CHAPTER VI

THE ACHIEVEMENTS OF CAPITALISM

So far we have seen that the claim of the capitalist to interest on his money and profit in return for risks which he takes, is fully justified on economic grounds and in equity, and that the claim of some champions of labour that labour is entitled to the whole of its product, is more than fully satisfied, because already and as it is labour gets out of industry a great deal more than it could provide for itself if it were not supplied by capitalists with machinery, plant and organization by which its output is enormously increased.

Capitalism, then, is not based on injustice. Let us look now at the question of its practical success. A glance at the progress of mankind since the Industrial Revolution brought modern Capitalism into being, shows at once that its achievements have been enormous, one might
An obvious test is that of population. Dr. Shadwell, in an article on the History of Industrialism in the *Encyclopaedia of Industrialism*, shows that while in the last century before private Capitalism became powerful—between 1651 and 1751—the population of Great Britain rose from 6,378,000 to 7,392,000, an increase of 1,014,000, in the next century—1751 to 1851—it rose to 21,185,000, an increase of 13,793,000; and in the next 60 years—1851 to 1911—it rose by 19,350,000 to 40,535,000. In commenting on the difference between the increase in the two centuries—1651 to 1751, and 1751 to 1851—Dr. Shadwell observes (page 304) that "the difference is not, of course, wholly due to the industrial factor; but the two go together, and the vast increase of life during the second century negatives the common assumption that Industrialism produced a state of unprecedented and increasing misery. This is emphasized by the fact that the rate of increase was highest during the first decades of the nineteenth century, when the change was proceeding at its maximum intensity. The rates of increase in England were: 1801–11, 14.50 per cent.; 1811–21, 18.05 per cent.; 1821–31, 16.24 per cent.;
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These rates have only been approached in one subsequent decade—that of 1871-81—which included several years of the highest prosperity on record, when the rate was 14.5 per cent. The rising tide of vitality revealed by statistics is in keeping with the observations of the French traveller Louis Simond, quoted by Professor Smart, in 1810-11: 'I have found the great mass of the people richer, happier, and more respectable than any other with which I am acquainted.'

Increase of population is, of course, a wholly satisfactory test by itself. It is, in fact, maintained by some Malthusians that increase of population is a sign of a low state of civilization, and a low standard of comfort, and this contention is to some extent supported by the well-known fact that the birth-rate shows a tendency to decline among those classes whose circumstances are most comfortable and whose standard of life is highest. Nevertheless it is something for Capitalism to claim that it has enabled so enormous an increase to take place in the population of the country, in which modern Capitalism and the modern Industrial system first opened their keen young eyes,
and have carried out their most characteristic development. Merely to enable so large a number of people to be alive is not everything, but it is a great deal. Under Capitalism all these millions saw the light of the sun, smelt the scent of spring, knew love and friendship, made and laughed at good and bad jokes, ate and digested their meals, made their queer guesses at the secret of life, played games, read books, cherished their hobbies and their prejudices, knew a little, thought they knew much more, and went their way leaving others behind them to take up the thread of life and spin another strip of its mysterious cloth.

If life is on the whole a good thing—and most of us waste little time in sending for a doctor if we do not feel well—Capitalism has made the enjoyment of that good possible to millions. And all the time during which that huge increase in our population was growing we were pouring out a stream of emigrants to fill and till the waste places of the earth, and sending them capital to help them to increase production there. Thus Capitalism has bred millions of active, busy men and women, spread them over the world, reclaimed its waste places and increased its output so fast that, as we shall see,
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The increased population has increased its command of goods even more rapidly than its numbers. All this has to be chalked up to Capitalism's credit and considered carefully before, just because it has not created an earthly Paradise for us, we throw it down and put an untried system in its place. It is true that part of our population has lived and continues to live under circumstances of which our civilization has every reason to be ashamed. But even in their case the gift of life is something, and social reformers are rather apt to forget, in their eagerness to put right the evils which beset the destitute among us, that the greater part of our population leads and has led lives, which though far from being ideal from an economic or any other point of view, have taken them through the world in a state of fair contentment, and with a reasonable and growing share in the gifts which science has placed at man's disposal. Industrial and scientific progress in the control of the forces of nature, has proceeded, with astonishing rapidity throughout this period of production under Capitalism.

It may be argued that science and invention have done the real work, and that Capitalism has only picked their brains, applying their
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lessons purely with the view to making profit out of them, and so has wrested the gifts of science from their true use and prevented their being enjoyed in full freedom by the whole of mankind. This may be so, but, on the other hand, science could never have wrought its miracles if there had not been a vast store of accumulated wealth to apply to the development of its discoveries. This accumulated wealth might perhaps have been produced by a system of society organized collectively, under which the Government would have seen the goals towards which science was struggling, and placed at its disposal an army of workers who were capable of carrying out its objects. But it is at least as likely that no Government which the world has yet known would have made use of the services of science with the readiness, adaptability and courage in taking risks, that have been shown by the organizers of industry spurred by the incentive of profit-making.

Whatever those people may think who like to amuse themselves with the pleasant science of hypothetics, that is to say, of wondering what might have happened if things had been otherwise, the fact remains that the material
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Achievements under Capitalism have been enormous, and promise still greater miracles if we follow the same line. The world has been covered with a network of railways, and the shores of its various continents have been linked together by steamships of enormous power. Factories and machinery have been developed and improved with incredible speed. Telegraphs and telephones have made the whole world into one great listening gallery, and the exchange of goods and the communication of thought between one country and another are being continually developed in a manner which only shows what great possibilities still lie before us. The material output has grown at a staggering pace, and the British workman of to-day has his life embellished and made comfortable by the products of all the climates of the world, from tea to tobacco, with a freedom which would have been envied by many a mediaeval monarch. At the same time if there are terrible inequalities in the distribution of this wealth, if many at the bottom of the economic ladder lead lives of misery, owing to a lack of the good things of the earth, and many at the top lead lives of boredom owing to a surplus of luxurious enjoyment, it is possible to climb
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from the lowest rung of the ladder to the highest. We cannot claim that the "career is open to talent," or that there is anything like a fair chance for all in the race for the good things of life; this is an ideal for which we have to work by improving and cheapening education. Talent backed by individual enterprise in any case seems likely to have a better chance under Capitalism than under bureaucratic red-tape or Guild monopoly; and any one with exceptional ability and exceptional luck, or both, can already make his way through from the bottom to the top early enough in life to give him many years of enjoyment of his success.

Our output of goods is still not nearly great enough, being estimated before the war at about £42 per head of the population. Even if it were equally distributed, £42 worth of goods and services would not, even at pre-war prices, ensure a really high standard of comfort for the population as a whole. This need for an improvement in output we saw at the outset to be essential in order to secure that world in which it will be really pleasant to live. But because Capitalism has not yet produced as much as we want, is a bad reason for overturning it in favour of a system that might produce still
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But, when it is clear that capitalistic production, if it is given a fair chance, do much better for us in the future as it learns and applies its lessons.

Industrial and agricultural development had also been assisted by an extremely ingenious financial machinery, and a great growth and improvement in banking, which provided credit and currency for the community with remarkable success; during the last half century before the war, the financial machinery was perfecting itself into a state of extraordinary elasticity and adaptability, and meeting with steadily growing composure, the industrial crises which the speculative habits of man, and the risks inevitable from our present industrial system, necessarily produced. A machinery of investment and a market in the debts and securities of public bodies and public companies, had also been developed with great ingenuity by the Stock Exchanges of the world. Whoever wanted to borrow money and invest it in industry found ready listeners—only too ready in some cases—whether they applied to the banks for short credits, or to the investing public for permanent investments, or invited speculators to try their luck. Capital flowed with wonderful
readiness from one country to another, and wherever there was a chance of devoting the proceeds of the labour and work of old countries to the development of new ones, in the hope of increasing mankind's output, and so gaining fresh profits, there was no lack of those who would risk their past and present labour and work on this process of continually expanding man's conquest over nature.

All classes had shared in the benefits produced by this expansion. Mr. Philip Snowden admits on page 38 of his book on Socialism and Syndicalism, that "between 1850 and 1900 the rate of wages as shown by Board of Trade index numbers, rose by 78 per cent., and in the same period the prices of commodities fell by 11 per cent." He adds that "it is not safe to take these figures upon their face value. The increase of wages was by no means spread uniformly over the whole wage-earning class, nor does a fall in the average of wholesale prices necessarily mean a corresponding reduction in the cost of living to the working classes. The fall in prices in the last half of the nineteenth century was mainly in comforts and luxuries. Many of the articles which enter into the economy of the worker's increased
in price. Milk, eggs, butter, coal and rent were all higher in price at the end than at the middle of the last century." On the other hand we may fairly urge that comforts and luxuries, such as tea, sugar, tobacco and meat, not to mention necessaries such as lead, also entered largely into the economy of the workers.

When we find that during a half-century in which the population had increased rapidly, the average money wages of the workers had grown by more than three-quarters, while the average price of the goods they consumed showed a by no means negligible decline, we see what little basis there is for what Marx and other people have called the "iron law of wages," an entirely imaginary law, which is alleged to force the rate of wages always down to the level of subsistence. If there had been any real truth in this law, it would have been clearly impossible for wages to rise by 78 per cent. with a rapid increase in the number of wage-earners, while at the same time the average price of consumable goods had fallen by 11 per cent. Under the circumstances, and in view of his own figures, it is surprising to find Mr. Snowden saying on a later page (120) that
"like the landlord, who takes in the form of rent all above the subsistence of the labourer, so the capitalist takes all above the subsistence of the workman, above sufficient to maintain the workman in the standard of life of the class to which he belongs." How Mr. Snowden's clear and logical mind reconciles this assertion with the figures that we have quoted from him, is a puzzle that would baffle the Sphinx.

It has to be admitted that the great and steady improvement that was then shown gave way to the opposite tendency in the early years of the present century. Mr. Snowden continues on page 39. "After all, the important matter is not whether the condition of the workers improved between 1850 and 1900, but whether it is showing a tendency to improvement now." (His book was published shortly before the war.) "About the end of the century we seemed to enter upon a new cycle of tendencies. The previous slight (sic) upward movement in the condition of the workers was arrested and eventually reversed. The permanent tendency now is for the rich to grow richer at an increasingly rapid rate, and for the workers to become not only relatively but actually poorer."
Mr. Snowden is undoubtedly right in calling attention to a check, which showed itself at the beginning of the twentieth century, in the improvement of the position of the wage-earner. Wages rose little or not at all in money, and prices were rising. Whether he was right in assuming that the tendency was a permanent one, we shall never know, because the war intervened, upsetting the whole economic basis of society, and giving the workers a chance of sustained improvement, of which there is every reason to hope they will take full advantage; but it is at least possible that Mr. Snowden was wrong in assuming that the tendency for the buying power of wages to go back was permanent. It might have been merely the falling back of a wave in a rising tide, to have been followed by still more rapid improvement, thanks to the determination shown by the wage-earners in the year before the war, to take drastic measures to improve their position. However this may have been, there can be no doubt that under the system of Capitalism the wage earners did during the whole second half of the past century achieve a great and almost unbroken improvement in their lot, an improvement which was
encouraging them to make still greater efforts for themselves in the future.¹

During the same period we had seen great improvements in education and sanitation, the lengthening of human life, the total extinction of the plagues which used to scourge Europe periodically, the practical abolition of certain diseases such as typhus and small-pox; and the general attention to health and the mental improvement of all classes, though it still left very much to be desired, was making progress which was perhaps as rapid as could be expected, owing to the ignorance and conservatism which are the common lot and the pride of most of us.

It may be true that Capitalism has had very little to do directly with these improve-

— Professor Bowley in an article on "Wages" in the Encyclopedia of Industrialism—says (page 514): "It appears certain that nominal and real wages increased from 1850 to 1874, that nominal wages fell and real wages remained steady from 1874 to 1885, that nominal wages remained steady and real wages rose from 1880 to 1887, and that both nominal and real wages rose from 1887 to 1899. . . . By 1910 real wages were back at the level of 1896-1898, but cannot be measured exactly." By real wages the Professor of course means wages as measured in actual buying power, as compared with nominal wages, measured in money alone.
achievements in education and sanitation. There is even something to be said for the view that the representatives of the property-owning classes had done a good deal to resist the progress of these improvements, which had only been carried through by social reformers and a few scientific enthusiasts, after lives of thankless effort. This may be so, but nevertheless the store of wealth which was necessary in order to carry them out had been called into being by the working of Capitalism with the incentive of profit before it. It may not have been responsible for the excellent use thus made of its wealth, but it did at least provide the wealth which was so used by those who had nobler views than it of the use to which wealth should be put.

Such were the achievements of Capitalism in the land of its birth in its modern form and in the countries into which this land poured the men and capital that it produced. Its victories, unlike those other institutions that have dominated human life, could only be won by doing what somebody else wants. Industry and investment can only earn a profit if they produce an article or a service that somebody wants and wants enough to repay the adventurer
his outlay, make good the depreciation of his tools and leave him a profit. He may sometimes win his victory at the expense of those whom he has underpaid, or in some rare cases by barbarous ill-treatment of natives whom he has enslaved, overworked and even tortured. But whenever a profit was made it could only be done by providing some one with something that he wanted or thought that he wanted. Capitalism working through competition and freedom must please the consumer to prosper, and the consumer is the mass of humanity. From this point of view its achievements, smirched and blotted as they are about the hinder parts, are sweet and cleanly as compared with those of diplomacy which have drenched the world in blood, or of churches that have used the torch of God's Word to light holocausts of good earnest people who differed slightly with them concerning their belief in Him.

Capitalism incidentally was working for peace though it is commonly accused of being the ally if not the father of Militarism. Seeing that the pages of history were black with Militarism long before Capitalism in its modern form was heard of, to make the latter the father
of the former indicates an almost desperate search for a stick to lay on its back. It is true enough that Militarism could not have achieved a fraction of its destructive power if Capitalism had not provided the machinery and weapons. "What d'ye lack?" is Capitalism's cry, and when humanity said, "Weapons for killing one another, and see that they kill by heaps," Capitalism delivered the goods with a vengeance. If humanity will only ask for something more sensible, Capitalism, ever democratic and accommodating and anxious to please a customer, will oblige with equal readiness and success. Capitalism fears and dislikes war, because war means destruction, taxation, unrest and lack of confidence, and Capitalism knows that though it may seem to make big profits out of destruction it will pay heavily for them before the account is closed, and that it can only earn a good living out of prosperity and peace and progress. While some have accused it of fomenting war, others with a truer instinct have denounced International Finance as an incurable and incorrigible Pacifist.

And yet, when war came and there was no help for it, the men who had been born and bred under Capitalism turned out and fought
with a heroism that has never been approached by the Paladins and Knights Errant of the days before we had been turned into shopkeepers, and demoralized by profit-seeking. All who had watched industrial development and its effects in making us sleek and sedentary townsfolk must have wondered whether the process would not soften us into folk who could not stand the test of battle. Yet all the battles that had ever been fought before were child's play to the Hell that both sides lately rained on one another for four-and-a-half years, and the nation of shopkeepers was in her old place in the front row, wherever the fighting was hottest by sea and land.

Says the critic, "There may be some truth in all this, but what of the disgusting ugliness and squalor that Capitalism has brought with it—lovely countriesides covered with sordid filthy towns that are a blot on their beauty, and men with their hearts still more foully smirched by scamped work and the scramble of competition?" This is a criticism that cannot be altogether gainsaid, but it is possible to exaggerate it, by imagining too rosy a picture of the system that Capitalism superseded. Capitalism committed crimes in its early days.
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when it put young children to work for wickedly long hours under disgraceful conditions, and is now being punished by the natural bitterness of their descendants who see no cure for it but its destruction. But these evils have been largely cured and their remnants are being dealt with. Short-sighted Capitalism has often opposed reforming measures, but some good employers have worked for them. On the general charge of ugliness and deterioration the argument is not all on one side. Doctor A. Shadwell, an exceptionally well-informed authority on working-class conditions, published an article on this subject called "Town Life—Old and New," in the Edinburgh Review of January 1918. It is well worth study in detail, and it may be hoped that Dr. Shadwell will develop the contrast on a larger scale. The following extracts will have to suffice for our present purpose:

"The idea of a Golden Age is indestructible! Man will have his Golden Age when all the world was young and fair. He finds it by a comparison which sets the credit account of the past over against the debit account of the present. It is a false balance-sheet. The true account stands otherwise; it includes debit
items against the past and credit, items in favour of the present, and when the net balance is struck the result is very different. And so it is with this question of town life and town labour; a distorted and one-sided account has been put forward in order to make out a case.

Mills employing a number of workmen are mentioned at the beginning of the fourteenth century; journeymen formed a standing class and used to go on strike. But the scale of employment inaugurated in the eighteenth century amounted to a difference in kind, and the development of mechanical power made a still greater innovation.

Both changes were attended by great evils, due to three main causes: (1) the rapidity of the development; (2) general ignorance and failure to understand the conditions; (3) the abuse of power by employers. The rapid development of industry on a large scale caused a corresponding hurried accumulation of persons in particular places in a haphazard way. . . .

A slower pace would have resulted in a more organic growth, but the prevailing ignorance and indifference would have produced similar conditions in the end or rather worse ones.
Mr. and Mrs. Hammond go so far as to admit that 'the old English towns were often over-crowded, insanitary, etc.' That does not meet the case at all. The old towns everywhere were not 'often,' but always, insanitary to a degree which it is difficult to realize now. They never were anything else, because there was no sanitation, as we understand it. Sanitation was, in fact, the child of the new order not because the evils were new, as is commonly supposed, but because they were recognized. The increase of population and growth of the towns presented them on a scale which compelled investigation in conformity with the advance of knowledge and the rising standard of living. It is important to understand this.

"As to housing, we have Erasmus's description of the ordinary abode of the poorer classes in Henry the Eighth's time. It was a cabin of wood and clay, consisting of a single room, shared by all the inmates for all purposes and also by animals; no chimney; the floor of beaten earth, strewn with rushes, which were renewed every two or three years, and meantime received all the refuse and filth both

1 Dr. Shadwell's article is, among other things, a review of Mr. and Mrs. Hammond's book, The Town Labourer.
human and animal. This type of dwelling is not yet extinct. In the middle ages, which are held up to our admiration, it was the only type for the working classes. From time to time complaints were made of overbuilding in London, and houses were pulled down; and attempts were made to clear the streams and ditches, which were blocked with filth, dead animals, offal, and every kind of refuse.

"We get a glimpse into mediaeval habits from the minute inventory of Sir John Fastolf's furniture at Caister Castle, one of the most sumptuous mansions in the kingdom. Out of twenty-six bedrooms only one—my lady's chamber—had any washing utensils, to wit—'i basyn, i ewer, 2 pottys.' All the world lived in a state of indescribable filth down to a much later period." False generalizations are drawn from the beautiful buildings which have come down to us from old times. They have survived because they were exceptional; the common mass have perished. People who do not remember conditions thirty or forty years ago do not know what a real slum is. The plain truth is that the old towns were nothing but slums—such as one cannot find now.
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Kings and nobles lived in a state of squalor which would be thought unendurable to-day, by any class, so greatly has the standard changed. . . .

"The same consideration of the prevailing standard applies to working conditions as well as to housing and sanitation under the new order. . . .

"The alliance of ignorance or stupidity with commercial greed runs through the whole story, and it is clear that the former was the greater obstacle of the two to improvement. Intelligent employers were the first to see what was wrong and to readjust their ideas. They introduced new standards, which gradually gained approval until public opinion sanctioned or demanded their compulsory application. In this process a powerful agent was combination among workmen, which was at once demanded and rendered possible by the conditions of work and the massing of large numbers together in the industrial towns. The same process has continued ever since, and is still going on with a progressively rising standard of living and working conditions, realized in a thousand ways, the mere enumeration of which would occupy pages."
"The stranger with different ideals in his mind, may see nothing but what is repellent in the modern industrial town, and wonder how any one can live there. But the inhabitants do not think so; they are attached to it, warmly maintain its claims, and resent depreciation. They do not want any one's pity, and they have reason; for the truth is that they enjoy life a great deal more than those who pity them. . . . Nor is it true that they take no pride or interest in the products of their great workshops and factories, such as the mediaeval craftsman took in his handiwork. Here again a false balance is struck. The mediaeval craftsman who took pride in his work is the one we hear of; but what of the others? Were there no idle apprentices? Was there no bad work? There was so much that one of the chief functions of the Guilds was to prevent and punish it and to maintain the standard, which was always being threatened by scamped and dishonest work. As for the theory that the men of old worked for use and beauty, not for profit, there never was a greater craftsman than Benvenuto Cellini, or one who took more pride in his work and its beauty. Nor is there a workman to-day who looks
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more keenly after his wages and pockets them with more satisfaction than Cellini did the price of his masterpieces. On the other hand, there is to-day a great deal of pride among workmen in the products of their factory, in its good name, and in the reputation of the whole town for the quality of its manufactures. Those who do not know this have never been among them.

"In conclusion, these observations must not be taken to suggest acquiescence in existing evils or denial of the need of improvement. The standard is always rising and there is no finality. But truth is not served by false balance-sheets, selected evidence, and one-sided statements."

Thus the Middle Ages give us Beauty, complicated by stench and the Black Death. Capitalism has provided an enormously greater output, better sanitation and better houses but has not yet given much thought to Beauty. It is an oversight of great importance, but it can be repaired.
CHAPTER VII

THE RISKS OF STATE SOCIALISM

One of the strongest points in the case for Capitalism is the doubt that all candid and unprejudiced inquirers must feel concerning the practical results of adopting any of the proposed alternatives. And on this subject doubt is enough. Unless we can be definitely assured that we are going to secure improvement it would be madness to upset our whole economic system, especially at a time when the whole world is lacerated and impoverished and has to work hard for its economic recovery. If and when general prosperity has been secured, we may be justified in trying fancy experiments. But there never was a time in which leaps in the dark were more untimely. Let us begin with Socialism, now commonly called State Socialism to distinguish it from the Guild Socialism which is the latest fashion. Some of us can remember the time when
Socialists were looked upon almost as outcasts by "respectable" folk, partly because some of them had a habit of applying the acid of their criticisms to many things besides the economic structure of society, such as the marriage laws and established forms of religion. So study respectability jumped hastily to the conclusion that all Socialists were atheists and advocates of free love. After passing through this phase Socialism became quite fashionable for a time, and then having been laughed at as a discredited back-number by the Guildsmen, has come back into the limelight owing to the craving for nationalization which is cherished by many of the Labour leaders.

If we find that the form of society at which Socialists aim is somewhat hazy and not worked out in full detail, it would be very unfair therefore to criticise Socialism as mere rainbow chasing. They propose to rebuild society, and we cannot expect them to prepare for us a plan of the whole building worked out in every detail. The details will obviously have to be filled in as the building goes on. All that we can expect from them is a clear statement of the main principles which they aim at establishing, and the advantages which they
expect to be derived from their establishment. Luckily one of the clearest thinkers on the Socialist side published just before the war a compact handbook showing the aims of Socialism, the reasons why in his opinion it ought to be introduced, and the benefits which he expected to accrue from it. Mr. Philip Snowden's book on Socialism and Syndicalism, though there is no date upon the title-page, seems to have appeared in 1913 or later, since it contains a reference to the election of the German Reichstag in 1912. This authority tells us (page 107) that "so far as it is possible to express the aim of present-day Socialism in a formula, that has been done by Dr. Schäffle in a statement which will be accepted by all Socialists as a reasonable definition of their aims: 'The economic quintessence of the Socialistic programme, the real aim of the international movement is as follows:—To replace the system of private capital (i.e. the speculative method of production, regulated on behalf of society only by the free competition of private enterprises) by a system of collective capital, that is, by a method of production which would introduce a unified (social or collective) organization of national labour, on
the basis of collective or common ownership of the means of production by all the members of the society. This collective method of production would remove the present competitive system, by placing under official administration such departments of production as can be managed collectively (socially or co-operatively), as well as the distribution among all of the common produce of all, according to the amount and social utility of the productive labour of each."

It will be noted that according to Schaffle's definition, adopted by Mr. Snowden, and accepted, according to him, by all Socialists, the common produce of all is to be distributed under official administration according to the amount and social utility of the productive labour of each. It appears from this passage that the wage-earner under Socialism is going to be paid according to the amount and social utility, whatever that may mean, of the work which he does. This very important item in the Socialist programme is also adopted and clearly expressed by Mr. Ramsay Macdonald on pages 122 and 123 of his book on *The Socialist Movement*, one of the volumes of the Home University series. Mr. Macdonald tells
us that it is a mistake to confuse Socialism with Communism.

'Communism presupposes a common store of wealth which is to be drawn upon by the individual consumer not in accordance with services rendered, but in response to 'a human right to sustenance.' It may be in accordance with Communist principles to make this right to consume depend upon the duty of helping to produce, and to exile from the economic community every one who declines to fulfil that duty. Some Communists insist that one of the certain results of their system will be the creation of so much moral robustness that in practice this question will never arise for actual answer. 'But be that as it may, the distributive philosophy of Communism is as I have stated, and it contains the difference between that system and Socialism. 'From all according to their ability; to each according to his needs' is a Communist, not a Socialist formula. The Socialist would insert 'services' for 'needs.' They both agree about the common stock; they disagree regarding the nature of what should be the effective claim of the individual to share in it. Socialists think of distribution through the channels of personal income;
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Communists think of distribution through the channels of human rights to live. Hence Socialism requires some medium of exchange whether it is pounds sterling or labour notes; Communism requires no such medium of exchange. The difference can best be illustrated if we remember the difference between a customer going to a grocer and buying sugar, and the child of the family claiming a share of that sugar the next morning at the breakfast table. Or the position may be stated in this way: Socialism accepts the idea of income, subject to two safeguards. It must be adequate to afford a satisfactory standard of life, and it must represent services given and not merely a power to exploit the labour of others."

It thus appears that the economic freedom which modern reformers are groping after will be under Socialism different only in kind from the economic freedom which is nowadays possessed. In this respect a difference in kind may be of the highest possible importance, because we have already recognized that complete economic freedom is impossible to anybody in a state of nature, since under natural conditions everybody must do more or less work in order to live, and is impossible to the
great majority under society as at present organized: As things are at present, all the workers of the world have to work in order to provide something which the consuming public wants, generally under the management of an employer who organizes the particular enterprise in which that work is done, with the exception of a few professional men who work directly for their consuming customers. The wage-earner works under an employer in a factory, mine or railway for the consuming public; the journalist works under a newspaper proprietor for a reading public. The variety entertainment artist works under a theatrical or music-hall proprietor for the public that is trying to amuse itself. The author works under a publishing employer for a public which he hopes may be going to read his books. Under Socialism, instead of working under a proprietor employer for the consuming public, the worker would work under official administrators for the consuming public.

But there would be two great differences. Under official administration the consuming public would have to take what it could get, since owing to the abolition of competition, it would have no chance of exercising choice in the
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matter of goods and services which it would consume; and the worker, instead of working to put profit into the pockets of a proprietor or employer, would be working to supply the general consumption, as organized, directed and controlled by official administrators.

He would have no more freedom, in fact he would have less, because owing to the cessation of competition and the concentration of the whole organization of industry in official hands, he would have no power of exercising choice between one employer and another. Nevertheless it is possible that the fact that he is working for the general consumer, without the intervention of a profit-making capitalist, might give him a feeling of satisfaction which would very much more than balance his loss of choice between one employer and another; while at the same time the fact that the official administration would, by a democratic organization of society, be to a certain extent based upon the wishes and ideals of himself and his fellows, might enable him to believe that he was really only working for himself, and therefore give him that sense of freedom which is nearly as good as its actual possession.

The Socialist artisan working in a State
boots factory would no longer be dissatisfied because the harder he worked the more profit he was going to put into the pocket of his employer, without doing any good to himself, unless he were able to secure an increase in wages. He might feel that the harder he worked the more boots he would be turning out for the benefit of the other members of society, and that his efforts would be compensated by similar efforts being made by all his brethren who were working in other industries for the good of himself and other consumers. If he had not attained economic freedom, which is impossible for humanity until we have arrived at the point when all the needs of life can be served by automatic machinery, he might have arrived at a state of things in which the conditions of his work were so entirely different from what they are at present, that he would work hard for the joy of the thing, because he knew that he was helping everybody else, and that everybody else was working hard to help him. If such a state of things could really be brought about, it is clear that the gain would be enormous. Instead of restricting output so as not to “use up the amount of work that wants doing,” every worker would work as hard as he
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could. He would welcome the introduction of labour-saving machinery, because it would lighten his task and that of everybody else, and it might quite possibly be true that the different spirit in which industry would be managed might lead to a very great increase in output.

All this looks very nice, but would it be likely to happen? We have seen, according to Mr. Snowden, workers would be paid, under Socialism, according to the amount and social utility of the productive labour of each. This clearly implies a differential scale of wages, based on piece-work in order to gauge the amount, and on the decision of somebody, or some Committee, concerning the social utility of the labour of each. It may be that the strong prejudice against piece-work, now commonly said to be cherished by trade unionists, might not survive under Socialism, but this is by no means certain. The differential scale according to the amount of work done, would involve difficulties of measurement and would very probably produce jealousy and friction, and the question of social utility seems to open up endless possibilities of dispute and differences. If we could be sure that, as many Socialists seem to assume, a radical change in
the nature of all of us would be wrought
the twinkling of an eye because we found ourselves
members of a Socialist State, those details
might not lead to disaster. But \textit{natura nihil}
\textit{facit per saltum}—nature does nothing with a
jump. For some time to come we should con-
tinue to be human beings—"most remarkable
like you" and me—and it is only too probable
that the jealousy between one Trade Union
and another, which is so often a cause of
industrial strife and discord, might be renewed,
under Socialism, in the shape of acute differ-
ences between the workers on the question of
the wages paid to themselves and others. With
the best goodwill in the world of all parties the
problem of social utility as between the work of
a coal-miner, a bootmaker, and a platelayer,
would be hard to settle; and if instead of a
universal smile of goodwill there were the old
natural desire on the part of each man to do the
best for himself, the industrial strife of to-day
might be reproduced on an extended and much
more uncomfortable scale.

Because under Socialism there would be no
mediator in the shape of the State or public
opinion. The State would be the employer
and a party in the quarrel, and nearly all the
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Public would be liable at any time to be directly interested in similar disputes and so would be unable to approach them with the detachment which is so necessary to impartiality. Mr. Snowden, following Schäffle, does not propose that all private enterprises shall be abolished under Socialism, but he does, as will be shown later, lay down conditions which seem most likely to abolish it. So that whenever there is a quarrel between any workers and the State, all the other workers who, with their dependents, will be all the community except the ruling bureaucrats, will feel that it might be their turn next.

But even if all these difficulties were overcome and the workers worked with an enthusiasm and success that profit-making employers have so far failed to secure from their efforts, we are still faced by the very serious doubt as to the efficiency of official management. Ready work by the rank and file is of little or no use if it is ill directed, and if those responsible for leadership are not always eager to adopt new methods and to take risks by trying experiments which may cost them, or somebody else, dear in case of failure. We have to remember that, in order to make the world that we want, a
great increase in output, as was shown in "Chapter I", is necessary: If every man, woman and child in the country is to have a real chance of a real life, it is not enough to do about as well as we did, with a power of consumption measured at about £42 (pre-war) per head of the population according to the highest estimate. We have to go ahead rapidly. Are we as likely to do so under bureaucratic management as under private enterprise, with the incentive of profit before it, tempting and spurring it to make experiments and take risks? Are we not much more likely to fall into a slough in which movement is much more difficult because those who would have to initiate new departures would get little or no reward if they succeeded, but would be liable to criticism and blame if they failed?

Those who oppose nationalization of industry on this ground, that it would be most unlikely to secure the adaptability and enterprise that are necessary to progress, are sometimes accused of "attacking Government officials." I hope that as far as I am concerned there is no truth in this charge. Having had the honour of being, for a short time, a Government official, I can testify from personal knowledge to the
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great store of ability that is to be found in our Government offices—this goes without saying, seeing that the intellectual flower of our University youths used to go year by year into the Civil Service—and also to the devotion with which, at least during the war, they overworked themselves into pulp. In the matter of ability and hard work our officials are unsurpassed if not unrivalled. And yet, owing to some fault in the system, even before the war, the net result of their efforts was the subject of much criticism. And it is putting it mildly to say that the experience of Government management and control during the war does not at all encourage one to expect that any Government which it would now be possible to call into existence could deal with the tremendous task of organizing the nation's economic activities with any approach to success.

This experience must not tempt us to be too certain about future possibilities. We may be able to create some day a bureaucracy which shall be efficient, intelligent and economical in the best sense of the word. It is not much more than a century since Adam Smith in comparing the possibilities of joint-stock enterprise with private activity, decided that joint-stock
enterprises owing to want of adaptability and elasticity could only compete with private enterprise in businesses such as banking and transport, which could be conducted more or less in accordance with routine. It is true that in those departments which Adam Smith marked out as the special province of joint-stock companies, joint-stock enterprise has won some of its greatest triumphs, but it is also true that it has driven the private undertaker out of many other fields of activity in which he has expected to be victorious, and that even in such matters as retail shopkeeping, the joint-stock company is rapidly establishing itself as the dominant force. As joint-stock enterprise has grown and improved itself, it is quite possible that State enterprise worked by official administration might do likewise. But when we have made the fullest allowances for what the State might or might not be able to do some day, the fact remains that at the present crisis we have no right to gamble on possibilities. As things are at present, it seems most probable that it would be economically disastrous to hand over the whole productive power of society to officials. The mere hugeness of the scale on which things would have to be done must, until
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we have bred a race of supermen, lead to
 cumbersome and tardy management. It is
 said that some of the big industrial amalgamations,
 and also their smaller competitors, are
 beginning to find that size, after a point, brings
 weakness.

We are not justified in drawing too decided
 inferences from what has happened during the
 late war. Government control has unquestionably
 exasperated, not only the employers and
 organizers of industry, but the great majority
 of the working classes, and the great majority
 of the consumers, but then we must remember
 that Government control has had to undertake
 a task for which we had previously done our
 best to make it unfit for something more than
 a century, by telling the Government to do as
 little as possible in the matter of controlling
 industry. It is true that the post office, which
 has many years behind it of experience and
 practice in conducting an important enterprise,
 showed great lack of adaptability during the
 war. It took nearly two years to induce it to
 bring home to the nation the need for putting
 its money into war bonds by the use of a post-
 mark stamp on envelopes, and the manner in
 which it handled the selling of War Saving
Certificates and the various forms of Government securities which have been issued through it, was a cause of much complaint. But here again we must remember that owing to the claims of the recruiting sergeant and the conscription officer, the post office lost many of its best workers at a time when the work thrown upon it was greatly increased.

More serious in its immediate practical effect was the competition between one Government office and another for the goods and services which they required. Attention was called in the fourth year of the war to this form of extravagance in a Report of the National Expenditure Committee. It does seem astonishing that Government offices should not by that time have evolved some better system than going into the market against one another, raising the cost of their administration and impairing their efficiency. Unfortunately this fault was probably only a symptom of inter-departmental jealousy, the extent of which is almost incredible to those who have not been brought face to face with it, and caused some cynics to maintain that during the war the departments were much more eager to win victories over one another than to defeat the
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Germans. If these things could happen at a time when the nation's existence was in jeopardy, anything like good team work between the departments for the furtherance of industry in normal times seems to be a very remote aspiration.

But when we dwell upon all the evils of Government control that have been evident during the war—extravagance, friction between one department and another, changes of policy which have involved enormous waste, and an attitude towards labour which has cost the country millions in the payment of wages, while only increasing discontent and unrest among those who thought that they were not being paid enough—we have to remember that the advocates of nationalization have a good deal to say on the other side.

There is no doubt that the Government was able, by inquiry into costs of production, and by centralizing production on a great scale, to effect most valuable economies in the price of shells and other munitions. On the other hand, the industrial problem that it had to face was a very simple one as compared with that which is before the producer in ordinary times. The Government knew that all that it had to do was
to turn out as much of these articles as its available resources allowed. There was no question of turning out too much or of not finding a buyer at a price that would repay the capital and energy put into the work, and so nearly all the difficulties which call for skill, experience, judgment and courage in ordinary industry were eliminated for it. Any manufacturer who was told that he had a certain market for the whole amount of any particular product that he could turn out, and could call upon the whole resources of the nation to provide him with raw material and labour, could bring down the price of it to an astonishing extent without loss.

But after all, all these arguments from what happened during the war have to be used with great caution, because the whole state of affairs was artificial. Extreme urgency was the cause and justification of much extravagance that seemed to be appalling, while on the other hand the spirit of the nation and the eagerness of all classes to meet the crisis put advantages into the hands of the Government of which it might have been expected to have made much more profitable use. Many pages could be covered with a record of the blunders and absurdities
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perpetrated by Government departments during the war, but it is enough for our present purpose to observe that the war's experience has certainly increased the doubt that one feels concerning the efficiency of Government control of industry.

It is a perpetual puzzle to those who know from what a brilliant class of young men the Government officials were recruited, and have seen the untiring zeal with which they do their work, to account for the unsatisfactory results which were produced by them both before and after the war. Take a recent example arising out of the introduction of rabies into England. If there was one thing which our officials might have been expected to tackle with all the effectiveness of which they were capable, it was the protection of the citizens from the horrible death with which the outbreak of rabies menaced them. How the Board of Agriculture dealt with it is shown in the following extracts from a letter signed, "An old Soldier in Wales," published in the Times of July 1, 1919:

"On Monday last I was bitten by a stray cur on the main road here, both its condition and behaviour being such as to arouse the gravest suspicion in any one who has, like myself, seen
not a few cases of rabies in dogs. I hurried off by motor to my doctor, who dressed the wound, and certified his opinion that the dog should be destroyed, and the head sent for examination, to see if it were infected with rabies. The police-station—we went to report—was empty, but late that evening the doctor motored out to me with a brochure issued by the Board of Agriculture on this subject, obtained from the police; it contained very precise rules of procedure for various subordinate officials, and very minute instructions for the proper sepulture of a rabid dog, but, on a cursory examination, revealed nothing applying to a person bitten, or a doctor treating him, or as to the means to be taken, to secure a certain diagnosis.

"It did, however, say that a telegram was to be sent, by some official, to this Board, and, to avoid inordinate delay, it was decided that I had better myself telegraph to them. On Tuesday morning I did this, giving the doctor's opinion, and asking where the head should be sent. On Wednesday evening, having received no reply, I wrote to the secretary of the Board, giving full details, stating that the owner of the dog consented to its destruction, and urgently asking where I could send the head. On
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Thursday, evidently after the receipt of this letter, I got, the only reply vouched, this telegram—'If rabies suspected intimation should be given to the police.' On Friday, as a result of doing so, I was visited by a fine specimen of the thick-headed rural constable, with written instructions 'to inquire into my complaint against the owner of a savage dog'!

'To-day, Saturday, my doctor is telegraphing elsewhere for the information denied us by the Board, but it will be Monday before the head can be sent, and probably a fortnight from the date of the bite before the result can be known, and then, if unfavourable, three weeks before I could get to Paris for treatment.'

Such were the methods applied by brilliant and devoted Government officials to a comparatively simple though enormously important problem. Would they have good results if applied to industry and production?

Finally before we leave the question of Government control a word has to be said concerning the contention of many Socialists that workers would work cheerfully, contentedly, and well for the community, and that industrial friction would be practically abolished. This
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the theory has been blown into bits by the railway strike of last September. The railways were in the hands of the Government, which was paying a fixed rate for their use to their proprietors, and yet the railwaymen declared a lightning strike which inflicted untold hardship almost entirely upon the poorer classes. They had, in my opinion, a very genuine grievance, but it could not affect them for six months, yet such was the action that they thought fit to take when working for the Government.

It will also be remembered that the Prime Minister when he announced that the Government did not intend to adopt Mr. Justice Sankey's recommendation that the coal-mining industry should be nationalized laid stress on this aspect of the question. Mr. Justice Sankey's recommendation had been based upon the hope that nationalization would tend to smooth the relations between the workers and their employer, but Mr. Duncan Graham, M.P., a mining leader, had declared at a conference of the National Union of the Scottish Mine-Workers, "that if the mines became the property of the nation the miners would need to be more determined than ever in their policy and more vigorous in the Trade Union organization because instead of
RISKS OF STATE SOCIALISM. If Government control is only to mean harder fighting between Labour and its employer, there is a sweet prospect ahead of the Socialist State.

A similar lesson can be learnt from the experience of municipal enterprise in the report of the conference between the Prime Minister and the miners' leaders on the subject of the nationalization of coal-mines. The Prime Minister was reported as saying:—

"Municipalities in their communal ownership own gigantic industries, but I do not think you can point to a single case where it can be said that workmen working for the commune, either the local commune, or the national one, work more heartily, work harder, or increase the output in comparison with their fellows who are working for a syndicate—not one."

Whereupon Mr. Shillie replied, "Yes, the Glasgow trams are. They work more loyally." Mr. W. E. Treit, editor of the Electric Railway and Tramway Journal, wrote a letter that was printed in the Times of October 17, 1919, in which he stated that the above-quoted passage.

1 Times, August 15, 1919.
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had led him to analyse the records of strikes published in his journal during the twelve months ended June 30, 1919, in order to ascertain whether there were more strikes or fewer on British municipal or on company-operated tramways during that period, and that he had found that there had been twelve on municipally-owned and operated tramways, including Glasgow, and on company operated tramways four. He added, however, that "the fact that in the United Kingdom municipally-operated tramways are much more numerous than company tramways has some bearing on the figures, but does not affect the argument put forward by Mr. Smillie."

As to the method by which Socialism is to be arrived at, Mr. Snowden tells us that there is no dispute. "All Socialists," he tells us on page 138 of his book, "are now agreed that the economic changes which are aimed at must be brought about by political action. Mr. Sidney Webb says there can be no doubt that the progress towards Socialism will be, (1) Democratic—that is, prepared for in the minds of people and accepted by them; (2) Gradual—causing no dislocation of industry however rapid the progress may be; (3) Moral—that
is, not regarded by the sense of the community as being immoral; (4) Constitutional—that is, by legal enactment sanctioned by a democratic Parliament."

He then quotes, with disapproval, Mr. Arthur Balfour, who had stated in a speech at Birmingham in 1907 that "Socialism has one meaning only. Socialism means, and can mean nothing else than that the community or State is to take all the means of production into its own hands, that private enterprise and private property are to come to an end, and all that private enterprise and private property carry with them."

Mr. Snowden thinks that this definition "is not an accurate and precise statement of the aims of present-day Socialism... Socialism only proposes to make such of the means of production into public property as can be conveniently and advantageously owned and controlled by the community... If private enterprise can carry on any productive works, or conduct any public service better than the community, can do it, a Socialist State might certainly be trusted to encourage that form of enterprise which would bring the best results to the community... But whatever private
production or voluntary enterprise does exist in the Socialist State will not be private capitalism. Capitalism means capital employed for the purpose of appropriating profit or surplus value. There can be no Socialist State in which the exploitation of labour for the profit of others is allowed. There can be no Socialist State where economic rent is appropriated by monopolists. The reason why Socialists aim at the control and ownership of land and capital is because, generally speaking, that is the only way in which rent, interest and profit can be secured for the community, and also because, generally speaking, the community can work a concern or public service more economically and efficiently than private enterprise can do it."

This latter assumption, is by no means borne out by such examples as the management by the post office of the telegraphs and telephones. And if, as Mr. Snowden seems to indicate, no private production or voluntary enterprise in the Socialist State would be allowed to earn a profit, it would seem that all the means of production are likely to be transferred to the State, unless human nature were radically altered, since no one else would have any incentive for making
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use of them. And in that case, Mr. Balfour's view that private enterprise and private property would necessarily come to an end, would clearly be correct. And Mr. Balfour's reading of the meaning of Socialism, rather than Mr. Snowden's, is borne out by a speech made by Mr. Tom Shaw, M.P., at the Trade Union Congress of September 1919. "If," he said, "Socialism means anything, it means the nationalization of the means of production, distribution and exchange, and their administration by the whole nation for the good of the whole nation." He seemed to recognize no exceptions.

Among practical steps to be taken towards the establishment of Socialism Mr. Snowden enumerated an eight-hour working day, a minimum wage for all adult workers, complete provision against sickness; free education for all children at the primary, secondary and technical schools, adequate provision for all aged and infirm persons, and other reforms aimed at the raising of the general standard of the workers' life. Also "demands for the abolition of indirect taxation and the gradual transference of all public burdens on to unearned incomes, with the view to their ultimate extinction." He further advocated the organization of schemes
for the unemployed or the maintenance of the unemployed by the taxation of surplus value, so that workmen may be relieved from vieing against each other for employment, and as a means to that end he tells us that "Socialists demand that the State shall embark upon schemes of national development, such as the improvement of roads, harbours, waterways, and the afforestation of suitable wastes. They also suggest that the policy of agricultural holdings for the labourers shall be extended, and that help shall be given by the State in the form of encouraging co-operative effort among these State tenants, with the assistance of State capital."

Municipal enterprise might "start competitive enterprises in house building, fire insurance, coal supply, milk supply, bakeries, refreshment houses, stores and the like," and "the nationalization of land, mines, railways and other means of transport would be a tremendous step towards Socialism."

The question of finding money for this programme is, a difficulty which, as Mr. Snowden says, is "felt only by those persons who give Socialists credit for sufficient honesty as to believe that compensation will be paid." And he
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points out that these difficulties vanish when it is remembered that the railways have been nationalized in many other countries without confiscation, and that "in this country we have transferred from private to public ownership such great concerns as the telephone system, the London Docks, the Metropolitan Water Companies and tens of millions of property in tramways and gas and electricity works."

It is quite true that the transfer of property from private to public hands can be carried through quite equitably without raising any money for the actual process of transfer. The State takes over the capital and debts of the enterprise, and creates national securities with which to buy out the holders. "The State debt is enormously increased, but it is only increased by the cancellation of the capital and debts of the enterprise acquired. The charge upon the country's wealth and productive power is not necessarily increased at all, and is only increased if the State or municipality pays extravagant prices. But there is a danger which past experience shows to be a very real one, that State administration, being at present inefficient and extravagant, will not provide a better service to the community, will not be able to treat its
workers any better, or to get a more willing and loyal service from them; and, owing to its inefficiency and extravagance, will not be able to earn a sufficient sum to meet the interest and redemption of the debt created in order to buy out the private owners. In that case, every enterprise which the State takes over would increase its charges and diminish the income out of which it has to meet these charges. If these things are so, any attempt to introduce Socialism prematurely, before collective authorities had learnt to conduct enterprise on business lines, might, instead of opening the way to the Promised Land, only lead to economic disaster. Is it worth while to gamble on such a risk?
CHAPTER VIII
A PICTURE OF STATE SOCIALISM

Any one who wants a detailed picture of the manner in which the State might obtain control of the means of production and organize industry to the exclusion of the private capitalist, can find it in a book called The Ragged-Trousered Philanthropist, by Robert Tressall, published in April 1914 by Grant Richards. It is a tragic and very interesting book, and is said to have been written by a Socialistic house-painter, who died soon after writing it. It describes the experiences of an educated working man, with high ideals of work and life, employed by a very third-rate firm of builders and decorators among a crowd of jeering and illiterate companions, whom he tried to stimulate to accept his own views on Socialism, as being the only remedy for the evils under which he and they suffered. In the last chapter this idealist, finding himself threatened with deadly disease, decides that the
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The kindest thing to do for his wife and son is to take them with him out of a world which seems to him hopeless. It is a terrible book, and as a picture of the black side of the present economic arrangements of society, is well worth study.

The most interesting pages in it—apart from the roughly humorous descriptions of the gaiety with which these unfortunate, underpaid, and overdriven workers face the misery of their lot—are those in which the idealist worker, Frank Owen, describes to his companions, in answer to their jeering questions, the means by which their lot could be bettered. In the course of one of these orations he gives a detailed and ingenious description of the birth of the Socialistic State (page 334). He begins by dealing with the land, saying that a large part of it may be got back "in the same way as it was taken from us. The ancestors of the present holders obtained possession of it by simply passing Acts of Enclosure; the nation should regain possession of those lands by passing Acts of Resumption." As to the rest of the land, he suggested that the present holders should be allowed to keep it during their lives and that it should then revert to the State, "to be used for the benefit of all." The railways,
of course, would be nationalized at once. All railway servants, managers and officials would continue their work being henceforward in the employ of the State. The State would pay to shareholders the average dividends they had received during the previous three years, these payments being continued to the present shareholders for life, or for a stated number of years, and the shares would be made non-transferable.

As for the factories, shops, and other means of production and distribution, the State would "adopt the same method of doing business as the present owners." The speaker argues that even as the big Trusts and Companies are crushing by competition the individual workers and small traders, so the State should crush the Trusts by competition. "It is surely justifiable for the State to do for the benefit of the whole people that which the capitalists are already doing for the profit of a few shareholders." The first step would be the establishment of retail stores for the purpose of supplying all national and municipal employees with the necessaries of life at the lowest possible prices. The Government would buy these goods from private manufacturers in such large quantities that it would be able to get them at the very cheapest rate, and as there would be no high
"rents to pay for showy shops, and no advertising expenses; and as the Government would not be aiming at profit, it would be able to sell much cheaper than the profit-making private stores. These National Service Retail Stores would only serve those in the public service; and coined money would not be taken by them in payment for the things sold. At first all public servants would continue to be paid in metal money, but those who wished it would be paid all or part of their wages in paper money, which would be taken in payment for their purchases at the National Stores, National Hotels, National Restaurants, and other places which would be established for the convenience of those in the State service. Owing to the cheapness of the articles that it would command, the paper money would win increasing favour, and all public servants would soon prefer to have all their wages paid in it. The Government, however, would still need metal money to pay the manufacturers who supplied the goods sold in the National Stores. But to avoid buying all these things from them—the State would then begin to produce for itself.

1 At the time when Mr. Tressall's book was written, we had a gold-currency in England.
PUBLIC LANDS would be cultivated, and public factories would be started to produce food, boots, clothing, furniture and all other necessaries and comforts of life. All who were out of employment and willing to work would be given work on these farms and in these factories, which would be "equipped with the most up-to-date and efficient labour-saving machinery." How the State is going to get the machinery is not made clear. Perhaps it could provide the necessary money by taxation, if by that time there were any one left to tax, or perhaps it would just take it. From its farms and factories so equipped it would pour out a great flood of cheap goods, and all public servants would revel in "abundance of everything." When the workers who were being "exploited and sweated" by the private capitalists saw what was happening, they would come and ask to be allowed to work for the State. "That will mean that the State army of production workers will be continually increasing in numbers. More State factories will be built, more land will be put into cultivation. Men will be given employment making bricks, woodwork, paints, glass, wall-papers and all kinds of building materials; and others will be set to work building on State land, beautiful
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houses, which will be let to those employed in the service of the State. The rent will be paid with paper money.”

State fishing-fleets would be the next State enterprise, and in order to deal with the “great and continuously increasing surplus stock” in its hands, the Government would acquire or build fleets of steam trading-vessels, manned and officered by State employees, to carry the surplus stocks to foreign countries, to be sold or exchanged for foreign products, which would be brought to England and sold at the National Service Stotes, at the lowest possible price, for paper money, to those in the service of the State. A detachment of the Industrial Army would be employed as actors, artists and musicians, singers and entertainers. Every one that could be spared from producing necessaries would be set to work to create pleasure, culture and education.

Meanwhile, private employers and capitalists would find that no one would come and work for them, “to be driven and bullied and sweated for a miserable trifle of metal money,” and some might threaten to leave the country and take their capital with them. “As most of these persons are too lazy to work, and as we shall not need their money, we shall be very
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But their real capital, their factories, farms, mines or machinery, would be a different matter. So a law would be passed, declaring that all land not cultivated by the owner or any factory shut down for more than a specified time, would be taken possession of by the State and worked for the benefit of the community. Fair compensation would be paid in paper money to the former owners, who would be granted an income or pension either for life or for a stated period. Wholesale and retail dealers would be forced to close down their shops and warehouses, first, because they would not be able to replenish their stocks, and secondly because even if they were they would not be able to sell them. This would throw out of work a great host of people "at present engaged in useless occupations, such as managers and assistants in shops of which there are now half a dozen of the same sort in a single street, and the thousands of men and women who are slaving away their lives producing advertisements. These people are in most cases working for such a miserable pittance of metal money that they are unable to procure sufficient of the necessaries of life to secure them from starvation." (Here the writer surely overstates his case.) But all
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those who are willing to work would be at once employed by the State in producing or distributing the necessaries and comforts of life. The Government would build houses for the families of all those in its employment, and all other house property of all kinds would rapidly fall in value. "The slums and the wretched dwellings now occupied by the working-classes, the miserable, uncomfortable, jerry-built 'villas' occupied by the lower middle-classes and by 'business' people, will be left empty and valueless upon the hands of their rack-renting landlords, who will very soon voluntarily offer to hand them, and the ground they stand upon, to the State on those terms accorded to the other property owners, namely, in return for a pension."

By this time the nation would be the only employer, and as no one would be able to get the necessaries of life without paper money, and as the only way to get it would be by working, every mentally and physically capable person in the community would be helping in the great work of production and distribution. There would be no unemployed and no overlapping. For every one labour-saving machine in use to-day, the State would, if necessary, employ a thousand, and there would be produced
PICTURE OF STATE SOCIALISM. 77 such as “stupendous, enormous, prodigious, overwhelming abundance of everything,” that soon it would be necessary to reduce the hours of the workers to four or five hours a day. All young people would remain at the schools and universities until they were twenty-one years of age. At forty-five every one would retire on full pay. “Thus, for the first time in the history of humanity, the benefits and pleasures conferred upon mankind by science and civilization will be enjoyed equally by all, upon the one condition, that they shall do their share of the work in order to make all these things possible. These are the principles upon which the Co-operative Commonwealth will be organized; the State in which no one will be distinguished or honoured above his fellows, except for Virtue or Talent; where no man will find his profit in another’s loss, and we shall no longer be masters and servants, but brothers, free men, and friends; where there will be no weary broken men and women passing their joyless lives in toil and want, and no little children crying because they are hungry or cold.”

I have given this detailed summary largely in Mr. Tressall’s own words, because it is the only picture of a Socialistic State that I know
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which works out in detail how it came into being. 'William Morris,' beautiful dream in News from Nowhere shows us life under Socialism but does not tell us how it came about, or even how the material needs of the Socialist community were met. Mr. Tressall's scheme, though it bristles with obvious difficulties and involves some injustices, is not altogether impracticable and, while the mere suggestion of paper money in connection with a Socialist Government makes one shudder in the light of recent experiences, there is nothing necessarily unsound in his paper money as long as its authors did not make too much of it.

Most of us will admit that the picture is in many ways highly attractive, and that if the writer's ideas could be secured by the methods that he proposes it would be worth while to sacrifice a good deal, in order to obtain them. But some very large assumptions are involved by his exposition. In the first place, he gives to the State officials a power of organization which is at present more notable as an effort of idealist imagination than likely to be realized in the world of fact; and it also assumes efficiency and alacrity on the part of those who work for the State concerning which one can only feel a certain amount of scepticism.
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If it involves certain injustices, Mr. Tressall's scheme also carries with it, if it could be carried out, very great benefits to a very large proportion of the population. But there remains still the question whether, if we could swallow all the injustices and all the assumptions in return for all the promised benefits, the result achieved would be one in which anything like economic freedom would be secured, and in which the nation as a whole would be better off in every sense of the word.

On this subject, as has already been observed, the most outspoken critics of State Socialism are the exponents of the new variety of Socialism known as Guild Socialism. Mr. Cole, who has already been quoted in former chapters, says on page 5 of his book on Self-Government in Industry that "Before the war the problem of industrial control had forced its way to the front. State Socialism, in part a bureaucratic and Prussianizing movement and in part a reaction against the distribution of wealth in capitalist society, continued to develop, at least in its Prussian aspects. But, from the working-class point of view, State Socialism was intellectually bankrupt. The vast system of regimentation inaugurated by the Insurance Act was opening men's eyes
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to the dangers of State control, and, in those services, such as the post office, which were already publicly administered, discontent was growing because the State and municipal employees found that they were no less wage slaves than the employees of private profiteers.” And on page 114: “The crying need of our days is the need for freedom. Machinery and Capitalism between them have made the worker a mere serf, with no interest in the product of his own labour beyond the inadequate wage which he secures by it. The Collectivist State would only make his position better by securing him a better wage, even if we assume that Collectivism can ever acquire the driving-power to put its ideas into practice: in other respects it would leave the worker—[presumably a misprint for "worker"] essentially as he is now—a wage slave, subject to the will of a master imposed on him from without. However democratically-minded Parliament might be, it would none the less remain, for the worker in any industry, a purely external force, imposing its commands from outside and from above. The postal workers are no more free while the post office is managed by a State department than Trade Unionists would be free if their Executive Committees
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were appointed by His Majesty's Minister of Labour.

Equally emphatic is a book called National Guilds: an Enquiry into the Wage System and the Way Out, which is described on its cover as by A. R. Orage, and on its title-page as by S. G. Hobson, edited by A. R. Orage. On page 21, the Hobson-Orage partnership observes that "there is this in common between Municipal and State Socialism: both are equally committed to the exploitation of labour by means of the wage system, to the aggrandisement of the municipal investor. State Socialism is State capitalism, with the private capitalist better protected than when he was dependent upon voluntary effort."

Later on, on page 153, they say that they "have shown that the continuance of the wage system is inevitable if the State Socialist prevails, since he can only acquire productive and distributive undertakings by payment of a compensation that would bear as heavily upon labour as the present burden of rent, interest, and profits." And the champion of Guild Socialism who has published the latest book on the subject, Mr. G. R. Stirling Taylor, deals roughly with the question of bureaucratic
"Bureaucracy," he says, "as a matter of fact, does not choose expert workers; it chooses first-class bureaucrats. It would be inhuman if it did not look upon the world with the rather timid eyes of the sedentary clerk. It probably thinks that the world can be saved if a sufficient number of letters and reports are written about it. There are hundreds and thousands of clever, self-sacrificing officials in Government offices, who pass their lives in helpful work. But the most helpful work they can do is to stand on one side, and not act as a buffer between the men who are themselves producing and the community which is receiving. It is not that all Government officials are dishonest or foolish; most of them are the reverse. The bad thing about them all is that they are clerks, and wealth is not made by clerks."

Thus all the attractions, such as they are, of State Socialism for those who see how black are the effects of the present system, are dismissed as a fraudulent and futile chimera by the advocates of the latest form of Socialist zeal, namely the National Guilds. In the meantime the Capitalist may chuckle as he sees the Socialism that was the bogey of his

childhood derided by Socialists of the latest brand, and wonder when a new vintage, equally contemptuous of the Guildsmen, will come into fashion.

The schemes which these ingenious gentlemen put forward for the bettering of our lot will be examined in later chapters. In the meantime their criticisms of State Socialism are by no means necessarily decisive. Labour leaders seem to be in favour of nationalizing everything, though it is by no means clear that thereby they voice the real opinions of those whom they are alleged to represent. They seem to think that somehow nationalization can be adopted without involving the bureaucratic control which they emphatically flout. Mr. Brace in the House of Commons, Nov. 28, 1919, said, "The mining people are driven to despair at this blunder in connection with the Coal Controller's department. . . . This is not how nationalization would work. If it were I would oppose it. This is bureaucratic control pure and simple, and it is the worst of all systems. Better far go back to private ownership and private control." But he did not explain how nationalization could be accomplished and bureaucratic control avoided. Whatever attempts are made to dodge it by
means of committees and district councils, nationalization must surely mean that the nation puts money into an industry, and so Treasury control becomes inevitable, with all its consequences.

A state of society in which everybody worked and nobody was overpaid and nobody was underpaid, and everybody enjoyed a fair share of an overwhelming abundance of the good things of life has certainly enormous advantages to recommend it, if it can be attained, as compared with our present system. Nevertheless, even this is only to be secured, according to its advocates, by the introduction of a system which might carry with it very deadening drawbacks. Mr. Cole deals a deadly blow at State Socialism when he speaks of the "regimentation" involved by it, and describes it as a Prussianizing movement. In order to obtain the very great economy in production, which is certainly possible if a really efficient State administration took the business in hand, decided what was good for the community to consume, and then set the whole energies of the nation on to producing those "particular articles, it would be necessary to lose the freedom of choice in production and consumption which our present system gives us, involving
some waste, but at the same time conferring certain benefits which are rightly very dear to the great majority of mankind, and will continue to be so.

To most of us, to find ourselves members of a monstrous organization, which regulated our lives from our birth to our death, telling us what work we are to do, what necessaries of life we are to consume, and what pleasures we are to enjoy, would seem to be a fate under which, though we might get a much larger supply of some of the good things of life than we now enjoy, we should only do so through the sacrifice of all the freedom and fumbling and failure which make life worth living because they are our own fault and make men and women of us by testing us and battering us with our own blunders and teaching us to take risks. It might be cheaper to have national retail stores at which we all had to shop, instead of half a dozen shops in the same street competing for our custom, but should we be so well served, and should we have the same variety of choice, and should we not suffer very considerable inconvenience by having our wants supplied by people who had no incentive of private gain to spur them to do the best that they can for their customers?
As human nature is at present, it seems most probable that our dealings with the great Government stores might often be very uncomfortable, disagreeable and unsatisfying. It has long been a commonplace that the difference of spirit in which one is served at a post office and at a private shop which depends on its customers' goodwill for its profits is markedly in favour of the latter. And a very interesting confirmation of the incentive of profit in rendering services to the consumer has been provided during the late war, when, owing to restrictions on the supply of goods and the absence of competition, shopkeepers no longer 'had' the same need to observe ordinary courtesy towards their customers. It is often assumed by Socialistic enthusiasts that when once profit-making and competition are eliminated every one will be sunny and kindly and helpful. How far this theory is from fact was made clear to any one who during the war wanted to buy a pound of sugar or a box of matches or anything in which profit was automatic and competition was suspended.

But even if this were not so, if we not only had abundance, which is doubtful, but also pleasant and kindly relations between producer
and consumer, which is problematical, would it make up for the loss of the old freedom to make mistakes in our own way and so attain to that development which is only possible to those who have a chance of doing and being wrong? To quote Mr. Stirling Taylor again: "Doing the wrong thing ourselves is often more stimulating than doing the right thing because somebody else orders it." To have all the pitfalls of life filled in and fenced off by bureaucratic efficiency would make it a very comfortable proceeding perhaps, but as exhilarating and stimulating as a journey through a tunnel in a Pullman car. If it were the only possible cure for destitution, then perhaps nine-tenths of us might submit to it, with resignation, in the interests of the now unfortunate tenth. But is there no other way of solving this terrible problem but by living in a society which at best would be a glorified and well-appointed workhouse? If there is any other way, surely those who believe that a sound and good people can only be made out of sound and good individuals, and that no individuals can learn to be sound and good except by facing life's problems for themselves, are entitled, and bound, to resist the regimentation and tyranny involved
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by State Socialism. Under it the individual would have as much chance of development and progress as a fowl in an intensive poultry farm, and would probably be not nearly as well fed as they are.
CHAPTER IX

GUILD SOCIALISM

Every one who has recognized the evils of the Capitalist system, and been forced to the conclusion that State Socialism, though it might cure some of these evils, could do so only at the risk of a great loss in productive output and by the establishment of bureaucratic control that might have deadening effects on moral and intellectual growth, must have been thrilled, as with the hope of spring, when he or she heard that a new school of Socialism was setting out to make things better by means of National Guilds. The word guild is hardly associated with freedom, having, as hitherto used, generally implied a more or less close corporation, very jealous of its privileges. Nevertheless, it had a pleasant mediaeval smack on the mental palate, and everybody but the most uncompromising economic Tories turned to the study of the literature of the new faith, with a hopeful mind, most ready to find salvation, if it was really to be had.
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Before we entered on this study we had probably heard from conversation with its disciples a rough outline of its doctrines—economic freedom to be secured by the abolition of the wage system, every industry to be organized into a great watertight blackleg-proof union including all the workers by hand or brain, the capitalist to be got rid of, the great new unions to be the new Guilds, which were to give the worker freedom, and a new community to be founded on the basis of "organization by function."

From this sketch, which proved on examination to be very near the mark, it appeared that there was much in common between Guild Socialism and Syndicalism, which has hitherto had little support in this country. Concerning it Mr. Snowden tells us, in his book on Socialism and Syndicalism, page 205, that "there is no authoritative and definite statement of its philosophy or its policy or its aims by those who profess to accept it. Syndicalism is one thing according to one of its exponents, and something very different according to another." This of course is inevitable in the case of a new doctrine that is developing itself, and Mr. Snowden was nevertheless able to tell us that Syndicalism "proposes that the control of
production shall be exercised by the workers in the various industries—that is, that the railways shall be managed by the railway workers, the mines by the miners, the post office by the postal servants, and so with regard to other industries and services. "Syndicalists have now repudiated the claim that these industries shall be owned by the workers in the separate industries. . . . The Syndicalist, like the Anarchist, repudiates the State, and would make the social organization of the future purely an industrial one." As we shall see, it is chiefly in the matter of their attitude to the State that Syndicalism and Guild Socialism differ, since the latter has, apparently, to leave a good deal to the State.

Certain obvious difficulties naturally came into the mind of any one who took a first draught from the Guild Socialist fountain as above described. How, one wondered, could economic freedom be secured for the producer except at the expense of himself as a consumer? And as every one, as a rule, produces one, or a fraction of one, article or service and consumes thousands of them, is the sum total of the freedom of each likely to be furthered by this process? How are the Guilds to solve the question of value—that is, on what basis are they
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to exchange their products? State Socialism could solve this problem by the Prussian process of rationing, leaving no freedom of choice to anybody, either in what they make or what they consume. But how are the Guilds to solve the question? Would not enterprise and initiative be checked under Guild monopoly almost as seriously as under State control? Who is to decide as to right of entry to a Guild? Would the guildsmen really work better for a Guild than for an ordinary employer? What would happen if any of the Guilds, exercising, as they would, a watertight monopoly, started the game—at which all could play with differing degrees of success—of mutual exploitation?

And this strange new formula about "organization by function"—what did it mean? If a man is to be a butcher, baker, or candlestick-maker first, and a citizen of his country, or a member of the human brotherhood, second, it seems to be a rather material standpoint. It would surely tend to produce a selfish and sectional outlook, very different from the conception of each as a member of a great community, in which divergent interests are, or might be, attuned by co-operation and competition into a cheerful and inspiring harmony. A study of Guild Socialist literature, in spite of
the evident earnestness and sincerity of its writers, does not remove these difficulties. State Socialism we found to be theoretically possible. With an efficient bureaucracy, and a docile people ready to work hard and to be told what to produce or consume, the system might work well, though only by eliminating the surprises and failures that give life much of its zest and most of its discipline. But it is difficult to see how the schemes of the Guild Socialists could be fitted into a system that could work, without the sacrifice of most of the objects that they hope to secure.

A book on the subject of National Guilds from which I have already quoted freely, is *Self-Government in Industry*, by G. D. H. Cole. On page 4 he tells us: "I am putting forward in this book some general suggestions for industrial reconstruction. These suggestions are based upon the idea that the control of industry should be democratized; that the workers themselves should have an ever-increasing measure of power and responsibility in control, and that capitalist supremacy can be overthrown only by a system of industrial democracy in which the workers will control industry in conjunction with a democratized State. This is the system of National Guilds,
and its dominant idea is that the individual worker must be regarded not simply as a "hand," a decreasingly important adjunct to the industrial machine, but, as a man among men, with rights and responsibilities, with a human soul and a desire for self-expression, self-government and personal freedom."

This dominating idea is cherished by most of us in these days. But is it likely to be achieved by the establishment of a group of great monopolies? It is rather disappointing—after the bitter criticisms of State control and bureaucratic tyranny expressed by Guild Socialists, especially by Mr. Cole—to find that the control of industry by the workers is to be exercised "in conjunction with a democratized State."

Perhaps, however, the word "democratized" is expected to cover a multitude of blessings, and perhaps it might actually do so. Mr. Cole continues a little later (page 6): "Recognizing the paramount need for destroying the wage system and giving the producers the fullest possible share in the control of their life and work, National Guildsmen saw also the true function of the State and the municipality as the representatives of the consumers, of all those who had a common interest born of neighbourhood and common use of the means of
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life. They set out therefore to devise a system by which the control of industry might be shared between the organizations of producers and consumers, so as to safeguard the interests of the community of consumers and at the same time to give the workers freedom to organize production for themselves." And on page 63 he tells us again: "In the first place National Guildsmen clearly know what they want. Their aim is a partnership between State and Labour, accompanied by the abolition of the system of capitalist production."

It thus appears that, under the National Guild system, the much-abused State is to exercise extremely important functions. It is to represent the consumers and safeguard their interests, but at the same time the workers are to have freedom to organize production for themselves. How far is this freedom possible? And what does it mean? Does it mean that the workers are to be free to turn out whatever article they like, irrespective of the wishes of consumers with regard to the kind of things they would like to have and enjoy? And if so, if the workers happen to produce an article which nobody wants, how are they to be paid for their work? In other words, what right will they have to any of the goods which
other people are producing? In another part of his book, as we shall see later, Mr. Cole says that the workers must be freed "to choose whether they will make well or ill," the consumer being apparently invited to take the article made or leave it. But production will have to be dominated, under a system of National Guilds as under every other, by the needs of the consumer—either expressed by himself by his purchases in the market, as under the present system, or as expressed, as is conceivable under State Socialism, by the decision of a bureaucracy as to what sort of articles it is good for the community to enjoy. In whatever way the decision is arrived at, the producer, if he is to justify himself economically, has to produce what is wanted. If he does not produce what is wanted, his product has no economic value, and his freedom in production simply reduces him to a useless parasite working for his own enjoyment, instead of for the satisfaction of the needs of the community.

Until we go back to the state of the primitive savage supplying all his own wants, it is the inevitable lot of all workers to meet the wants of somebody else. We thus see at the outset that in this proposed partnership between the State and Labour there are seeds of a
good deal of discord and friction which might lead to serious economic inefficiency. That is to say, unless the National Guilds representing the producers, and the State representing the consumers, work in complete harmony, the strikes and friction which are so serious a clog on the economic machine under our present system, might be replaced by even more bitter contests, more bitter because they would involve the whole society through its political machinery.

On this subject Mr. Cole does not seem to have thought the matter out very clearly, and here again one must admit that it is no just criticism of National Guildsmen to tell them that they have not got a cut-and-dried scheme to cover every possibility. He tells us (page 86) "that the various Guilds will be unified in a central Guild Congress, which will be the supreme industrial body, standing to the people as producers in the same relation as Parliament will stand to the people as consumers. . . . Neither Parliament nor the Guild Congress can claim to be ultimately sovereign: the one is a supreme territorial association, the other the supreme professional association. In the one, because it is primarily concerned with consumption, government is in the hands of the
consumers; in the other where the main business is that of production, the producers hold sway."

Again he says (page 87): "Where a single Guild has a quarrel with Parliament, as I conceive it may well have, surely the final decision of such a quarrel ought to rest with a body representative of all the organized consumers and all the organized producers. The ultimate sovereignty in matters industrial would seem properly to belong to some joint body representative equally of Parliament and of the Guild Congress. Otherwise, the scales must be weighted unfairly in favour of either consumers or producers. But if on such questions there is an appeal from Parliament and from the Guild Congress to a body more representative than either of them, the theories of State Sovereignty and Guild Congress Sovereignty must clearly be abandoned, and we must look for our ultimate sanction to some body on which not merely all the citizens, but all the citizens in their various social activities, are represented. Functional associations must be recognized as necessary expressions of the national life, and the State must be 'recognized as merely a functional association — 'elder brother,' 'primus inter pares.' The new social philosophy which this changed conception of
sovereignty, implies has not yet been worked out; but if Guild Socialists would avoid tripping continually over their own and other writers' terminology, they would do well to lose no time in discovering and formulating clearly a theory consistent with the Guild idea, and with the social structure they set out to create."

What all this means, will perhaps be clear to people of exceptional intelligence. The ordinary plain reader can only see that Mr. Cole thinks it very likely that a Guild may have a quarrel with Parliament wherein we heartily agree with him. Further, that Mr. Cole concludes that the ultimate sanction must be provided by some body, superior both to Parliament and the Guild Congress, representing both of them, and also representing not merely all the citizens, but all the citizens in their various social activities, and he is left wondering what that means. Also that the State must be recognized merely as a functional association, and he is still more bewildered, and he will finally agree very earnestly with Mr. Cole that the Guild Socialists should formulate a clear theory on the subject, and tell us how this queer conglomeration of ruling bodies could possibly work in harmony or with anything like practical efficiency.
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In the meantime if the consumer is to have any voice in the question of what is to be produced, and if, under the system of National Guilds, the State is to represent the consumers, it would seem that the freedom which is promised to the workers by Guild Socialism, will be very seriously qualified by State control. On a later page (page 106) Mr. Cole tells that the State "has no claim to decide producers' questions, or to exercise direct control over production; for its right rests upon the fact that it stands for the consumers, and that the consumers ought to control the division of the national product, or the division of income in the community." If the consumers are thus to decide concerning the division of the community's income, it is clear that the producing Guildsmen will have to work according to their wishes, and in return for pay provided by them. And the freedom of the Guildsman seems to be narrowed down to mere control of the "conditions under which work is carried on." (page 107). "The workers," says Mr. Cole on page 108, "ought to control the normal conduct of industry; but they ought not to regulate the price of commodities at will, to dictate to the consumer what he shall consume, or, in short, to exploit the community as the indi-
individual profiteer exploits it to-day." Under competition the "profiteer" can only "exploit the community" by selling it something that it chooses to buy. How the consumers are to express their wishes under the Guild system is not clear. Presumably it would be by the votes of the majority—a cheerful prospect for those who like their clothes and boots comfortable, rather than fashionable, and whose taste in other things happens to be eccentric.

It is on the subject of the wage system that Mr. Cole is most interesting and illuminating. He tells us (page 154) that "the wage system is the root of the whole tyranny of Capitalism; ... there are four distinguishing marks of the wage system upon which National Guildsmen are accustomed to fix their attention. Let me set them out clearly in the simplest terms.

"1. The wage system abstracts 'labour' from the labourer, so that the one can be bought and sold without the other.

"2. Consequently, wages are paid to the wage-worker only when it is profitable to the capitalist to employ his labour.

"3. The wage-worker, in return for his wage, surrenders all control over the organization of production.

"4. The wage-worker in return for his wage
surrenders all claim upon the product of his labour.

"If," Mr. Cole continues, "the wage system is to be abolished, all these four marks of degraded status must be removed."

Let us look at these "four marks of degraded status." The fact that a man's labour can be bought and sold without the labourer is surely some advance, as indeed is acknowledged by Guild Socialists, on what they call chattel slavery (as distinguished from wage slavery), under which the worker and his labour were sold together, like so many cattle. The fact that a man sells his labour apart from himself, if it be a mark of degraded status, is shared by the labourer with all brain workers and members of professions who sell their skill or their products to consumers. The fact that when I sell a copy of this book I do not sell myself to my readers at the same time, seems to me to be rather an advantage than otherwise, both to me and to them.

But in a sense every man's work is a bit of himself, he puts something of himself into it, and the economic arrangement has enormous advantages by which a worker can sell bits of himself, that is to say bits of his work, in exchange for bits of other people, and so
become, as producer and consumer, part of a great myriad-handed economic body in which all co-operate and contribute bits of themselves to the common good.

This system has infinite possibilities of harmonious development, but the modern fashion in thought seems to have decided that there is something radically wrong about it. Mr. Arthur Henderson, M.P., in a speech at an International Brotherhood Congress at the City Temple on September 16, 1919, stated that the workers wanted "a new method which would be based on the recognition of fundamental principles hitherto disregarded. Firstly, that human labour was not a commodity or article of commerce to be dealt with by the law of supply and demand as we now dealt with coal, or cotton, or iron ore, but it was that into which personality entered and through which personality was expressed." Can one with the best will in the world find any real meaning in this sounding phrase? Of course we all express our personality in our work just as in anything else that we do; but is that any reason why we should not exchange it for the work of others by selling it, and have it valued according to the extent to which others like it and want it, just as our other actions get social value from
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the approval or disapproval of those whom they affect? The economic test of our work's value, like the social test of our other actions, is weakened by the bad taste and judgment of public opinion; but can we find a better, without setting up an economic and moral tyranny, which, incidentally, is also quite likely to make bad mistakes?

The second mark of degraded status is the fact that the wages are paid to the wage-worker only when it is profitable to the capitalist to employ his labour. This degradation is also shared by the labourer with all other workers, including even the capitalist who lends for present production the products of work done in the past. The doctor and lawyer who work directly for their consuming patients and clients, can only do so if they can find patients and clients to employ them. The capitalist can only get interest on his money when it is invested in profitable enterprises or in the obligations and loans of communities, Governments, and municipalities, which are enabled, by the production of taxpayers and ratepayers, to raise the money necessary to pay the capitalist his wage.

The third mark of degraded status lies in the fact that the wage-worker has no control over
the organization of production—in other words, he is freed from the risk and responsibility of an extremely difficult and delicate business in which mistakes are often made causing loss to the capitalist, which the wage-worker is not asked to share. And the same thing applies with even greater force to the fourth mark of degraded status, the fact that the wage-worker surrenders all claim upon the product of his labour. He produces something which is only economically justified if somebody else wants it and will pay for it enough to cover the wages of the labourer and manager, establishment charges, depreciation of plant, and interest on capital. The business of selling the product is now recognized to be one of the most difficult and costly items in the business of production. If, as many besides the Guildsmen hope, the labourer proposes to undertake this very difficult job he can do it under the capitalist system and has already done it with marked success through his Co-operative Societies. Mr. Cole can hardly mean that the labourer, having been paid to make a suit of clothes, can then expect to keep it, but this is what the phrase rather seems to imply.

However, Mr. Cole has decided that these marks of degraded status must be removed, and
that National Guilds must therefore assure to the workers at least the following things (page 155):

1. Recognition and payment as a human being, and not merely as the mortal tenement of so much labour power for which an efficient demand exists.

2. Consequently, payment in employment and in unemployment, in sickness and in health alike.

3. Control of the organization of production in co-operation with his fellows.

4. A claim upon the product of his work, also exercised in co-operation with his fellows.”

Very well then: what the National Guilds are aiming at is that everybody is to be paid merely because they are alive, and not because they are “mortal tenements of labour for which an efficient demand exists.” To those of us who suffer from the alluring but at present unprofitable habit of slothfulness this seems to be an extremely attractive programme. The right to be kept alive has of course been recognized grudgingly by the Poor Law for many centuries, but the Poor Law has doled out subsistence under conditions which are generally admitted to have been inhuman.” Now, if the National Guildsmen reconstruct society,
everybody who is alive is to be made really comfortable, whether he or she works or idles; for presumably Mr. Cole when he says "payment" means the regular pay of the Guildsman. He does not deal with the delicate question as to whether this payment is to be made to those whose work is wanted, but who do not want to work, and here of course we come up against the great problem, whether under such schemes as these, anything like the same efficiency of work can be expected as is produced now by the system of private gain.

At present if a man will not work he has, unless he owns private means, to fall back upon the degradation of the workhouse, or outdoor relief, or lead a life of precarious penury. Would the ordinary average man, if the mere fact that he were alive gave him a claim apparently to full payment, trouble to work much? A large number of people work, and work very well, for the mere pleasure of working, apart from any question of payment. But as human nature is at present, it is safe to say that if the amount of work which everybody did were left to his own choice, and if everybody whether they worked or not, were to receive full payment out of the common fund of production, any such fund would dwindle so rapidly that
the community would find itself on short commons. In other words, before the National Guilds could be efficient as economic forces for satisfying the wants of men, we should have to have a new spirit and a new heart at work among us. This Mr. Cole himself acknowledges, for he says on page 105: 'Nothing is more certain than that both State and Trade Union if they are to form the foundation of a worthy Society, must be radically altered and penetrated by a new spirit.'

And on page 9 he observes that 'in a sense, the war has led men of all classes to make sacrifices;' but emphatically it has not led, among the possessing classes, to a change of heart which will bring nearer a Society based on human fellowship.'

So the possessing classes, in Mr. Cole's view, have still got their old bad hearts. Has there been that change of heart necessary for bringing nearer a Society based on human fellowship among the working classes? We seem to have heard of disagreements between various trade unions and between the different classes of workers. That such things should arise under the strain of a war was most natural and inevitable, but they certainly show that we have a long way to travel before the right of recogni-
tion and payment for all as human beings, such payment being apparently the same for those who work and those who do not, would not be a very severe strain upon the economic efficiency of the community.

And now let us see how, according to Mr. Cole, this great reformation is to be carried out. He tells us on page 117 that "out of the Trade Unionism of to-day must rise a Greater Unionism, in which craft shall be no longer divided from craft, nor industry from industry. Industrial Unionism lies next on the road to freedom, and Industrial Unionism means not only 'One Industry, One Union, One Card,' but the linking up of all industries into one great army of labour. .. The workers cannot be free unless industry is managed and organized by the workers themselves, in the interests of the whole community."

"In the interests of the whole community" seems to be slightly inconsistent with the ideas put forward in other parts of Mr. Cole's book. We have seen, from quotations given above that the workers are to organize industry, the interests of the community being looked after by the State, the State being considered as merely a "functional association," whatever that may mean. But now the workers are suddenly
told to organize themselves in the interests of the whole community, though a few pages later (page 121) we find that "we can only destroy the tyranny of machinery—which is not the same as destroying machinery itself—by giving into the hands of the workers the control of their life and work, by freeing them to choose whether they will make well or ill, whether they will do the work of slaves or of free men."

The first step is the building up of an organization capable of assuming control (page 134). "All workers in or about mines must be in the Miners' Union, the whole personnel of the cotton mills must be in the Union of the Cotton Industry. A body consisting of clerks or mechanics or labourers drawn from a number of different industries can never demand or assume the conduct of industry. It can secure recognition, but not control. A Postal Workers' Union or a Railway Union, on the other hand, "can both demand and secure producers' control."

Here we have the chief item on the practical side of this most interesting scheme. The Unions are to include all the workers, 'clerks, mechanics and labourers connected with every industry, and will then take charge and deal with the capitalist.

"The wage system (page 162) must end with
a re-integration, with the placing in the hands of all of both capital and labour. In order to bring this about, the wage-earning class must assume control of capital.

Does this mean that the wage-earning class is going to take forcible possession of the factories and plant which capital has provided? On this point, Mr. Cole does not make himself clear. "This control," he goes on, "under National Guilds, will be exercised collectively, through the State," but he leaves us in the dark as to how the State is going to get control.

In another passage (page 173) he says: "We in our day and generation shall succeed in overthrowing industrial Capitalism only if we first make it socially functionless. This means that, before Capitalism can be overthrown, there must be wrested from it both its control of production and its control of exchange. This done, the abolition of its claim to rent, interest and profits will follow as a matter of course." Further (page 182), "let us suppose for a moment that the Jeremiahs are right in denying the possibility of destroying the economic power of Capitalism by any combination of industrial and political action. There remains the weapon of catastrophic action, envisaged generally in the shape of the General Strike."
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Later, on page 189: "Industrial action alone cannot destroy profits, or even lower them, unless it can overthrow the whole capitalist system. This, we have seen, cannot be done purely by industrial power." The ordinary reader is left wondering what all this means. If the workers can themselves supply the managing ability that controls production and exchange, they will have made the present manager and organizer "socially functionless." But they will only inflict the same fate on the capitalist if they either seize the plant and tools that he provides or make their own and become capitalists themselves. The suggestion of "catastrophic action" looks as if the former method were contemplated, and on this point we get rather more light from other Guild Socialists, whose works will be considered in the next chapter.
CHAPTER X

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When we turn to the National Guilds; an Enquiry into the Wage System, and the Way Out, by A. R. Orage, or by S. G. Hobson, edited by A. R. Orage, we find very much the same point of view as Mr. Cole's, but a different method of approach. It deals with the problem of reforming our economic system with the jovial cheerfulness of a Newfoundland puppy worrying a door-mat. It starts with the assumption which we have found to be common to so many of the people who want to turn society upside down, that labour at present produces everything that is produced and is robbed of a large part of its product by buccaneers who exploit it, and that it is therefore labour's duty to deal with the robbers as robbers should be dealt with. Here is an example both of the style of this book and of the methods which it advocates (page 5): "Labour must realize that its emancipation can only become possible when it has absorbed every shilling of surplus value. The way to do this is by tireless and
unrelenting inroads upon rent and interest. The daily and weekly Socialist bulletins should tell, not of some trivial success at a municipal election, or of some unusually flowery flow of poppy-cock in Parliament, but of wages so raised that rent-mongers and profiteers find their incomes pro tanto reduced. And there is no other way. Profits are in substance nothing but rent. Rent, whatever its form, reduced to its elements, is nothing more and nothing less than the economic power which one man exercises more or less oppressively over another man or body of men. Destroy the power to exact rent and ipso facto rent is destroyed. This is the only way of salvation, of emancipation—the only possible release from bondage.

Here we find the assumption that surplus value is produced by labour and absorbed by somebody else. In fact, as we have seen in our analysis of the previous chapters, labour produces surplus value with the assistance of management, materials and tools, which are supplied to it by other people, and takes a large part of that surplus value for itself, since its own product, if it had not this assistance, would be nothing but what it could gather in the woods or scrape out of the ground with its finger-nails.
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In their contempt for the State Socialists, the present writers are just as earnest as Mr. Cole, and express themselves still more vigorously: "Is it any wonder," they ask (page 16), "that politics now stink in the workman's nostrils and that he has turned firmly to 'direct action'? Had a living Socialist Party found itself in Parliament, instead of the present inert Labour Party, led by charlatans and supported by Tadpoles and Tapers, the energies of Labour might possibly for a slightly longer period have been fruitfully employed in the political sphere." And on page 20 we find that "the Independent Labour Party exemplifies these good and bad qualities.... Not an idea of the slightest vitality has sprung from it, its literature is the most appalling nonsense, its members live on Dead Sea fruit. The joyous fellowship which was its early stock-in-trade has long since been dissipated; the party is now being bled to death by internal bickerings, dissensions and jealousies. It is the happy hunting-ground of cheap and nasty party hacks and organizers, who have contrived to make it, not an instrument for the triumph of Socialism, but a vested interest to procure a political career for voluble inefficient.

Such is the spirit in which the Guild cham-
pions deal with the work of those who have gone before them in the effort to improve the lot of the wage-earner. Does it promise well for harmony and team-work on the part of the Guilds, if they should be established?

Like Mr. Cole, the writers attach great importance to the distinction between wages and pay. It is really very difficult for the un instructed outsider to understand this fine metaphysical distinction. It would seem at first sight that as long as a man receives money, to be exchanged into goods and services, for work which he renders to the community, no very far-reaching revolution can be achieved by calling it pay instead of wages. However, there evidently is some really essential distinction since the high priests of the National Guilds lay so much stress upon the matter. Let us quote these writers again (page 80):—

"The bulwark which protects surplus value from the wage-earner, which secures it to the entrepreneur, is the wage system. That is why it must be abolished. Now let us suppose that the work of the London docks were done, not by more or less casual wage slaves, but by a properly organized and regimented labour army, penetrated by a military spirit attuned to industry."
It may be observed by the way that after Mr. Cole's vigorous protest against the "regimentation" involved by State Socialism, it is rather sad to find these authorities on National Guilds striving after a properly organized and regimented Labour army. "Do soldiers receive wages?" they continue (page 81): "No, they receive pay. 'But,' cries the practical man (and possibly even Mr. Sidney Webb), 'what earthly difference is there between wages and pay?' Let us see. The soldier receives pay whether he is busy or idle, whether in peace or war. No employer pays him. A sum of money is voted annually by Parliament to maintain the Army, and the amount is paid in such gradations as may be agreed upon. Every soldier, officer or private, becomes a living integral part of that Army. He is protected by military law and regulations. He cannot be casualized, nor can his work, such as it is, be capitalized. The spirit that pervades the Army is, in consequence, different from the spirit that dominates wage slavery."

Here then we find the real difference between wages and pay. The pay is voted by Parliament and granted to the worker, whether he is busy or idle. This is the same view as was expressed by Mr. Cole when he spoke of
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"recognition and payment as a human being, and not merely as the mortal tenement of so much labour power for which an efficient demand exists." Once more we have to ask, would such a system of payment produce good work? I once heard this question raised before an audience that knows more than anybody else about the answer. It was when I was lecturing at the back of the front in Belgium in March 1918. My subject was National Finance, but in the discussion which followed, this point about wages and pay was introduced by a private who appeared to be a disciple of the Guildsmen. Why, he asked in effect, cannot wage-earners be paid just as soldiers are paid? I answered that it was not quite evident that in ordinary life we should get good work by this system. "Everybody knows," I said, "how you soldiers work when you are fighting, but when you go out to do fatigue work"—and a roar of laughter from the rest of the audience made the roof of the big hut ring, and left no more for me to say.

As it happened I had been reading Mr. Orage at home not long before, and had pointed out his remarks about the spirit of the Army to an office just back from the front; he observed that anybody who had seen soldiers
doing any fatigue job would know that at least three times as much work would be done by wage-earners under civilian conditions. If then the workers worked with the fatigue spirit of the Army instead of the battle spirit, there would be an awkward dwindling in the funds out of which their pay could be annually voted by Parliament. Parliament might vote the money, but unless goods and services were turned out, that money would be worth only scraps of paper. Moreover, the soldier is not only “protected by military law and regulations,” he is also bound by them and liable to very severe penalties if he breaks them. Is industrial militarism really the ideal of Messrs. Hobson and Orage?

They go into more detail than Mr. Cole in reference to the arrangements under which the workers would be paid. On page 146 we find that “once a member of his Guild, no man need again fear the rigours of unemployment or the slow starvation of a competitive wage. Thus every transport worker, providing he honestly completes the task assigned him, will be entitled to maintenance—a maintenance equal to his present wage, plus the amount now lost by unemployment, plus a proportion of existing surplus value—that is, plus his
present individual contribution to rent and interest; and, finally, plus whatever savings are effected by more efficient organization. He will not, therefore, receive wages (as we now know them), because he will receive something much greater—possibly three times greater than the existing wage standard."

Here we find two difficulties. "Once a member of his Guild"—one is brought up by the question, how will membership of these Guilds be arranged? At present people do have more or less choice of the kind of occupation in which they will spend the working part of their lives. In the case of most of us, it is true, economic fate or hazard marks out some course for us, and in most cases the choice, such as it is, is made long before we can be said to have minds to make up on the subject, and still longer before we have sufficient experience and knowledge to exercise the choice well. Nevertheless, some choice there is, and it is possible and does happen, that people who have made a wrong choice, or think so, can later in life change from one occupation to another. But how much freedom would these organized and regimented Guilds allow to any aspiring youth who wanted to become a member, and by what methods and
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by whose decision would the difficult question be solved as to the entry of the young workers into the different lines of occupation?

These questions clearly involve endless possibilities of friction. They are faced in a book called The Meaning of National Guilds by C. E. Bechhofer and M. B. Reckitt who show more capacity than other Guild champions for seeing practical details and trying to deal with them. On page 310 they say that "each man will be free to choose his Guild, and actual entrance will depend on the demand for Labour. In fact the principle will be that of first come, first served. In the event of there being no vacancy, it will be open for the applicant either to apply for entrance to another Guild, or during his period of waiting to take up some occupation of a temporary character. . . . Labour in "dirty industries"—scavenging, etc.—will probably be in the main of a temporary character, and will be undertaken by those who are for the time unable to obtain an entry elsewhere."

This is all very sensible and practical, but it is not a very comfortable prospect for the aspiring Guildsman. If he has to wait till he is wanted, where is his freedom to choose his Guild? He will be no better off in this
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respect than he is now under capitalist tyranny, and will find himself in the meantime relegated to a drain-cleaning job. Moreover, the same authorities tell him that in extreme circumstances, a Guildsman will be liable to expulsion. And what will become of him after that?

Again we find that according to Messrs. Hobson and Orage every worker would be entitled to maintenance, "providing he honestly completes the task assigned to him." Who is to decide concerning the honesty of the completion of the task? Presumably the decision will be arrived at by the Guild officers elected by the workers. And here again we see the possibility that those Guild foremen will be most popular, and therefore most likely to be elected, who will take the most lenient views concerning the honesty of the work done by the Guildsman. Whether this system will be conducive to brisk production can only be very seriously doubted, and we are left wondering what is going to happen to the unfortunate worker, who justly or unjustly is condemned as not having honestly completed the task assigned to him. Apparently in this case he will not be entitled to maintenance. If so, what becomes of that most attractive arrangement under which the National Guilds are
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To assure to the worker recognition and payment as a human being, and not merely as the mortal tenement of so much labour power for which an effective demand exists? Such, combined with the right "to make well or ill," was Mr. Cole's ideal, but Messrs. Hobson-Orage are only going to assure the worker payment, not even as the tenement of labour power, but as an honest and efficient producer of it. But they go on to strike a loftier note and to say that (page 147) "after all maintenance is not the only consideration in life." This is very true, but without a certain amount of it life is impossible. In fact they seem to expect that, under the Guild system, hard times may have to be faced and that nobody will mind. On page 111 we read: "Nobody doubts that the majority of wage-earners would be willing, any one of them at any moment, to exchange their position as wage-earners for the position of economic independence, even if this latter involved a permanent reduction of financial income;" and on page 113: "We may find ourselves, in fact, if we abolish wage slavery, worse off than we are now."

If the wage-earners got real freedom, probably many of them might be willing to be worse off. But it has been shown that
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Under the Guilds their freedom would still be qualified by the limits that are imposed on that of all of us who work for others, who work for us. And if a lower standard all round is to be the result of the Guild system, it clearly will not lead us to the better world that can only be won by hard and efficient work, and a greater output of material goods, giving us a chance of winning goods that are more important.

Moreover, from page 36 of the same book: "Even if the process of wage approximation goes much further than we now foresee, it is nevertheless inevitable that graduations of position and pay will be found necessary to efficient Guild administration. We do not shrink from graduated pay; we are not certain that it is not desirable. There will be no inequitable distribution of Guild resources, we may rest assured; democratically controlled organizations seldom err on the side of generosity. But experience will speedily teach the Guilds that they must encourage technical skill by freely offering whatever inducements may at the time most powerfully attract competent men. There are many ways by which invention, organizing capacity, statistical aptitude or what not may be suitably rewarded. It is certain that rewarded
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these qualities must be." So that even under the Guilds there are to be considerable differences in the rates of the reward given to various kinds of workers. This admission is of course entirely sensible and encouraging for the future efficiency of the Guilds if ever they come into being. At the same time it opens the door to a good deal of possible friction and jealousy, seeing that the rates of pay will have to be decided by officers elected by those who are going to receive the payment. And further, is it not an abandonment of the whole ideal under which the labourer is supposed to receive the whole of what he produces? If "organization, invention, statistical aptitude or what not" are to be suitably rewarded, are not the Guilds, as private capitalists are alleged to do now, going to compel the worker to produce surplus value, which he will not be allowed to consume?

However, such is the robust belief of these writers in the perfection of the natures of everybody who belongs to a Guild, that they remark on page 148: "Nor need we shrink from the further conclusion that the appointment of a hierarchy involves a suitable form of graduated pay. . . . In this connection, we pin our faith to the democratic idea without reserve. We believe the workman is the shrewdest judge of
good work and of the competent manager. Undistracted by irrelevant political notions, his mind centred upon the practical affairs of his trade, the workman may be trusted to elect to higher grades the best men available. In the appointment of their check-weighmen, for example, the masters almost never make a mistake. Doubtless injustices will from time to time be perpetrated; but they will be few compared with the million injustices done to-day to capable men who are habitually ignored in the interests of capitalist cadets.” This pleasant trusting faith, which imagines that because workmen can elect capable check-weighmen, they will also be able, without any further education or experience, to choose the right people to manage “the whole organization of industry, is a pleasing spectacle in these cynical, sceptical days, and one would be sorry to disturb it. But it must be observed that the higher rates of pay to be granted to this “hierarchy,” and also to “inventive organizing capacity, statistical aptitude, or what not” will make a big hole in the whole of the produce. If, as quoted above, labour’s emancipation can only become possible when it has absorbed every shilling of surplus value, its emancipation will still be remote, when all these highly paid
statisticians and hierarchs are exacting what will look very much like rent, as defined by our authors in the same passage. If the capitalistic manager’s salary is only to be replaced by the Guild hierarch’s higher pay, will the difference be really essential? Every one who has read Dumas remembers how Chicot the Jester induced Frère Gorenflot to eat a fowl on Friday by making him christen it a carp. But Gorenflot wanted to eat the fowl and was quite ready to be humbugged. Will that very shrewd person, the British wage-earner, be equally ready to be duped by a change of name, when he is asked to hand over “surplus value” to hierarchs instead of managers?

Messrs. Hobson-Orage admit frankly the likelihood of strife between the various Guilds. “We may expect,” they say (page 228), “dissatisfaction among the weaker Guilds when the stronger from time to time impose their wills, that is, in the last resort, exercise their ‘pull’ in what direction, then, can we reasonably anticipate dissatisfaction, followed by strenuous agitation for rectification? Primarily, we imagine in the value each Guild sets upon its own labour, which may be disputed by the other Guilds. In our chapter, ‘The Finance of the Guilds,’ we remarked that in the earlier
stages the more highly-skilled industries would insist upon a higher value being attached to their labour than to the labour of the so-called 'unskilled' group. . . . This struggle, too, will be waged inside the several Guilds as, for example, between the fitter and his labourer, both members of the same Guild, or the mason and his labourer, also members of another Guild. But the domestic arrangements of the Guild do not concern us here; it is when the Guilds, as such, come to grips with other Guilds to establish the general value of their respective work and functions that the main battle will be joined. Thus, agriculture is now poorly paid. . . . But the agricultural Guild" [as arranged by the writers in the imaginary group of Guilds which they have produced] "is numerically the strongest of them all. May we not then expect strong action by that Guild for a revaluation of agricultural work and products? . . . Will the claim for a higher valuation of agriculture, both in its actual products and as a supremely important element in our national life, be met by the other Guilds in a niggling or in a generous spirit? In this connection it is well to remember that even during the past decade, extremely acrimonious disputes have arisen between existing trade unions, notably as to
delimitation of work, and if such large questions were to be settled in the same spirit, it would prove of ill-omen to the future greatness of the Guilds. But the Guilds, as we have pictured them, are not the existing unions, but the unions plus the practical intellectuals, the labour and brains of each Guild naturally evolving a hierarchy to which large issues of industrial policy might with confidence be referred."

If the practical intellectuals are to include such exponents of Guild doctrine as Messrs. Cole and Hobson-Orage, the specimens which have already been quoted of their dialectical methods and their controversial geniality seem to promise that the world of the National Guilds will have a pleasant resemblance to Donnybrook Fair. Messrs. Reckitt and Bechhofer in their book already referred to dealt with the question of inter-Guild strife as follows (page 325). "A query often brought to confound National Guildsmen is this: What would happen to a National Guild that began to work wholly according to its own pleasure, without regard to the other Guilds and the rest of the community? We may reply, first, that this spirit would be as unnatural among the Guilds as it is natural nowadays with the present anti-communal capitalist system of industry;" [but
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It may be observed that any anti-communal capitalist who nowadays worked wholly according to his pleasure without regard to the rest of the community would very soon be bankrupt, because the rest of the community would not buy his goods. "Secondly, if it did arise in any Guild, this contempt for the rest of the community would be met by the concerted action of the other Guilds. . . . A Guild, however, that thought itself ill-used by its fellows would be able to signify its displeasure by the threat of a strike; but it is to be hoped that there will be sufficient machinery for the successful settlement of inter-Guild dealings that occasion for this would seldom arise."

But a still more serious source of inter-Guild friction is suggested by the latest book on the subject, The Guild State by G. R. Stirling Taylor, which appeared in the autumn of 1919. This writer actually suggests competition between the Guilds. This seems to be quite contrary to the doctrines of the earlier champions who, unless I have altogether misunderstood them, intended the Guilds to cover the whole of the industry concerned. "The Guild," said Messrs. Hobson-Orage on page 132, "means the regimentation into a single fellowship of all those who are employed in any given industry."
Mr. Cole told us (page 132) that "only an Industrial Union, embracing the whole personnel of an industry, can assume control over that industry." This seems to be an essential part of the whole scheme. But now comes Mr. Stirling Taylor and observes (page 95) that: "Surely there will be many advantages, if just a healthy competition—and not more than healthy, remember—can be maintained in a town between, for example, a reasonable number of competing bakers' Guilds."

There certainly will be many advantages to the consumer, but this new element in the Guild State seems to upset the whole structure that has been built up by its former advocates. What becomes of the control of production and its product that Mr. Cole believes to be necessary to the worker if he is to be set free from his "degraded status," if the Guilds have to compete for the custom of the consumer by producing what he wants in competition? What becomes of the workers' right of choosing "whether they will make well or ill"? Under competition the consumer prefers things that are made well, if he is able to distinguish them. Once more we are left wondering what it all means.

Finally let us see how the Guildsmen pro-
pose to deal with the capitalist, the man who owns the plant and takes the risk of productive failure. He is just to be relieved of his property, and Messrs. Hobson-Orage call attention to the great advantage of this plan over that of the State Socialists, whom they credit with the intention of buying him out. On page 179 of their book they set out the advantage in the form of an equation as follows:

"Cost of production under State Socialism = raw material + standing charges + rent + interest + profits + increased wages. Cost of production under Guild Socialism = raw material + standing charges + pay."

And on page 240 they develop Mr. Cole's suggestion of "catastrophic action or general strike" in detail in the form of a dialogue between a Guild deputation and the Chairman and General Manager of a large industrial enterprise that divides £100,000 a year amongst its shareholders. The deputation admits that the company pays standard rates of wages, but says it has decided that the men shall no longer work on a wage basis. In the first place, the men now on the pay-rolls must continue there whether there is work for them or not. The Guild is going to "assume partner-
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in the business, supplying the labour and taking half the profits. In five years' time, it intends to take another slice of the profits. It asks whether the shareholders would rather have £50,000 or nothing? When the General Manager raises the question of the future supply of capital, the deputation airily observes: "Come to us and we will arrange it. You will find us as partners, always glad to co-operate," and ends the discussion, which goes on for some pages, by saying: "By all means call together your shareholders, but you, of course, understand that we are quite indifferent what they say or do. Unless our proposals are accepted in a month, we shall close down your works."

At the end of this passage the writers remark, with perhaps pardonable pride, that "Samuel Johnson always 'gave the Whig dogs the worst of it,' and perhaps in this discussion we have given the exploiters the worst of it." By the exploiters they presumably mean the Chairman and General Manager representing the owners of the factory. What the deputation practically says is that they mean to take from the owners of the factory the interest and profit to which they are entitled in return for its use in production. One wonders what would happen if the Chairman and General Manager
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"...they most probably would: 'Very well, you are going to make terms on which it is impossible for our shareholders to receive any interest or dividends on their undertaking; we cannot accept these terms, and we will dispense with the services of those whom you represent until they are ready to work at the union rates which we have always paid.' Would the capitalist be altogether helpless? It might not be safe to be quite certain that he would..." On a later page (282) the writers ask: "Falling back upon their undoubted legal rights to the instruments of production and distribution, what could they (the profiteers) do?" But with astonishing inconsistency they suggest that: "In exchange for their present possession of land and machinery, the State might give them, as rough-and-ready justice, an equitable income either for a fixed period of years or for two generations." Then what becomes of that beautiful "equation" showing the advantage of Guild over State Socialism? And in any case, when the existing capitalist has been dealt with, the Guilds will have to provide fresh capital, and will have to pay for it. The capital goods—machinery, etc.—needed by the Guilds will have to be made by somebody who will have to be supported and sup-
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plied with material out of "surplus value." And, if there, is to be any progress, risks will have to be taken with experiments, and some one will have to pay for failures. Capital, as always, will have to be paid its wage—or receive its pay.

Such is the tissue of inconsistencies and difficulties that is involved by the system of National Guilds as so far expounded. The evident sincerity, and earnestness of its advocates cannot blind us to the fact that their scheme has not yet been thought out in a workable shape, and that, as they themselves acknowledge, it might lead to a lowering of the workers' standard of comfort, while it is hard to see that they would gain any real increase of freedom. That it might also result in serious disputes and disagreements, both within and between the Guilds, is admitted by its advocates; and the temper in which they flout the work and efforts of the older Socialists and others who are trying to improve the lot of the wage-earners by other methods makes one doubt whether they have it in them to put forward a great and sound reform. Such work is not often done in such a spirit.
CHAPTER XI

CAPITALISM AND FREEDOM

In putting the case for Capitalism in the foregoing chapters, I have by no means meant to argue that it is the best possible economic system, only that it has worked wonders, and can work still better wonders in the future and that we cannot be sure that any other system that has yet been suggested will do as well. I have tried to show that under it the capitalist—the man who owns the plant and material and takes the risk of enterprise—does not rob the wage-earner of “surplus value” created by the latter, because the surplus value is due to the existence of the plant, and is shared by the wage-earner through the far better standard of life that the equipment of industry has enabled him to secure. Without the plant, the labourer could only supply himself with a bare subsistence, if that. It is true that most of the plant has been made or put where it is wanted by the manual
capitalism and freedom

Effort of wage-earners, but this was only possible because wage-earners were paid to do so; under direction supplied by capitalists, by capitalists who thereby, instead of spending their incomes on immediate enjoyment, invested part of it, always with more or less risk, in furnishing industry with equipment for an ever-expanding output, so creating surplus value not only for themselves, but for the whole nation, and for the whole economically civilized world.

By making this investment and taking this risk, and applying labour under expert direction to the task of providing industry with plant in the widest sense of the word, Capitalism has made an enormous increase in population possible, and has put control over the forces of Nature into the hands of active enterprising venturers who certainly might have made better use of it, but have this excuse, that they were bound, in their search for profit, to work to meet the demand of the average consumer, whose quaint foibles in the matter of demand have resulted in the production of a great deal of ugliness and rubbish. But in spite of all that the fastidious may urge, on artistic, moral and common-sense grounds, against the use that has been made under
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Capitalism of the new powers which the Industrial Revolution has given to man, there is plenty to be said on the other side of the account. We have done things worth doing under Capitalism. Sir Leo Chiozza Money in an article in the Observer of November 23, 1919, told us that: "With coal we create an export surplus of manufactures; with that export surplus we purchase food and materials to feed our population and our factories, and thus obtain the means to create a further export surplus to import more food and materials. This process, continued during a period of five generations, changed the poor and backward agricultural Britain of 1750 into the comparatively wealthy State which found, at the opening of the nineteenth century, the means to fight Napoleon, and, a century later, the means to destroy German militarism."

It is only fair to Sir Leo to observe that he, being a convinced and earnest Socialist, doubtless believes that economic progress would have been much greater and better under some form of Collectivist management than it has been under Capitalism. And he may be right. But, as Aristotle says, "the fact is the starting line," and the fact is that these things were done under Capitalism, and that under it, as
shown on a previous page, many millions of people were born and lived a life that had a good deal of comfort and jollity, and a certain amount of real nobility mixed up in its queer salad-bowl, who never would have seen the light without the industrial development that was in fact worked out under Capitalism. Far from robbing anybody of surplus value, Capitalism is like a benevolent ancestor who, instead of consuming all the port that he could get—as some ancestors did—laid down an enormous cellar of it for the use of future generations. And every one who is now alive in this country, and millions abroad likewise, are now able to help themselves to bottles of the grand old vintage then laid down and now ready for us, crusted, fruity, full of ripe flavour and rich bouquet. For none of us could have been so well off, and many of us could not have been born at all, if Capitalism had not done this deed, and done it judiciously and well. We all thus drink of the bottles laid down by those who went before us, those of us who work, because our work could not have been so well rewarded if we had not been members of a productively efficient community, those who cannot, will not, or do not work,
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because it would not have been possible for our needs to be provided as well as they are now. That some people have access to some of the bottles as a matter of legal right, is only because this privilege has been handed on to them by those who laid down the cellar. If we took their right away, there would be a few more bottles for the rest of us while the cellar lasted, but would the process of laying down for those who come after us be likely to continue on this voluntary basis? It would most probably have to be done by officials or Committees. Their efforts might appear at first sight to be cheaper than those of the private benefactor, who took a consideration for his forethought when he could earn it, but might cost the community dear in the long run if they laid down the wrong vintage or were too timid to try new brands.

Such is the debt that all of us owe to the capitalists of the past. But when we have taken off our hats to them and acknowledged it, we have to give our minds to reforming and improving the Capitalism of the present.

In our studies of the schemes that have been put forward for improving the economic system, we have found many aspirations that were highly desirable if they could be made into
practical facts, but did not seem likely to be carried out by the proposed reforms, or only at the cost of loss of efficiency in output. First among these comes the desire for economic freedom. Most of us will admit that freedom is the most precious jewel that we can gain, and that without a certain amount of it no one's mind and character can achieve real growth, any more than his legs can grow if they are encased in plaster of Paris. Economic freedom means to most of us freedom to work or not to work, or if we do work, freedom to work to please ourselves and not at the bidding of anybody else. In this sense it is not possible to the great majority of mankind because we all have to work unless we can induce somebody else to keep us alive, and the work that we do has to be pleasing to somebody in order to make him give us in return for it the money with which, by our choice of the goods that we buy, we exercise control over the work of others and make them turn out things that we want. In other words, we sacrifice freedom as producers in order to increase our freedom as consumers.

A few can induce others to keep them alive, and in some cases exceedingly comfortable, by the claims that they exercise as hereditary
owners of the equipment of industry in the widest sense of the phrase, including land. A few others can do it by appealing to the community's sympathy owing to physical and other inability to work. Most of us have to work, and to please others by so doing. If we lived in a wilderness and worked only for ourselves, we should still have to work, but only to please ourselves. Our control of goods would thereby be very greatly lessened, and would economic freedom; so gained, be really good for us? Is it not better that we should be forced to co-operate in order to enjoy, and to secure a good life for ourselves by helping to provide what others want? Those of us who take this democratic view must be ready to be bludgeoned with examples of the great artist prostituting his brush to boil his pot, and of the poet who starves because an ignorant public does not want the sonnets that the Muses bid him sing. These are special cases of special gifts, and one cannot feel sure that the artist or the poet would fare better at the hands of a Socialist Treasury Committee or of an Academy appointed by the Guildsmen. But for the ordinary workaday goods of life, there seems to be something pleasant and really "social" and sociable in this dependence on
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the judgment of others on our work; and a restriction of economic freedom that makes everybody work to please others, is very similar to the restriction on social freedom, which only allows people to do as they please as long as they obey the laws of the community, and do not allow their liberty to be a nuisance to others and a restriction on theirs.

If the decision about what is to be produced, and whether it is well produced, is left to the producers, it seems unlikely that the goods turned out will maintain so high a standard as when they have to pass muster before the consumer before they can earn any reward. And yet such seems to be the ideal of economic freedom aimed at by some at least of the Guildsmen, for we saw that Mr. Cole maintained that the workers must be free "to choose whether they will make well or ill."

To this extent, then, it seems that economic freedom must be limited, if we are to secure efficiency in production and freedom for the consumer to choose what goods he will enjoy. And since, as has already been pointed out, we most of us produce only one, or only a fraction of only one, thing, and consume thousands of things, our freedom as consumers seems to be much more precious than our
freedom as makers, doers and growers of goods and services.

But when the need for this limitation is granted, there is a great range of economic freedom left, in respect of which Capitalism can contend that it confers at least as much as any other possible system that has yet been suggested.

With regard to the consumer's freedom, it beats State Socialism and Guild Socialism so hollow that they are hardly to be seen on the course. Under State Socialism, carried to its logical conclusion, the consumer's freedom, and the producer's likewise, does not even "Also Run." Bureaucrats will decide who is to produce what; and the consumer will take what is produced, on a rationing system with all its exasperating apparatus, or leave it. Mr. Cole paints too flattering a picture with his naughty but amusing jeer, when he says (Self-Government in Industry, page 122), "the greatest of all dangers is the 'Selfridge' State, so loudly heralded these twenty years by Mr. 'Callisthenes' Webb." Mr. Selfridge gives his customers plenty of choice, and with the help of the adroit Callisthenes invites them to come and choose. Mr. Sidney Webb, with scientific and kindly benevolence, would order our lives
for as much better than we could, but they would lose all their zest because they would no longer be ours.

Under Guild Socialism either, according to Mr. Cole, the producers are to have the choice whether they will "make well or ill," or according to others the interests of the consumers are to be represented by apparently elected bodies which will leave little chance to those with eccentric tastes, or according to Mr. Stirling Taylor there is to be inter-Guild competition, which will give the consumer a chance, but seems to wreck the whole Guild fabric, which appears to be frankly based on monopoly.

Under Capitalism, as long as there is free competition, the average consumer decides what is to be produced, and the wishes of minorities are readily met as long as their demand is great enough to stimulate production to meet them. But is not the consumer's freedom to some extent threatened under Capitalism by monopoly, or at least by attempts in its direction on the part of trusts, "combines," amalgamations, rings, and "gentlemen's agreements"? If Capitalism plays this game, it will simply weave for itself a rope with which it will be hanged, and rightly, as high as Haman.
Monopoly has stunk in English nostrils since the days of Elizabeth, and if Capitalism tries to impose it now, it is committing suicide and asking for State Socialism. It is true that under State Socialism monopoly would be more tyrannous than under private enterprise, because since the Government would itself be the monopolist, the helpless consumer would have no official stick to lay across the back of it. But if there is to be monopoly, it will be easy for Socialists to persuade the public that in the hands of the State the monopoly would create profits, not for a profiteering octopus, but for the general good. Already Mr. Sidney Webb has made the recent bank amalgamations, though they are far from having set up any real approach to monopoly, a text for an adroit and ingenious sermon on the need for State banking, in an article on "How to Prevent Banking Monopoly," in the Contemporary Review of July 1918.

In fact, if the movement in favour of nationalization triumphs and proceeds to its logical conclusion, the end of the system of private Capitalism, it will be an interesting inquiry for the economist of the future to consider, how much was done by private capitalists and the property, owning classes to kill a system
which might, if more sensibly developed, have enjoyed a much longer life. The stupid financial policy of belligerent governments during the late war has given a great opportunity to the enemies of Capitalism by debauching the currency, pouring fortunes into the pockets of shareholders and adventurers through the consequent rise in prices, and so stirring up unrest and suspicions of "profiteering." Mr. Keynes, who develops this theme with brilliant lucidity in his book *The Economic Consequences of the Peace*, observes (page 222) that "perhaps it is historically true that no order of society ever perishes save by its own hand." But for this breach in the walls of Capitalism, private capitalists, as such, are not alone responsible; it was made rather by the politicians of their class whom the wealth that they created enabled to serve their country according to their lights, with results that are now plainly to be seen.

In other corners of the economic field, however, capitalists have themselves worked hard to weaken their own position. By continually resisting the claims of the wage-earners for higher wages on the ground that industry could not stand them, when subsequent experience proved that it could, they have
done much to embitter the mind of the workers, and to teach them to believe that they could only get what was their due from the State. By their action in the matter of piece-rates they have helped to increase the prejudice among the workers against being paid on this system, and so have done much to produce that deadly view, so fatal to efficient production, that the best workers should limit their pace to that of the average or of the worst.

It was no inherent wickedness that led them to make these mistakes. They were quite ordinary human beings doing their best according to their lights. But they looked to the interest of the moment, and their mental horizon was bounded by the date of their next balance sheet. If they had looked further ahead they would have seen that it would pay them well in the long run to pay, not the lowest wage at which they could get their work done, but the highest that their business could stand; and that if a man earned much at piece-work that was not a reason for cutting down the piece-rate, but for encouraging him to make more. They have been very conscious of the fact that they risk their money. Have they always remembered that some of the worst-paid wage-earners risk their lives?
Again, there has been unnecessary reluctance on the part of the capitalist in publishing full and candid statements of the financial position of his business. The accounts issued by public companies often seem to be arranged to give as little information as possible. There is much excuse for this attitude owing to the desire to limit the power of possible competitors to pry into matters that it is more pleasant to conceal. On the other hand, it would be an immeasurable advantage if the workers in an industry could be shown more clearly how it is faring on the financial side, and if the problems that its managers have to deal with were put before them in a way that they can understand. By this system it is possible that very practical suggestions of great value might be made by the wage-earners. With regard to the control of the conditions under which they work, reform is now generally admitted to be due, but here again capitalist employers have been, in the past, much too ready to resent what they have regarded as interference with matters that concern them only.

To bring about improvement on these lines, no revolutionary change in human nature is required such as would be necessary for the smooth running of industry by State or Guild
Socialism. We should not all have to be suddenly fired by zeal to work for others without consideration for ourselves. Capitalists would still be working, as they have to now, to earn profit for themselves by providing the needs of the community. They would only have to recognize, as the best of them do already, that to earn larger profits for the moment by paying their workers less than they can afford to pay is bad policy in the long run; bad for themselves, and bad for the community on whose prosperity and stability they depend. If they would only reflect that, if they earn the hostility of consumers by attempts at monopoly, and of the wage-earners by an abuse of the strength that their wealth gives them, they are weaving a rope for their own economic necks, they would be learning a lesson that would be of great benefit to themselves and to everybody else.

Besides their shortsighted attitude to those who work for them, capitalists have done much to undermine their own position in the eyes of detached observers by the use that they have made of the wealth that they have gained. Much of the academic Socialism that is rife among what are called the educated classes is due to the spectacle presented by the rich
bountier spending money in vulgar ostentation. All who earn or own wealth have to remember how much of it they owe to the existence of a busy and prosperous community as part of their raw material, and how little they could have done apart from that environment, and consequently how much of it has been earned for them by the community which has given them their chance. By bad spending they ask industry to produce bad stuff. By good spending on worthy public objects they might transform the appearance of most of the ugly and depressing towns in England, and give us an educational system that could really afford to grant every citizen that is born to us a chance of growing up into a good and healthy man or woman, fully developed in mind and body. Here perhaps we are demanding too great and rapid a change of outlook. But it is surely not too much to hope that the capitalist may learn that, when he wastes money on luxury, he not only exasperates public opinion, but raises the price of necessaries, and so emphasizes the inequalities which are so dangerous to the social stability on which his existence depends: 1

1 This platitude I have worked out in detail in a book called Poverty and Waste.—H. W.
These inequalities would be lessened rapidly if the attitude of capitalist employers towards those who worked for them were modified, as suggested above. But we want to see them attacked at the other end at the same time, by the wage-earners recognizing that Capitalism is not an evil monster that robs them, but a system that has improved their lot and given life to millions who could not have been born without the industrial development that has taken place under it. Owing to the shortsightedness of the capitalist employer, they have had to fight hard for the improvement gained, but if they want to emancipate themselves from dependence on him, is it not easier and safer to do so by becoming capitalists themselves, and providing for themselves the management, organization and plant without which labour is powerless to produce?

To this end again no great revolution in human nature is needed, but only a development of a process which has already in the Co-operative Movement produced astonishing results. The War Savings Campaign has taught millions who never saved money before to save it in order to save their country when threatened by a foreign enemy. All that is
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needed is that this process should be continued to save the country from the internal enemy that sets class against class. We want a financial organization by which wage-earners' savings, that now go into Government securities, can go into industry without having to face the risk that is attached to investments in any particular industry or company. This is a problem that financial ingenuity should surely be able to solve. The workers have already shown that they can become capitalists, but what is wanted is that more of them, and ultimately all of them, should be capitalists. Then, if the wealthy continue to perceive in a widening circle that it is not good for their younglings to bring them up to idleness, we shall begin to be within sight of a state of things in which every worker is a capitalist and every capitalist a worker.

In the meantime improvements in education should give to all a better chance of material success in life, and open the chance of a career to all who have the necessary gifts of courage, honesty, initiative and readiness to take responsibility. Though, owing to the weaknesses of Capitalism, baser qualities too often earn big rewards, these are the gifts that most surely
bring success under it, and they are also the qualities that make a great nation. With these qualities fully developed and given free play, we might produce a country in which all would be competing vigorously in order to supply the needs of the consumer, and, wealth being well distributed, great profits would only be earned by those who served the whole community best. Great profits when earned would be spent sparingly on personal enjoyment, lavishly on worthy public objects, or put back into industry, thereby quickening production and increasing the demand for labour, and material success would be the prize of energy, initiative and courage, wherever found, and so would stimulate the best powers of active, bold and enterprising men and women. Such a system is surely more attractive to those who love freedom than that of State Socialism under bureaucratic control, or Guild Socialism based on monopoly and a society grouped according to function. It would stimulate output to a degree that we can hardly now conceive, and having solved the problem of the supply and distribution of material goods would enable those who lived under it to address themselves to the task of building up a real civilization,
and producing a world that should be not only rich, but also beautiful and noble, full of wise and beautiful and noble men and women, competing and co-operating for the common good.

THE END