such improvements.

(10) Improvements of processes, machinery, and organization, and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect, and full consideration of the work-people's point of view in relation to them.

(11) Proposed legislation affecting the industry.

The majority of Socialists (and in particular of Guild Socialists) maintain that these councils (of which a number have been formed) give the worker no control whatsoever over policy ; that the whole idea of joint control assumes that the interests of the two sides are identical, whereas in fact they are diametrically opposed, capital having everything to gain by the retention of the present system, labour everything by its abolition ; that the right policy for labour is not to combine with capital even under a genuine system of joint management, but to keep itself a separate entity over against the employers in order to wrest more and more from them ; that Whitleyism must tend to make the workers and employers in an industry combine to put up prices at the expense of the public—which is the antithesis of Socialism ; and that by so much as it succeeds in improving the relations between employers and workers, by so much does it divert the exploited from their true aim of expropriating the exploiters. For the Guild Socialist such a device as Whitley Councils is no step in the direction of control. Real steps of this nature are to be found in absolute workers' control over however small a part of industrial life—for instance, control of discipline and the appointment of foremen by workers' committees—and experiments in collective contract and the like. The Whitleyite, on the other hand, considers that a widespread adoption of the recommendations of the Report would give the workers a real sense of control, promote industrial peace, and so remove one of the chief barriers to that increased production which

again is to provide the fund for higher wages. The antithesis is a perfectly clear one. The avowed aim of the signatories of the Whitley Report was to promote industrial peace ; and it was to serve this end that joint control through the medium of industrial councils was proposed. The avowed aim of Guild, and of most other, Socialists is to give the control of industry into the hands of the organized producers ; and they maintain that the desired result can only be achieved by a close struggle terminating in the overthrow of Capitalism and the inauguration of production for use in place of production for profit, of public in place of private ownership, of industrial self-government in place of industrial autocracy.

CONCLUSION

AN endeavour has been made in the foregoing pages to present the main features of some great schemes of reform, together with the reasons for which they are advocated, and those for which they are attacked. Socialism has been the centre of the argument ; for the very good reason that Socialism is a question which is held to be of more importance than any other contemporary issue alike by its opponents and its supporters. In a debate on such a topic the last speaker necessarily has the advantage ; and we have tried to preserve the balance by giving the final word now to this disputant and now to that. If any measure of success has been attained, the reader will be asking himself three questions. In the first place, is it a fact that freedom cannot be a reality under Capitalism ; and if so, would it be either equally or more unreal under Socialism ? Secondly, which society embodies the higher ideal—a Capitalist society, in which the direct motive for production is private profit, or a Socialist society, in which the direct motive is public service ? Thirdly—and this question is no less important than the last—is or is not human nature such that reliance on the motive of public service (whether absolute, or combined with an appeal in a modified form to the individual's material interest) would result in slackness and widespread poverty ? On all three of these considerations, and not on any one of them alone, must the final answer be based ; and there we may very well leave the matter.

INDEX

- 'All Power to the Soviets,' 34
- Anarchist Communism, 14, n.
- Anti-socialism, 52
- Collective Contract, 44, n.
- Compulsory Arbitration, 56
- Compulsory Conciliation, 56
- 'Conscious Minority of the Proletariat,' 35; criticized, 51
- Co-operative Movement, 33
- Craftsmanship, 33
- Credit Reform, 8
- 'Dictatorship of the Proletariat,' 35; criticized, 51
- Direct Action, 24; criticized, 50-2
- Economic Power and Political Power, 27-9
- 'Economy of High Wages,' 18
- 'Enlightened Self-interest,' 13
- Fablanism, 19-22
- Free Trade, 14
- Functional Democracy, 27
- General Strike, 25, 45
- Government Control of Trade, 14, 53, 54
- Guilds, Local v. National, 33
- Guild Socialism, 24 sqq.; the method of transition, 44, 45; society under, 30 sqq.; criticized, 47, 48
- Hungarian Revolution, 34
- Independent Liberals, 54
- Industrial Peace, 55 sqq.; criticized, 57 sqq.
- Industrial Unions, 44
- 'Laissez Faire,' 14
- Liberalism, 11
- Nationalization, 22-4
- 'Permeation,' 22
- Premium Bonus System, 59
- Profit-sharing, 58 sqq.; compared with Socialism, 58; criticized, 59
- Reformism, 20
- Russian Revolution, 34
- Self-government in Industry, 26
- Shop Piece-work System, 59
- Single Tax, 7
- Social Reform, 11 sqq., 52 sqq.; reaction of, to Socialism, 53; criticized, 15 sqq.
- Socialism: general conception, 15 sqq.; basis, 18; criticized, 46 sqq.
- Soviet system, 34 sqq.; compared with parliamentary system, 38; industry under, 39 sqq.; trade union structure, 36, 37; Supreme Council of National Economy, 40 sqq.; Sections, 42; Trusts, 42; Central Executive Committee, 38; Commissaries, 38; Collegium of Commissariat, 40; All-Russian Congress, 38; criticized, 51, 54
- Spartacus Union, 34-6
- State Capitalism, 19, 20
- State Socialism, 19 sqq.; criticized, 25 sqq., 46 sqq.
- Syndicalism, 24, 26, 27, 31
- Whitley Councils, 59 sqq.; compared with Guild Socialism, 59, 62; criticized, 61
- Whitley Report, 60