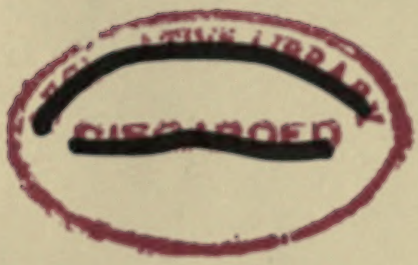
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INDUSTRIAL PEACE

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"England has saved herself by her exertions:
She will, I trust, save Europe by her example."
Pitt in "The Dynasts."
—*Thomas Hardy.*

INDUSTRIAL PEACE

CONTENTS

INDUSTRIAL PEACE

AN OUTSIDE VIEW.

THERE are many things from which, for a just judgment of them, you must stand back some way. One of these is the industrial condition of England. In the thick of the "industrial conflict" it is difficult to be sure that the country's state is normal and hopeful. And, whatever we may think in our hearts, we are too apt to grumble loudly to each other. Out of the abundance of our implicit confidence, perhaps, we indulge in a luxury of misgiving. But, to judge from common talk, English industry is beset by difficulties on every side: the spirit is bad, and the problems drift along to a catastrophe, since method and machinery for solution are lacking, or at least ineffective.

Is the state of England really so unhappy? Does the country lurch awkwardly from crisis to crisis, losing a little blood each time, a little of its nerve, a little of its stock of goodwill and of its hold on method? If you believe this, get away to the continent, and ask the Swiss, for instance, what they think. You need not, like some foreigners, regard England as an industrial heaven. But your examination of their ways will give you a better measure of the progress England has made. In England a certain large beneficial idea has been adopted by most of the population—the idea that to industry may be applied what may be called the parliamentary method. In Switzerland this idea startles both sides. For lack of a parliamentary outlet for industrial questions by an appropriate organisation *within and for* industry, industrial problems drift into politics, to the detriment of industrial peace and of the political tone of the country as a whole. In England it is no mere lip-service that is paid to the parliamentary idea. You cannot have "Government by discussion" unless the parties meet: and they cannot meet profitably unless their meetings are properly constituted and organised. In too many parts of Switzerland they do not meet at all. In England the membership of employers in employers' associations, and of men in trade unions, and, moreover, the frank recognition of these organisations reciprocally as qualified representatives to discuss and decide, have established themselves once and for all. The Swiss are imperfectly organised on both sides. The full recognition of trade unions has not yet

been accorded The Swiss are not convinced of the advantages of industrial institutions and diplomacy. In the industrial towns some of the workmen play with the notions of "direct action," of revolution, and of proletarian dictatorship. They do more than this. A revolutionary strike occurred last autumn in the leading city of Basle, and it was not ended without some bloodshed. Bolshevist strikes and diplomacy have nothing to do with each other. The gradual working of free representative institutions is not agreeable to those who wish to reform the world drastically "while you wait." The employers, in Switzerland, on the other hand, have their own arguments against joint institutions and the practice of conference-holding. They are very far, of course, from using the "mailed fist." On the contrary, they are tempted to try to anticipate some of the wishes and claims of their labour as a means of staving off the larger demand for the recognition of the Unions. It is a costly policy, and its chance of success is not in proportion to its cost. The men, drawing their inspiration from Germany and Russia, demand recognition. The employers shrink from conceding this because they fear the quasi-political policy of the Unions. The possibility of the emergence of mere politics wrecks the chances of a *régime* of discussion *within and for* industry. The result of all this is what might be expected—a deep malaise, a standing tension, and a mood of deadlock.

English industry has plenty of problems. The parliamentary method which this country has adopted in industry cannot prevent problems or eliminate parties any more than parliamentary Government can abolish political parties or problems. But short of this the parliamentary method still accomplishes as much as can be hoped from the wisdom of human institutions, and it makes a return contribution to those moral factors, the love of freedom and fair play and the sense of ultimate brotherhood and co-operation, on which it is based. The adoption of the parliamentary method is a tremendous start to have made. England has made it and is rapidly winning a favourable experience. Switzerland has not yet made the start. The Swiss believe that the English have made great progress. At this moment they are anxious to learn what the English secret is. Some of them are prepared to follow the English example. For an industrial pessimist a visit to Switzerland is a cheering thing: for he will return with a better confidence in the application of statesmanship which is being made here to industry.

PRACTICAL ECONOMICS, X.

COMPETITION *v.* COMBINATION: MONOPOLIES AND COMBINES.

In former articles we have discussed the various forces which tend to come into operation when industry is carried on under competitive conditions. The attitude of the law of this country hitherto has been that the interests of the community, as regards industry, will be well served if buyers and sellers are left to compete freely among themselves. Competition among buyers will ensure a "fair" price to the seller, and the competition of the sellers among themselves will prevent undue exactions from the consumer. But in fact, competition—free competition—is no longer the characteristic of Western industry. In some industries the march of invention has given us services which depend for their efficiency on single control, whilst in others, the obvious waste of competitive production for uncertain markets has led the manufacturer to combine with his competitors in so-called "Trusts," "Combines," and "Kartells." Free competition has already ceased to exist in many fields of industry, and the tendency is undoubtedly towards closer and more widespread combination. There is a growing feeling that the *laissez-faire* policy which was considered so excellent in a "free" country is inadequate in face of this subtle change from competition to combination, and that the principle of award in proportion to useful activity is no longer operative. The disorganisation of the war has aggravated the appearance of evil, and Communist and Syndicalist agitators too readily exploit real grievances for ends that cannot cure them.

What is monopoly? How, and why does it arise? Is it good or is it bad? What are the alternatives? We shall endeavour here to give as simply as possible the elementary facts and theory of the case. The future aspect of the problem and constructive measures for its solution will be dealt with in another series of articles beginning in our April issue.

What is Monopoly? A Threefold Classification.

Monopoly is the power to control the sale of the whole supply of any given service or commodity. This power may be in the hands of one or of many firms, but so long as all the

members of an industry agree to act as one agency for the purposes of selling, that industry is said to be monopolised. Monopolies are of various kinds and originate from different causes, but, generally speaking, the effect of monopoly is to *make possible* the securing of unusual returns to the monopolised industry.

There are various bases of classification, but the main ideas will be sufficiently clear if we consider three groups—monopoly which is the outcome of technical considerations, the legal monopoly of the patentee, and the partial monopoly of the "combine."

The first class comprises roughly what are known as the public services—the supply of water, gas and electricity; the telephone, telegraph and postal systems; tramways and railways. These services lend themselves to monopolistic control for at least two reasons. Competition destroys the efficiency of such services—as in the telephone or postal systems. The market is limited in extent, and the initial outlay required for the extensive plant required is the same whether the whole or part of the market be served. This duplication is wasteful, involving unnecessary expenditure of capital and necessitating higher prices than *need* be charged; for example, the duplication of water mains would double the expenses without improving the efficiency of the service. In the case both of trams and trains competition may improve service, but the social loss incurred by the extravagant capitalisation is likely to outweigh the gain, while the difficulties of earning any profit under such conditions generally leads to voluntary agreements between competing firms.

In such industries it is obvious that competition is essentially undesirable. It is also clear that the services are of a non-speculative nature carried on in certain clearly-defined markets; that the monopoly right confers an advantage on the holder which increases with the growth of the population—since the initial expenditure on plant is not proportionate to the numbers served—and every improvement in invention applicable to the industry. These monopolistic services, moreover, carry with them certain legal rights to the use of property and are an important factor in the health of the citizen and welfare of the nation. For all these reasons they are pre-eminently State or municipal concerns, and though there is in some quarters a revulsion of feeling at the moment, this fact has been increasingly recognised during recent years.

The legal monopoly granted to the patentee or the holder of copyright, forms our second class. Patent law in this country gives the inventor the sole right of sale of his idea for a period of fifteen years. During that period the price of the article, or process, is limited only by the demand for its use and the possibility of employing substitutes. There would appear to be a two-fold justification for the law. Public opinion demands that a man shall reap the reward of his effort, and it is held that the prospect of certain gain as the reward of success is a necessary spur to invention. The inventor's gain comes essentially from the gift to the nation. He can and does enhance it by limiting the quantity of the commodity or service he brings to the market, but at the end of fifteen years this monopoly-right is forfeit to the general public who can apply the inventor's genius where and how they will.

Development of Monopolistic Enterprise Abroad.

In the third group we get all the various attempts to secure monopoly by divers forms of combination, such as are found in the trusts and combines of America, the amalgamations of this country, and the Kartells of Germany. In the strict sense of the word, such organisations are seldom true monopolies, they are more or less complete organisations formed with the object of minimising the effects of competition.

Though the actual form of combination is less important than the analysis of the extent to which competition can be eliminated, and the general effect of such elimination on the State, it is useful to note the effect exerted by the law on the course of the movement in Europe and America. In this country and in America contracts in restraint of trade—such as price agreements as between competing firms—are not legal. Such arrangements are not punishable offences but they cannot be enforced in a court of law. As a result, though such agreements as to the quantity of a commodity to be placed on the market and the price at which it shall be sold, have frequently been entered into in the past between competing firms, they have invariably broken down when, in times of difficulty, some member or members of the combine have succumbed to the temptation to break the contract and secure a momentary advantage. This led, more particularly in America, to the formation in a given industry of a single

corporation which acquired a sufficient number of shares to obtain control over all the combining firms. The extent to which this sort of combination can take place both horizontally and vertically (i.e., through the various stages of an industry, from the raw material to the sale of the finished product) is very great and is practically limited only by the ability of the controlling board to offer some advantage to the various units it combines.

In Germany, on the other hand, contracts in restraint of trade are enforced as between the parties; but they may lead to penalisation if deemed by the courts inconsistent with the public interest. The result of this difference in the law is that the German Kartell is a device which publicly and legally fixes the price of a commodity, and the proportion of output which the combined firms shall severally produce.

The Use and Abuse of Monopoly Power.

If we examine the history of manufacture and trade during the last fifty years, it is evident that the growth of large scale industry tends to the formation of quasi-monopolies. The object of those who manœuvre them is to secure greater gains by eliminating competition and, in general, for an indefinite period, something more than competitive gains may be secured. The question then arises, is the net result good or bad? The answer involves the consideration of the methods used in stifling competition, the actual economies or advantages resulting from combination, and the possibilities and actual use made of the power conferred by partial monopoly.

Some of the methods used in the past do not bear very close examination. Perhaps the most common method has been to force rival firms to choose between absorption, or bankruptcy by cut-throat competition specially designed for the purpose. Persistent and extensive advertising may be effective in killing the sales of less wealthy or more honourable competing firms. In either case length of purse, irrespective of real merit, may decide the case. The wasteful expenditure incurred in the "war" penalises the community, prices may revert to something above the previous competitive level when the quasi-monopoly is achieved, and a large part of the incentive to give the best possible product to the consumer is removed. It must, however, be remembered that unless price and quality are kept within reasonable limits, there is always the possibility

of competition from substitutes or improved goods, and so the over-greedy monopolist may defeat his own object.

It is an open question whether economy is effected in combining large-scale enterprises. There is a point at which an increase in the size of the undertaking no longer corresponds with economy in management. It is true that when once the combine is established, the waste of capital and labour involved in the failure of competing firms ruined in the attempt to get a footing in the industry is removed. But what is more important is the claim that monopoly reduces the inequalities of production, and thereby actually lessens unemployment. In so far as the speculative element is removed from industry by combination, this is true. If the extent of the market is known both on the side of supply and of demand, and its provision is in the hands of honourable, far-sighted men, unemployment as a real problem need not exist. The absence of competition and of speculation coupled with the highest ability exerted in the public interest would give us this state of affairs, but the monopoly in its present form has not eliminated the speculative element which is one of the main causes of unemployment.

The limitation on the power of the monopolist to extort high prices or impose inferior wages, has already been mentioned.

The main fact that emerges from the whole question is that monopolies tend to stifle the operation of normal competition. Those who believe that the chief function of the State in its relation to industry is to secure conditions which aid "fair" competition, will feel that, *prima facie*, there is a good case for new legislation at least to control the methods by which combines can eliminate their competitors, and to check the possible evils of their effect. Just how much the law can do is uncertain. Generally speaking, the tendency "to get together and cease from competition" is an inevitable stage of industrial evolution. "Fair" competition alone will not prevent the best management from rising to pre-eminence amongst its competitors, and securing thereby the conditions of monopoly. But in such a case the conditions are secured by merit and result from superior service. The community benefits—or the monopoly power crumbles away.

Is Nationalisation a Remedy?

The socialist would solve the problem by nationalisation. The existence of the Trust, he thinks, shows the possibilities

of successful control on a large scale. The evils embodied in the power conferred by monopoly in the individualist State, he regards as the justification for the change. But the mammoth combine is only the last stage in the successful enterprise of men of exceptional ability exerted fully in a competitive field. Combines may continue to prosper for a time by virtue of their own momentum, but in the main their eminence is due to the superior service they can offer to the community. Their value as a type of economic organisation lies in the economies they effect, as well as the steadying influence they may have on general employment. Nationalisation, so far as we have tested it by experience, tends to dissipate the creative force on which not merely regular, but all employment, ultimately depends. Both to the socialist and to those who believe in some form of competitive industry with "fair" conditions for all, monopoly trade calls for changes in the existing law. Under nationalisation there is the risk of destroying the root in the attempt to transplant it to a friendlier soil. But is the soil of capitalism and competitive industry really the poisonous swamp of the socialist's imagining? It is still full of weeds and rank growth which feed upon the health and vigour of its fruitful plants, and these in their turn need drastic pruning. The capitalist system has all the faults of haphazard growth and the assembling of un-correlated parts, and though it has achieved miracles unknown under any other system, yet the fact remains that much has been done that is bad and much might be done that is good, and it is the business of those who believe in the essential virtues of private enterprise to remove its evils.

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OIL AND COTTON.

It was with a lively hope that the public awaited the Report in course of preparation by the Sub-Committee appointed to investigate costs, prices, and profits in the motor fuel industry, but now that the Report has been issued and we have digested all the figures, duly set out in thousandths of a penny, we may know more about the life history of petrol than we did before, but certainly we are not enthused. Anti-climax is always disappointing.

Petrol, as all motorists know, is marketed at 3/8½ a gallon. The Sub-Committee declares that the price should be 2/10½. A reduction of 10d. a gallon would give very substantial relief, and if the Sub-Committee had hatched out a scheme to give practical effect to their views we should all be duly thankful. When, however, we come to examine in detail the calculations on which this prophetic reduction is based, and when the readjustment of a penny here and a halfpenny there has been noted, we find in the end that the greatest part of the trouble has its genesis and, alas! its only remedy in New York, where it is beyond the control of the British Government. That is where the shoe will continue to pinch, and until the price of petroleum, free on board in New York, can be reduced from 18·4 pence per gallon to 10d. a gallon no amount of tinkering with charges at subsequent stages will bring the price recommended by the Sub-Committee within the range of practical politics.

Those conversant with the trade stigmatise as an absurdity the contention that the New York price of £23 a ton could be reduced to £7 10s. 0d. even if "the Governments of the world should give some attention" to the problem, as suggested, not without *naïveté*, by the Chairman of the Standing Committee. The position with regard to benzole is no better, and although, perhaps, it would be incautious to accept the figures advertised by the producers as gospel, there seems to be little doubt that the Profiteering Committee has made a serious blunder in assuming that a gallon of motor-benzole can be extracted from an equal quantity of the crude material. Neither is it apparent why the Committee, in attempting to effect a reduction in the cost of distribution, should differentiate against the home product and favour the imported article.

The truth is that that part of the Report which deals with the readjustment of charges and the restriction of profits

reaches a lame and impotent conclusion which, by obscuring the main issue, detracts from the force of the one really cogent and practical finding which the Sub-Committee arrived at, namely, that "The Government should use every possible means to foster the production of power-alcohol, and place no restriction on the production of power-alcohol in this country."

If the Government means business, if it sets up committees of investigation with the intention, not of playing to the gallery but of ascertaining the true facts with a view to curative action, there is no need to look beyond the above-quoted recommendation. The elimination of vested interests by any process of whittling is doomed to failure. The nationalisation of a going concern is generally either costly or inequitable, unnecessary, or actually harmful, but the creation of a new industry which will stimulate production, check private monopoly, and enrich the Exchequer would be solid achievement of which any government might well be proud.

There are many reasons why the manufacture of power-alcohol should be State-controlled, and an experiment in nationalisation on a large scale of this new industry would be instructive and opportune. Rumour is busy with the tale that the oil magnates possess so much political power that they are able to prevent the wide adoption of any substitute for oil as motor fuel. We do not take such rumour too seriously, but let the Government put the matter to the test, and if there is any illegitimate obstruction public opinion will soon find a way to overcome it.

The question of cotton is quite a different story, and we are at a loss to understand how the Sub-Committee, as an impartial tribunal charged, not with the function of exciting social prejudice, but with the investigation of prices and profits in the sewing-cotton industry, could reconcile the tone of its report with the ascertainable facts of the case. The impression conveyed by the Report is that the Committee started with two pre-conceived ideas, the first being that the business of J. & P. Coats is a monopoly and therefore to be condemned, the second that 7½d. is an excessive price for a reel of cotton and therefore must be reduced. The Report stresses the alleged existence of a monopoly but does not prove it; it assumes that monopolies are detrimental to the public interest but ignores the tenet that a monopoly which

depends for its existence upon good management, which does not abuse its powers, and which sells its product at a lower price than would otherwise prevail, does in fact confer an unqualified benefit upon the community.

It is only to be expected that the consumer who used to be able to buy 400 yards of Blue-ticket six-cord cotton for threepence, and who is ignorant of the fact that the raw material (Egyptian staple) has jumped recently from 2/3 to 8/3 per pound, should feel that he is being defrauded when the cost of sewing cotton goes up to 7½d. a reel. But it is amazing that a Government Committee, advised presumably by experts, should seriously contend that the manufacturers ought to reduce the price of their product by 20 per cent., so as to enable the retailer to sell the 400-yards reel for sixpence, in spite of the admitted fact that no other firm could supply it at a cost which would enable the retailer to charge less than a shilling a reel.

The Committee condemns, by inference, what it terms "a virtual monopoly," and proceeds to "find" a remedy which would aggravate the disease. If, at a time when competing firms cannot market their product for less than a shilling per reel, Messrs. Coats' cotton were to be retailed for sixpence, it follows that the alleged monopoly would cease to be "virtual" and would become "absolute."

There are many features in the Report (as printed by *The Times*) that are open to criticism, but perhaps the worst is the insertion of the sensational and misleading headline—"*Increased profit per reel of 168 per cent.*" One member of the Committee—it is unnecessary to specify the individual—must have been alive to the effect that this statement would produce on the public mind, and must have known that many would assume that Messrs. Coats were making a profit of 168 per cent. on a reel of cotton. This unwarranted and absurd conclusion, as might be expected, was actually announced as a fact by a number of newspapers, and no doubt many thousands of misinformed readers are firmly persuaded that it is the truth.

The ferment in the industrial world requires no artificial stimulus. The leaven is already working tempestuously. Prejudice inspired by revolutionary organs is discounted by reason of its origin, but the public have a right to demand that official reports issued by Government Committees should be accurate, lucid, and impartial. It cannot be said that the Report in question is distinguished by any of these qualities.

THE NEW MAP OF EUROPE.

NOTE.—Last month we commenced a series of short articles dealing with the trading possibilities of the new countries, which, as political and economic units, have come into being as a result of the War and subsequent Peace Treaty. The new Poland was the subject of the first of the series.

(II) FINLAND.

FINLAND as an independent State is a product of the War, though not quite in the same sense as Poland, for whereas the latter was the outcome of the Peace Treaty, by which a new and larger State was created, the former simply declared itself independent without any alteration of territory. For over 100 years the Grand Duchy of Finland had been part of the Russian Empire, but in November 1917, shortly after the Russian revolution, Finland broke away and proclaimed its independence, a formal recognition of which was given by the Bolshevik Government in January 1918. This was, however, very soon followed by an outbreak of Civil War between the Whites and the Reds, from the disastrous economic effects of which the new State cannot as yet be said to have completely recovered.

Geographical Considerations. The Economic conditions of Finland are very closely bound up with its geographical position and with the physical features of the country. Stretching, as it does, northwards from the Gulf of Finland for a distance of some 700 miles, the country suffers from an extreme climate and from a remote position as regards the great centres of European trade. On the other hand its situation between Sweden and Russia makes it a natural highway of trade between those two countries, and if in the future the trade of Russia with the United Kingdom and with America takes the Swedish route, the ports of Finland may come into considerable prominence in connection with this transit trade. The coast line of Finland, especially in the South and South West is very much indented and provides many natural harbours, on several of which large seaport towns have sprung up. The great obstacle to trade is the ice, the Gulf of Bothnia being closed to navigation from about December to April, and the Gulf of Finland from about

December to March. Powerful ice-breakers, however, are employed to keep the ports open as long as possible and with their assistance Hangö, in the extreme South, can be kept open the whole winter, while the two other principal ports, Helsingfors on the Gulf of Finland, and Abo at the South West corner if they are closed at all, remain so only for a very short period. These three ports, together with those of Raumo, Vasa, Kotka, Torneå form the termini of the various lines of rail, all of which communicate directly with Petrograd. The greater part of the British and German trade passes through Helsingfors, the Swedish trade being mainly with Abo and the ports to the North of it. Hangö and Kotka have also a considerable North Sea trade. There is a proposal to establish at Abo a large free port, similar to those at Hamburg and Copenhagen, with ample provision for the storing of goods duty free and with space for the erection of factories. There is also a scheme for a regular service of large railway ferries enabling goods from Scandinavia to be transported to the interior of Russia without transhipment at a Finnish port. The scheme has even been extended to embrace similar ferries between Gothenburg and the Humber, and if this were ever realised it would mean that goods from New York to Moscow need only break bulk once en route, that is at Liverpool. The British part of the scheme, however, has met with considerable opposition, and its fate is still very uncertain.

Industries. Finland is not naturally a good country for agriculture, the climate and soil are both against it, to say nothing of the fact that one-eighth of the surface consists of lakes and more than one half is covered with forests. Great efforts are made to produce more food, but the country is a long way from being self-supporting in this respect. Wheat and wheat-flour are almost entirely obtained from abroad, while of other cereals the home production of barley amounts to about one-half of the needed amount, that of rye to rather less than one-half, and that of oats to about two-thirds. The potato crop is larger in proportion, about four-fifths of the amount needed for consumption being home grown. Dairy farming is a very flourishing industry. Co-operative creameries are very numerous: the home market is plentifully supplied with dairy products, and there is a large surplus for export.

Of mineral wealth, Finland has comparatively little, some iron is found, but as there is no coal the industry is little developed. Quarrying is a rapidly growing industry, granite

of good quality being found in large quantities. This is much in demand for building purposes, and there is a considerable export. There are a certain number of engineering works many of which are engaged in making boilers and marine engines generally.

The leading industry of Finland is undoubtedly that which is based on its greatest source of natural wealth, namely, the forests. Timber in various forms, wood pulp and cellulose, paper and matches are the chief manufactures of this type. The trees most used for commercial purposes are the Scotch pine and the spruce, both of which are used for timber and for the production of wood pulp. Aspen, from which pulp is also made, provides wood for the growing match industry. Other manufactures are on a comparatively small scale, but some of them, for example cotton and woollen goods, are certainly developing.

In countries like Finland, which have no coal deposits, the question of power assumes a special importance. There is plenty of water, but the supply of power from that source is somewhat irregular owing to frost in winter and drought in summer. But hydro-electric installations are increasing in number, and as the State has shown considerable interest in the question it is possible that in the near future some of the many waterfalls may be brought into the service of manufacturing industry.

Trade and Commerce. The population of Finland is so scattered and many of the inhabitants are so far from the large industrial centres, that people in the country districts rely very largely on their own efforts for the supply of their most pressing needs. In this way families and villages tend to remain to a large extent self-sufficing and trade is confined to foreign products and certain manufactured articles. For these the big towns form convenient centres of distribution. A good deal of the inland trade is in the hands of co-operative societies, which are very numerous and well organised. The most important towns in order of population are Helsingfors (the capital), Abo, Tammerfors, the so-called Manchester of Finland, Uleåborg, the centre of the Finnish leather trade, Viborg, and Vasa. The first two of these, as already pointed out, are the principal ports of Finland, and they are both trading and industrial centres of considerable importance.

As regards foreign trade the exports are confined to the few commodities which Finland produces in excess of her home

requirements. About three-quarters of the total value is accounted for by timber and timber products, including wood-pulp and paper, and besides these the only considerable items are dairy products (mainly butter), and various forms of skins and furs. Before the War Russia was Finland's principal customer, but for some years past the proportion going to Great Britain and Germany was steadily increasing and, in fact, the last official returns show that this country was getting almost as much as Russia. Great Britain took a very large proportion of Finland's wood exports as well as of her surplus dairy products, while Russia was her biggest customer for wood-pulp and paper.

From what has been said about the industries of Finland it is very evident that she is dependent on outside supplies for a very great variety of articles, including wheat and other cereals, so-called colonial goods, metals generally, machinery and tools, coal, textiles, rubber, etc. Finland, having very little direct communication with the distant parts of the world, draws her imports mainly from her immediate neighbours and from Great Britain. Before the War a very large proportion came from Germany, but this consisted principally of foreign products, of which such ports as Hamburg and Bremen were the great distributing centres for Northern Europe.

Currency. The unit of currency is the Finnish mark, (one mark = 100 pennia) the value of which is normally rather less than 10d. and hence in exchange with London may be reckoned at about 25 to the pound sterling. The notes in issue are those of the Bank of Finland, and they are of various denominations from 1 mark to 1,000 marks. The metric system of weights and measures is in operation.

In conclusion, it is evident that Finland is industrially a very undeveloped country, though certain industries, such as timber, wood-pulp, paper and dairying, are already well established and have good prospects of development. Manufactures in general are still in their infancy, their extension depending on many factors such as power, raw materials and skilled labour. But as the Finns are a very highly educated and industrious people, it is very probable that the independence of the country will be followed by great industrial and commercial expansion.

Correction. *The name of the proposed new currency for Poland, mentioned in the concluding paragraph of the first article of this series was incorrectly printed as "Zlotz." The correct word is "Zloti."*

NATIONALISATION IN PRACTICE.

In view of the attitude of the socialist-labour group who favour nationalisation of industry in this country—an attitude summed up in the *Daily Herald* (Feb. 20th, 1920) in the sentence, "Labour proposes to tackle inflation, high prices, and profiteering by the twin processes of the Capital Levy and National Ownership of vital industries," it may be useful to examine the results of this policy as applied to industry in those countries where it has been put into practice. Capitalism is arraigned here for its failure to prevent the scarcity and disorganisation caused by the war. Inflation, high prices and profiteering are abnormal. They were no part of the system before the war, and it is in the interest of capitalism to rid itself of these conditions as rapidly as possible. If capitalism is really the cause of scarcity and inflation and high prices, there is no reason why they should not disappear immediately under nationalisation. Wise men will not be content with promises of future performance. There is no proof that the capitalist system, wisely controlled, will not give us all in due course. Experience of nationalisation, on the other hand, affords us little ground for great expectations.

Some idea of how nationalisation works can be gathered from the experience of our own colony of Australia—an experience which has led its inhabitants, only a few weeks ago, to reject, by means of a referendum, the proposal to confer upon its government the increased legislative powers necessary to extend the principle of nationalisation. Under a series of Labour Ministries, this principle has been applied to the public services and to many different branches of industry all over the colony. In New South Wales, important enterprises, such as coal-mining, shipbuilding, banking, insurance, brick-making and saw-mills, have been brought under government ownership and administration. At the same time, various produce agencies, bakeries and butchers' shops, were acquired and run by the state. After a seven years' trial, the net loss on these trading concerns was £194,440. Co-incidentally the public services, including railways, tramways, water-supply and the Sydney Harbour Trust, showed a deficit of £375,717. In spite of these discouraging experiments in New South Wales, the Queensland Labour Government decided to take

over a coal-mining area, nationalisation or, as it is called in the Colony, "The Government Stroke," was so fatal to its prosperity that it had to be closed down. The coal discovered in Victoria in 1909, where the mines were nationalised, brought, moreover, no benefit to the consumer, who was paying before the war roughly two shillings per ton more than in those States where coal-mining was left to private enterprise. Nor has "The Government Stroke" tended to improve the status or wages of the workers. Under these circumstances it is scarcely surprising that a majority of Australian citizens has voted against any extension of its field of operations.

The difficulty of obtaining reliable information of the conditions prevailing in Russia to-day has disposed extreme socialists in this country to reject all evidence furnished by eye-witnesses whom they suspect of sympathy with the capital system. None can, however, refuse credence to statements contained in the official reports issued by the Bolsheviks themselves, and the following extracts from various numbers of *Economic Life* afford sufficient proof that that nationalisation is a reality in Russia. In his report to the Central Committee *(Economic Life*, No. 46, 1919) the Bolshevik, Rykov, stated—"Now almost all the large and medium-sized establishments are nationalised." In No. 49, 1919, M. Milutim writes:—"A year ago there were about 36 per cent of nationalised establishments in Soviet Russia. At the present time 90 per cent of industrial establishments are nationalised." And in No. 55, 1919, we read—"All of them"—the textile, metallurgical, glass and polygraphic industries, the book and the barbers' shops—"are in a process of social creation."

Nationalisation in Russia being, therefore, an accomplished fact, let us see what the nationalizers have to say regarding its effect upon the industries in question.

"The tobacco industry is going through a severe crisis. In one month the Petrograd factories have suffered a loss approaching 2,000,000 roubles." (Report of Conference of Tobacco workers April 25th, 1919. *Severnaya Communa*).

"All the textile factories of Petrograd, 19 in number, have been closed. About 30,000 workers have been left idle." (*Severnaya Communa*, No. 108, 1919).

In *Economic Life* we read:—"The number of industrial establishments in the city of Moscow had shrunk from 681 in 1917, to 173 in March, 1919." "The butter-making

industry is passing through a serious crisis. In the Government of Saratov, for instance, the output has decreased to two-fifths of the normal."—"The sugar industry of the Great Russian territory is passing through trying times. Instead of the 6,000,000 poods of sugar produced in 1917, only 1,542,900 poods have been produced. Worst of all is the reduction of the number of cattle on the sugar plantations from 16,262 head in 1917 to 5,204 head."—"The glass industry is ruined. . . . Production has decreased to less than one-tenth."—"The paper industry has declined materially . ."

It would be tedious to multiply examples of the reduction of output characteristic of all the nationalized factories in Soviet Russia, but a report of the Supreme Council of National Economy, dated March, 1919, puts it at 400—500 per cent.

The shortage of raw materials and fuel is by no means entirely responsible for this sensational decrease. The Rentov and Novinskaya textile factories, for example, have been supplied with all the raw material they require. Yet in spite of an increase in the number of hands employed, the output of yarn declined from 107,314 poods to 66,518 poods. The same phenomenon occurred at the Shtsherbatshov fustian and calico plant and in forty-six other textile factories. The Bolshevik newspaper *Trud* (No. 23, April 28, 1919), when lamenting the closing down of nineteen textile mills explains the causes of the disaster as follows. "In our textile crisis a prominent part is played by the bad utilization of the raw material we do have. The efficiency of the workers has dropped to almost nothing. Of labour discipline there is not even a trace left, while the machinery, on account of careless handling, has deteriorated and its productive capacity has been lowered."

At the same time the cost of labour has risen in inverse proportion to its efficiency. In the Nevsky locomotive works the amount of labour power for the production of one locomotive increased from 15,600 units in 1916, to 63,920 units in 1918. Over the same period the wages bill for the production of one locomotive rose from 100,000 roubles to 1,400,000 roubles. These figures are taken from among many similar examples quoted by the *Severnaya Commune* of March 26, 1919.

In Petrograd itself there is a great shortage of skilled labour produced partly by the inadequate food supply, and partly by the altered conditions of rural life brought about by the forcible partition of the large estates which have attracted

many workmen back to their villages—and this, in spite of the fact that even in those factories which have slowed down through shortage of raw materials the workmen are never discharged. Fears of a rising against their rule accounts for the vast sums expended by the Commissaries in financing the nationalised enterprises to enable them to go on paying wages even when there is no work to be done. *Economic Life*, No. 50, 1919, announces that "The Metal Department of the Supreme Council of National Economy distributed during the month of January among various factories of the metallurgic industry the sum of 1,167,295,000 roubles." The textile industries were subventioned during the same period to the extent of 3,500,000,000 roubles. Yet in spite of these desperate efforts to prevent the spread of discontent, according to the figures given by the Bolshevik press for the twenty-eight governments, the total number of workmen employed in the manufacturing industries, exclusive of the railways, shrunk between 1st January, 1917, to 1st January, 1919, from 2,402,000 to 1,200,000.

Nor are the results of nationalisation as applied to Russian commerce more satisfactory. The *Izvestia* (No. 97) reports a resolution passed at the congress of the Salesmen's Union held in April, 1919, which sums up the situation as follows. "The Nationalisation of commerce, owing to the pell-mell speed of the methods employed in carrying it out, has assumed with us extremely ugly forms, and has only aggravated the bad state of affairs in the circulation of goods in the country, which was poor enough as it was."

These facts and figures, which are only a fraction of those supplied by the Soviet Government to all whom they may concern, speak for themselves. They are, we consider, sufficiently eloquent to give pause to those leaders who are mobilizing the forces of labour in this country for the purpose of compelling the British Government to try a similar experiment upon the coal mines and railways of the United Kingdom.

The real cause of the failure of nationalisation in Russia and the ruin of her industry and commerce is to be sought in her economic policy, which is the logical outcome of the political theories upon which Bolshevism rests. In the initial stages of the Soviet régime, Lenin and his supporters put that policy into practice, and on the grounds that the means of production and the products of industry belonged solely to

the proletariat, they granted complete "emancipation" to the workers "enslaved by capital." The capitalist "exploiters of labour" were deprived of their property and in many cases of their lives. The bourgeois directors of industry, as "the tools of the capitalists," were either driven from the enterprises they managed, or compelled to become servants of an irresponsible proletarian administration. In Thesis, No. 18, Lenin definitely states—"we are in the period of the direct attack upon capital, the direct overthrow and destruction of the Imperialist robber State, and the direct suppression of the middle class."

That stage in the economic evolution of the dictatorship of the proletariat was followed by an attempt at State direction of the nationalised industries.

To-day the third act of the tragedy is beginning. The industrial chaos, and the refusal of the preponderating peasant population to hold the land they have seized on a Communistic basis has constrained the Soviet Government to pause in its orgy of nationalisation. On April 28th, 1918, in a speech reported by the News Service of the International Socialist Commission, Lenin admitted the bankruptcy of these experiments in economic policy. "If we are to expropriate at this pace" he confessed "we shall be certain to suffer a defeat. The organisation of production under proletarian control is notoriously very much behind the expropriation of the big masses of capital."

Having discovered that a decree and a band of Red Guards will not suffice to keep the huge organism of modern industry in motion, the Bolshevik dictators are now trying to persuade, by means of threats and the bribe of large salaries, the bourgeois managers to resume the direction of the disorganised industries. They have, moreover, been obliged, in order to increase production, to restore the "premium" system of special piece-rates for skilled labour which was abolished in favour of a uniform time-rate for all workers, skilled and unskilled. The offers recently made by Lenin of generous concessions to foreign—so far German and American—capitalists, seem also to indicate that he is prepared to sign a truce with Capital. The future must show whether the scrapping of communism will be followed by the scrapping of nationalisation.

TAXATION OF CAPITAL, III.

In the United States of America, property, as distinguished from income, has been employed for many years as the basis of one form of taxation. Competent critics, like Professor Seligman, have not failed to expose the weaknesses of the property tax and to recognise the superiority of the British method of employing realised income as the measure of capacity to pay. It should be observed that the property tax is a recurring tax, not a special levy, such as is now proposed in this country; and that it is employed as the test of income and ability to pay. It does not follow, therefore, that the weaknesses of a property tax regarded as a permanent part of the machinery of taxation would be inherent in a special levy imposed once, to meet the abnormal conditions created by the war.

But it is argued that such a levy would create a precedent which would be quoted and followed whenever the State required a large sum of money for capital expenditure upon some non-reproductive enterprise. The possibility of repeating the experiment would lead to extravagant expenditure by the State, a condition of things frequently contrasted with the rigorous economy which heavy income taxation would encourage, if not compel. And the danger that it would be repeated would be increased with the advent of the Labour Party into power or the growth of pressure of the working-class vote. The danger that an emergency measure may become permanent is, indeed, frequently serious, and was recognised by those who opposed compulsory military service during the war. The case for such a measure therefore depends upon the seriousness of the situation which it is designed to meet. We readily accepted the control of food supplies, and of the production of munitions and other essentials, such as coal, simply because the danger that control would tend to become permanent appeared so unimportant a factor in the situation. A repeated levy on capital or accumulated wealth would defeat its own ends. The feeling of insecurity which would be engendered would retard economic development, which is conditioned by the growth of capital.

It is noticeable, however, that the method of paying off the National Debt is one which immediately affects the relatively

rich rather than the relatively poor; in other words, a levy on capital would bring relief, not to the industrial wage-earners, who will probably bear a proportionately small part of the burden of taxation, but to those in receipt of incomes upon which Income Tax will be payable and those who accumulate considerable amounts of capital in the future. Thus, there appears to be no reason to suppose that the votes of the wage-earners will always be employed to press for further levies on capital. On the contrary, most people seem to prefer high incomes and high prices to low incomes and low prices: and the former produce precisely those conditions which make it easy to postpone, if not avoid, the single levy which is now proposed. As taxpayers—more correctly, as people who will pay little in taxation—wage-earners are therefore likely to be far less interested in the precise method of taxing the relatively rich than in other economic questions which affect them more directly and obviously. The interest of industrial workers lies in securing such measures as will tend to increase industrial stability and stimulate progress.

Nor would the relief to annual taxation which such a levy would bring be likely to lead to greater extravagance on the part of the State. For an expanded currency, with high prices and income—the maintenance of which is the real alternative to a levy—is itself one of the greatest inducements to lax administration and the growth of national expenditure, just as it is already seen to lead to private extravagance. A levy, accompanied by deflation of currency, would still leave the burden of taxation heavy. It would increase the value of money, and the reward of economy would remain high—no lower indeed, than under a system of high prices and incomes which obviated the necessity for such a levy. These conclusions follow directly from the statements in the first two articles.

Most opponents of the principle of a levy on capital justify their opposition on the ground that such a levy would be inequitable. It would constitute an attack upon owners of capital while exempting recipients of earned incomes, who might possess even greater capacity to contribute towards the repayment of the National Debt; it would penalise those who have saved while exempting those who spent all their incomes in the past, and therefore rendered less service to a community which is always in need of capital. A levy which is manifestly so unjust in its incidence cannot be

defended on the ground of expediency. Individual wealth created during and as a result of the war may with justice be taxed, provided it can be traced and measured; but pre-war accumulations should be exempt from such taxation.

Without accepting the invitation, implied in the last sentence, to examine the nature of the combination of circumstances which made possible large accumulations of capital by certain individuals, it may be admitted—and emphasised—that the proposed levy does present an appearance of injustice. But three observations may be made at this point. The first is that the injustice may be considerably less than would appear at first sight. A given sum invested as capital before the war, at a fixed rate of interest, has lost much of its original value, on account, partly, of the destruction of material capital, and the consequent rise in the rate of interest (or fall in the capital value of an investment at a fixed rate of interest), and, partly, of the rise in general prices through expansion of currency. These causes are distinct, though probably related. In so far as the loss in value is due to the expansion of currency, it may be recovered by deflation. If, therefore, it is true to say that a levy on capital renders deflation practicable, and is followed by such deflation, the real value (in terms of general purchasing power if not also of money) of a pre-war investment will rise, and so tend to offset the loss of that part of the investment employed in payment of the levy. If no levy is imposed, and the currency (i.e., prices and incomes) continues to be inflated, the value of a pre-war investment will continue to be low, measured in terms of general purchasing power. This point, which has been generally ignored, seems to be strictly relevant to the issue, and of considerable importance. If it has been correctly stated, the degree of inequality is far less than would appear at first sight. The inflation of currency resulting from (and, doubtless, necessitated by) the war has already proved to be, in its results, equivalent to an attack on pre-war investments.

The second observation is that the heavy taxation of income which constitutes the accepted alternative to a special levy on capital would fall, in the main, upon "unearned" income. Earned and unearned incomes, within certain limits, are already taxed at different rates, and were so taxed before the war. But the differentiation did not represent any attempt to attack unearned incomes as such,

but was justified on the ground that incomes of similar amounts represented different degrees of ability to pay. And the degree of differentiation was held to indicate the extent of the difference in ability, and was probably based upon actuarial grounds. If such was the case, then the growth in the difference between the rates of tax upon earned and unearned incomes in future will represent a real and permanent "attack" upon capital, more dangerous than a special levy under abnormal conditions because of its permanence. The precedent which such a differential tax created would be far more dangerous than that created by the proposed levy. Once the principle was accepted, an addition to the tax upon unearned income to meet extravagant expenditure would be easy, and popular among certain sections in the community.

The third observation is that it would be possible, in a levy based mainly upon amounts of wealth, to introduce desirable discriminations according to the origin of such wealth: in other words, to combine a levy on all forms of wealth with a levy on wealth created during and as a result of the war.

The final question which can be raised within the present limits of space is whether a levy on wealth is practicable, i.e., whether the necessary valuation could be made. It would clearly not be a valuation of wealth in general, irrespective of ownership. The levy would be made upon individuals, and the information required would relate to the wealth of individuals. Although the Inland Revenue Department must possess most of the necessary information, for the purpose of assessing the Income Tax payable by each individual, it is probable that the gaps are serious, and may only be filled with difficulty. A Committee has already been appointed to enquire into the practicability of a tax on war wealth. Clearly the taxing authority would require to know precisely those facts which would be required for the purpose of a levy on wealth in general. If, therefore, the Committee decides that a tax upon war wealth is practicable, there is strong presumption that a levy on wealth, irrespective of origin, would also be practicable. The findings of the Committee are therefore likely to produce a material effect upon the controversy relating to the latter.

VIEWS OF THE MINORITY PRESS.

In a notable article in the *Daily Herald* of February 18th, Clifford Allen endeavours to interpret industrial unrest as a whole. "What," he asks, "is the key to all that is happening to-day in the industrial world? We see different sections of the workers — railwaymen and dockers — putting forward certain specific and narrow demands, such as, for instance, that wages should be raised. But the real claim behind these demands is that wealth should be re-distributed and economic power equalised between the citizens in the community. We should, therefore, base all our policies on the fact that we are engaged in a definite struggle between those who have wealth and power and those who have not. We believe that as a result of that struggle the whole community will benefit."

In the issue for March 1st the French railway strike is seized upon hopefully as a portent of coming revolution on the Russian scale. If the strikers will stick to their refusal to obey the call to the colours, "Russia will soon not be the only country in which Capitalism and Militarism are over." The strike is described as "The bursting forth of the discontent, the disgust, the indignation, that must sooner or later sweep every land where Capitalism is king and Imperialism his consort. . . ." "If, as we hope with all our hearts will be the case," the French railway workers refuse to join up "they will have broken the foulest and most potent anti-labour weapon that has ever been forged."

In a half-column leader (February 27th) the *Daily Herald* rebukes Mr. J. R. Clynes for the lack of revolutionary tone in his speech on the Unemployment Bill in the House of Commons on February 26th. "The general tenderness of his tone towards the Government scheme" is objected to—"the whole tendency of his speech was to slur over the fundamental issues and to present the existing industrial system as one which can be made tolerable by 'reforms' such as this offer." The *Daily Herald* wonders that a man so humane cannot see that a system under which it is possible "to introduce proposals that a man shall live on fifteen shillings a week, even temporarily, is a self-condemned system. Labour Members in the House generally are accused of sometimes forgetting that the "rank and file" and all other classes are

"necessarily in absolute and unrelenting opposition on the biggest questions in national life. We believe the clearer the issue is made, the better will it be for Labour and for the Country."

Replying in a letter published on March 1st, Mr. Clynes tells his critics, "If you would give to what I said about half the space which you gave to criticising what I did not say, the facts would be more clear to your readers." A bitter pill for Mr. Lansbury to swallow and word of advice which genuine seekers after truth will bear in mind when reading the paper which claims to be the only organ that expresses the opinions of Labour and gives the whole of the facts to the public.

Describing the Bolshevist revolutionary movement in Russia, Mr. George Lansbury wishes "it were possible to convey to comrades the downright joy of the movement as I see it in these parts (Finland). All eyes are on Russia, there is no hesitancy, no doubting; all are certain the Golden Age is being born. . . . Comrades in Britain . . . learn from this great country—not how to die but how to live."

But Miss Sylvia Pankhurst is not satisfied, and through the columns of *The Workers' Dreadnought* denounces the *Daily Herald* as having ceased to be a revolutionary paper and as having become once more the official organ of the Labour Party. "Sinister and serious," she writes, "is the 'Herald's' latest adoption of Lord Haldane for the Labour Party. It is essential to recognise that the 'Herald' is no longer a free lance paper, as it was when it first started. It is important to understand that it has thrown in its lot with the Official Labour Party."

The workers are then urged to "Come out of the Labour Party" in the following terms:—

"We urge our Communist comrades to come out of the Labour Party and build up a strong opposition to it in order to secure the emancipation of Labour and the establishment of Communism in our time. Comrades, do not give your precious energies to building up the Labour Party which has already betrayed you, and which will shortly join the capitalists in forming a Government of the Noske type."

"You will be urged to remain in the Labour Party on the ground that '*it* is the organised working class of Britain,' which you must bend your efforts to convert."

"But this argument is false. The Labour Party is a party,

not a class. It is a party in which the official element is more difficult to uproot than in other parties; because many of them are permanent officials and others are elected for long terms. . . . . "

"The task of dislodging the reactionaries from controlling power in the British Labour Party is therefore greater than that of ousting reaction from any European Socialist Party."

The element of humour is repeated when we find the arch-Marxist organ—*The Call*—bitterly attacking Karl Kautsky, the acknowledged authority on Marxian doctrine. As a socialist, Kautsky objects to dictatorship—even of the proletariat—because it cannot lead to real democracy.

In the words of *The Call*:—"Kautsky is at great pains to prove that Bolshevik theory and practice, as realised in the Soviet Administration and the Dictatorship of the Proletariat, are essentially anti-Marxian. . . . . "

"Kautsky's theoretical position is unenviable. It is that of a powder-monkey feeding the guns of social traitors, opportunists, and capitalist reactionaries like Churchill, whose only political argument against Soviet democracy is that it has suppressed the sham democracy of capitalism."

The Socialist tries to prove that "increased production" is for the exclusive benefit of the capitalist:—"Cheap commodities depend on the productiveness of labour, and this depends on the scale of production. Of course, the worker is a consumer as well as a producer, but cheap commodities are an advantage to him as a consumer only . . . . he is exploited chiefly, if not wholly, as a producer, cheated out of what he produces. . . . . Those who produce have to produce for all. The greater the production, the greater the amount taken by the capitalists. . . . . "

"The consumers undoubtedly get the benefit. But who are the consumers? The largest consumers are the rich; that is to say, the capitalists themselves. . . . . "

"Those who prate about increased productivity ignore the following essentials of capitalism:—The workers are divorced from the means of production: the capitalists own these means of production. The worker therefore has to sell his labour power to the capitalist, which, when consumed in the sphere of production, creates wealth in the form of commodities which belong to the capitalist. With the money received for his labour power he has to buy back a portion of the product he has produced."

In an article entitled "Lenin's Life and Message," a writer in *The Spur* says:—"One other point on which clear thinking is necessary, and that is the question of Overtime. The man who does overtime is openly immoral, for as things stand at present he is just doing some starving person out of a job. So is too the man who works at a hot pace immoral, for he too is preventing some other from access to work for subsistence."

Claude McKay, writing on "An International Money Crisis?" in the *Workers' Dreadnought*, says:—

"We should be happy if the conflicting interests and greed of the international vultures would bring about a financial panic, which might force the workers of the western world to take direct action. But we are afraid that European bankers, who are more familiar with the system of Soviet Russia than many Socialists, and who fear it more than the Atlantic-sheltered United States, which are determined to deport Socialism, would use all their powers to avert such a disaster. With her control of three-fifths of the world's gold, England will make a great sacrifice of this metal rather than consent to the passing of the standard. While we are willing to work for, and be dazzled by the glitter of gold, the money system —which lies at the root of all our social evils—will remain. The grave, pompous bankers will not simplify the medium of commerce and exchange so that even the uninitiated might understand how simple the business was, which at first seemed so complex."

Councillor David Hardie, writing on "Municipal Socialism in Scotland," in the Glasgow *Forward* says:—

"Houses cannot be built with money—they can only be built by the application of labour to material. Why, therefore, should there be such enormous charges, or any charges at all, for the use of an artificial thing like money? Divorced from labour it is absolutely useless, whereas labour divorced from money stands totally unaffected in its productive and distributive capacities. The explanation is to be found in the fact, that under the system of Capitalism, the Capitalists have so arranged matters, after they have secured control of the pieces of paper called Bank notes and Treasury notes and pieces of gold called sovereigns, that labour power can only be expressed in terms of these things, and therein lies the great lesson for Labour to take up and master."

FOOD FOR THOUGHT.

The memorial addressed to Mr. Lloyd George asking that peace be made with Soviet Russia, and signed by Sir Hubert Gough, Mr. E. M. Harvey, Mr. D. Spring Rice, Mr. G. M. Young, and others, adduces weighty arguments in favour of the plea which the signatories advance.

It is clear that if crimes committed by the Russian Government in the past are to be a permanent bar to the resumption of friendly relations, the estrangement must last for ever, and nobody can want that. It seems to us, however, that the memorial ignores the most crucial aspect of the whole case for non-recognition.

* * *

If recognition of Bolshevik Russia is withheld by the Allies it is not as a punishment for the past, but because there is no guarantee for the future. The Bolshevik creed is one of uncompromising enmity to the form of government established in all other parts of the civilised world. It was not so much on account of his early depredations that Ishmael remained an outlaw, as that his hand was against every man's. He was a rebel by choice.

* * *

How can other civilized governments hope to maintain friendly relations with a declared enemy? That the Soviet *régime* as at present constituted is "*de facto*" the Russian Government of the day cannot be denied, but as long as Commissars are allowed to enforce their personal will by the crude expedient of shooting those who oppose them, and as long as there is no law other than that of force, civil government, as Europe and America understand it, cannot be said to exist. We were able to make peace with Germany as soon as she undertook to desist from hostile acts. We could not have done so if she had declared her intention of fomenting revolution in the country whenever she got the opportunity.

* * *

The signatories to the memorial suggest that we, as a nation less exposed than the Continental Powers to revolutionary infection, are the people to take risks, but the assumption rests on a very speculative basis. No doubt our insular position affords us some protection—but, on the other

hand, we are amazingly simple and confiding in our dealings with foreigners. And we may be sure that the revolutionary gang in this country will assist Lenin's propaganda by every means in their power.

■ ■ ■

Mr. George Lansbury has informed the *Daily Herald* by wireless that he is as safe in Moscow as in London. Nobody is in the least anxious about Mr. Lansbury's safety. Naturally the Bolshevist looks after his own. But what about the other British subjects in Russia? Some information on this subject has been transmitted by Mr. North, the British Chaplain at Moscow, who reports to Mr. O'Grady as follows:—

Mr. Alfred Bolton, suffering from typhus in the Boutirka prison
Mr. Keeling, suffering from typhus in the Taganka prison.
Miss Norah Thornton, in the Nova Pskoffsky Lager.
Mr. Harold Rayner, in the Ivanovsky Lager.
Mr. C. Sholl, removed from prison to the Sokolniki Hospital.
Mr. T. Shaft, suffering from smallpox.
Mr. W. Hopper, in a cell of the Moscow Extraordinary Commission.
Mr. Maud Winter, in a Labour Camp at Volgoda.
Mr. Arthur Macpherson, died of typhus.
Mr. William Boarman, died after several months imprisonment in the Boutirka prison.

If it be alleged that these unfortunate people were revolutionaries against the form of Government now established in Russia, Mr. Lansbury must, on his own admission, be included in the same category when he is in England. What he *has* to be thankful for is that he is as safe in London as in Moscow.

■ ■ ■

Mr. Lansbury's messages from Russia are quite ingenious in their way and, from his point of view, must be worth sending, notwithstanding the immense sums that are being disbursed—by somebody—on his wireless service. Mr. Lansbury is an expert caterer and knows how to adapt his menu to satisfy the appetite of his hungry clientèle. But what gourmands must those people be, and what a digestive apparatus must they enjoy, who can assimilate the too liberal fare that is provided for their consumption!

■ ■ ■

So far as an abject readiness to obey his master's voice is concerned, Lansbury is an apt pupil of Lenin's, and it may be that in the course of time the frankness which distinguishes

the autocrat of Russia will be reflected in the communications of his British imitator. Lansbury, the sleek and supple apologist for anything that smacks of revolution, minces his words, picks and chooses his material and qualifies or ignores those features which do not suit his book. He is an adroit artist who has set out to describe a pleasant picture in language well adapted to the taste of his readers.

■ ■ ■

But Lenin, that uncompromising champion of chaos, is no trimmer. He believes in the clean cut. He subordinates everything to his main purpose. He is not even afraid of the truth, and blurts it out now and again, with astonishing frankness. In his book, "Against the Current," Lenin writes "The masses cannot be won without a highly developed, carefully carried out and well-organised system of flattery, lying, chicanery and political jugglery." As we have said, Lansbury is an apt pupil, but he has not yet learnt to talk with a candour equal to his masters. It is true that he accuses the British workman of ignorance, indifference and apathy—but he does not detail the ingredients of the medicine which the Russian physician prescribes for such of his patients as are ignorant and apathetic.

■ ■ ■

Listen to the voice of Lenin in a recent manifesto issued by the Soviet Government. "Shame, comrades! The workmen of the railway workshops of the northern railways have during the month of January squandered more than a thousand working days in holiday making. . . . It is necessary to put an end to this crime. . . . It is essential to introduce martial law into the railway workshops and impose upon the guilty the full penalty of martial law . . . . only by means of a stubborn struggle on the labour front; only when all workmen . . . . do their share; only then shall we put an end to the ruinous condition of things, conquer hunger and save the Soviet republic."

In Lansbury's version there is no mention of martial law for workers, no reference to "the ruinous condition of things," nothing more alarming, in fact, than the interesting item of news that one of the members of the extraordinary Commission, a doctor, is devoting himself, "*now that the war is over*" to the campaign against Typhus.

No. XXXII

APRIL

MCMXX

"Free Labour can only exist in a Capitalistic State."

Trotsky.

INDUSTRIAL PEACE

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INDUSTRIAL PEACE

WHO'S FOR THE VINEYARD?

THERE is a story in one of Æsop's Fables of a farmer who, being at the point of death, called his sons together and, bidding them not to quarrel over the division of his property, told them that they would find his wealth in the vineyard. After his death the sons hastened to search for the hidden treasure that they supposed to be buried underground. Not only was their search fruitless, but, in the anxiety of each to forestall his brother, they injured the roots of the vines and so destroyed the only wealth that their father had to bequeath. Thus the good man was too clever by half, with the consequence that his moral miscarried and instead of the increased production which he hoped for from the improved cultivation of his vineyard he brought about the very thing he least desired. If he had been a little more explicit, the most industrious son would have taken the lesson to heart and prospered whilst his prodigal brothers sought adventure abroad until such time as the fatted calf should duly materialise according to precedent and parable.

Æsop was far-sighted. A shrewd psychologist, he classified human shortcomings and pilloried them, not by declamation, not by too direct precept, but by suggestion. He relied on inference to drive his moral home and he still teaches us to prescribe our own medicine. Such was Æsop's method and a very effective one, but we shall be reading the lesson awry if we fall into the same error as the fabled grower of vines—that is to say, if we indulge in ambiguity and expect others to read the riddle and to apply it whilst we stand by and criticise.

The essential preliminary to the eradication of any mischief is to recognise and to acknowledge its existence. Scolding the other fellow is easier than blaming oneself, but recrimination fails signally as a constructive agent. If half the energy now devoted to finding fault was applied to self-examination, and if self-examination induced a determination to put one's house in order, our much afflicted world would soon be on the high road to recovery.

Responsibility for the present state of affairs is not the exclusive prerogative of any one party in the State, but those in whom the greatest power is vested are obviously

the first to be held accountable. *The business of those who believe in the essential virtue of private enterprise is to remove its evils.* It behoves us, therefore, to take stock of the whole position and to examine both sides of the question. There is no doubt about it that Labour is in an overbearing mood—critical, aggressive and suspicious, to a degree hitherto unheard of. Labour is inclined to demand more and more, to offer less and less. This process is likely to continue—it may even become more acute. Arguing the point will not cure it. Is there, then, no other remedy? The treasure—unlimited treasure—is still buried in the vineyard, and the world is hungering for it to-day. The labourers are unwilling to increase their effort, partly because experience has taught them to be sceptical as to the distribution of the proceeds when the treasure is unearthed. Is there no alternative to upbraiding? Can no inducement be found to win co-operation by ensuring that their interests are safeguarded? Is everything that is humanly possible being done to lighten the labourer's task and to increase the resulting reward?

The answer to some of these questions is to be found in a pamphlet by Mr. C. A. McCurdy, M.P., which, under the title of "The Way to Wealth," indicates the road we must follow if the ravages of the war are to be repaired and a higher standard of living achieved for all. The author reminds us that the average production before the war only amounted to the paltry figure of £102 a year—less than two pounds a week—per *worker*. Twenty-three pounds worth per head of the *population* was all the wealth we were producing in 365 days! With such a low output a decent standard of comfort for the mass of the people was unattainable. A higher standard of living is now demanded and quite rightly demanded. . . . "We want more food, more houses, more clothes, more household furniture and utensils, and more wealth of every kind. *Until we produce them we shall not have them.* We cannot get them by going on strike. Every stoppage of work leaves us with less wealth to divide than we had before. That is the plain commonsense of the matter."

There are three things used in the making of wealth—men, machinery and motive power. You cannot go on speeding up the men beyond the span of human endurance and, it may be added, any shortness of temper tends to curtail that limit very considerably. It was not any failure or idleness on the part of the workers that starved our production in the

past, and if we tackle the present problem with intelligence, it will be beyond the power of the ca' canny school to cripple national production in the future. "Machinery and motive power are the tools you give the worker for his business." It is the privilege as well as the duty of the organisers of industry to provide the workers with the best machinery that money can buy and to supply the cheapest motive power that brains and capital can produce. "We might double the efficiency and the output of British workmen by giving British industry cheap and abundant motive power."

There is a constant and an immediate connection between wages and profits, output and contentment. If the men are contented output is increased, more output means good profits, and good profits justify higher wages, which again in their turn make for contentment. But neither contentment, output, profits nor wages can afford to stagnate. All must expand continuously to meet the ever increasing demand for more wealth from nature's vineyard, and this brings us back again to the necessity for more motive power.

"The motive power of the future will be electricity. What are we doing about that? We have 600 separate authorities at present generating electricity for public purposes apart from all the private companies and firms that supply themselves. It is a wasteful, petty, parochial method of supply. Experts advise us that this country is losing a hundred million pounds a year through failure to take advantage of electrical progress. . . . We know exactly what we want—centralised supply, abundant and cheap distribution of electricity in the interests of British trade."

Given cheap power and efficient transport, our agricultural industry could furnish all the food we require. "The whole world is starved for the goods we ought to be making to-day. The war has emptied the larders and the warehouses. They are waiting to be filled. The openings for British commerce were never so great as to-day." We only need the wisdom and courage to see our opportunity, to scrap obsolete methods, to overhaul our industrial system." Let us therefore quit quarrelling and, each according to his faculty, lend a hand at cultivating our inheritance, for in no other way can come either satisfaction or content.

THE NEW MAP OF EUROPE.

(III) THE BALTIC PROVINCES.

THE "Baltic Provinces," Courland, Livonia, and Esthonia, with the adjacent Islands, formed the three north-western "governments" or provinces of the Russian Empire. Peopled in the north by Esthonians and in the south by Letts, the "Provinces" were conquered and christianized by Germans of the Teutonic Order in the thirteenth and fourteenth centuries, passed under the control partly of Sweden and partly of Poland from the fifteenth to the seventeenth centuries, and were finally acquired by Russia—Esthonia and Livonia by conquest from Sweden in 1721, Courland by the Third Partition of Poland in 1795. Since the Soviet Revolution the three Provinces have formed themselves into two independent Republics—Esthonia (capital, Revel) and Latvia or Lettland (capital, Riga), the latter comprising Livonia and Courland. While the relations of Latvia with the Russian Soviet are, to say the least, not unfriendly, the Esthonian Republic has concluded a definite treaty of peace with the new *régime*. For the sake of clearness the two Provinces are referred to in this article by their old names.

The population of the Provinces, numbering close upon three millions, consists, as already indicated, of two chief race-divisions: the Esthonians, a people of non-Aryan stock akin to the Finns, who inhabit Esthonia and the northern half of Livonia, and number about 37 ℅ of the total population; and the Letts, an Indo-European people akin to the Lithuanians, numbering about 44 ℅ of the total, and occupying the southern half of Livonia and Courland. The other numerically important elements in the population are Germans (about 6 ℅) and Russians (about 5 ℅). It is important to remember that, while the administration of the country has been mainly in the hands of Russians, the ruling classes in finance, industry, and trade have always been predominantly German, and the effects of the recent occupation of the Provinces by German armies can hardly have been nullified by subsequent political events. Nevertheless German influence has always been regarded by the native population as an alien influence, and alike in town and country has provoked most bitter anti-German feeling, which came to a head in the Baltic Revolution of 1905, and will

continue to be a factor to be reckoned with, whatever the political future of the Provinces may have in store.

Geographically, the Provinces and Islands (of which the largest are Dagö and Ösel) are of great importance, because their coasts not only control the entrance to the Gulf of Finland and almost encircle the Gulf of Riga, but contain the four considerable ports of Revel (Esthonia), Riga (Livonia), Windau, and Libau (Courland), through which passes about one quarter of the whole of Russia's foreign trade.

Internally the communications of the country are by no means adequate. The chief ports are fairly well served by railways —especially Riga, which is an important terminus for through routes to the interior of Russia; but large areas of Esthonia and Livonia are destitute of railway facilities, and the variations of gauge and predominance of single track are everywhere serious obstacles to through connexions. During the temporary occupation of the Provinces by the Germans some new construction and doubling of line was undertaken in Courland, in order to strengthen German hold on the coast, and it is clear that rail communications with East Prussia have thereby been greatly improved. Before the war, about two-thirds of the total railway mileage was State-owned; the rest was in the hands of private companies under State supervision. One result of State control has been the standardisation of freight rates on almost all lines; the favourable rates on the Windau Railway, were, however, an exception, and had secured for the port of Windau an export trade second only in value to that of Riga. It is doubtful if there are 500 miles of well-constructed roads in the whole area of the Provinces (36,000 sq. miles). The road-system consists for the most part, as throughout Russia generally, of "soil roads," dependent on weather and the season for their utility.

Of the river-system, the main artery is the River Dvina, near the mouth of which Riga stands, but there are countless small rivers, of which the Narova (Esthonia), the Pernau (Livonia), the Aa and the Windau (Courland) alone afford any facilities for small-steamer traffic for short distances from their mouths during the ice-free period. The course of the Dvina itself is obstructed by a bar at the mouth and by rapids, so that through steamer-traffic service to Dvinsk is out of the question. There are about 220 miles of canal connected with the Dvina, and the further canalisation and regulation of this

river would add greatly to its commercial utility, and amply repay cost, even allowing for the fact that navigation is closed by ice for at least three months in the year. Most of the waterways are used for timber-rafting, of which there is a heavy traffic down to the ports; but there is considerable scope for the use of water-power on the larger rivers, a successful beginning having already been made on the Narova, for the supply of power to the textile mills of the town of Narva.

The Baltic Provinces are the doorway to Russia on the west, and the great commercial importance of their chief ports has already been referred to. Not only are the latter the natural outlets for trade from the interior of Russia seeking the markets of northern Europe, but now more than ever are they likely to prove the points of closest contact between the new Russia and western civilization. The utility of these harbours is of course much restricted by ice during the winter months though not to the same extent as in Finland. Access to them all is made possible in varying degrees by the use of ice-breakers, and limited winter services are thus maintained. Libau and Windau, facing the open Baltic, suffer less in this respect than Revel and Riga, where the more protected waters of the Gulfs of Finland and Riga quickly become ice-bound. Revel and Libau are naval bases as well as commercial ports—a fact which to some extent curtails their facilities for trade. In volume of traffic Riga is far ahead of the other ports. Windau, however, was extending its accommodation and rapidly growing in importance before the war. All the four are well-equipped harbours with modern facilities for storage and repairs, and tolerably good railway connexions. In a normal year the volume of shipping which entered and cleared in the four ports was approximately as follows: Riga, 2,000,000 tons; Libau, 800,000 tons; Revel, 500,000 tons; and Windau, 400,000 tons.

The principal occupation of the inhabitants is farming, in which considerably more than half the population used to be engaged; of late years, however, manufacturing industries have been growing at the expense of agriculture, which, though still pre-eminent, is decreasing in importance. The growth of a prosperous landowning peasant class, the gradual conversion of arable into pasture, and the disappearance of common lands, have caused the poorer peasantry to migrate in large number into the towns, or even to leave the country altogether.

The Provinces are still essentially an agricultural country, although the arable land amounts but to one-seventh of the total area, and intensive methods of cultivation have to be employed in order to get the best out of a sandy and not very fertile soil. But the efforts of a wealthy and energetic estate-owning class and of an industrious peasantry have led to very successful results. The principal cereal crops are rye, oats, and barley, of which the average annual production before the war was respectively 380,000, 310,000, and 260,000 tons. The average for wheat, grown chiefly in Courland and largely exported, was 50,000 tons. Other important crops are potatoes (average 1,000,000 tons), peas, lentils, and linseed, the last-named being commercially the most valuable of all (average, 34,000 tons). The rearing of livestock, chiefly cattle and sheep, and dairy-farming are undertaken on a large scale, and very successfully.

It is probable that the timber industry is of less extent now than in past years, owing to the extensive cutting of the forests, which formerly covered about one-third of the area of the country. Still, the lumber-trade and the wood and wood-pulp industries are of great importance, and the forests, if properly conserved and scientifically developed, could be made an even more commercially valuable asset than in the past. There are vast supplies of peat of excellent quality, but the country is deficient in minerals, and is dependent on imported coal and iron-ore.

In proportion to its area (10,500 sq. miles) Courland is somewhat richer in natural resources than either Livonia (18,000 sq. miles) or Esthonia (7,800 sq. miles). The arable land in Courland is 25% of the area, in Livonia and Esthonia 18% and 10% respectively; and though the forests of Livonia are rather more extensive than those of Courland, the latter province possesses practically all the limited mineral wealth of the country (lignite, limestone, chalk, gypsum and clay).

Of manufacturing industries, the most important are those connected with the production of foodstuffs, viz., brewing and flour-milling, and the manufacture of alcohol and vegetable oils. Next come textiles, chiefly cotton, flax, and hemp spinning, machinery and electrical engineering, and the manufacture of chemicals, wood-pulp and paper, cement, and rubber. The works of the Provodnik Rubber and Tyre Company at Riga had made a great reputation before the war.

Livonia is pre-eminent in manufactures, and though Revel, Libau, and Mitau (Courland) are busy industrial centres, they cannot compete with Riga, with its population of over half-a-million,—the focus of the industrial activity of the whole country. Narva, on the borders of Esthonia, but actually within the province of Petrograd, is a very important centre for textiles.

The commercial activity of the Baltic Provinces is centred in the ports, which are not so much merchant towns as collecting and distributing centres for goods in transit to and from the interior of Russia. For this reason it is very difficult to estimate the amount and value of the trade which properly belongs to the country, absorbed as it is in the volume of traffic passing through the ports. The trade of the provinces consists in the exchange of agricultural and dairy produce, alcohol, hides, and timber for groceries, fertilizers, coal, and, above all, industrial and agricultural machinery. In amount and value of traffic handled Riga is far ahead of the other ports. Before the war its share of the total exports (valued at 40 millions sterling) was three-fifths, and of the imports (34 millions sterling) one-half. The volume of trade had been steadily increasing. The United Kingdom was the largest buyer of exports, though Germany and the United States were fairly close competitors. Of the import trade also the United Kingdom claimed the leading share, sending coal, rubber, chemical manures, and machinery. For all these goods there should be a rapidly expanding market in the future; but if England is to maintain her hitherto favourable position, she will have to keep abreast of the growing competition of Germany in chemicals and electrical supplies, and of Sweden in agricultural machinery.

The economic future of the Baltic Provinces, is so dependent upon their politicial settlement, and that again is so linked with the fortunes of Russia, that speculation as to prospects is hazardous in the extreme. That the country will settle down quickly after social and industrial upheaval, long preceded by political unrest, is unlikely. The suspension of trade and industry has been prolonged, and the political problems are deep-seated. On the other hand, material civilisation has shown an extraordinary power of recovery from the rapid havoc made of it by modern war. And even modern war cannot undo the effects of Geography, which has given Esthonia, Livonia, and Courland such a commanding position on the trade routes across northern Europe.

THE FINANCIAL SITUATION.

I. DEAR MONEY.

The exact connection between prices, credit and currency, is the subject of a controversy which resembles, in its essentials, that which aroused so much interest during and after the Napoleonic wars. At that time many quills were worn out in the attempt to prove that it was, or was not, possible for a bank to over-issue notes, the chief, almost the only form of credit currency then employed in home trade. The view of those who argued in the affirmative prevailed, and in 1844 the Bank Act was passed, which, among other things, restricted the issue of such notes. This section of the Act lost its importance when cheques took the place of notes as the chief instrument of payment. But in Germany, where the bank note retained its importance, the need of an adaptable currency was felt, and the bank act met the need by providing an elastic note-issue.

It is argued to-day, on the one side, that Treasury notes are issued, and extended bank credits granted, merely in response to the needs of the country, which needs have increased as the result of the rise in prices. On the other side it is contended that the rise in prices is itself due to the multiplication of Treasury notes, or the growth of bank credits, or both. Those who find in inflation the explanation of the greater part of the rise in prices naturally urge the need of deflating the currency (including bank credits) as soon as possible. Of these some, among whom so great an authority as Professor Pigon is to be reckoned, are pressing for an immediate, and fairly substantial, rise in the Bank rate, which now stands at six per cent. A relatively low Bank rate, it is argued, acts as an incentive to inflation, and inflation in turn raises prices, thereby restricting exports to America, further stimulating imports from that country, and preventing the adverse exchanges and depreciated sovereign from producing their natural effect upon trade between the two countries.

No one will dispute the need for reducing the volume of currency, bringing prices down to a lower level, and restoring the exchanges with America to their normal pre-war state. It is, however, at least doubtful whether the expedient of effecting this result by raising the rate of discount is wise in the circumstances of the moment. Those who advocate such a method seem to ignore the industrial side of the problem.

Under normal circumstances credit instruments are convertible into gold at request, and this fact renders it necessary that banks should maintain a gold reserve proportionate to their liabilities. The instrument employed to preserve the desired correlation is the rate of discount. When the reserve is relatively low, or a severe drain of gold to other countries is feared, the rate of discount is raised, that is, a higher rate is charged for accommodation of various kinds. Borrowers are thus checked and outstanding loans repaid as quickly as possible. If the rise in the rate is appreciable the threat of an export of gold will probably not be translated into action —it is more likely, indeed, that gold will be attracted from abroad. The present circumstances are abnormal. The movement of gold to and from this country, like the Bank rate itself, is under Government control. The exchanges will therefore only be influenced by the Bank rate in so far as the latter influences prices, and, through these, the profitableness of exports and imports.

A rise in the discount rate increases the cost of running a business. Industry is either able or not able to bear the additional cost. Professor Pigon holds the view that it is able to bear the immediate rise which he proposes, namely, from six to eight per cent. But if industry can bear the rise, its effect upon the amount of credit demanded will be negligible. Such effect will only be appreciable if a considerable proportion of firms are forced to curtail their obligations, that is, to reduce the volume of business. The amount of credit which they require for a given volume of trade depends upon the rates of wages which they pay their workpeople and the prices which they are charged for raw material, and the latter, in turn, are determined mainly by wages. If they are to continue to transact the volume of business which is now theirs, the firms must either be granted the credits which they now receive or reduce their wages bill. But they are unable individually to reduce wages *rates*. If, therefore, the discount rate is raised, and the rise is followed by a reduction in the total volume of bank credits, clearly many firms will be transacting less business than before.

A reduction in the volume of trade in extravagant luxuries is to be desired. But there is no prospect that the injury would be confined to such trades: on the contrary it is far more probable that industries which are essential to our well being would be injured first. Nor is there any ground for hope

that an injury to a luxury trade, would mean a re-direction of industrial effort from luxury to essential trades.

Before the war no distinction was drawn between the different categories of wealth made in the community; money values were identified with social values. But under the present abnormal conditions it becomes necessary to draw a careful distinction between the two, and to value, socially, the essentials of a good life far more highly than extravagant luxuries possessing the same money value in the market. A rise in the bank rate which prevents the erection of dwelling-houses but merely causes a publican to smile is not socially desirable. If credit is to be doled out in a niggardly fashion, priority must be given to those who can render the greatest service by its use; and they are not necessarily the people who are best able to bear a rise in the discount rate.

The view here expressed does not imply the assumption that currency and credit are expanded merely in response to increasing needs due to advances in prices. It matters not whether the expansion of currency comes first, causing the rise in prices, and creating a "vacuum" between costs and prices which is filled, sooner or later, by a rise in wages and other costs. The important point is that once the rise in wages' rates has been effected it tends to persist, and with it the need for an expanded currency. The incentive to inflation is strong and the process easy: the incentive to voluntary and timely deflation is weak and the process difficult.

If prices fell on account of a rise in discount rates which industries could not bear, not only would exports increase, but our market would become less profitable to American exporters and our rate of exchange with America would be improved. But in this case, too, the remedy might prove costly. The bulk of our present imports from the United States consists of wheat, raw cotton, and other essentials; the proportion which luxuries bear to the whole is relatively small. The suggested remedy might result in a reduction of the former without any change in the latter. Deflation can be effected to some extent by increased production, which would increase the effectiveness of a given amount of currency. Again, bankers can, and sometimes do, discriminate between borrowers according to the purpose of a loan as well as the security upon which it is based. For the rest, the problem of deflation may be attacked by methods which will call for consideration in future articles.

AN EXPERIMENT IN ECONOMIC ORGANISATION.

THE bloody attack upon the Reichstag building which disgraced Berlin in the early part of January was the last attempt of the German communist extremists to prevent the passing of a law to redeem the pledge enshrined in Article 165 of the new Republican Constitution of 11th August, 1919, that employees would be enabled to co-operate on equal terms with their employers in the organisation and development of undertakings. This law constitutes an interesting and important experiment in economic organisation and its provisions deserve attention, although few would advocate its immediate imitation in this country.

The basis of the law is the establishment in every concern of elective organs representing its employees, who are divided into the two classes of wage-earners and salaried assistants. The employees will choose from three to thirty of their number, according to the size of the concern, to form a FIRM COUNCIL (*Betriebsrat*). The elections to this body are to be conducted on the principle of proportional representation, so as to give appropriate representation to both wage-earners and salaried assistants, where the two classes exist, and also to take account as far as possible of the different trades employed in the concern. The wage-earner members and the salaried assistant members of the Council meet separately for certain purposes, when they constitute respectively a WAGE-EARNERS' COUNCIL and a SALARIED ASSISTANTS' COUNCIL. If the Firm Council consist of nine or more members, it appoints a FIRM COMMITTEE of five members to act on its behalf. In concerns regularly employing under twenty but over five persons the place of the Firm Council is taken by an elected FIRM ALDERMAN (*Betriebsobmann*). The whole body of employees meets to form the FIRM ASSEMBLY, which is competent to make proposals to the Firm Council on matters lying within the competence of such Assembly.

All male and female employees over eighteen years of age vote in the elections to the Firm Council; to be eligible for election the employee must be over twenty-four years of age, have served six months in the concern, have completed his or her apprenticeship, if any, have belonged at least three years to the trade or occupation in question, and be a German subject. In agricultural and forestry undertakings

only permanent employees are counted for the purposes of the law.

A detailed account of the functions of the Councils cannot be given within the compass of a short article. In general it may be said that the law contents itself with establishing compulsorily a machinery which is expected to enable employers and employed to co-operate for the good of the undertaking, but wisely abstains from abrogating the existing rights of either party. Thus it defines the field in which the various Councils are entitled to operate, but gives them substantially no legal power to enforce their decisions.

The Firm Council, acting in appropriate cases through the smaller Firm Committee, has the double duty of bringing to bear upon the management the wishes and opinions of the staff and of maintaining among the latter a sound view of the position of the undertaking, its requirements and possibilities. It is to advise the management with a view to promoting the efficiency of the undertaking, to co-operate in the introduction of improved methods, to assist in the prevention of accident and disease and in the administration of welfare institutions, to place complaints of the employees before the management and to join in the settlement of disputes, or, if necessary, cause them to be referred to arbitration. Reference of disputes to arbitration is, however, not made compulsory, and the demand of the Bourgeois parties is now that the law should be supplemented by a compulsory arbitration law. On the other hand, the Council or its Committee has the right to require confidentially from the management information, not involving the disclosure of business secrets or processes, in regard to all contracts for and conditions of employment in the concern, to inspect wages-books and other relevant documents, and to receive a quarterly report as to the general position and progress of the business. In concerns which are organised on the plan usual for joint-stock companies in Germany, with a board of Managing Directors and a superior Board of Supervision, the Council is entitled to have one or two members upon the latter body, who attend and vote at all meetings but draw no fees except an expenses allowance and are bound by law not to disclose confidential information.

The Councils' powers are less extensive in the case of concerns not carried on for profit. Their right to advise as to the conduct of the undertaking and participate in its

management is obviously not applicable and is not applied to concerns serving political, trade union, military, religious, scientific, artistic, and similar objects, in so far as it might conflict with such objects. A political newspaper, for example, could clearly not exist if the employees, who might belong to a different faction, were entitled to a voice in determining its policy.

While the Firm Councils represent the whole body of employees, the Wage-earners' and the Salaried Employees' Councils discharge independently similar functions of conciliation for the classes which they respectively represent but have no status in regard to the management of the undertaking as a whole. They negotiate with the management for the settlement of the conditions of employment and the redress of the grievances of their constituencies, may refer disputes to arbitration if the Firm Council refuse to do so, are to watch over the observance of awards which have been accepted as well as of wages agreements and of legal provisions protecting the employees, and so forth. Where no Trade Union agreements already exist, they are competent to negotiate with employers' associations for the regulation of wages and conditions of employment throughout a whole trade. Their most remarkable functions, however, are (1) that of concluding agreements, in the absence of a general trade agreement on the subject, as to the principles governing the admission of new employees into the concern, and (2) that of co-operating in the dismissal of employees.

As regards the first of these functions, admission to employment in a concern must not be made conditional upon political, military, religious or trade union activity or inactivity, or upon membership or non-membership of any political, military, religious or trade union society. This provision, which in this country would constitute an attack upon trade unionism, is possible and necessary in Germany where there is more than one type of Trade Union. It does not apply to the propagandist concerns mentioned in a previous paragraph.

The function of the Wage-earners' and Salaried Assistants' Councils in regard to dismissals by the management, is to hear appeals from such dismissal and to take up the matter with the management if they are not satisfied that the ground was adequate. The appeal must be made within five days and is competent only in certain cases, viz.: (a) if there is a reason-

able suspicion that the real ground was the employee's participation or non-participation in political, military, religious or trade union activity; (*b*) if no ground was alleged; (*c*) if the ground was the employee's refusal to undertake permanently other work than he originally agreed to perform; (*d*) if the dismissal constitutes a hardship and is not justified by the attitude of the employee or the position of the concern.

The legislation above described must, under the relevant Article of the Constitution, be supplemented by further laws, by which BRANCH WORKERS' COUNCILS representing the employees in the various branches of undertaking, and a REALM WORKERS' COUNCIL for the whole of Germany will be established. These organisations are then to be combined with employers' and other associations to form BRANCH ECONOMIC COUNCILS and a REALM ECONOMIC COUNCIL, which will constitute an economic parliament with the function of advising the Government upon economic and social legislation and with the right of itself initiating legislation upon such subjects.

Both the Constitution and the Councils law itself carefully recognise and safeguard all the procedure of ordinary Trade Union activity. None the less, the law seems to some extent to threaten a weakening of the orthodox Trade Union position in favour of a form of collective bargaining in which the individual concern and not the trade is the unit of negotiation. Whether it is the first step to "guild socialism," whether it will serve as a preliminary measure paving the way for the extensive socialisation of undertakings which is foreshadowed in the Constitution, or whether it will actually strengthen the old system of individual exploitation, are questions for the future to answer. At its third reading in the Reichstag, opposition was offered only by the conservatives, the representatives of the big industrial interests, and the communistic Minority Socialists, who together mustered 64 votes against 213. The Majority Socialists declared that under the law, despite its imperfections, the workers would feel that they were no longer mere objects of economic exploitation, and the Centre and Democratic Parties, who supported the law as an act of social justice, denied that it would in any way impede the free play of industrial and commercial initiative.

THE INDUSTRIAL WELFARE SOCIETY.

Much is being written to-day regarding the necessity for "pulling together" in industry, and Welfare Work is receiving more and more consideration as being a step in the direction of establishing better industrial relations. Within the last six months there has been a notable increase in the number of enquiries regarding the possibilities of the movement and the whole development is being watched with the closest attention by employers and other interested persons in all parts of the world. The steady progress made during the last two years, in the face of considerable opposition in the early stages from both the employer and the worker, is undoubtedly in great part due to the work of the *Industrial Welfare Society*, which has performed the double service of demonstrating how good welfare work is done and of convincing both sides that it is a good thing in itself and fertile in the production of good things, desired, yet not the immediate aim of the work.

This Society is a corporation, not of employers, but of persons interested in Industrial Welfare work, and as such includes amongst its constituents, representative employers, leaders of labour, and public men. It was created for the purpose of extending along voluntary lines that work which, during the war period, was started within the Ministry of Munitions under the direction of Mr. B. Seebohm Rowntree.

The Society takes as the keynote of its activities the word "Humanity," and it seeks to emphasise the truth that there is need in industry not only for the study of mechanics but of "humanics." Welfare work is not a device for making money. From the employer's side the primary motive must be social, not economic. In approaching firms with a view to persuading them to embark upon definite schemes of welfare work the appeal is made to considerations of justice and commonsense rather than to considerations of financial advantage. There is little need, however, to press the latter, for it is but asserting the obvious to state that a proper understanding of, and provision for, the daily needs of the normal working man or woman inevitably lead to greater efficiency on the part of the latter. In one of the big Yorkshire Steel Mills, for example, it has been found that

within two years from the appointment of a Welfare Supervisor, the leavings amongst the boy workers over a period of six months were reduced from a normal percentage of 67 to less than 7 per cent. Such questions, however, do not enter into the appeal, for unless enthusiasm for the work in its wider aspects can be aroused in an employer, it is but courting disaster for him to introduce a scheme of welfare work. To embark upon a scheme for the purpose of cloaking a low standard of working conditions, hours or wages, or because it happens to be "the thing to do" leads inevitably to failure.

That good welfare work is appreciated by the workers is proved by the fact that in nearly every case where welfare supervisors were appointed to look after the needs of the boy workers, the men have asked the supervisor to perform similar offices on *their* behalf. In several cases workers, after witnessing the results of welfare work in a neighbouring firm, have approached their own directors with a request that a supervisor be appointed, and if the employer's motive is sound and the supervisor properly understands his work, the appreciation of those for whom the work is done must follow, apart from the wage he earns, the actual conditions under which he pursues his daily task are naturally the worker's chief concern. The heating and lighting of the workshop; the quality and price of the meals served in the firm's canteen; the solution of many of life's little perplexities, are to him the vital matters, and it is in connection with such that the welfare supervisor is able to perform most valuable functions.

The early fears regarding the supposed attitude of the adult workers towards the movement have proved to be groundless. Where the co-operation of the workers is secured and real responsibility entrusted to their Committees, work of the highest value in raising the standard of factory amenities can be accomplished.

The *Journal of Industrial Welfare* is published monthly by the Society, and employers, workers and others who want to know what the movement means, and how to set about the work with the best chance of successful results should study its columns or get in touch with the Society itself.

VIEWS OF THE MINORITY PRESS.

The Prime Minister has been subjected to much adverse criticism and has been bitterly denounced by many Labour Leaders for having stated that the most active elements in the Labour Party of to-day stand for the overthrow of capitalism—the destruction, root and branch, of the present order of society, and the introduction of some form of socialism or communism. But to those who read the *Daily Herald*—the paper which is generally regarded as the official organ of Labour and which the Editor, George Lansbury, claims is financed by the great trade unions of this country—will know that the views expressed by this journal on most of the vital questions of the day, amply justify the Premier's attitude.

The cause of the Third International of Moscow, from which the British Labour Movement has so far withheld support on account of its violently revolutionary policy, is warmly pleaded by Mr. Lansbury himself, who at the same time endeavours, rather clumsily, to preserve his reputation for gentleness and forbearance. "Whatever views any of us may hold," he begins, "as to the expediency or otherwise of supporting the new International, I am certain it has come to stay, and that very soon the whole socialist and labour movement of the world will be numbered among its adherents. . . . I am aware that on paper its programme reads very red." But then Mr. Lansbury confesses that he has discovered that, human nature being what it is, there is no movement, not even a socialist and labour movement, without violence. And further—"Critics will please note that once it is admitted that force and violence are justifiable under conditions chosen by governments, I consider these methods are equally justifiable when used by rebels and revolutionists. I oppose these methods on all occasions." But, he continues elsewhere, "I remain in the stream of things, as also do Lenin and his comrades, because I know that only by so doing can I hope to have the slightest influence on my fellow men and women." Lest the conscience of any should be troubled by the fear that Parliamentary or Trade Union activities are incompatible with the Russian International, Mr. Lansbury secured the comfort of a definite statement from Lenin on the point—"**All Socialists and Communists, he (Lenin) said, should take the lead in trade-union, municipal, co-operative, and Parliamentary life, and thus use**

every means in their power to obtain the triumph of the cause." (The heavy type appears in the original.)

A leader in the issue for April 3rd on "The International" endeavours to show reasons why the British Labour Party should affiliate with the Moscow International, the vital test for membership of which, it states, is "the will to revolution." "The clearly defined object of the British Labour Party is revolutionary, is, in the words of the constitution, to 'secure . . . the common ownership of the means of production.' The Labour Party is pledged to the overthrow of capitalism and to the solution of the class struggle by the abolition of class distinctions. So much for the vital test of the will to revolution."

Elsewhere in the same article an attempt is made to prove the identity of all Socialism with the aims of the Third International, which rests "on the solid basis of the class war and the dictatorship of the proletariat." "What does the dictatorship of the proletariat mean? In fact, in purpose, in the actual operation of revolutionary Russia, where it prevails, it means neither more nor less than that the workers, whether they work by hand or by brain, should control the government, and that nobody should be allowed to live in idleness on rent and interest; that is, by the exploitation of other people's work. The class war and proletarian dictatorship are in essence the Socialist faith which is embraced in all countries by most intelligent people at all conversant with economic facts."

The only remaining difficulty, in the view of the *Daily Herald*, is agreement on revolutionary tactics. But this need keep no party from Moscow—"The Russians are willing to co-operate with any party which does really will and work for the overthrow of the wages system." Indeed, on the question of how the deed shall be accomplished Lenin is more tolerant than "the Western Socialists who still want to force upon the Russians their own conception of the current forms and methods of securing the great change. . . . The essential condition is that the International shall be a union of parties pledged in very earnest to the achievement of the Revolution," which, we are told, *only* means "the complete overthrow of the capitalist wage system at the earliest moment and by the most effective means, and the substitution for it of communal ownership and co-operative production. That is the essential. Any attempt again to unite for common action groups which

have and groups which have not the will to revolution, any attempt to bring within one organisation those who are ceaselessly attacking Capitalism with those who in practice accept or even support it, is doomed to failure." Whatever may be the ultimate decision of the I.L.P. and of the B.S.P. at their Easter conferences, this is the sort of teaching by which the minds of the "rank and file" are moulded, and the paper which thus strives to create an atmosphere of revolution among the people is specifically approved by labour leaders and receives the financial support of the great trade unions.

Mr. G. D. H. Cole contributes two articles on the subject of piece-work. He fears that, without assistance, the engineer will "not be very certain of what he ought to do." Mr. Cole is opposed to any piece-work remuneration other than "Collective Contract," but he argues his case not on the possible fairness or unfairness of the system of payment by results, but viewed as a move in the class war. He is against the employers' proposals—"not because I love time-work, but because I want the workers to control their own industries, and because the employers' proposal seems to me to be fatal to the chances of winning control." In the second article he continues—"The root evils of both time-work and piece-work are first, that under both, the employer steals the surplus product of labour and pays only a wage, and, secondly, that under both the employer claims the exclusive right to manage labour—that is, to order the workers about." He advises the Engineers "to make the employers an offer" in the following terms: "We are equally sick and tired of your time-work and your payment-by-results. . . . But we will collectively agree with you on the price of our work, and, if we turn out the goods it is no business of yours how we do it. We will make with you a collective contract, until such time as we decide to do without you altogether."

The Miners' question receives the same revolutionary treatment. On March 23rd we read—"Definitely and categorically we maintain that the only solution of the mining crisis . . . is the entire abolition of private profit and private property in the industry." The Labour Movement is accused of having let the miners down and the *Daily Herald* thinks that possibly the Trade Union Congress will recognise this and re-consider its decision not to employ direct action—"That at least is our hope. For, short of a revolution in the

system under which the mining and all other industries are conducted, we see no release from continual wage demands."

The revolution in Germany is watched hopefully as the portent of a Red Dawn in that country. Under the heading of "The Real Issue" the following paragraph appears on March 17th. "Germany, in a word, is confronted to-day by the alternative of two dictatorships. . . . On the one hand, dictatorship of the military, leading inevitably to a revival of monarchy, and to an aggressive imperialism. . . . On the other hand, dictatorship of the proletariat—the supremacy of the organised workers—leading to the final overthrow of Capitalism and its creatures, and to the establishment of a second great Communist Republic." And on the 18th we read—"The new Soviets are a challenge not only to the Junkers, but to the bourgeoisie; not only to Kapp but to Noske. . . . They are an assertion that Germany can only be saved from the 'dictatorship of the military' by the 'dictatorship of the proletariat.'"

"Man has arisen" is the title of an article written by John Bryan in praise of Soviet Russia. The article is noteworthy particularly because it appears in the organ of the British Socialist Party (*The Call*, April 1), and illustrates with graphic force the curiously brutal irreverence preached by the revolutionaries who elsewhere denounce as "a capitalist lie" any suggestion that Bolshevism aims at the destruction of Christianity. The gibes here are aimed, not at the hypocrisy of many so called Christians of to-day, but at the greatest example of devotion and self-sacrifice ever inspired by socialist ideals. The writer draws a parallel between the "supposed redemption of the world one thousand eighteen hundred and eighty-seven years ago by the blood of crucified Christ," and the regeneration which he claims is now being effected by the Russian example.

"The earth," he writes, "is still soaked with the rivers of blood shed in the recent great war. Half the world lies in ruins, with a decimated population starved into death and perishing from cold. Over this colossal wreckage of humanity a handful of rich, grown richer through that very blood and misery, hold sway, rolling in gold, luxury and pleasures, extracting the last drop of marrow from the bones of the surviving wretches, and stretching forth their tentacles to the new races which the war has delivered to their insatiable lusts. A world redeemed, indeed! The pagan world could

not have been worse than this world of Christianity. But the Bolsheviks came, and the miracle unparalleled in history happened. Russia, guided by the transcendant genius of Lenin, has been the saviour of the world, its redeemer from cynicism, scepticism and demoralisation. For this part which she undertook deliberately, she has had to pay a heavy price. To this day, crucified by the capitalist powers, subjected by them to every imaginable insult and mockery, she is bleeding from every pore. But, unlike Christ, she did not weep bloody tears out of pity for herself when making up her mind rather to be crucified than to betray the trust which history had placed in her hands; nor is she likely to die on the cross before she accomplishes her mission."

The Annual Conference of the National Guilds League will be held in London at the Steel Smelters' Hall, on May 8th and 9th. It is interesting to observe that this eminently bourgeois movement, under the *de facto* leadership of Mr. G. D. H. Cole, proposes to opt for Bolshevism. The first resolution to be discussed at the coming Conference states that the Guild Socialists "hold that the firm establishment of Guild Socialism is impossible without the supercession of the administrative and coercive machinery of the capitalist State by forms of organisation created by, and directly expressing the will of, the workers themselves, welcome the Soviet system as a form of organisation complying with this condition."

The Guild Socialists, however, are not satisfied with this affirmation of their adhesion to the forces of Lenin and Trotsky. In the second resolution to be moved, this Conference expresses the conviction that "*the determination of policy by a minority is not only inevitable but desirable* as long as the majority continues to be apathetic and unawakened; urges the conscious minority among the workers to use their power to overthrow Capitalism without waiting for the conversion or active co-operation of the apathetic majority."

But opinion is evidently not unanimous, for an amendment is to be moved to this resolution in the following terms:— "That this Conference of the National Guilds League, while recognising the class struggle as a primary fact of present-day society imposed on it by Capitalism, rejects the alleged solution of it expressed in the phrase 'dictatorship of the proletariat' as not merely impracticable but essentially fatal to all the social values for which the League has always stood."

FOOD FOR THOUGHT.

The arrival of some 250 British refugees, repatriated from Russia, is an event of the greatest importance. This will be the first occasion since the revolution that any considerable number of witnesses have reached England and much depends on their testimony. If there are any enthusiasts who are disposed to believe that Russia is a holiday resort where class-conscious proletarians are having a good time, they should meet the steamship *Tagus* and interrogate her passengers. Hitherto we have had more than enough propaganda to overlay all too little truth, and whilst it is certain that the latter will prevail in the long run, the all-important question is, how long shall we have to wait before the process of separating the grain of truth from the chaff of misrepresentation is accomplished? No doubt the tales we shall hear from the refugees about current affairs in Russia will be contradictory in many particulars—for amongst the arrivals there will be at least a sprinkling of Bolshevik agents and, of the others, not many will have been allowed to see for themselves those things which it is most in the interest of the Russian Government to hide from public view.

* * *

Fortunately, however, there is always this saving grace in the testimony of a crowd. Ultimately murder will out, and even the most skilfully constructed falsehoods fall to pieces under the sort of unpremeditated cross-examination that develops automatically as the evidence grows in volume. It is almost an axiom in the law courts, that half a dozen false witnesses may be trusted to confound any conspiracy engineered to defeat the ends of justice. As soon as the mass of British working men and women realise the truth about Russia, an ignominious end will overtake that elaborate edifice of make-believe which has been constructed by self-deceived visionaries with the intention of persuading our people that a new form of society founded on murder, financed by theft and sustained by terrorism, is preferable to the established order, imperfect though it still may be, under which the British people, have attained a measure of freedom and a level of opportunity such as has never before been reached by any considerable community in the chequered history of the world.

In the long process of emancipation which has gone on through the centuries, all classes have immensely improved their condition. It is unhappily true that the full turn of Labour has been long deferred, but it has come at last. Everywhere and every day are we witnessing the removal, one by one, in quick succession, of those social and economic shackles which used to confine the aspirations of the working-class within too narrow limits. Could any tragedy be more poignant than that which is now threatened? What a cruel calamity if the good ship should be scuppered by its own crew when within actual sight of the port, to reach which such strenuous and such long-sustained efforts have been devoted.

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Labour is coming into its own. Strong, self-reliant and militant, it carries one position after another. It has nothing to fear from those who do not belong to its own ship's company, and the crew would be well-advised to emulate the example of Ulysses and stop their ears lest they are cajoled into destruction through paying heed to the voices of persuasive syrens with their faithless promises of plentiful wealth and leisure easily, but illegitimately, won.

■ ■ ■

Already the false witnesses are being convicted out of their own mouth. "Free Labour," says Trotsky with brutal candour, "can only exist in a capitalistic State." To what end, then, have generations of earnest reformers been striving if it is not that labour shall be free? Mr. George Lansbury may protest, with the watering eye and the breaking voice which are supposed to betoken sincerity, that all is well with the Russian proletariat, but he cannot deny that martial law prevails in the Russian workshops, that Industrial Labour is conscripted, and that "the crime of idleness" is punished with the utmost severity. He may gush over the fiction of perfect equality between man and man, but he is driven to confess that there is little left to divide in communistic Russia to-day except long hours and insufficient food. He may tell us that there is a willingness amongst those he met to share the privations that are common to all, but he does not refer to those who have succumbed to hunger. He may enlarge upon the absence of labour unrest in Russia, but he is discreetly silent as to the fate reserved for those so-called "counter-revolutionaries" who have dared to protest against the despotic dictatorship of the ruling caste.

"It is only by military tactics," says Lenin, "that we shall succeed in saving the State from economic ruin." In so saying he admits the existence of that very danger that his disciples desire to precipitate in this country, and he prescribes the remedy of militarism which, of all things, is best hated by British Labour. "Iron military discipline is necessary" adds Zinovieff, and the same lesson is driven home in all its ruthlessness by Trotsky, who declares that "Labour conscription gives the Labour State the right to order a workman to leave the village industry in which he is engaged, and to work in a state enterprise which requires his services. We must feed these workmen and guarantee them a minimum food ration. There must be the utmost strictness and severity both in matters great and small."

■ ■ ■

Could any contrast be more arresting, in substance or in spirit, than that between the attitude which prevails in Russia and that which obtains in England on the subject of the rights of Labour? Let us turn from the barren and savage enactments of Sovietism to the broad-minded and generous decisions that have been reached in our own land. Our readers will remember Mr. Ernest Bevin's passionate repudiation of the subsistence wage which he described as a "fodder basis." Let us enquire into the kind of answer given to the Dockers' K.C., by those who control the destinies of this country.

■ ■ ■

The reply of the Committee of Inquiry, presided over by Lord Shaw of Dumferline, is conveyed in these words—"The true and substantial case presented by the dockers was based on a broad appeal for a better standard of living. What is a better standard of living? By this is not meant a right to have merely a subsistence allowance in the sense of keeping the soul and body of the worker together, but a right to have life ordered on a higher standard, with full regard to those comforts and decencies which are promotive of better habits, which give a chance for the development of a greater sense of self-respect, which betoken a higher regard for the place occupied by these workers in the scheme of citizenship. . . . In the opinion of the Court the time has gone past for assessing the value of human labour at the poverty line."

■ ■ ■

If there remains one atom of common-sense, any vestige of intelligence, in the composite mind of British workmen, they

will not fail to choose aright between the policy of constitutional evolution as recommended by their real friends and the wildcat programme of revolutionary folly advocated by those who favour the Red International. If they are but half-wise they will see through the verbal contortions of the slippery Mr. Lansbury and estimate, at its true value, the noisy claque of undesirable aliens whose high priest he has become.

■ ■ ■

But when the extravagant nonsense talked by hotheads, has been discounted, there remains a tangled skein that must be unravelled before we become normal again. For the time being the war, and its aftermath, has disorganised all our values. We return, after five years of feverish struggle for life and freedom, to the humdrum task of earning a livelihood. The rules of the game have not altered, but the high stakes, offered and accepted at a time when nothing seemed comparable to the fear of failure, have upset the calculations on which we were accustomed to act.

■ ■ ■

The stakes seem higher, but the counters have a lower value. We obscure the real issue by using a double notation. When we buy we say that the price is up by a hundred per cent.—when we sell we complain that the value of money is a hundred per cent. down. We gauge our wages by one unit of measurement and estimate the earnings of capital and the salaries of those who are richer than ourselves by another standard. Government commissions and "capitalist" newspapers conspire to mislead the bewildered man in the street, and the accusation of profiteering is bruited abroad on the slenderest basis or assumed on the merest suspicion. The best cure for this kind of green sickness is to study a large-scale map and inform ourselves how the getting and spending of wealth is being conducted elsewhere, and especially to see how affairs are shaping under non-competitive conditions in the only Socialist State.

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Dr. Arthur Shadwell has recently reminded us that prices under the Russian Commonwealth are immensely higher than in any other country. They are estimated to have risen at least 3,000 per cent. The country in which prices have risen least is America, where Capitalism has reached its highest

development. High prices are due to many causes, but it is obvious, after a scrutiny of the facts, that profiteering under Capitalism is not the exciting cause.

* * *

Public resentment and discontent are brought about by the widespread belief that capitalist interests have been enriched by the war, but it is by no means certain that the contrary is not the case. The *Labour Gazette* publishes figures showing that between 1914 and 1918 wages increased by six hundred and fifty millions of pounds. During the same period business profits, assessable to income tax, show an increase of one hundred millions only—and of this sum at least twenty-five per cent. is returned to the State in the form of taxes.

* * *

The *Daily Herald* tries to persuade us that profiteering, and, therefore, high prices, will be eliminated by nationalisation; but the report of the Municipal Tramways Association shows that although fares in most localities are at least 100 per cent. higher, "almost every tramways system is now (since the Wages Award of March, 1919) carried on at a loss . . . either the fares must be substantially increased or tramways must depend upon compulsory local rates." In other words, the service must be paid for by the people, and its cost will be determined by the wages and salaries of those rendering the service. The destination of profits is not involved—it is a question of how great a loss will be incurred.

* * *

Few things are more necessary to the nation in these days than a well-grounded appreciation of social principles and factors, and most of all, perhaps, of those that rule in the economic organisation of society. For this, and other reasons, the Oxford Tracts on Economic Subjects, recently published by the University Press, are to be welcomed as both helpful and opportune. The series attempts, in a sober and sympathetic spirit, to bring the views, the knowledge and the speculations of economists within the reach of the large public that is averse to studying books on economics, and relies on stray reading, if on anything at all, to form its opinions. In Economics dogmatism is misleading, and dogmatism is not to be found in these tracts, which aim at combining sound doctrine with the spirit of enquiry, and at stimulating thought.

DAY BY DAY.

(A monthly Record of the principal events, at home and abroad, which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

March

1st. National Health Insurance Bill, increasing rates of benefit and contribution, introduced in the House of Commons.

Strike involving 45,000 steel workers develops in South Wales.

A procession of 10,000 workmen who had marched from Woolwich came into conflict with Police near Westminster Bridge. In the riot which ensued fifty persons were injured.

Railway Strike in France. After negotiations with the Government, the Railwaymen's Union decided to proclaim the strike at an end.

Report on Petrol Prices published by the Board of Trade

2nd. 12,710 French miners on strike.

3rd. South Wales Steel Workers strike spreads—20,000 men out.

Road Transport Workers' demand for a weekly wage increase of 10/- refused by associated Employers after consideration by the Joint Industrial Council of the Road Transport Industry, on the ground that non-associated employers are not compelled to come into line. Federation appealed to by Trade Union leaders for authority to strike.

4th. General Confederation of Labour (France) issues manifesto declaring the end of the railway strike is only an armistice, and that the interval will be devoted to propaganda for the nationalization of railways.

6th. 60,000 workers in the steel, tin-plate and allied industries idle as result of Welsh steel strike.

Agricultural Wages Board gives formal notice of the proposed increase of agricultural labourers' minimum wage to 42/-, with a minimum increase of 4/- for all male workers of 21 years of age.

8th. Price of quartern loaf to be increased by 2½d. on April 12, and State subsidy reduced by £45,000,000.

Strike of French miners.

South Wales Miners' Conference decided by 3,487 votes to 610 in favour of Direct Action to compel the Government to accept nationalisation of mines, and to demand an immediate increase in wages of £2 a week.

9th. Martial law introduced into railway workshops in Russia by the Soviet Government.

Joint Industrial Council of the Road Transport Industry agree to refer the workers' claim for a 10/- advance in wages to arbitration by the Industrial Court.

10th. Preliminary voting on the question of Direct Action to be decided at the Special Trades Union Congress showed that, of the Miners, 524,000 were for Direct Action, 346,000 for political action in support of the nationalisation of the mines. The General Workers (1,500,000) decided almost unanimously in favour of political action. The N.U.R. Executive voted for political action.

11th. The Special Trade Union Congress rejected the policy of Direct Action to compel the Government to nationalise the mines, by a majority of 2,820,000, and supported a resolution in favour of intensive political propaganda for the same end by a majority of 2,717,000.

The Industrial Court awarded an advance of 6/- a week on time rates, and 15% on piece-work rates, to men in the engineering, shipbuilding and ship-repairing trades on the ground that the remuneration of the workpeople should depend on the value of the work done, and that the value of the work depends upon the state of the market.

12th. Messrs. Coats publish a statement refuting the findings of the Standing Committee on Trusts.

Discovery in Berlin of revolutionary plot to corrupt the troops. Arrest of four leaders ordered.

Miners' Federation demand wage increase of 3/- per shift for adults and 1/6 for juniors.

13th. Noske's government overthrown by Junker revolution led by von Lüttwitz and Kapp.

Cost of Living (based on prices of 45 representative commodities) said to have trebled since 1913.

15th. South Wales Steel Workers resume work after 14 days strike—during which it is calculated that more than £500,000 was lost in wages alone.

16th. Standing Committee on Trusts issue Report on Electric Lamp Combine.

Welsh Steel Strike: Conciliation Board concedes the 40% advance in wages, payable from January last. Wages sliding scale introduced, with £5 as minimum.

17th. Report of Departmental Committee on Industrial Assurance condemns present methods both of Companies and of Societies.

Failure of Kapp-Luttwitz rising. Spread of Communism feared.

Associated Society of Engineers and Firemen agree to submit demand for higher wages to National Railway Wages Board. N.U.R. and A.S.L.E. & F. consider terms of an agreement for joint action.

18th. Ebert Government returned to Berlin and called on all workers to end the strike.

National Federation of General Workers approve the principle of payment by results, given proper safeguards.

Negotiations opened between the Government and the Miners' Federation on the claim for a wage advance of 3/-.

19th. Miners' demand: The Prime Minister resists the demand as a form of Syndicalism.

20th. Dismissal of two men at Bargoed Colliery, South Wales, leads to a strike of 2,000 men.

21st. Meeting at the Albert Hall to welcome George Lansbury on his return from Moscow. 10,000 people said to have been present.

German Labour makes terms with Ebert Government on conditions involving a policy of nationalisation.

22nd. At a Conference presided over by W. Brace, M.P., the S.W.M.F. reject the proposal of the Miners' Federation of Great Britain and demand an increase of £2 a week.

23rd. T.U.C. Parliamentary Committee protests against amendment in Unemployment Insurance Bill allowing the Trade Unions to pay unemployment benefit direct to their members.

Ebert Government comes to an agreement with the Left, whereby a purely Socialist government is to hold office until the elections, and Workmen's Guards to replace the Reichswehr.

24th. Miners reject Government offer and prepare to take a strike ballot.

Strike of 2,000 railwaymen at Wakefield as a protest against one-day suspension of a driver.

Industrial Court awards 6/- a week wage increase to workers in railway shops.

Daily Herald alleges discovery of Government "plot" to blockade mining areas in the event of a strike.

Mr. Frank Hodges publishes misleading version of the Premier's reply to the Miners' Federation.

25th. 5,000 men struck work at the Slough Motor Transport Depôt of the Ministry of Munitions as a protest against the alleged victimisation of a mechanic dismissed on March 10th.

Lancashire and Yorkshire railway strike settled.

Government appoints Committee to enquire into the best means for securing greatest possible output combined with permanent well-being of all engaged in the industry.

Cotton weavers ask for 60 °/₀ increase on present wage which is already 140 °/₀ above the pre-war standard rate.

26th. Labour Party launches its scheme for raising £100,000 as a fighting fund.

Daily Herald repeats its blockade "canard" in spite of the publication of an official denial by the Government.

29th. Government offers the Miners' Federation an advance of 20 per cent. on gross earnings. It is calculated that the advance will add £36,500,000 a year to the wage bill.

The Conference decides to submit the question of a strike or acceptance of the terms to a ballot of the rank and file.

30th. Joint Industrial Council of the Tramways industry discuss demand of the Transport Workers Federation for an advance of 10/- a week in the wages of Tramway-workers, and obtain offer of 5/6 from employers. Strike notices withdrawn.
Cotton spinners demand 60 per cent. increase on present earnings and payment for annual week's holiday. This would bring their wages to almost three times the pre-war rate.

31st. Denmark: T.U.C. declare a general strike to begin on April 6th unless the political situation is materially changed.

Dockers' Inquiry: Court recommends universal minimum wage of 16/- a day and a system of registration and maintenance grants to counteract the evils of casual labour.

No. XXXIII

MAY

MCMXX

"Debts count as wealth and pulp as gold,
Hard work is shame, and thrift is greed,
Take heed, take heed."

INDUSTRIAL PEACE

CONTENTS

THE REGULATION OF WAGES.

NOTHING, surely, is more urgently needed at present than a just theory of wages. If the governing principles were determined and good methods found for adjusting them to each other and applying them to changing conditions, much harmful controversy could be avoided. But in wage questions authentic science and craftsmanlike procedure scarcely exist. In place of these, uncertainty rules: agitation supersedes argument, and extemporisation is valued above thought and theory.

A striking award was recently made by the Industrial Court for the engineering trades. The Court (*Times*, April 14, 1920) decided against a cost of living advance, but held that, on the basis of the "value of the work done," and having regard to the exceptional state of the market for engineering products, the workers could be given an advance of 3s. a week (7½ per cent. for pieceworkers) in April and another 3s. in June. The Engineering Employers complained against the award as *ultra vires*, but the Court held its ground. The agreement of February, 1917, between the employers and the workpeople's organisations contemplates the examination of wages in the light of the "abnormal conditions . . . due to the war." The present briskness in engineering may fairly be regarded as an abnormal condition, and as due, in a sense, to the war. But it is unlikely that either side had in mind conditions of this sort when the agreement was made. Without a doubt the award brings a new principle into wages arbitrations for whole trades. If this principle is to stand, no time should be lost in familiarising the public with it, and every effort must be made to ensure that it is not applied on insufficient evidence or by rote.

The Industrial Court is the child of a very recent statute. But it is also the successor of a body which became exceedingly well known during the war—the Committee on Production. The Committee supervised the "scaling-up" of wages during the war, being concerned to adjust wages to one factor only, viz., the rise in the cost of commodities. As the rise affected all classes of wage-earners, the advances were awarded upon a uniform standard. Several years of arbitration on this plan aroused certain definite expectations

among workpeople. Whatever advances the Committee might at any time award to the engineering trades came to be considered the right of workers in all other trades. A day came when the Ministry of Munitions, having armed itself with powers to issue statutory orders regarding men's wages, decided to give a special advance of 12½ per cent. to the skilled day-workers in the engineering trade. The skilled men had a genuine and substantial grievance, for their skill alone made it possible for semi-skilled workers to earn on repetition work wages far above those of the skilled men themselves. But the great mass of workpeople, inured to the generalised procedure of the Committee on Production, insisted on sharing in the day-workers' advance. Since wage movements have nearly always originated in the engineering trade, other trades adopting the engineers' advances with or without modification and after longer or shorter delays, the claim of the other trades to participate in the 12½ per cent. advance was intelligible, and indeed almost inevitable. The tradition which the Committee followed and confirmed proved too strong for the Ministry of Munitions' special advance to skilled time-workers. After months of agitation the 12½ per cent advance was made universal. The method of this extension is not without interest. The consideration of all claims to the 12½ per cent. advance was transferred from the Ministry to the Committee.

The Industrial Court has now ventured itself to give a special award, for the Court, presumably, would not assert of all trades that their present briskness justifies an advance in wages. The assertion of a new principle as governing general awards, and the enforcing of this new principle on behalf of the engineering trades, have occasioned what may develop into a crisis. The "scaling-up" of wages during the war familiarised the nation with centralised procedure. The continuing abnormalities of the post-war period—and who can set a limit to this period?—are fastening this procedure more firmly in our industries. The nation appears to be committed to the general method. The war-time general awards rested on a single principle, viz., the adjustment of wages to the cost of living. There is no reason why, under the procedure of a centralised Court arbitrating for a whole trade or for all trades together, other principles should not be taken into account.

Neither can it be maintained that the briskness of a trade

ought not to be reflected in its wages. To establish a connection between the prosperity of a trade and its wages is not heterodoxy. Profit-sharing means nothing else. The general principle of recognising the "value of work done" is defensible and even necessary. The two points on which discussion must centre are these. Firstly, will the action of the Court be understood by the mass of wage-earners? The engineers are the natural leaders of the working-classes. Whatever advances the engineers win other classes of workers habitually desire and endeavour to obtain. Unless the novelty of the principle on which the Court has acted and its strictly limited application are strongly emphasised and advertised, the Court and the Government may be unable to resist the demands of the workpeople in other industries for a similar concession.

And, secondly, is a general award by a Court the best way of giving workpeople a share in the briskness of business? They gain already by steadier and better-paid employment and by the abundance and cheapness of commodities. And briskness may be due to other factors than labour. Increased wages, again, must tend to raise the cost of production and the price of products, and so eventually to reduce consumption and curtail business. Where large profits are accumulating, the Exchequer has the first claim on them, for ordinary purposes and for the extinction of debt. Surely the better way to give workpeople an interest in the prosperity of industry is to interest them in the output and, possibly, in the profits of the firms for which they work. The new principle which the Court has promulgated, and which it will be invited and perhaps compelled to extend, undermines all the detailed schemes of profit-sharing or bonus or premiums of whatever sort which are the subject of experiment in so many industries. What workman need think about his output if the Court tells him that the times are so brisk that he can have 3s. more per week?

One question more. Is the Court really in a position, as far as knowledge of the facts goes, to impose this summary method of profit-sharing on an industry? Few things are less likely. And even if the figures justified the decision it is not clear how the Court could, with practical safety, impose profits-advances, which must of necessity be different in different trades.

THE GREATEST NEED.

Among the men who served the big guns along the Western Front—the guns which transformed the homes and factories and churches of France into mere heaps of rubbish—there were many bricklayers, carpenters, and other workers in the building trade. In peace they spent their days in rearing homes and churches and factories; the necessity of war forced them to destroy the very things they had formerly spent their lives in creating.

That is one concrete example of why to-day the supply of goods cannot keep pace with the wants of the world. You cannot turn builders into destroyers for five years without seriously disturbing the life of the nation. It must be obvious that the men who are knocking down buildings cannot be erecting them.

With that simple fact kept steadily in mind, and applied to the varied needs of our daily life, it is easy to understand why the wants of the world to-day are unsatisfied. The scarcity of all articles is due to the fact that for five years the millions of men who are normally employed in making those articles were engaged instead on the work of destruction.

The men who are making things are demanding that they shall make less and shall have more. Shorter hours, higher wages, at a moment when scarcity is universal, are only possible if we produce much more per hour. The attempt to raise wages by reducing profits to zero must eventually make an end of production. Labour will not work without wages; neither will Capital function without profits. If you render the accumulation of capital impossible, you cripple production and dry up the source of wages

Let us revert to the illustration with which we started. Think of what is involved in the building of a single house. Let us say that such a piece of work will occupy half a dozen men for six months. In that period there will be twenty-six weekly pay-days, and each worker will expect his week's wages to be punctually forthcoming on those pay-days. But where is the money to come from? No one can live in the house while it is being built, and, even if it were possible, the rent for six months would not go far towards providing the wages of six men for twenty-six weeks.

Where then is the money to come from to pay the wages of the six house-builders week by week? It must be found by the man who has ordered the house, and for him to be able to do so it is essential that he should have saved the necessary sum by hook or by crook. Those savings are capital, and without capital not even a single house can be built.

The chief agency for supplying the wants of the world is machinery; not only the engines and the tools and the factories, but also the organisation—financial, technical, and managerial—which makes the wheels of industry go round.

The supply of capital depends, then, firstly upon production and secondly upon saving. We must produce more than we want for our immediate comfort. The savings which become capital may be accumulated from wages and other small incomes and from the profits of larger businesses. The essential thing is that something be saved from direct consumption and used to increase production permanently.

Whatever is so applied is directed from personal use and devoted to a public purpose.

Unfortunately, a very large number of people have got the idea that the best way to get all the things they want is to increase wages by reducing profits. This *appears* to be quite a good plan: some seem to get so much and some so little. Why not divide the lot equally? But the plan won't work. In the first place, if all the profits throughout the country were disbursed as wages, the amount received by each individual would be so small that it is very unlikely that much of it would become productive capital. It would be spent—well-spent, if you like—in the home. But what would happen at the end of a year? The net effect of increasing wages out of profits would be to diminish the amount of capital available for construction work and to increase the expenditure for current consumption. This would send up the cost of living because it would first increase demand and then curtail the means of increasing production.

The public is hostile to profits because it does not follow them back into industrial use and see the ultimate results in larger and cheaper production. Profits are regarded grudgingly as lost to the public and at best as an incentive which it is necessary to concede. But profits are more than an incentive—they are the actual means by which the leaders in industry achieve increased production. The public is always asking that profits should be reduced, despite the

fact that there is far more likelihood of profits being converted into capital, and used for industrial advancement, than wages. Industrial development in any line has been mainly accomplished by means of the profits made in that line.

The wonderful expansion of the iron and steel industries has been largely achieved by means of the profits obtained in the business. The savings resulting from one improvement have furnished the capital for other experiments and improvements. The great fortunes made in the industry consist of vast properties by means of which iron and steel are made and sold to the public more cheaply than before such properties existed.

There is a better way of raising wages than by confiscating profits. What happens if, at a given time, profits are unusually high in any industry? The larger the profits, the more will capital be attracted and the faster will be the development of the business in which they are made, until the point is reached where the public is abundantly supplied at a profit so moderate that capital is invested in other directions. The most effective protection of the public from high profits is in the fact that such profits are their own undoing. They work a permanent change in the conditions from which they spring, and no arbitrary attempt to regulate profits can do this.

The fundamental need is an increase in production, and the limiting factor in production is our ability to provide capital —to make provision for increased production in the future. It is utterly futile to try to improve working-class conditions by raising money wages, while the supply of everything is being reduced. If all the wages in the world were doubled to-morrow the change would not add one bushel of wheat, one pound of sugar, or one yard of cloth to the world's supply. It is true that if a few get more wages while the others do not, the former may be able to get more than their share by outbidding the others, but there is no settlement of the social problem on such lines as that. The fundamental truth is that industry as a whole is engaged in supplying the wants of the population and that the greater the production in each branch of industry the greater will be the supply for all.

THE TERRITORIAL ARMY.

In Great Britain to-day there are more than seven million men between the ages of 17 and 38. If only three out of every hundred of these men joined the Territorial Army, the strength of that Force would soon be brought up to its authorised establishment. Though the demand is thus a very modest one, the response has been disappointing to those who looked for brisk recruiting. For some reason or other there is a hesitation about enlisting in the Citizen Army, and this can only be due to lethargy or misunderstanding—because there is no reasonable ground for hesitation when once the facts of the situation are generally understood.

A simpler issue has seldom been submitted to the good sense of the British people. The rapid demobilisation which followed upon the signing of the Armistice reduced our military strength at a time when our responsibilities for maintaining order in many different parts of the world were greater than at any former period in our history. Simultaneously there arose an urgent demand for economy, especially with regard to military expenditure. Under these circumstances the Government would have deserved universal blame had they not taken the obvious step of re-establishing the Territorial Army without delay. No responsible body of opinion has formulated any reasonable opposition to the Scheme and there is no alternative proposition before the public. Why, then, this delay in filling up the ranks? To some extent, no doubt, an explanation is to be found in the feeling of reaction against all forms of soldiering which is the natural sequel to five years of war. This, however, is not enough, by itself, to account for the attitude of reluctance which we have referred to and which affects not only the old soldier who has served his time but also the young man who has never yet donned khaki. Amongst the seven million eligibles there must, at the lowest computation, be three per cent. whom a sense of duty, if not a native inclination, would impel to take their place in the ranks of that Citizen Army which the Government asks for and which the Country needs.

We believe that the issue would not be left in doubt for a single minute if the mass of the nation would take the trouble to examine the question in the light of common sense and form their own opinion of its merits without giving heed to

the unwarranted and unwarrantable suspicions which a numerically insignificant coterie of discontented partisans have seen fit to engender.

In truth, the logical case for a Citizen Army is unanswerable. Such objections as have been adduced are of the flimsiest. Divorced from prejudice they will not bear one moment's investigation. Take, for example, the objection which rests on the assumption that the raising of the Territorial Army savours of militarism, and see how the protest fares when put to the test of even the most elementary argument. Nobody, in his senses, is bold enough to advance the proposition that our military establishments should be suddenly swept out of existence. If we are to have any soldiers at all, which, we would ask, is the least tainted with militarism, a professional army living in barracks and subject to military law throughout the year—or a civilian army, composed of citizens living in their own homes, subject to the ordinary law of the land, carrying on their normal occupations and remaining members of their Trade Unions? The question has only to be put to answer itself.

Take, again, the objection which is based on the fallacy that social reform is likely to be held up if the Government indulges in military adventures. Social reform costs money, a citizen army is infinitely cheaper than a professional one and the smaller the expenditure which the nation can devote to military objects the greater the sum available for social experiments. The social reformer, therefore, as well as the anti-militarist—if he is sincere—must perforce throw his influence in favour of the less costly type.

An autocratic government might be tempted to dragoon the Kingdom by creating a military caste, but a democratic government prefers to seek stability on a broader and surer ground. It invites the co-operation of all the people, it makes no distinction between classes and it enforces no arbitrary conditions. A Citizen Army is called for in the interests of economy and in full accordance with the principle of voluntary service. A definite and firm promise is given that the Territorial Army will not be used, even for defence, unless the elected representatives of the people declare that a national emergency exists, and no man can be compelled to fulfil his obligation except at the summons of the majority of his fellow-citizens. Could anything be fairer or more reasonable, anything more democratic in spirit, in theory, or in fact?

THE NEW MAP OF EUROPE.
(IV) CZECHO-SLOVAKIA.

The long threatened disruption of the Austro-Hungarian Empire became an accomplished fact as a result of the Great European War. The various subject States broke away from Austria and Hungary and formed themselves into independent groups on a basis of nationality. Of these, the two most important were the Czecho-Slovakian group in the North and the Serbo-Croat-Slovene group in the South, the complete independence of both of which was recognized by Austria in the Peace Treaty signed at St. Germain-en-Laye Sept. 10, 1919.

The new State of Czecho-Slovakia comprises the two Austrian States of Bohemia and Moravia, a part of Austrian Silesia, and that portion of North West Hungary which, as it is peopled by Slovaks, goes by the name of Slovakia, the four parts being bound together by the common tie of their Slav nationality.

It is exceedingly difficult to estimate the economic strength of a new political unit of this kind. We can of course take the four component parts and attempt to sum up their collective social, industrial, and commercial advantages. But it must be remembered that a great deal of the economic strength of any separate portion of a great Empire lies in its economic relations with the Empire itself. When the Empire therefore is dismembered, the severed parts may suffer economically to an extent that it is very difficult to calculate. On the other hand the union of these four states into a compact whole and the spirit and energy which naturally accompany the new feeling of national independence may more than counterbalance any loss resulting from the severance of the old political and economic ties.

Bohemia and Moravia

as regards Industry and Commerce have so much in common that they may conveniently be taken together.

Agriculture. From the point of view of food supply the loss of these two provinces is a great blow to Austria, for together they supplied approximately half of Austria's total production of the most important agricultural products, their most striking contributions being 63% in the case of barley and 90% in that of sugar-beet. The largeness of the production is

due partly to the fact that more than half the country is under tillage and partly to the very great fertility of the soil. The principal crops in order of acreage under cultivation are:—rye, oats, barley, fodder-plants, potatoes, wheat and sugar-beet. Special interest also attaches to the cultivation of hops and various kinds of fruit, which, although they do not cover so much of the land as the crops already mentioned, are of real importance and figure prominently in the export returns. In this connection also it may be pointed out that some 50% of the population of Moravia and about 35% of that of Bohemia are engaged in agricultural pursuits.

Minerals. Bohemia and Moravia together have in the past accounted for a considerable portion of the Austrian production of coal and lignite; 43% of the one and 83% of the other. The supplies of native coal, however, are quite inadequate for the needs of their many factories, though the output of lignite is in excess of home requirements and provides a surplus for export. Of the other minerals, iron is one of the most important, though its output is small in comparison with such iron producing countries as Great Britain and Germany, and does not do away with the necessity of importation. Silver comes next in the value of its output, and the production of graphite, wolfram and uranium are worthy of mention.

Mineral springs are a great source of wealth to Bohemia and Moravia, the most famous being Carlsbad, Marienbad, and Franzenbad. Their fame is world-wide, the number of visitors they attracted before the war being well over 160,000 a year.

Manufactures. These may be divided into two classes:—(1) those of which the raw materials are produced at home, (2) those which depend on imported products, whether raw materials or partly manufactured goods. In the former class come sugar, beer and spirits, glass and china, timber products and cement; in the latter textiles, chemicals and machinery. Bohemia has long been famous for its glass, and in addition to the decorated and coloured varieties with which the term Bohemian glass is commonly associated, her factories put out an enormous quantity of less ornamental kinds such as glass bottles, plain table glass, etc. The importance of the porcelain industry is derived from the valuable deposits of the china clay known as kaolin, which is used in the porcelain factories and in the paper mills, and is besides largely exported to other countries. Sugar refining is perhaps the most important

industry, the output of these comparatively small States being about equal to that of France and somewhere about one-third that of Germany. Bohemian beer is known all over the world. "Pilsener" has become a household word and is a descriptive term for a particular class of beer in whatever country it may be brewed. The distillation of spirits is carried on in almost every locality of the two provinces. Like the sugar refining, it is complementary to other industries in as much as the raw material used is for the most part the molasses which are obtained at home in very large quantities as a bye-product of the sugar refineries; while potatoes, which are also used, though to a less extent, are the product of local agriculture. The manufacture of timber products such as wood-pulp, paper, and the well known Austrian bentwood furniture, also have their sources of raw materials at home, the Bohemian forests, especially, yielding large quantities of wood for the purpose.

The textile industries of Bohemia and Moravia are well developed, and manufactures of cotton, wool, and linens, both yarn and cloth, are carried on on quite a large scale. The cotton industry is especially flourishing as can be judged from the fact that before the war the consumption of raw cotton in the two provinces was about one-eighth that of the United Kingdom, about one-quarter that of Germany, half that of France, twice that of Belgium and five times that of Switzerland. Of the branches of the woollen industry which are carried on, special interest attaches to the manufacture of fezes and oriental prayer carpets which find a ready market in Egypt and in the Near East generally. Bohemian linen, which is to a large extent made from home-grown flax, has a high reputation for quality, and its manufacture is quite a flourishing industry. Of chemical products it is sufficient to mention fertilizers of various kinds, potash, sulphuric acid, and matches. The making of machinery is a very large industry, and engineering works on a large scale are to be found in various parts of the two provinces, including the well known ordnance works at Skoda. Locomotives are made, as also motors, machinery for the sugar, brewing, and textile industries, and enamelled iron ware.

These industries are carried on all over the country, often in quite small towns and villages, but the tendency is naturally to concentrate in the districts most conveniently situated for raw materials and for power. The chief industrial centres in Bohemia are Prague, Pilsen, Budweis and Reichenberg; and in Moravia, Brunn, Mährisch-Ostrau, Olmütz and Iglau.

(To be continued).

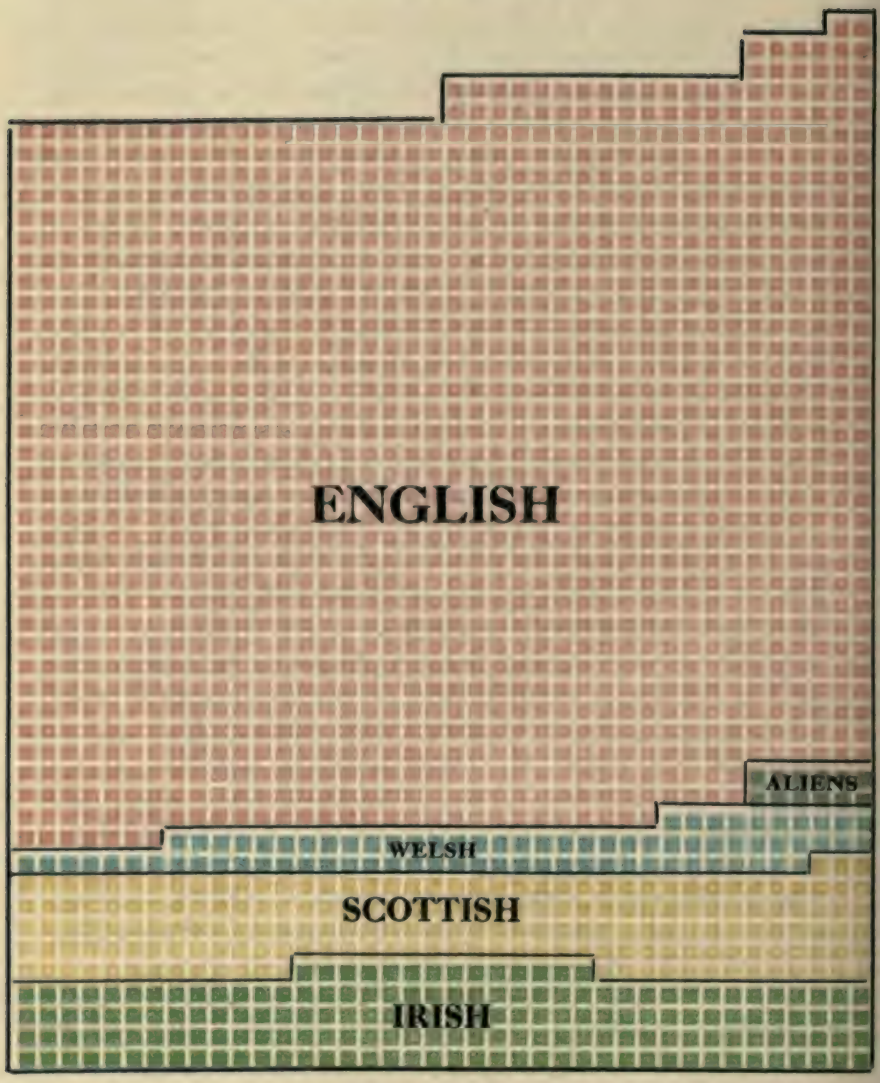
THE FACTS OF THE CASE IN DIAGRAM.

People talk glibly of millions, but there is all the difference in the world between talking about a thing and really comprehending it. In some individuals the faculty for marshalling figures and grasping their significance is more developed than in others, but all have their limitations. It is said that aborigines of Australia cannot count beyond ten, and it is doubtful whether the average European realises, with any degree of accuracy, the full meaning of the figures representing, shall we say, ten thousand. When it comes to millions even the highly educated are soon out of their depth. They can talk in millions and calculate in millions but, at the best, thinking in millions is a very sketchy business, if, indeed, it ever materialises except as the result of a momentary impulse.

A simple example will illustrate the point. Let us suppose that some new and fatal plague should befall the United Kingdom and cause the death of one person every minute. Sixty people would be dead at the end of the first hour, fourteen hundred and forty would perish every day, at the end of a year the casualties would have reached 525,600; but it would take more than eighty-five years before the last survivor of the present population had passed away. If it were possible for a witness to survey the whole process and to memorise the details he might well be appalled at the immensity of the event; yet, apart from its tragic aspect, the example is of the simplest—and we read columns of statistics which tell of a normal rate largely in excess of one death per minute and study them without emotion. The fact of the matter is that statistics only affect the superficial brain mechanically—they make no appeal to the imagination.

If this is true in the case of plain numbers the more complicated problem of percentages presents still greater difficulties, and if anything approaching full comprehension is to be achieved, it becomes necessary to exhibit statistical facts in a shape which will appeal to the mind through the eye, and in a form which lends itself most readily to the solution of the particular object in view. In this respect the diagram has a great advantage over the column of figures. It arrests attention, is less tiring to the mind, and the lesson which it conveys is more easily retained by the memory.

DIAGRAM No. 1.



NATIONALITY

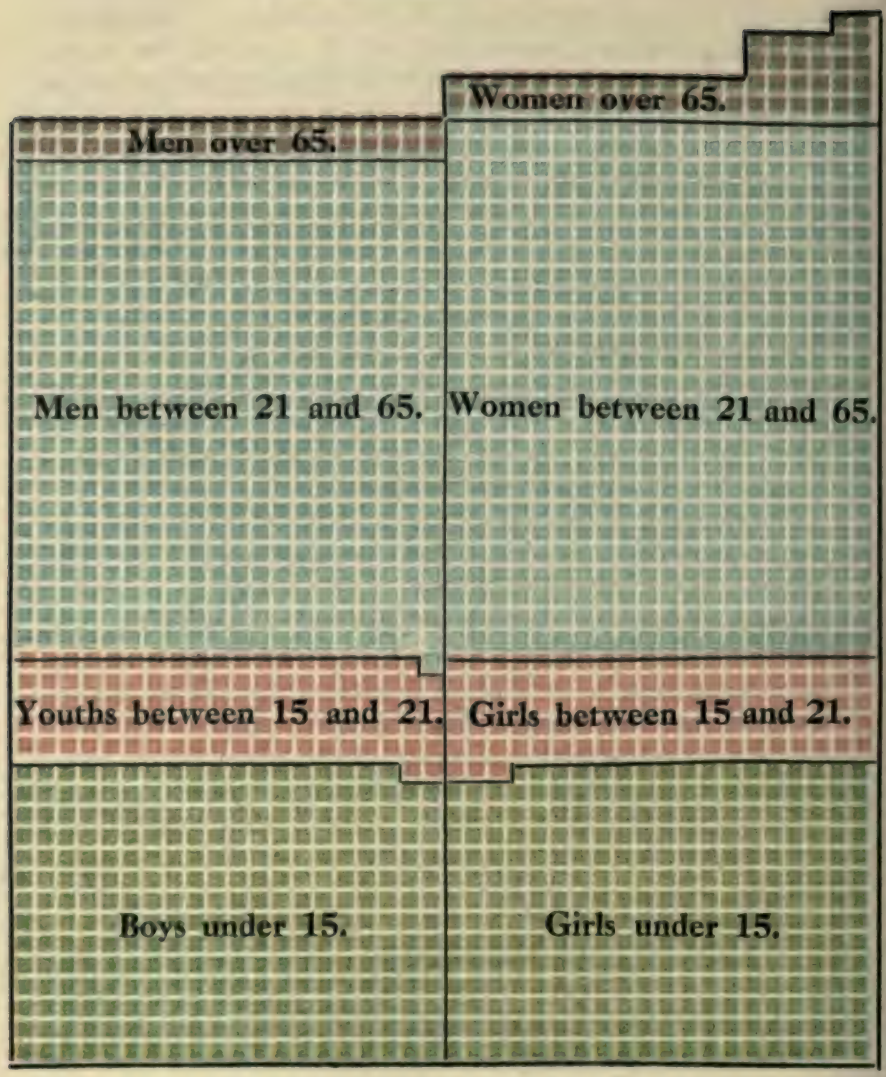
By RESIDENCE.

The present series of diagrams, of which the first is given on the opposite page, is intended to illustrate a variety of facts bearing upon the social and economic, the industrial and political questions of the day—so far as those questions are capable of being represented in this manner. The figures on which they are based will, in all cases, be the most authentic obtainable and no sort of attempt will be made to adjust them to any preconceived theory whatever. For good or for ill they will exhibit the bare facts of the case within the limitations imposed by the method. Whenever possible a uniform scale will be adhered to, with the result that, as the series develops, the eye will grow accustomed to the plan, the diagrams will have a common denominator, and a ready basis of comparison will be afforded. The earlier diagrams will deal with such elementary factors as population, sex, age, employment and industrial groupings. These will be followed by others giving more detailed information with regard to the National income, wages, profits, production, cost of living and cognate subjects.

Diagram No. I represents the distribution of the British people according to nationality, at the time of the last Census. Being based on residence in the United Kingdom, it excludes Colonials living abroad and it does not allow for such variations as those, for example, which arise from the fact that a certain number of Englishmen are domiciled in Scotland and *vice versa*. Each block of colour represents 25,000 persons and forty blocks go to the million. The diagram contains 1,814 blocks and accounts for 45,350,000 people. It is correct, therefore, within a fraction of a single block, and this, owing to the unnecessary inconvenience of subdividing tenths of an inch, is the degree of accuracy aimed at.

To have included British subjects living in foreign countries and at sea would have meant an addition of an appreciable number of blocks, and although these people are properly omitted from the diagram, their existence should not be forgotten, because in many respects their interests are identical with those at home. This refers especially to those sailors, soldiers and civilians who are abroad in the nation's service. The diagram includes some 300,000 aliens, i.e., foreign visitors who have not become naturalised. If British subjects of foreign extraction had been indicated, a considerable number of blocks would have had to be devoted to this purpose.

DIAGRAM No. 2.



SEX and AGE.

Diagram No. II also consists of 1,814 blocks and represents the same people that are shewn in Diagram No. I, but the distribution is now according to sex and age. It will be seen how a large proportion of the population consists of children and young persons. Among those under fifteen there is a slight predominance of boys over girls. After fifteen the number of girls increases in comparison with the boys and this process continues until the women over sixty-five outnumber the men of the same age by some 350,000.

Four hundred and thirty-three blocks are allocated to men between twenty-one and sixty-five. That is to say, the number of men who have to do the bulk of the hard work are less than a quarter of the population. As there are many who are sick and disabled it follows that each sound man who is over twenty-one and under sixty-five has, on the broad average, to support himself and nearly three other people. It may be said, therefore, that unmarried men who spend all they earn on themselves, and idle men who contribute nothing to the common fund of wealth are passengers whose presence on board the national ship is not entirely desirable.

During the war we used to hear a great deal about the importance of man-power. This diagram shows how relatively small was the reservoir from which we had to draw and explains by inference, what a debt of gratitude the nation owes to the women who maintained the production not only of munitions, but of those absolute necessaries without which the nation could not have existed.

In subsequent diagrams we propose to show the nature and volume of production in normal times as compared with that which we were able to maintain during the war. Many reasons are adduced by unthinking people for the prevalence of high prices and for the low purchasing power of the sovereign but the wonder is that matters are not much worse than they are. "The wealth of man is the abundance of Things," and the fact that the world-scarcity of commodities has not reduced the standard of living enjoyed by the mass of the British nation is something for which we ought to be both proud and thankful.

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THE FINANCIAL SITUATION.

II. INTEREST AND INFLATION.

On Wednesday, April 14, the rate of discount at which the Treasury sold its bills was raised from 5½ to 6 per cent. The following day the Bank rate was raised from six to seven per cent. The first was due to the fact that the lower rate for Treasury bills did not attract sufficient purchasers—the price of the bill was too high, or, in other words, the price offered by the Treasury for money was too low—and the Government had been compelled to resort to an overdraft on Ways and Means Account. The rise in the Bank rate was the inevitable consequence of the rise in the rate of discount at which Treasury bills were offered. The situation calls for examination.

After the outbreak of war gold practically disappeared, and its place was taken by Treasury notes. If the notes had been issued merely to the extent that gold was withdrawn their effect would have been precisely the same as that produced by the metal coins which they had replaced. But they were issued in excess of that amount. The Government needed money to carry on the war. Some was obtained by means of taxation and some by loan. In so far as the taxes and loans represented savings they also represented simple transferences of purchasing power from individuals to the State, which could employ the labour set free from peace occupations. But the amount thus obtained proved insufficient. The Government required goods at once, and offered contracts at terms sufficient to attract the necessary supplies even in face of the competition of individuals—for it should not be forgotten that the State could not afford to wait until private citizens had adjusted their individual requirements to the circumstances of the time. The deficiency representing the difference between the requirements of the State and the proceeds of taxation and loan was obtained by *creating* purchasing power. The issue of Treasury notes was increased beyond that amount required to replace gold in circulation.

But this was not the most important way in which the Government created purchasing power. It encouraged banks to invest in War Loans and Treasury bills to a far greater extent than their reserves would have warranted under normal

conditions The excess represented credit created specially for the purpose, and a net increase in purchasing power. The method by which the result was achieved will be described in a separate article. It is important to note at this stage that the expansion of credit originated in the urgency and extent of the need for goods and services for the prosecution of the war; that it intensified the rise in prices which was the inevitable result of shortage, and led to successful demands for advances in wages which in turn raised costs and prices and called for further expansion of credit and currency. The indebtedness of the State to its citizens was represented mainly by long-dated loans, but also largely by Treasury bills, which may be regarded as promissory notes, which, in essence, they are. As these fell due they were replaced by fresh bills.

When the war came to an end and industry was adjusted to peace conditions, manufacturers and dealers required greater capital than before to finance the same volume of business, and the need increased with every general rise in wages, costs and prices. It was therefore inevitable that there should be keen competition between the State and private industry for the 'floating' capital employed for the time being in the purchase of Treasury bills, and that the rate of interest in a free market would have advanced. The rise in the rate of discount at which Treasury bills are offered is due primarily to the fact that the industrial market pulled more effectively than the bill market. The only way of satisfying both markets simultaneously was to create additional credit, a method which would ultimately defeat its own end, as it had already done in the past. It was therefore necessary to divert floating capital from industry to the purchase of fresh bills required to replace those maturing from day to day. When bills were not so replaced the Treasury was compelled to overdraw at the bank on the special 'Ways and Means' account, a process which merely expanded the currency.

It has been stated that the rise in the Bank rate was the inevitable consequence of the rise in the rate of discount offered on Treasury bills. The sequence is due to the importance of Treasury bills in the competitive market for floating capital. Before the war the demand of the Government for floating capital was insignificant in comparison with the demand of private traders. The needs of the latter therefore determined the Bank rate, and the Treasury borrowed, when necessary, at that rate, which it rarely influenced to any

material extent. The rate for Treasury bills, or their equivalent, thus followed the Bank rate. But during the war the Government was the main borrower of floating capital, and was of the nature of a semi-monopolistic organisation of consumers. It thus fixed the price of its own bills, and compelled competitors (now relatively few) to pay that price. In spite of the cessation of fresh borrowing, this condition remains because Treasury bills mature regularly in such large amounts; and it will remain until the greater part of the floating debt is funded and the Government ceases to be a large and regular customer in the money market. It is, of course, the case that if the Bank rate remained below the net rate for Treasury bills arbitrary dealings would be encouraged: that is, people would borrow from the banks and purchase bills in order to secure the profit indicated by the difference between the two rates. But it is clear that such a possibility would only appear where there was a great supply of bills upon the market. If the supply were small the relative demand for bills would be so great that their price would rise (i.e., the rate of discount would fall)—which is but another way of saying that the rate of discount on Treasury bills would be determined by the Bank rate. It is for the same reason (i e., because Treasury bills are issued or replaced in such large amounts and their rate determines the Bank rate) that the rate which must be offered on Housing bonds will be raised by the rise in the Treasury bill and Bank rates. Already there are signs that the essential industry of house construction is being prejudiced in the manner described in the first article.

One important object of the rise in the Bank and Treasury bill rates is to encourage thrift. The Bank deposit rate has been raised to five per cent., a level which had not before been reached since the early seventies. But it is very doubtful whether it will produce such an effect. There is no greater deterrent to saving than currency disturbance. During a process of currency expansion thrifty people lose more through the rise in prices than they gain by any practicable advance in the rate of interest. Stability of currency should thus be the first aim of the State. It is at least doubtful whether manipulations of the Bank and Treasury bill rates promote such stability. Nor does the implied threat of a further rise in the Bank rate if the present rise fails of its object (as it promises to do) appear likely to secure this result.

Rigorous economy by the State (thus removing the necessity

for further borrowings) and the funding of the floating debt undoubtedly make for stability. The Government appears to be reluctant to take vigorous measures to fund the existing floating debt, being alarmed, probably, by the high rates of interest which would need to be offered to secure success in floating a large loan But the recent scheme, providing a guaranteed minimum rate, to which is added a further rate on sliding scale (whereby the additional rate varies according to variations in Treasury bill rate) seems to offer considerable prospect of success. It favours investors in that they gain by advances in rates on short loans, and it favours the Government in that it provides what is, in effect, an automatic conversion scheme.

It should not be forgotten that the war destroyed capital; that capital will therefore be relatively scarce for some time to come, and can only be increased by thrift and greater production; and that in the long run the State, like private individuals, must pay the market rate for its investments.

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VIEWS OF THE MINORITY PRESS.

In its issue of April 15th, *The Call*, the official organ of the British Socialist Party, publishes a series of 28 propositions adopted by the Central Committee of the Russian Communist Party. We quote half-a-dozen of the series, showing that these proposals are a complete admission of the application of forced labour in Russia under the Soviets.

"It is necessary to pick out the educated and skilled workers and to withdraw them more and more from the army, from the Soviet institutions behind the front, even from the Soviet arms and communes, from the home industries, from the villages, and, above all, from the still existing survivals of private commerce." (Proposition 5).

"In order to attract skilled workers to work, provision must be made for the improvement of their conditions of life and housing. Further, the Trade Unions must seek to influence them by means of their organisation. Where, however, all this proves useless, *compulsory means must be employed.*" (Proposition 6).

"*Organised social work is impossible without the employment of compulsory measures towards the parasitic elements, as well as the still backward sections of the peasant and working classes.* The means of compulsion at the disposal of the State is its military power. The militarisation of labour . . . is an absolute necessity." (Proposition 21).

"The calling up *en masse* of unskilled and unorganised workers in the name of universal labour service, for transport, food supply, building, and other work, demands, at least at first, *a labour organisation of a military type.*" (Proposition 25).

"Labour organisation and the necessary discipline . . . . can only be imparted to the hundreds of thousands and millions of workers mobilised under labour compulsion . . . with the help of class-conscious, determined, and staunch workers. (Proposition 26).

"The basis on which labour compulsion is to be carried out are the same principles of organisation which underlie the formation of the Red Army and of the structure of our Soviet power in general, namely, the supply of natural leaders and organisers *to the backward peasant masses* in the persons of class-conscious, technically trained workers." (Proposition 27).

The Propositions as adopted by the Russian Communist Party and published in the British Communist organ conclude by stating that the Third Army has already been transformed into the *First Labour Army*, and that the same experiment should also be made with other armies.

The Workers' Dreadnought for April 17th, contains a violent attack on the Co-operative movement. It states that: "*The Co-operative movement is a creation of petty bourgeois ideaology*. . . . . Co-operative trading, like all capitalist trading, has a corrupt tendency, and creates in the workers engaged in it a bourgeois pyschology and the employer's spirit. Hence, it is not uncommon even to find cases of gross sweating by Co-operative Societies, and the general conditions of Co-operative employees differ little from those employees in similar private firms. . . . . In a Communist society, the Co-operatives, as they now exist, could have no more than a temporary place; all their share holding, dividend and private trading apparatus must be swept away. . . . .

"In the meantime, the Communist Party should set to work to form Communist groups amongst the employees of the Co-operative societies, and should strive to stimulate the class-consciousness of these workers and to awake in them the desire for Communism and Workers' control."

Writing in the *Labour Leader* for April 15th, Mr. Philip Snowden says:—"There are in the Independent Labour Party a number of extremists who favour the adoption of a policy of trying to provoke a physical-force revolution in this country."

The *Glasgow Forward* (April 27) publishes a pronouncement from the Third International in the following terms:—"Only the most execrable traitors to the working class can assure them that the social change can come peacefully, by gradual concessions and parliamentary reforms. Those individuals are the most inveterate and dangerous enemies of the working class and against them a most relentless fight must be waged. Any kind of agreements, compromises or alliances with them cannot be tolerated. Therefore it is our duty to say to the whole Capitalist world: 'Down with Parliaments! Long live the Soviets!'"

The *Daily Herald's* own correspondent in Moscow sends an account of Lenin's speech at the Congress of Trade Unions

in which the Russian dictator makes some noteworthy admissions. A distinction is made between 'workers' and 'peasants,' the former alone being acknowledged as the 'proletariat.' Lenin declares that such class distinctions must be abolished, *but for the present* "the proletariat, as the vanguard in the class war, must play the first part. The dictatorship of the proletariat is legitimate, because the peasant masses lack the discipline which is possessed by the proletarians." . . . The *Daily Herald* correspondent adds that Lenin claimed that the working-class can only achieve its aims by labour discipline. "The trade union army," Lenin himself said, "numbers three millions. Six hundred thousand of these are communists: they must be the leaders of the rest. . . . ." It should be interesting to Labour in this country to note that in Russia, at its best, the "dictatorship of the proletariat" means the dictatorship, not of the working-class as a whole, not even of the three million trade unionists, but of a small section of *revolutionary* trade unionists only.

Ever alive to the value of suggestion, George Lansbury endeavours to prepare the minds of the T.U.C. and Labour Party delegates to Russia by explaining in the *Daily Herald* (April 28) what the delegates must see in Russia:—"They will hear in their investigation of much sorrow and misery, of disease and suffering, *caused by the wicked folly of the war and blockade.* They will learn what it is to live in the midst of a hungry population, short of all the amenities which make life tolerable for most of us."

The same delicate touch is felt throughout the leader on "Excess Profits" which appears in the same issue. The *Daily Herald* does not favour the tax particularly, because "in the long run no tax upon profits will rest permanently upon the shoulders of the capitalist. . . . . Ultimately the matter can only be settled by taking from the capitalist his power. Outhwaite has been advising the ex-Service men to take for the people 'the land for which they fought.' It is excellent advice, though we see no reason to draw the line at land." After vaguely suggesting that the capitalists are opposing the bill because they want to avoid bearing their share of the burden, the writer concludes—"and we would warn them that they are playing a game dangerous to themselves. The workers will not patiently tolerate a parliament of rich men who themselves evade taxation while imposing it on the poor."

FOOD FOR THOUGHT.

May Day, 1920, is a landmark which it would be as foolish to ignore as unwise to overestimate. It is the habit of the British people to go about their business in a self-possessed sort of way, and, as a rule, it takes a vast amount of organisation—a popular tradition—or a great enthusiasm—to induce them to demonstrate on a grand scale. This year the anniversary, which Labour has adopted as its political festival, was celebrated in unprecedented fashion. It is said that eight million workers made special holiday and took part in the processions and meetings that were held throughout the country. Yet all this occurred without any elaborate organisation, it happened in spite of the fact that the institution of May Day as a Labour holiday is something of a novelty, and it came about in the absence, apparently, of any abnormal crisis in the Industrial World.

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An eye-witness who viewed the London procession from a Club window in St. James' Street was much struck by the effect produced on the mind of the casual onlooker by the endless stream of demonstrators. He relates that when the vanguard first hove in sight the watchers were frankly irreverant. "But the hours went by and the crowds were still passing below, and there came a certain wonder. People began to ask whether this did not after all indicate something of which they had not hitherto taken account."

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This was no isolated incident, and its significance is difficult to estimate. If we could identify and weigh the prevailing temper—if we knew exactly why so great a multitude congregated in Hyde Park and then dispersed in such orderly fashion —we should be near to an understanding of the whole problem of industrial unrest. Some common purpose must have actuated the majority, but it is doubtful whether the demonstrators themselves could explain what brought them together. It is likely that the bond was sentimental rather than practical, and if there had been any call for concerted action it is probable that the spell would have been suddenly broken and the apparent unanimity of the crowd would have come to an abrupt end.

Although the speeches delivered by the seventy-two orators in Hyde Park were couched in the approved revolutionary strain, and although the composite resolution was received with customary enthusiasm, it is more than doubtful whether there was any real bite in the demand for the withdrawal of British troops from Ireland, or any serious intention behind the pledge to exert every effort to force the governments of Europe to make peace with Soviet Russia. These ebullitions were accepted without question, we imagine, to oblige the energetic orators, and because it would have been discourteous to have acted otherwise. It costs nothing to raise the assenting hand, it is pleasanter to follow the given lead and only the few take any particular notice of the wording of a resolution.

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These speculations, however, do not take us very far. Perhaps the wisest thing to do is to concentrate our attention on the one outstanding feature of the day. Whatever else was present or absent, there was certainly in evidence a great uprising of working-class aspiration—none the weaker because it lacked definition and none the less important because it was largely misdirected. There was also a great appearance of solidarity, but it is in their estimate of this feature that many people will go wrong. Those who are obsessed with the idea of a class war in which the serried ranks of wage-earners are marshalled in opposition to the rest of the community imagine a vain thing. No such simple line of cleavage bisects the nation. We have already discussed this question in an article on "The Great Class Illusion," and need not go over the same again, but attention may be directed to a certain aspect of the situation which has been accentuated by recent developments.

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The diversity of interest between the various sections of Labour is kept in the background as much as possible because it does not fit in with the preconceived theory of the class war, but none the less it exists and must grow in volume. When the *cost* of living is rising, every increase of wages gained by one section of workers tends to depress the *standard* of living of other sections. If miners' wages go up coal costs more and the family budget of the bricklayer suffers, and so on all round the circle. The attitude of Trade Unions towards ex-service men is another case in point. Whatever may be obscure in the issue, one fact, clear and definite, emerges from

the controversy. In this country, whatever may happen elsewhere, policy and conduct are personal and individual things, found indifferently in every class, and dictated by environment acting on divers temperaments. The class war can never lead to peace, for the constituent classes are themselves subdivided, by the clash of interest, into an inextricable medley of conflicting parties.

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At bottom, the economic outlook of men and women of all classes is much the same: a vague desire for the national well-being, a wish, definite and purposeful, to do the best for oneself, and an underlying conviction that everybody is entitled to justice and a fair opportunity. If we take into account the almost universal habit of interpreting facts to suit our own immediate advantage, it is obvious that the treatment of the ex-service man is just what we might expect under the given circumstances.

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It is not that the Trade Unionist, as such, harbours any ill-will against the ex-service man. On the contrary, he is always ready to espouse his cause, and would agitate and vote for higher pensions, for the continuance of the out-of-work donation and for any other benefit or privilege whatever, so long as somebody else foots the bill. Theoretically he approves the maxim—"Live and let live," but when it comes to practical politics his altruistic feelings are apt to be subordinated to the more cogent argument of the "main chance."

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A pretty dilemma, with this origin, has arisen in Bristol. The ex-service men objected to the employment of women as tram conductors and compelled the Tramway committee to dismiss them and engage ex-soldiers in their place. Thereupon the drivers threatened to strike unless the girls were reinstated, but that was not the end of the trouble. It appears that the women conductors are members of the Dockers' Union, whilst many of the ex-service men do not belong to any Trade Union, and as a consequence the dockers are up in arms and say that they also will go out on strike if non-union labour is employed. No doubt their differences will be composed, and, as usual, the weaker will go to the wall, but the story furnishes food for thought.

DAY BY DAY.

(A monthly Record of the principal events, at home and abroad, which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

April.

1st. Labour Gazette gives index figure for cost of living (including rent) at 132 per cent. above the level of July 1914.

2nd. Cotton Industry: Card and blowing-room operatives ask for an advance of 75 per cent. on present wages, equivalent to a wage 350 per cent. above the pre-war rate.

Tramways: Manchester men reject agreement arrived at by Joint Industrial Council and decide to strike for the full sum of 10/-. The Joint Industrial Council arranged for an immediate increase of 5/- and an additional 1/- in June.

Shaw report accepted by the Dockers' Federation.

The British Electric Lamp Manufacturing Association deny most of the Committee's findings. They state that 98-99 per cent of the Dutch lamps they were accused of selling to the public at 12/6d. were sold to the Government at about 8/3d. —approximately the price recommended by the Commission.

3rd. Co-operative Strike: During the Conference of the delegates of the South Wales Wholesale Society the kitchen staff and some 500 sympathisers in the Co-operative Union struck for higher overtime rates.

4th. Tramways: Manchester, Salford, Oldham, Swansea, Cardiff, Huddersfield on strike over the week-end in defiance of leaders. The grievance is that the tramway operatives' wages are now below those of the municipal labourers.

I.L.P. 28th Annual Conference opens at Glasgow. The Treasurer announced a loss of £2,000 on the year's working. It was decided to increase national affiliation fees to 2d. per member per month.

B.S.P. 9th Annual Conference opens at Bethnal Green. 100 delegates present, stated to represent about 10,000 members. Resolution passed pledging the Party to "do everything in its power to bring about in this country a general strike on May Day as an expression of the solidarity of British workers with the Russian Soviet Republic."

5th. National Institute of Psychology and Physiology as applied to industry and commerce to be founded in furtherance of industrial peace.

Miners strike as protest against dismissal of men of Ashington colliery fire brigade who refused to carry out duties under an official whom they alleged to be inexperienced.

Blind men start from Manchester to walk to London with the object of exciting public interest and securing adequate technical training and assured employment from the Government.

6th. The I.L.P. by card vote decide to withdraw from the Second (or Geneva) International. The figures of the ballot were :—For withdrawal : 529 ; Against : 144. It was decided not to affiliate with the Third (or Moscow) International, and a majority of 266 voted in favour of a conference being called by the Swiss party to re-establish one all-inclusive International.

At a meeting of 10,000 miners in South Wales a unanimous resolution was passed protesting against the proposed NATIONALISATION OF MINES on the ground that it would be detrimental to the interests of miners, owners and consumers and advocating a system of profit-sharing after payment of a fair dividend to capital and a proper wage to workmen.

7th. Parliamentary Committee of the T.U.C. advises the Government that they will counsel the workers not to pay their contributions if the Unemployment Assurance Bill passes in its present form.

8th. Ashington district strike settled on condition that owners investigate the alleged grievance. The net result of the strike is the loss of several days' wages to 15,000 miners and some thousands of tons of coal to the nation.

Soviet Trade Delegation visit Sweden and Denmark.

9th. Central Wages Board consider railwaymen's demand for a wage increase of £1. The demand is made irrespective and apart from the sliding scale under which the men are now entitled to an advance of 1/- per week.

Master Cotton Spinners propose to refer the demands of the spinners and card and blowing-room operatives to Government arbitration.

12th. Labour Party in Ireland calls for a general stoppage of work throughout Ireland as protest against the detention of political offenders without trial at Mountjoy.

Bolshevist Party Congress at Moscow decrees abolition of local co-operative societies and transference of their functions to the central and local Soviet organisations.

13th. Manchester tram strikers return to work on receiving assurance that the National Industrial Council shall be recommended to review their demands favourably. The strike, which lasted ten days, was unauthorised ; the men lost £20,000 in wages ; the town lost between £55,000 and

£60,000 revenue; the townspeople suffered great inconvenience and some hardship.

Enginemen received wage increase of 3/- a week to meet increased cost of living.

Cotton Weavers reject Employers' offer of 22½ per cent wage increase, and Employers definitely refuse the 60 per cent demanded.

Engineering Employers' Federation dispute grounds of wage award of 6/- for enhanced value of work.

14th. National Federation of Building Trade Operatives (London district) give four months' notice of their intention to terminate present agreement with Master Builders' Association and ask for wage increases equivalent to almost £2 a week.

Irish hunger-strikers released from Mountjoy prison.

Municipal Electricians strike in Southampton on grounds that members of the E.T.U. are being enticed to join other unions, such as the Electrical Power Engineers' Association, with a view to breaking the workers' solidarity.

Building Trades Federation veto (by ballot) proposal to work one hour extra a day at normal rates on housing schemes, on ground that the proposal would only mean more profits for the employers and that there was no provision that the concession would not be used to increase unemployment.

15th. Miners' Ballot: Government wage offer accepted by a majority of 65,135. (For: 442,704; Against: 377,569).

The Moscow Soviet has proclaimed May Day as an All-Russian Working Saturday. All adults must work not less than six hours, and children should be given light work.

Stockholm News reports that the Moscow Congress has decided to abolish the Soviet system for the management of industrial concerns and to replace it by fully competent managers.

16th. Dutch Chamber introduces bill making it a punishable offence to have relations with or receive monies from foreign institutions or persons with the object of furthering revolution.

Krassin, head of the Russian Trade Delegation at Copenhagen announces that the Soviet Government refuses to recognise debts contracted by the former Government, or industrial contracts granted under the Tsarist régime.

Unions affiliated to the Federation of General Workers decide to apply for wage increases of 20/- for men and women and 10/- for all under 18,

Cotton operatives refuse to submit claims to Government arbitration and prepare for strike ballot.

18th. N.F.D.S. & S. hold protest meeting in Hyde Park against Government's attitude towards their claims.

Textile Trades Federation decide to tender strike notices for May 1st to enforce cotton operatives' wage demands. (The Federation includes 300,000 operatives, of whom 210,000 are weavers).

19th. Dockers' Inquiry: Report accepted as a whole by both employers and employed. Joint Committee set up to deal with questions of detail.

Labour Gazette assesses average increase in weekly money wages throughout the country at 120-130 per cent. Hours of work which were 48 to 60 in 1914 have been reduced to 44 to 48, so that the net cost of living (i.e. relation between effort and reward measured in purchasing power) has gone down considerably.

150,000 miners in South Wales receive notice to strike in support of the Monmouthshire miners who have been out since March 22nd. The cause of the dispute is the alleged refusal to pay two men the minimum wage to which they were entitled and to allow the workmen's representative to inspect a place in dispute.

20th. Reported failure of the Bolshevist Trade Delegation to Western Powers owing to inability of Russia to export grain or raw materials.

Southampton Electrical Workers' Strike settled, employers agreeing to pay strike-breakers two months' wages in lieu of notice.

Dockers' 16/-: Stevedores object to payment of unskilled labourers on same wage rate as themselves and their union threatens a strike unless the matter is put right.

Unemployment Insurance Bill: Trade union members of the Standing Committee which is considering the Bill resigned in a body as a protest against the administration of the scheme by Friendly Societies.

Trade Union Ballot Bill introduced by Mr. A. M. Samuel to ensure that strike ballots taken under the Act shall be conducted by independent public officials and in secrecy.

21st. Federation of Gas Employers refuse demand for general wage increase of 10/- on grounds that the industry cannot bear the charge. The workers' representatives of the Industrial Council advise the Unions concerned to take a strike ballot. Approximately 100,000 workmen are involved.

Labour Party and T.U.C. appoint Mr. Stuart-Bunning, Mr. J. B. Williams, Mr. W. Harris and Mr. Jowett as joint deputation to investigate conditions in Hungary.

23rd. Dockers' 16/- minimum to take effect from May 10th, subject to agreement on other details.

Trade Union ballot bill passed its second reading by a small majority.

Cotton weavers put their case before the Ministry of Labour with a view to arbitration.

Tramway workers : Joint Industrial Council agree to increase of one penny an hour on basic rates, making with the bonus already granted, an advance of 10/- a week.

25th. Cotton spinners' and card-room workers' strike ballot returns an overwhelming majority in favour of a strike on May 1st.

26th. 400 employees of John Lewis & Co. strike for recognition of their union.

Deputation of miners' wives urged the S.W.M.F. at Cardiff to take action to reduce the cost of living.

N.U.R. (Bangor) passed a resolution urging Mr. Thomas and other labour members to concentrate on reducing the cost of living rather than increasing wages.

Hull dockers strike as protest against the deferment till May 10th of the 16/- wage. Messrs. Sexton and Bevin wired condemning the unauthorised strike which affected roughly 10,000 dock workers.

27th. Cotton spinners, Masters and Operatives, agree to confer with Sir David Shackleton.

Swansea Tramway Workers strike for a minimum of £5 weekly.

Joint delegation of the T.U.C. and the L.P. leave for Russia to enquire into economic and social conditions under Soviet government. The deputation consists of Miss M. Bondfield, Mr. A. A. Purcell, Mr. H. S. Skinner, Mr. T. Shaw, Mrs. Philip Snowden, Mr. Ben Turner and Mr. Robert Williams. Dr. Haden Guest and Mr. Roden Buxton will act as interpreters. Mr. Clifford Allen and Mr. R. C. Wallhead go with the party as an I.L.P. deputation on the question of the Third International.

29th. The threat made by the Irish section of the Liverpool dockers to suspend the work of the port unless Sinn Fein hunger-strikers were released failed. The officials of the Union declared against the strike and 95 per cent. of the workers obeyed their decision.

Birmingham brass-workers (3—400) strike because the 6/- award to the engineering and foundry trades is not being generally extended to them.

30th. Proposed South Wales Miners' strike (see April 19) called off owing to failure of the majority of the rank and file to hand in strike notices.

No. XXXIV

JUNE

MCMXX

"Individual interest is the indispensable incentive to labour and economy."

INDUSTRIAL PEACE

CONTENTS

PATRIOTISM AS AN ECONOMIC MOTIVE.

To the psychologist, that is, to the student of human nature, there is much interest in the argument adduced for nationalising the coal-mines, that the men would work better if they knew that they were working for the public benefit and not for the enrichment of the owners. That men will work badly if they believe that their employers alone profit from their labour goes without saying: but such a belief travesties the actual situation under a system of private ownership, since the benefit is shared by the worker himself, through the wages he earns, and by the community through the production of wealth. The essential question, however, is whether so abstract a motive as desire for the weal of the community at large is likely to produce loyal work and sustained exertion. If it is so, the hopes of the most optimistic of idealistic reformers are indeed well-founded.

But what evidence is there for such a hope?

It may be urged that the universal enthusiasm to "do your bit" in the war shows that the idea of service to the community as a whole is of immense force when properly aroused. But it must be pointed out, without any desire to belittle the achievements of our men and women in the war, that the exceptional conditions of a great crisis brought exceptional motives into play and produced efforts not to be expected in normal times. Again, a powerful motive for these efforts was, in addition to a patriotic desire to help fellow-citizens, a large measure of Combativeness, the impulse to repel a formidable and arrogant enemy. It must be recognised that for the ordinary man abstract patriotism or benevolence, the desire to help people in general or the community as a whole, is an inadequate motive unless reinforced by motives of more concrete nature. Our men went to fight from a hatred of the Boche inspired by his treatment of Belgium, from a desire that their own local units should not be behind others in number and valour, from various motives of a personal character crossing with and strengthening the general feeling of patriotism. Those who helped at home all helped individuals

in some way: they made garments for, sent parcels to, entered hospitals to nurse—not the community in general—but Captain Smith and Private Robinson.

Or the great awakening of the sense of Social Service, of which we hear so much, may be cited as showing what such abstract motives may do. The instance is more relevant, because it seems to exemplify the pure principle of Benevolence without the element of Anger or Combativeness contained in the patriotism of the war. But the analogy again breaks down on examination. For one thing, Social Service implies a particular activity in some particular work dealing with particular bodies or particular individuals—work on the Local Authority, in *this* hospital, or *this* society, with contact with *this* individual. It is also implies, as a rule, taking up some public work unconnected with the problem of making your own living: because your living is already provided for, you can devote yourself disinterestedly to promoting the good of others. But the miner, as it is argued, will consciously promote the good of others through the work he does for his own living: the conditions are different, because here there is (at least *prima facie*) some opposition between the interests of self and others. Moreover, his direct dealings will be, not with the community at large, but with its representatives, the Government of the day: does experience show a more conciliatory attitude on the part of labour towards the Government, as employer, than towards the private employer?

In short, if disinterested Benevolence is to influence the rank and file of a group of workers it must be strongly reinforced by a variety of concrete motives tending to produce the same result. I do not think that the conditions exist for the development of these motives. I can see a miner making special efforts on behalf of his wife and children. I can see a miner taking up public work on the local authorities, subscribing to a hospital, giving alms, and in such ways doing social service. But I cannot see him subordinating the conditions of his occupation to considerations of general Benevolence. "My rights," not "Social Service" or "Patriotism" or "Benevolence," is the watchword of the worker *as a worker*, however he may idealise the others *as a citizen*. In these islands we are an independent folk, and are more likely to do our best, if it is brought home to us that it is unworthy of us to do anything but our best, than through a direct desire to benefit the community.

SOVIETISM.

¶ It is not easy to discuss Sovietism without reference to Russia, and it is not easy to know precisely what is going on under the name of "Soviet Government." Amid much that is uncertain, much that is cynical, perverse and murderous, there yet may be some grains of fine metal in the mountain of dross. Let us see what these grains may be.

¶ In the first place, the Soviets fill a void. Before them government and administration in Russia meant the Tsar, the aristocracy of landowners and officialdom. The Duma, a recent innovation, and the Zemstvos did not suffice as a democratic representative counterpoise to the bureaucracy. Russia possessed no counterpart to the diversified hierarchy of local and locally elected bodies which in England, for example, manage the affairs of the community.

¶ There is no lesson here for England. We have for long managed our communal affairs at least as well as the new Russian councils can hope to manage theirs some generations hence. The three elements in our administration, (1) responsible and elective local bodies, (2) the central bureaucracies, and (3) parliament have, by gradual adjustment and development realised an almost ideal method of administration. The whole scheme is based on trust in the people and trust in elected representatives. This country is not afraid to give real powers to the elective bodies, nor do these fear to act with responsibility.

¶ In Russia there is no trust in the electorate, *for only proletarians enjoy the vote*, and there is no trust in the members of the Soviets, for they are chosen for short periods, they may be "re-called" at any time, and they are only "delegates."

¶ The Russian Councils—"Soviet" means "Council"—are at the crude beginnings of political development. They represent a temper that is utterly jealous of responsible power. The principle of delegation applied successively many times in forming the higher Soviets in the hierarchy is meant to leave the central body the merest phantom of power. That is why a nation so organised must feel unsafe so long as its neighbours, following the direct representative principle, entrust real power and real responsibility to their rulers. But the delegative principle provides a most tempting opportunity of tyranny to the central body. The recent policies of the Moscow Government appear to show that in that delegative country, the ultimate delegates, who make up the All-Russia

Congress of Soviets, or their executive committee, can exercise a complete despotism in certain matters.

¶ It is a truism that the power of the Moscow Government rests on its army. The whole scheme of the delegative hierarchy of Soviets is plainly meant to anchor power in the primary Soviets that represent the people, i.e. the proletarians, in their localities. A strong centralised power, in the theory of Sovietism, is a fault, and only to be tolerated in an emergency. The Russian emergency is partly domestic and partly external. But the deepest peace within Russia would not free the Moscow Government from what its principles oblige it to regard as a menace, viz: the existence of undelegative national governments of a very different order of authority in the rest of Europe. And therefore the Moscow government, so long as it survives at all, must remain a despotism. Thus tyranny springs from the foolish vogue of "delegation."

¶ The Russian experiments in institution building comprise nothing which is worth substituting for our political methods. Do they offer suggestions in supplement of our own practice? It may fairly be said that they do. The Soviet is an extreme and violent revulsion from centralised bureaucracy. During the war England, too, suffered from a centralised bureaucracy, and is now in reaction against it. So far the cases are parallel. The chief result of the reaction here has been the development of autonomous bodies in the various trades, the Whitley Councils. These Councils, however, are extremely sectional; they include representatives of all sorts of producers, but ignore the general community. The Russian reaction has confidently adopted the organised relationships set up by work as the basis for its characteristic product, the politico-industrial Soviet. We may smile at the naïf confusion of industrial and political affairs. We may deplore the monopoly of representation and the conduct of the Bolshevist party which rules these Soviets. Yet there is a good deal to be said for comprehensive and powerful bodies built up on the relationships which work entails, and so framed as to be entitled to speak and act for a whole community.

¶ In England we have a firm grip of the basis and the make-up of political bodies, local and national alike. We are rapidly becoming very conscious of the distinction between politics and industrial politics. The need to separate the treatment of the two sorts of politics is widely felt. The

political bodies are there in abundance, the industrial bodies, or perhaps the most important of them, have still to come.

¶ The Russian revolutionaries hand over all sorts of public questions to bodies based on work-relationships. It is at least doubtful if that will continue to suit Russia. Bodies based on work-relationships are suitable only for one set of problems and one branch of administration—those pertaining to work and arising out of work. In a very primitive state of society any sort of a body may suffice for all the public questions and tasks that are likely to arise; what principle the body may be based on will not matter much. In some parts of Russia the Soviet principle, though scarcely the present form of it as defined in the constitution of 10 July, 1918, may thus suffice. We should think, of course, that a Whitley Council which no employer had the right to attend was very preposterous.

¶ But it is still true that the agencies and the bodies and the bureaucracies which in any of our great industrial regions concern themselves with work questions need consolidation and development. Just as in educational politics the cure for centralised bureaucracy is the setting up of adequate local authorities, so in industrial politics, industrial and commercial questions should be the task of an adequate local body. What do we see, instead, everywhere? Whitley Councils multiplying rapidly, and all sectional; Chambers of Commerce, doing very little; Trades Councils, talking a great deal and ambitious to do things; Employment Exchanges, taking orders from London and coquetting with local advisory committees; industrial assurance, the happy hunting ground of various agencies; struggles and strikes, running their unhappy courses because, for one thing, no broad-based responsible authoritative body exists locally to deal with them in time. It is all a picture of patches, of agencies and methods unco-ordinated.

¶ This confusion and ineffectiveness can only be cured by a double consolidation. There should be in London a Ministry of Industry and Trade, and in each considerable industrial region a Local Economic Authority. And this authority ought to be representative not only of the Men's Unions as a Soviet is, but also of Employers' Associations, and of the General Community. Work and work-relationships are so important as to deserve that one whole side of national and local organisation should be devoted to them.

THE FINANCIAL SITUATION.
III. SPECULATION AND PRICES.

One of the most bewildering features of the economic situation during the past few weeks has been the manner in which prices have fluctuated. As usual, the Government has blown hot and cold. One day we are informed that its stores of imported meat are so large as to justify, indeed, compel a considerable reduction of prices. The next, we are warned that the world shortage in cereals and other necessities is so serious as possibly to compel, in the near future, a return to strict rationing, if not to 'dilution' of bread. At the same time we observe our approach to a collapse in the prices of the minor metals, and hear rumours of cheaper boots and clothing for next winter's wear. Not only the average householder, but even the average business man seems to be completely in the dark where he is in sore need of light to guide him in business transactions. Some people rashly attribute the present uncertainty to 'political factors.' It cannot be denied that political factors do react upon business enterprise, and in this way influence prices. The important functions of government are to provide security and stability. A condition of stability is the pursuit of a clearly defined policy, the principles of which have been conveyed to and accepted by the community at large. The absence of any such policy and the difficulty of forecasting, and therefore discounting, financial measures in the near future create greater instability and insecurity than would be created by a second best but definitely conceived, clearly defined and firmly executed financial policy.

But it would be folly to conclude that political uncertainty is wholly accountable for the present price situation and the prospects of the near future. The latter are governed by world conditions, and the government acted wisely in calling attention to the danger which faces us. Before the war the demands of the world for cereals were rapidly overtaking producing capacity, partly on account of the growth of population, and partly on account of the change in the habits of the people, who, making growing individual demands upon agriculture, were supplying proportionately less labour to that industry. We were probably on the eve of a rise in the *relative* prices of foodstuffs so large as to create a tremendous boom in agriculture in its widest sense. But the war interfered with this 'natural' development, and to-day the producing capacity of the world is probably considerably less

than it was before the outbreak of hostilities. In this country the shortage is veiled, and in Central Europe exaggerated, by the fact that the latter region has not yet re-entered into full commercial relations with the rest of the world. The real test will come when existing supplies are more widely distributed. We shall then be called upon to share the suffering which is now more or less concentrated upon one large part of Europe. Nor will it be possible to escape the suffering, except at the expense of other regions, by mechanical adjustments of wages and salaries to advancing prices. If futile advances in wages and salaries are to be avoided, it may prove to be necessary to return, not only to rationing and 'war bread,' but also to the system of subsidies. It is impossible to make any confident prediction, for the simple reason that we do not know the extent of the shortage.

If the ultimate movement of prices is determined by the producing capacity of the world in relation to the needs of the people, the daily and weekly fluctuations are largely influenced by speculation. There are two kinds of speculation, the one justifiable, the other unjustifiable. The socially useful speculator buys during a period (or under conditions) of plenty to sell during a period (or under conditions) of scarcity. His action tends to stabilise prices and to secure steady consumption at a rate appropriate to the supply. True speculation is based upon reasonable estimate. The speculator may make mistakes, and these are costly to himself and create an injury to the community; but on balance speculation of this character is amply justified, even necessary under all conditions. The Government made speculative purchases of meat from Australia and elsewhere. It is now evident that these were too large, and that the State will incur a financial loss. But it was worth while risking such a loss in order to secure the community against the certainty of considerable suffering.

There is, however, another kind of speculation, which at one extreme is indistinguishable from the first, and at the other, indistinguishable from pure gambling. In general, such speculation flourishes upon instability and fluctuations of prices. Briefly it consists of purchasing upon a rising market for sale at a higher level, and selling on a falling market something which is afterwards purchased at a lower level. It thus means 'dealing in margins': but all speculation ultimately means such dealings. While unjustifiable speculation flourishes upon a fluctuating market, it is difficult to say without detailed knowledge of the individual transaction whether its

effect is to intensify or lessen the fluctuations. But there is one clear distinction which generally holds between the two kinds of speculation. Justifiable speculation usually implies holding the purchased article for a fairly long period, while the other type involves a sale almost immediately after the purchase, or a purchase after the sale.

It seems fairly evident that speculative dealings of the undesirable kind are partly responsible for the recent slump in the minor metals. These come to a 'natural' end in time. The prices on the market are *ultimately* governed by the prices which consumers are prepared to pay. But the day-to-day prices are based upon estimates of the future prices of such consumers; and in making such estimates people are influenced by each other: together they step warily or run wild. If they run wild the distance they may travel will depend upon the length of rope which the banks will play out, for the speculators are tied to the banks. If the latter give them all the rope they desire, they will nevertheless begin to wonder in time whether they have not gone too far; and once doubt arises, it is communicated to others, and all rush for home. But the banks themselves may, and generally do, limit the amount of rope they allow their customers, and when the limit is reached and the customers begin to feel the tug of the rope, they turn round and again rush for home.

This has happened in recent weeks. It may be that speculators had already begun to wonder whether the market prices of the minor metals had already strayed a greater distance than would be justified by the prices likely to be paid in the future by the users of the metals. But it is certainly true that banks have already begun to tug at the rope, that is, to restrict credits. Credit restriction compels sales; frequent sales cause a stampede, which may or may not have serious consequences. In the case under consideration it resulted in a considerable fall in prices. Similar movements, due to speculative dealings, have been observable in the share market as well as the commodity markets. The ultimate prices of shares will be determined by actual dividends, but day-to-day values are largely influenced by anticipations, and these, of late, have been seriously affected by the wide-spread habit of issuing bonus shares representing the capital value of anticipated excess profits. But the share market has also been shaken in recent weeks by the prevailing uncertainty regarding the future financial policy of the Government, and by restriction of credit.

THE FACTS OF THE CASE IN DIAGRAM (II).

The diagrams in our May number showed the distribution of the inhabitants of the United Kingdom at the time of the last Census. Each diagram consisted of 1,814 squares arranged so as to exhibit the relative numerical importance of the several groups of men, women and children according to nationality, sex and age. Though elementary, these divisions are essential as a basis for comparison which will be referred to from time to time as the series develops.

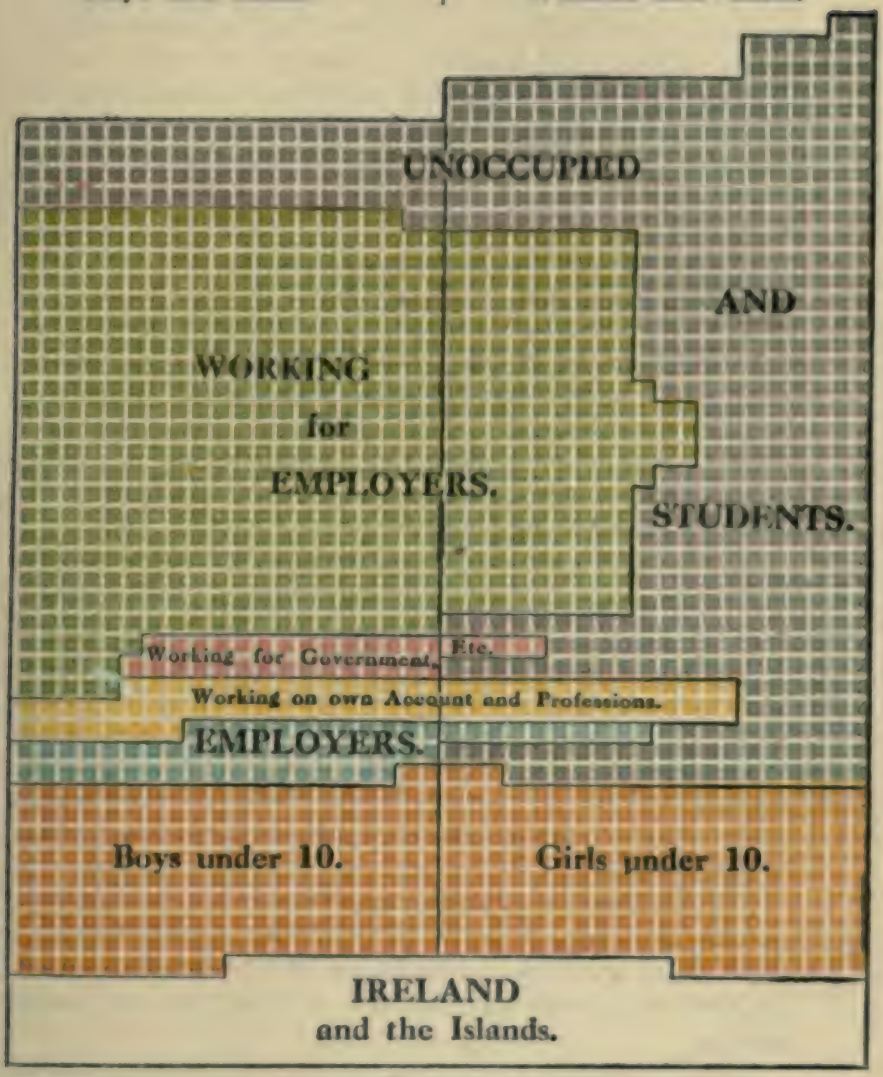
The diagrams given this month consist of the same number of squares and are plotted to the same scale, but the space formerly devoted to Ireland and the Islands is left blank because the official tables of statistics do not supply the particular information which is required for the compilation of the necessary figures. It may be remarked, however, that had it been possible to include the inhabitants of these portions of the Kingdom, the block representing Agriculture and Fishing in Diagram No. 4 would have been relatively much larger.

A change has been made, also, in the age limit of the children, for the reason that, whilst fifteen is the school-leaving age as fixed by the new Education Act, the last Census return is tabulated so as to include boys and girls of ten and upwards in the schedules of industrial employment.

Erroneous impressions are often held with regard to the relative numerical strength of what are popularly called "the working classes" as compared with the rest of the community. Some write, and even more talk, as if all but a minute section of the British people earned their living by working for employers. Others persuade themselves, on the contrary, that the professional classes, workers on their own account, government servants and private employers, when taken as a whole, reach an aggregate which is only a little less populous than that of the great mass of the employed. A glance at Diagram No. 3 on the opposite page should dispel any such miscalculations—for it will be seen that the wage and salary earners who actually "work for profit" amount to about one-third of the whole population.

The diagram is intended to speak for itself and requires little explanation. It should be noted, however, that "Employers" includes those who have retired from business, that pensioners are grouped with Government servants, and that

DIAGRAM No. 3.



EMPLOYMENT.

Scale—Each Square of Colour represents 25,000 persons.

those persons who are entered in the Census returns as making "no statement" have been distributed amongst the various sections in their due proportion. It may also be worthy of remark that the number of men living on private means is relatively almost negligible. They could all be accommodated in two squares. The number of women of independent means is seven times greater, and this, probably, is accounted for by the fact that a considerable proportion of widows have been left with private incomes. The "unoccupied" absorb between one-half and a third of the total number of squares, but it must be remembered that this section includes a large proportion of old people, university and medical students, scholars of both sexes, and invalids. In this connection it is interesting to observe that the number of unoccupied adult males happens to be almost identically the same as the number of men over sixty-five years of age, whilst with regard to the women it goes without saying that married women with young children are, as a rule, at least as fully employed, if not more so, than those who figure as "occupied" in the Census papers.

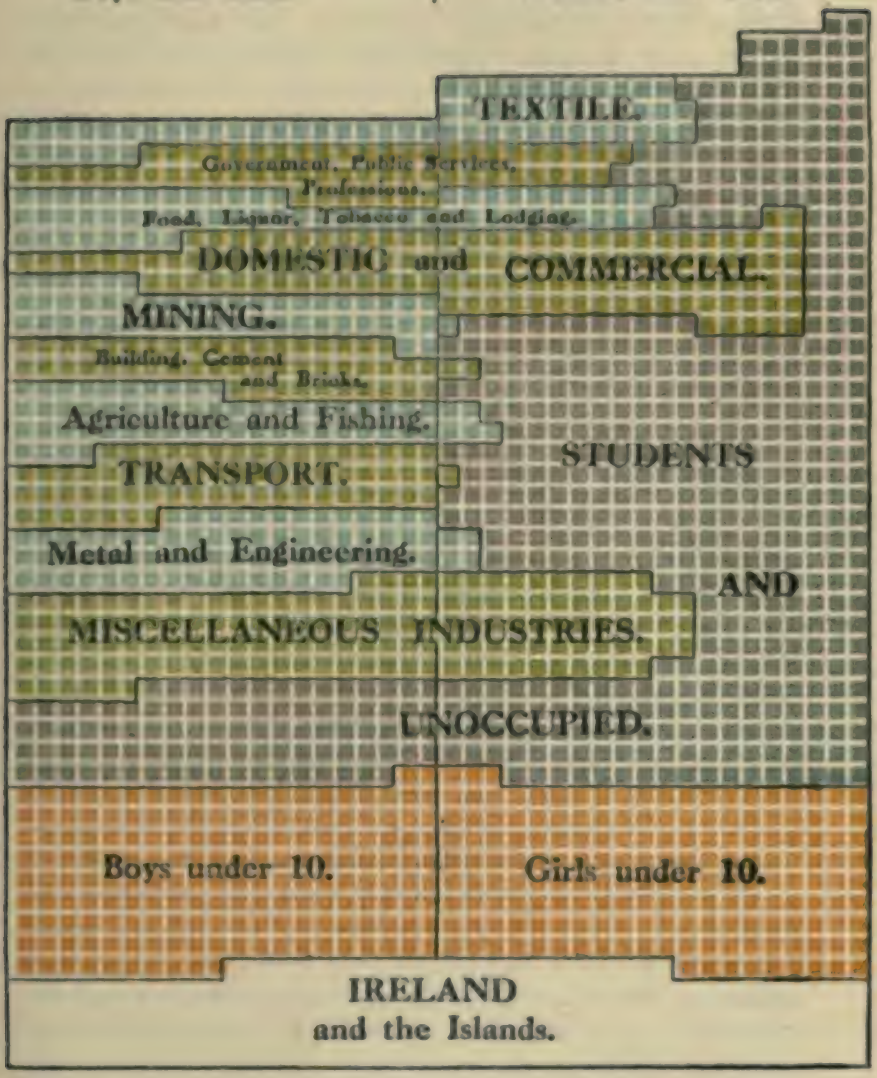
Diagram No. 4 deals with the question of industrial occupation and exhibits many interesting features, amongst which the following may be mentioned. Naturally the largest group is that which is labelled "miscellaneous." This is composed mainly of those trades about which we hear comparatively little, but whose product is absolutely essential to the well-being of the community. It includes printers, dressmakers and tailors, producers of chemicals and soap, matchmakers, tanners, cabinet makers, upholsterers, and many other minor trades.

The Domestic and Commercial group comes second in point of numbers. It includes merchants, agents, salesmen, commercial travellers, accountants, business clerks, bankers, auctioneers, insurance agents, and all employed in domestic service.

It will be seen that whilst the building, agricultural, mining, engineering and transport industries are almost exclusively male occupations, women outnumber men in the manufacture and preparation of textile fabrics and also in the Domestic and Commercial spheres.

The dislocation of industry caused by the war, and the grouping of industries according to their Trade Union organisation, will be dealt with in future diagrams.

DIAGRAM No. 4.



INDUSTRIAL OCCUPATION.

Scale—Each square of Colour represents 25,000 persons.

THE NEW MAP OF EUROPE.

(IV) CZECHO-SLOVAKIA.

Bohemia and Moravia (Continued).

Commerce. With such a variety of highly developed industries it is only natural that Bohemia and Moravia should have a considerable foreign trade. The products of their fields, mines and factories provide them with the means of obtaining from abroad the food-stuffs, the raw materials, and the manufactured goods which they require. Unfortunately the exact figures of this foreign trade are unobtainable, for prior to the creation of the new State, trade statistics were either Austrian or Austro-Hungarian and it is impossible therefore to give export and import returns for the separate provinces, such as Bohemia or Moravia. But with regard to exports, some idea of their share in Austrian trade can be obtained by comparing the relative products of these provinces with those of Austria as a whole. For example, Austria was a large exporter of sugar, beer, cottons, woollens and wood pulp, and considering that the production of these articles in Bohemia and Moravia in 1913 represented approximately some 90%, 56%, 60%, 50%, 20% of the total Austrian output of these articles respectively, it may reasonably be inferred that the two provinces contributed in no small degree to the amount exported.

The exportation of Bohemian and Moravian products followed two main routes, (1) by the Elbe into Germany, (2) by rail to Trieste, the former route being naturally a channel for Bohemian trade and the latter for Moravian. Taking advantage of the cheap river carriage, Bohemia sent down the Elbe her lignite, sugar, wood pulp, etc., but the possibilities of water traffic are by no means fully exploited. Many schemes have been put forward for connecting up by a system of canals the Elbe, Oder, Vistula, Moldau and the Danube; should this idea be realised it would make an enormous difference to the trade of Czecho-Slovakia. The new State would then have cheap and easy access to Germany and Northern Europe on the one hand, and South and Eastern Europe on the other, with the result that commercially as well as industrially she would have a great future before her.

Austrian Silesia.

This is a very small State wedged in between Moravia, Prussian Silesia and Austrian Poland or Galicia. From the

point of view of race the Duchy may be divided into three areas, German in the West, Czecho-Slovak in the centre, Polish in the East. On the Duchy severing itself from Austria, the Poles and the Czechs divided it between them, and, pending the exact fixing of the boundary line by the Peace Conference, a temporary frontier was agreed to, the Western part being joined to the new Czecho-Slovak State, the Eastern part to the new Poland.

A plebiscite of the inhabitants is to take place very shortly with a view to deciding exactly which districts are to belong to which State, and the extent to which Austrian Silesia will be a source of economic strength to Czecho-Slovakia depends very much on the decision then arrived at. The question of supreme importance is whether the Karwin coal fields in the N.W. corner of the duchy will be Czech or Polish, the present line of demarcation dividing the duchy roughly into two halves, the Karwin coal field lying in the Western or Czech portion. Considering that the coal mines are the chief source of prosperity to Austrian Silesia, and that the output in 1913 was rather more than that of Bohemia and Moravia together, and a little less than half of the whole Austrian production, it is easy to see what Austria has lost by the separation of these three provinces and what Czecho-Slovakia has to gain by a decision of the plebiscite in its favour.

Slovakia.

From the economic point of view Slovakia is a land of possibilities rather than of achievements. It has great natural wealth in its soil, in its forests, in its rich store of minerals and in its abundant water power, but its resources are very little developed.

As regards agriculture, sugar beet and potatoes are the largest crops, while cereals of all kinds are in general cultivation, and vineyards are common in many districts, Tokay being the best known and the most valuable of the native wines. Of minerals, coal, lignite and iron are the most important, but copper, zinc, antimony and manganese are also found in considerable quantities. Pozsony is the largest town and the chief industrial centre; it has manufactures of textiles, chemicals, machinery and metals. It is difficult to forecast the effect of taking Slovakia from Hungary and making it part of the Czecho-Slovakian State, but it might well mean for it a great industrial awakening. It has great resources and it has a people industrious, tenacious and strong, but it lacks capital and has hitherto looked to others for enterprise.

FRENCH SYNDICALISM AND THE C.G.T.

The frank announcement made by the Moscow dictators that Bolshevism must either become a world movement or perish renders the progress of the contagion in each country a matter of vital concern to every other country which is menaced by the propaganda of social disorder. Bolshevism is a doctrine of international aggression which will ultimately drive the forces of law and order, whether Capitalist or Socialist, to unify their methods of defence against an attack which threatens them both in equal measure. For this reason we cannot afford to be indifferent to the development of the revolutionary campaign in France. As M. Millerand pointed out to the French Chamber of Deputies in his defence of the measures taken by the French Government in consequence of the recent strikes, the papers and documents seized by the police in the houses of the arrested leaders furnish abundant proof that this abortive attempt to overthrow the existing order has been directly provoked by agents of the Russian Soviet Republic. The suspicions aroused by the publication in Paris, and in French industrial towns, of revolutionary organs called *Le Soviet* and *La Vie Ouvrière* have thus been confirmed both by events and by incriminating private documents. With the assistance of the International Communist Committee in Moscow, an entire Soviet organisation was to have been established in France when the general strike should have degenerated into open revolution. Monatte and Loriot, both school teachers by trade and actively engaged in stimulating the class war, were, it seems, designated to play the part of Lenin and Trotsky as dictators of the French proletariat.

For the moment these sinister plans have failed, and the *Confédération Géneral du Travail*, which unsuccessfully attempted to call a universal strike as a prelude to revolution, is now threatened with dissolution as an illegal organisation. The energies of the C.G.T. were from the first devoted to the propagation of the Syndicalist creed, formulated by a small band of French philosophical anarchists, most of whom were lawyers or University professors of independent means. The most remarkable of these intellectuals is M. Georges Sorel, whose book, "Reflections upon Violence," has become the

gospel of the Syndicalists, and to the newly-published fourth edition of which the author has added a panegyric upon Lenin. At the Congress held at Lyons in 1901, the general strike, as a means to the destruction of the capitalist system, was preached for the first time by the C.G.T. leaders. But the violence of its opinions and the fact that the C.G.T. was not, and never has been, a legally constituted Trade Union, caused the French Government, on two occasions previous to the present one, to consider the advisability of suppressing it. M. Waldeck-Rousseau, whose ministry had passed the *Loi sur les Syndicats*, and M. Clemenceau again, in 1907, raised the question at Cabinet Councils. But the permanent officials in the Ministry of Labour were opposed to drastic action, and nothing was done. By the law of 1884, the right of workmen belonging to the same craft, to form themselves into syndicates —or, as we should say, into Trade Unions—was recognized. It conferred, moreover, the right to branch syndicates of the same industry to unite for the protection of their craft interests. But the C.G.T. recruits its members, now claimed to number 2,000,000, from the most diverse sources. It comprises middle-class professional men, actors, priests and notaries, as well as railwaymen, miners, postmen, masons and every variety of skilled and unskilled manual worker. This heterogenous body of adherents cannot be supposed to possess any common industrial interests. The objects pursued by the C.G.T. are therefore, not industrial, but political, and as associations for political or religious purposes are expressly forbidden by the law of 1884, the C.G.T. becomes *ipso facto* an illegal organisation. It also falls under the ban of another law enacted in 1901, which prohibits the existence of any association that, "in view of an illicit object, is calculated to injure the integrity of the national territory."

The attitude adopted during the war by M. Jouhaux, who has been for many years Chairman and guiding spirit of the Administrative Committee of the C.G.T., and his public utterances since the Armistice, indicate that he has been stampeded into lending the support of the Confederation to a general strike started without his authorization. The disruptive force, exerted by a minority of extremists within the British Labour movement, has its counterpart in France. As M. Albert Thomas remarked in his pamphlet *Bolchevisme ou Socialisme*, the French Socialist party has during the past

year been rent asunder by two conflicting tendencies, one leading towards reform and the other towards the class-war. Both M. Thomas and M. Jouhaux have been violently attacked by the revolutionary section for their support of the government during the war and for having voted the Budget after the Armistice. At a meeting which took place at Milan in the spring of 1919, the Italian representatives urged their French and English colleagues to join them in calling a universal strike for twenty-four hours, as an expression of sympathy with Bolshevist Russia and as a protest against the "Imperialistic" Peace of Versailles. But though the C.G.T. delegates decided to take up the challenge, M. Jouhaux was subsequently obliged to abandon the project in view of its certain failure, owing to the hostility shown by the vast majority of the French workers to the political strike. He defended this change of policy in a speech made before the National Council of the C.G.T. last July. "The desire to have a thing done" he said "is not enough to make that thing possible. Circumstances are sometimes stronger than human will," and he went on to remind his audience that only a small minority among the C.G.T. members were ready for such action. In the course of the speech M. Jouhaux made a confession of faith which definitely classes him as an opponent of Bolshevist tactics. To his mind, successful revolution is not "a catastrophic act, bringing about a downfall of a system. It is, on the contrary, a long process of evolution which gradually penetrates the system, an action which saps its character and which, within that system, creates a new organism to take its place. It is not sufficient to go out into the streets, to build barricades, to spread a general strike, for a revolution which ends in famine is not a revolution; it is the destruction of it. . . . . To make a real revolution means to start on a large constructive business."

Since that day M. Jouhaux has, like M. Thomas, been ranged by the French Bolshevists in the category described by Lenin as "social traitors." Even Merrheim is now repudiated by the extremists, because he confessed that he had told Lenin at Zimmerwald that the French proletariat was not disposed to substitute a class-war for the war against the Central Empires. "The truth is," Merrheim stated at the last Congress of the C.G.T. held at Lyons, "that in France there is a revolutionary situation, but there is no revolutionary spirit." As a result M. Jouhaux's report was approved by 1393 votes against 588 dissentients.

Nevertheless the Congress at Lyons passed several resolutions which indicate the general drift to the left of the French Syndicalists. A resolution expressing "profound sympathy for the Russian Revolution" was coupled with severe censure of "armed intervention in Russia." All Syndicalist transport organisations were at the same time urged to refuse to transport arms and munitions destined for the armies of Koltchak and Denikin. No difference, moreover, exists between the doctrines and methods of French Syndicalism and those which have been put into practice by the dictators of the proletariat in Moscow. This similarity was in fact affirmed by its leaders at a meeting on December 19th, 1919, in a declaration which contains the following phrases: "The Syndicalist ideal can only be reached by the complete transformation of society." "As this struggle"—the class-war—"cannot end in any other way but in the suppression of all classes, Syndicalism declares, in order to make no equivocation possible, that in its origin, as well as in its present character and in its permanent ideal, it is a revolutionary force." It further pledges itself to prepare "the integral emancipation of the workers" which cannot be realised otherwise than by capitalist expropriation." "No increased production," this declaration further asserts, is reconcilable with the present régime." And as "the powerlessness of the ruling class, and of political organisations, becomes more evident from day to day, so the necessity for working men to face responsibilities in the management of society becomes more apparent."

It would, however, be a mistake to suppose that the bulk of the French proletariat makes any response to this revolutionary verbiage. The nationalist sentiment stimulated by the war, and the wealth accumulated during the period of hostilities by the French peasant, who already owns the land, oppose a silent but solid resistance to the invasion of internationalist theory.

There is no doubt that the French nation as a whole is behind the Government in its resolve to defeat the attempt of an extreme minority to force its subversive policy upon the State.

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VIEWS OF THE MINORITY PRESS.

The following seven extracts, taken from various publications of the Labour and Socialist Press during the month of May, illustrate without further comment the extreme diversity of opinion within this group as to the leadership and constitution with which it is sought to replace the present order, and reveal how dangerously nebulous are the plans and outlook of all grades of opinion except those of the extreme minority who openly project Russian Bolshevism in all its stages—revolution and bloodshed, iron dictatorship, conscript labour, and, we must suppose, the whole gamut of horrors endured in Russia until, weary of the experiment, people and tyrants gravitate again towards individual enterprise.

From *The Glasgow Forward.* (Article by John McLean, late Editor of *The Socialist*):—"The Labour Movement is no longer a feeble element. By its own strength, and in the name of its own ideas, it is influencing democracy and forcing the industrial and political issues. Socialism is the driving force, inspiring the workers in the final effort for full economic power. Capitalism is incompatible with social life. The Capitalist is unfit to govern because he can no longer assure his slaves even a slave's existence. He is forced by the breakdown of the economic mechanism to contravene the fundamental laws of solvent Capitalism. He is living in a makeshift system. Witness the periodical inflation of the currency which is rocking the financial world to its very foundations. Organised labour guided by Socialist principle is the only hope. All else is illusion."

From *The Labour Leader*, May 27th. (Mr. Philip Snowden on "Labour and the Government"):—"The fault of the Labour front bench is that its members try to act the part of statesmen, for which they are ill-fitted, and a part they certainly can never play with success against the other side. The Labour Party is now reaping the fruits of its five years' support of the militarists and the capitalist Governments. The State of Europe to-day and the Polish war are the natural and inevitable outcome of the policy which the Labour Party wholeheartedly supported for five years. If they had been true to the principles of Internationalism when courage and insight were needed to defend them, they could to-day with

consistency and power have denounced and exposed the policy of imperialism and plunder which is ruining the world."

From an article by A. T. Penty in the May number of *The Guildsman*:—"There does not appear to me to be anything more fundamental about the Bolshevik Revolution, only something more violent than we have hitherto been accustomed to. It is well to remember that the Bolsheviks did not create the Russian Revolution They only exploited it They have made promises that they have been unable to fulfil. They declared an international war against capitalism; they were surprised that capitalists retaliated, and nowadays they are offering concessions to capitalists in order to secure their co-operation. They fumed against the despotism of the old régime; they are establishing one even more despotic, for *Bolshevism is doubtless leading to the servile state* . . . . . their failure is intimately connected with the violence of their policy . . . . . Those who are familiar with the course of the French Revolution realise that the Russian Revolution is following a parallel course. Like it it is ending in the triumph of reaction. Capitalism is creeping back . . . . Let us study history, and I doubt not we shall be emancipated from the heresies of Marx."

From *The Socialist Standard*. (The official organ of the Socialist Party of Great Britain):—"The Socialist Party of Great Britain claim, and prove their claim, to be the only party in Great Britain whose principles will benefit the working class. We have no connection with the Independent Labour Party, the British Socialist Party, the Labour Party, the Social Democratic Party, or any other old Party of people who are only interested in two things: firstly, grinding their own axes; secondly, trying to make the present rotten capitalist system bearable to you, thereby prolonging the life of that system which grinds you down so mercilessly . . ."

From *The Spur* (re-printed from an article by William Gallacher in *The Workers' Dreadnought*, both communist organs):—"Comrades . . . . . the above Council (Scottish Workers') is definitely anti-Parliamentarian and has behind it the Left Wing of the various political bodies . . . . For a considerable time we have been sparring with the official Parliamentarians. We have not considered it necessary to declare open warfare on them, and they are *afraid* to open an attack on us. But this state of affairs cannot long continue

. . . . . Any support given to Parliamentarianism is simply assisting to put power into the hands of our British Scheidemanns and Noskes . . . . . The B.S.P. doesn't count at all here. I say this as one who has been a member since its inception . . . . . What is wanted here is a sound revolutionary industrial organisation, and a Communist Party working along clear, well-defined, scientific lines."

From *The Call*, May 27th:—"One need be no fatalist to recognise that the advent of the Labour Party to power is a necessary preliminary to the Communist Revolution. The working classes must come to see things in their right proportion. Just as the greatest and most successful propaganda against capitalism was carried out by the capitalists themselves through their war, so the Labour Party in office must be allowed to teach the working classes (as they are doing in Germany) the sham of Representative Government and the inevitability of the Dictatorship of the Proletariat . . . . .

"At the present moment in England our chief concern should therefore be the acceleration of the final act of the Bourgeois Dictatorship: *i.e.*, to accelerate the coming of the Labour Party and thus accelerate the day of its downfall. We need expend no revolutionary energy in enthroning the Labour Party. We need husband all our revolutionary strength for The Day."

From an article by Anton Pannekoek in the same paper:—"Once establish it that the workers are to use their political supremacy for a Socialist reconstruction of society, then the bourgeoisie must be shut out from any participation in the work; capitalist interest must have no say. That is truly no formal democracy, but it is in fact a higher and better democracy, which represents the life-interests of the masses. It is what Marx named the Dictatorship of the Proletariat. It is what was once called Communism, and is now called Bolshevism. It has been carried through in Russia on the large scale, after the Paris Commune of 1871 had witnessed its first beginnings."

Robert Williams, Secretary of the Transport Workers' Federation and the most active leader of the transport workers, provides readers of *The Daily Herald* with some "Thoughts for May Day" (May 1). After urging that "it is the duty of Labour to prepare in every possible manner for the supercession of Capitalism by Socialism or Communism," he adroitly suggests violence and bloodshed to men and

women about to spend the day demonstrating their wrongs and their ambitions in vast crowds in all the big cities. "We would all," he writes, "devoutly hope that we shall be spared bloodshed in this and every other country, but knowing our governing class and the new-rich profiteering class, it is to be expected that they will murder and destroy if they are permitted to the most sanguinary degree." As a matter of definite policy he maintained that "The trade unionists must insist upon improving and, maybe, abolishing the Parliamentary system." But apparently all this serves only to introduce Mr. Williams's real "May Day thought" which is, the reader gathers, that the desirable thing for this country is a Soviet government. "I hope to return from Russia," he concludes, "with some first-hand knowledge of the operations of the Soviet system. *I go there frankly biassed in favour of the Russian revolutionary conception.*" (The italics are ours.)

Whether wittingly or not, George Lansbury preaches the doctrine of anarchy in an article in the same issue when, speaking of the Polish war against Russia, he says, "Resolutions are of no effect. Action, either in or out of Parliament, is the only thing that will compel governments to act straightly." He has previously pointed out the persuasive power of "the damnable reiteration even of a well-known lie," and the quotation of his own words is eloquent comment on the concluding phrases of his May Day contribution—"'Workers of all countries unite. You have nothing to lose but your chains; you have a world to gain.' This was the slogan call of the International fifty years ago, and it is the only slogan call worth while to-day."

* * *

FOOD FOR THOUGHT.

During the last few weeks certain newspapers have been encouraging the belief that prices are going to fall in the near future. Such phrases as "the coming slump in freights," "collapse of the tea market," "cheaper food prospects," and so on, have been given a prominence which, in our opinion, is misleading and unjustified. High prices are, in themselves, sufficiently exasperating without the added provocation of disappointment caused by the non-fulfilment of unwarrantable forecasts. Much of the dissatisfaction which is rife to-day amongst ex-service men is due to the facile and rosy promises which were held out by well-intentioned optimists who over-estimated their ability to redeem the pledges they were too ready to make in the first instance. The proverbial sickness of heart that follows upon hope deferred takes on an added bitterness when it is associated with resentment against the prophet who first planted the seed of expectation in the mind of his victim. Calamities that can be attributed to Kismet may be endurable, but nobody likes being fooled.

The actual facts of the case tell a story very different to that spread abroad by sanguine journalists. According to the *Labour Gazette* there was, in April, a rise of nine points in the cost of living. Nor are the indications for the future more favourable. Not only are food prices certain to remain high, but there is an imminent prospect ahead of us that the existing scarcity of certain food-stuffs will become more and more pronounced until we are faced with the danger of a shortage amounting to the condition of famine. As wages rise the demand for everything edible constantly increases, and this at a time when the growing of food-stuffs all over the world is restricted by the combined influences of capital depletion, high cost of production, unfavourable seasons and labour friction. American sowings show a falling-off of thirty per cent., the Argentine is contemplating the prohibition of exports, Russia cannot supply her own needs and the rest of Europe has no surplus to spare.

The world production in 1919 of cereals, sugar and meat, to mention only three commodities, showed a considerable falling-off as compared with the years before the war, and there is no reasonable expectation that matters will improve materially in 1920. Under these circumstances it is difficult

to understand how anybody can deliberately encourage the hope that there is likely to be a reduction in the cost of food in the course of the current year.

■ ■ ■

It is weary work to keep on hammering away at a proposition the truth of which has been demonstrated over and over again, but in spite of all the wealth of argument that has been expended on the task of exposition, the old fallacies still persist, and many people continue to disregard the urgent call for increased production and even to deny its necessity—persuading themselves and others that the demand is only a capitalist dodge to secure higher profits.

We are indebted to Mr. Philip Snowden for a most lucid and convincing summary of the position—written from the working-class point of view. Dealing with that bogey of over-production which excites the fears of so many manual workers, he reminds us that "bad trade has been due in the past to the excess of goods in the world-market over demand. The limitation of demand has risen from the inadequate means at the command of the great mass of the people. What has been called 'over-production' was in reality under-consumption. At the present time the world is suffering not from over-production but from lessened production."

■ ■ ■

The connection between wages and output is a consideration that employers are bound to remember—it is also a factor that some workers find it convenient to ignore. An apt illustration of cause and effect in this department of our economic life has been given recently by an agricultural expert. He pointed out that a farmer who could not afford to pay a labourer more than half-a-crown a day for digging with a spade, could double the wage if the man used a plough and quadruple if he drove a tractor. The principle of the minimum weekly wage is one for which there is much to be said on social grounds and no sensible person objects to it within reasonable limits, but when once a living wage has been secured for all workers some method of payment by results is the only solution of the problem of how to obtain increased production.

■ ■ ■

On this question of the connection between wages and output Mr. Snowden says—"Wages are paid out of current production. The theory of the 'wages fund' has been

abandoned by all political economists. That theory maintained that wages are paid out of a proportion of capital set apart for the payment of wages. The sum therefore devoted to wages was fixed, and if an increase of wages were secured by one class of workers, it would be at the expense of another section . . . that theory is now universally rejected . . . the larger the national output is (other things being equal, such as the power of labour to maintain its share) the larger will be the proportion which is received by the workers as wages."

Mr. Snowden, it must be remembered, is an ardent opponent of the capitalist system and has followed Chiozza Money and the Webbs in giving currency to the fallacious assertion that one-ninth of the population enjoy one half of the national income. It does not surprise us to note, therefore, that whilst admitting that an increase in the volume of the product of industry has given to labour a larger *amount* of wealth, he should declare that it has not given to labour a larger *proportion* of the total. Mr. Snowden's basis of computation, though said to cover the last fifty years, must be out-of-date, and can have taken into account neither the more recent wage increases nor the present high rate of Income Tax, both of which have modified very materially the proportional shares *enjoyed* by landlords, capitalists and workers respectively. As, however, in the article under review, his main theme is production rather than distribution, we need not here discuss this aspect in detail, but shall hope to demonstrate the true facts of the case in our series of diagrams.

The essential point on which we must concentrate for the moment is the agreed fact that a decrease in the national output lessens the net amount of wealth taken by the landlords as rent, by the capitalists as profit and by the workers as wages. Mr. Snowden is under no misapprehension on this score and he drives the lesson home when he says—"High production means high wages ; low production means low wages. In normal times before the war those trades in this country which were most highly developed, where machinery was most extensively employed, paid on the average the highest wages. . . . The volume of national and world production is therefore a vital matter for the wage-earners. Nominal wages matter little. It is the real wages, that is,

the volume of necessaries that nominal wages will command, which is the vital thing for the working classes. The greater the world production the larger will be the share of the wage workers—for two reasons. There will be more of the product to divide, and the increased product will have the effect of lowering prices—thus enabling nominal wages to have a larger purchasing power."

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The ills from which we suffer are not due to any one cause and the scarcity which afflicts the world is not the fault of any one class; but it is to the interest of all alike that the recovery of an "abundance of things" should be achieved at the earliest possible moment. This is the essential foundation, lacking which no schemes for social betterment can materialise and no permanent improvement in the lot of mankind be reached. No amount of quarrelling will give a plentiful supply of grain—and recrimination will never bring down the cost of living.

■ ■ ■

The most obvious and, in a sense, the most pressing need of the hour is more houses. They are required by all classes—they are constructed almost exclusively out of material produced at home—the cost of erection is accounted for mainly by the wage bill and the full demand cannot be satisfied for many years to come. Why should there be any delay in getting on with the business? It is the bounden duty of all to co-operate according to their ability. The capitalist must find the money, landlords must provide the sites, and local authorities must press forward their housing schemes—but all would be no avail unless Trade Unions release or supply the necessary labour and unless the bricklayers, plasterers and carpenters give the maximum output of which they are capable without unduly exhausting their energies. The housing problem which requires so little technical knowledge and which involves no foreign complications is well within the comprehension of all. It is, moreover, a question peculiarly susceptible to local influence, and everybody ought to make it his business to remove misconceptions and to contribute something in cash, labour or persuasion towards getting as many people as possible decently housed before next winter.

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DAY BY DAY.

(A monthly Record of the principal events, at home and abroad, which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

May.

1st. *Labour Gazette* indicates a rise of nine points in the cost of living during April—the index figure being 141 per cent. above the level of July, 1914.

Changes effected in the rates and hours of labour during April yield a total money increase of £1,200,000 a week to 3,750,000 people and an average reduction of 4½ hours per week to 140,000.

218 Trade Disputes involved 140,000 workers and a loss of 880,000 working days.

The live registers of the Employment Exchanges show 325,915 men and women unemployed.

Unemployment in industries covered by the Unemployment Insurance Act fell during the month from 3·63% to 2·80%, and in certain skilled trades from 1·1% to 0·9%.

May Day was peacefully celebrated throughout this country as a holiday by large numbers of all workers, except those engaged in transport and the distributive industries.

"Work to rule" railway strike remains limited to a few goods yards.

General railway strike in France unsuccessful, but is supported by the C.G.T., who instruct the miners, sailors and dockers to come out on Monday, the 3rd May.

Birmingham Brassworkers accept advance of 4/- a week as a flat rate, with 12½ per cent. for day workers and 7½ per cent. for piece-workers.

London General Omnibus Company adhere to their offer of 5/- plus another 1/- in June, and the United Vehicle Workers decide to ballot for a strike.

It is calculated that the Monmouthshire Colliery strike cost the miners over £60,000 in wages.

Builders' and Decorators' Federation: 5,000 members in East Kent strike for a 44-hour week at 1/11 per hour.

5th. After seven weeks' negotiations the Council of the League of Nations is still unable to obtain the permission of the Soviet Government to send a commission to make free and independent investigation into conditions in Russia.

French railway strike unsupported by the Est (70,000 men) and the Nord.

Central Wages Board failed to reach an agreement on the question of a flat-rate increase of £1 a week for all men

engaged in the manipulation of traffic and referred the matter to the National Board.

Fifth day of the French General Strike: all essential industries being carried on and the railway situation improving.

Miners' increased wages to be paid on May 8th, with arrears from March 12th; the sum involved is estimated at forty millions a year.

6th. The Triple Alliance calls upon the Labour Party, the T.U.C. and the Co-operative movement to appoint a joint committee to enquire into the reason for the high cost of living and to evolve a plan for its reduction, which shall be submitted to the Government.

Cotton Spinners agree to wage increase of 28½ per cent, with an additional 10 per cent. to certain card-room operatives.

7th. The Cabinet decide that industrial and household coal must be sold on an economic basis.

N.U.R. Executive instruct members to boycott Messrs. John Lewis & Co.

Port of London dues, rates, and charges to be raised on May 10th to meet increased labour costs.

Cotton Weavers agree to an advance of 28½ per cent. on current earnings. The increases are to commence next week and the agreement is for one year.

8th. Soviet Government provisionally agrees to receive journalists and trade union missions to survey conditions in Russia from countries not assisting Poland in her attack on Soviet Russia.

If price of coal is raised to cover wage-increases, Scottish miners at Conference of National Union of Scottish Mineworkers threaten to claim a corresponding increase in wages.

11,000 joiners on strike in Scotland to enforce demand for 2s. 6d. an hour flat-rate.

10th. 2s. 10d. of the increased price of coal is stated to be required to meet the increased wages bill.

London busworkers reject Company's offer.

Building trade dispute involving strikes in Scotland, Sheffield and Bridgewater. Part of the unrest is due to chaotic state of wages throughout the industry. Employers themselves differ as to the application of awards, and the action of the Liverpool Master Builders, resulting in their secession (or expulsion) from the N.F.B.T.E., has increased the confusion.

11th. French Government decides to take action against the General Confederation of Labour under the Waldeck-Rousseau Act of 1884, which confines the activities of trade unions to "the study and defence of their economic, commercial and agricultural interests."

In order to stem the tide of Royal Dockyard discharges at Portsmouth, at a meeting of 2 000 members of the A.U.E.S.C.W., it was decided to waive trade union demarcation rules so as to permit of merchant vessels being constructed in the dockyard.

Drug workers throughout the country strike for a wage increase of 10/-. The strike is an unauthorised protest against an adverse arbitration award.

500 Sunderland railway men, after "working to rule" for six weeks, refuse Executive's advice to resume normal work.

12th. Printers demand wage increase of 15/- to 22/6 (according to district) to meet increased cost of living and decline employers' offer of 6/-. Employers offer to refer question to Joint Industrial Council of the Printing and Allied Industries.

The Amalgamated Engineering Union, comprising the A.S.E. and ten other societies, with a membership of about 500,000 and funds estimated at £4,000,000, will be formally instituted on July 1st.

13th. Owing to the refusal of the dockers to load any ship carrying munitions of war to any country hostile to Soviet Russia, the sailing of the "Jolly George" for Poland has been abandoned.

14th. Offices of *The Workers' Dreadnought* raided, and the manager, H. P. Burgess, arrested in connection with the publication of a pamphlet *To British Workers*, purporting to set out details of the Soviet system in Russia, and advocating the destruction of our existing form of government.

National Union of Agricultural Labourers pass a resolution in favour of a national minimum wage for agricultural workers of £3 for a 48-hour week.

15th. Soviet Trade Delegation arrived in England. The delegates are Nogin, Rozokowsky and Klishko and do not represent the co-operative organisations.

17th. 5,000 men employed at the Rolls-Royce Works in Derby struck as a protest against alleged victimisation of a shop-steward owing to trade-union activity.

National (Railway) Wages Board met to discuss N.U.R. demand for all-round increase of £1. It was specifically stated by Mr. Cramp that the claim is based, not on the cost of living, but on the right of the railway-workers to an improvement in their earnings at least equal to that secured by policemen, dockers, miners and several other sections of workpeople. Women and boys are included in the demand.

The French general strike collapses.

18th. Dockers' Conference at Plymouth pass a resolution not to allow the loading of munitions destined to be used against Russia.

Railway Wage Bill: It was submitted to the National Wages Board that whereas in 1913 the total wage bill was 47 millions, the present wage bill was 147 millions, and the new demands would add a further 35 millions a year. The total capital of railways is £1,320,000,000, earning 3 64 per cent.

At a meeting in Moscow in honour of the British Labour Delegates to Russia a resolution was passed expressing the belief that "the British working-classes will find strength to establish the full dictatorship of the proletariat."

20th. A Government Committee is being set up to collect statements from British refugees from Russia. The Committee includes Lord Emmott, Sir W. E. Hume-Williams, K.C., Sir W. Ryland Adkins, M.P., and Mr. William Brace, M.P.

The various unions concerned refuse to sanction the Drug Strike, urging that having accepted the principle of arbitration the workers must abide by the verdict. The unofficial strike is limited to members of the Warehouse and General Workers' Union.

21st. N.U.R. instructs its members to refuse to handle munitions of war for Poland.

Miners' Federation convene a special meeting on June 12th to consider the relation of wages to the increasing income of the mining industry and to the increase in the cost of living.

22nd. Harold Percy Burgess, newspaper manager, acting for Sylvia Pankhurst in connection with *The Workers' Dreadnought* and Bolshevist pamphlets, sentenced to six months imprisonment without hard labour for attempting to cause disaffection among the Irish Guards.

24th. Irish railwaymen join the dockers in their refusal to handle munitions of war in Ireland.

At the Annual Conference of the N.F.D.D.S.S., a resolution in favour of affiliation with the Labour Party was rejected, and one in favour of amalgamating all ex-Service men's organisations was carried.

At the 52nd annual Co-operative Congress it was formally declared that the co-operative commonwealth was the ultimate goal of the Labour Party, of the Trade Unions and of the Co-operative Movement.

25th. After abolishing capital punishment in January, the Soviet Government of Russia has passed an order for its re-introduction.

Co-operative Congress: Resolution passed calling for a capital levy on fortunes over £1,000.

26th. Mr. George Lansbury accepts a challenge made by Mr. A. Frank and Mr. R. Wale, British refugees from Russia, to discuss his reports on conditions in Moscow.

27th. Special meeting of the Triple Alliance convened to consider attitude of transport and railway workers towards the handling of munitions of war for Ireland.

Krassin arrives in London to confer with the Prime Minister on the question of trading with Russia.

29th. The Irish Labour Party decide to support the action of the dockers and railwaymen till the Army of Occupation is withdrawn from Ireland.

30th. Minister of Labour arranges a special conference of employers and men to consider the failure of the J.I.C. to settle the tramway workers' demand for higher wages.

The strike of co-operative employees in Bradford which closed all the stores in that city for over a week was settled by the intervention of the Amalgamated Union of Co-operative Employees, which successfully claimed the right to negotiate for all members, regardless of craft unions.

Swansea tramway workers resume work on the old terms after five weeks strike.

31st. The Premier and various Ministers confer with M. Krassin on the subject of trade relations between this country and Russia.

Triple Alliance recommends that the question of the correct attitude of British Labour towards the production and handling of munitions of war for Ireland and Poland be considered by the Parliamentary Committee.

The public debate between Mr. Lansbury and two British subjects returned from Russia, which was arranged to take place at the Central Hall, Westminster, was cancelled owing to a disagreement as to conditions for the debate.

No. XXXV

JULY

MCMXX

"He who sows the wind shall reap the whirlwind."

INDUSTRIAL PEACE

CONTENTS

THE BLOCKADE OF RUSSIA.

The interim report of the Labour mission which recently visited Russia attributed the calamitous condition of that country to external causes, and committed itself to the statement that the policy of intervention and the blockade were at the root of the state of affairs which they found to exist. Mr. W. H. Hutchinson, the Chairman of this year's Labour Conference, has now endorsed this allegation by declaring that the blockade "has reduced Russia to chaos and almost destitution." The serious aspect of these pronouncements consists, not in the intrinsic worth or worthlessness, as the case may be, of the evidence upon which they are based, but in the fact that many thousands of British citizens will accept this well-nigh incredible explanation and persuade themselves that their own Government is responsible for the confusion and suffering which has befallen the Russian people. It becomes, therefore, a matter of the first importance to enquire whether, in sober truth, an effective blockade has been in operation, and if so, whether it could possibly have occasioned the mischief laid to its charge.

The restrictions on trade with Russia are of two kinds, viz., those which are enforced by government action, and those which arise out of circumstances beyond government control. With regard to the former, the position, briefly stated, is as follows:—There are no legal obstacles to negotiations with Russia for private trading purposes, nor for the conclusion of formal contracts, but the export of goods from Britain to Soviet Russia is not allowed without a license from the Board of Trade. Such licenses are not yet being granted, and the withdrawal of the prohibition is dependent upon the negotiations now proceeding with the Russian trade delegation. In the ordinary acceptation of the term these restrictions do not amount to a blockade, which is generally understood to mean the maintenance of physical barriers by naval and military forces. In this sense, the only blockade in operation is that which prohibits the passage of arms and munitions to Soviet Russia, and which is maintained by naval agreement amongst the Allies. No action is taken by the British Government to close Russian seaports and frontiers or to prevent the importation of merchandise, other than warlike stores. It is true that

Britain refrains for the present from shipping goods to Russia, but she does not attempt to interfere with other nations who may care to do so. The so-called blockade is therefore of a very mild type, and is negative rather than positive. If America should elect to export goods to Russia, she would not ask our permission any more than Sweden did before she despatched her cargoes of merchandise to Reval and Petrograd.

Far more cogent reasons than any which depend on Government action account for the delay in the resumption of trade between Great Britain and Russia. In the first place, we have very little in the way of commodities to dispose of, and in the second we have no guarantee that we should receive payment for any goods which we might be able to spare. Lenin cannot have it both ways, he cannot abolish rights in private property and expect commercial people to give him credit without satisfactory guarantees that full payment will be made for value received. British traders have no use for paper roubles, and they don't deal with bankrupts if they can help it. Russian peasants are refusing to part with their agricultural produce and are boycotting the big towns—not, primarily, for political reasons but because they object to trading at a loss. With this object lesson in front of them, we need not feel surprised at the reluctance of British exporters to resume business relations. After all, the manipulation of commerce is a bourgeois affair and Lenin cannot complain if the bourgeoisie of other countries, more fortunate than those of the same class in Russia who have suffered persecution at his hands, look askance when invited to enter the spider's parlour.

There is, moreover, another guarantee which is lacking, and that is any firm assurance that real benefit will accrue to the Russian people if we part with our goods and hand them over to the Soviet government. On the contrary, we have every reason for suspecting that wealth from abroad would be used to bolster up the Soviet power, that the Red Guards would get the lion's share, and that the famished population would still have to purchase the right to earn their daily bread at the price of conforming to the crude theories of orthodox Bolshevism. The resources of Russia have been squandered in propagating the mischievous pursuit of provoking world-wide revolution by means of inflammatory pamphlets, organised conspiracy, lavish bribery and red rhetoric. Lenin insults the intelligence of British workers by bidding them to follow his

mad example, by challenging them to embark their fortunes on the torrent which has wrecked his own country, and by his effrontery in attempting to hoodwink them into the belief that the British blockade is responsible for the calamities which are the inevitable harvest of the seeds he has sown. He who sows the wind shall reap the whirlwind.

There are none so blind as those who refuse to see, and it is a painful, even a pathetic, revelation of the innocence of the British Labour Leader that he should take the bait so readily in spite of its obvious artificiality. As they say in America, the hook sticks out a mile. The labour mission must have known before they started for Russia that this particular lure would be concocted for their edification—and those at home must have had a shrewd idea that the artifice would succeed, but one and all seem to have swallowed the pretence at a gulp.

It is difficult to conceive of anything less substantial than the fiction that the prevalence of typhus and other diseases in Russia is due to the cutting off by Britain of supplies of soap and disinfectants—articles made out of raw materials which exist in greater abundance in Russia than in England, and which can be manufactured by the most elementary processes, articles which we have never supplied to Russia, except in small quantities, at any time. The total export of soap, soap stock and soap powder from the United Kingdom *to the whole world* did not amount to 90,000 tons in any of the three years immediately preceding the war and, when it is remembered that only a small percentage of our total trade of all kinds was done with Russia, it will be seen how insignificant must have been the quantity of soap supplied to that country. With regard to raw materials for soap making, there used to be more than four hundred tallow factories in Russia, and as to alkali, our total export *to the whole world* of chemicals, drugs, dyes and colours in 1913 was of the value of only £330,138. It is obvious, therefore, that a nation of 128 million people could not have relied upon the United Kingdom for their main supply of either soap, alkali, or disinfectants, nor was there any reason why they should do so. Chloride of lime, the prime disinfectant, is formed by the action of chlorine on dry slaked lime. Chlorine is obtained by heating common salt,*

* Numerous salt lakes are scattered over the Steppes, and salt in quantity is found also in Asiatic Russia, whilst iron pyrites, from which sulphuric acid is made, is a widely diffused and plentiful mineral.

and sulphuric acid in iron cylinders—a process which should not be beyond the capacity of a government which claims to be equal to the task of re-organising the social and industrial foundations of the world.

The high-water mark of credulity is reached, however, when responsibility is attributed to Britain for the non-employment of anæsthetics in Russia. This is what Mr. O'Grady, M.P., is reported to have said in the House of Commons. "I remember the first wounded prisoner who came out of Russia. He was a young Tommy of our own army. They had had to cut his eye out with a razor and without an anæsthetic. I cite that case to show what the effect of our blockade has been." Could more tragic nonsense be crowded into a single sentence? The chief anæsthetics are chloroform and ether—the former is made from chloride of lime, alcohol and water—the latter is prepared from alcohol by the action of sulphuric acid. The annual production of pure alcohol in Russia used to amount to between 80 and 90 million gallons, and the other constituents of both chloroform and ether abound. The disuse of anæsthetics must be due, therefore, not to inability to manufacture them, not to the blockade, but to some other cause. That cause is not far to seek. The effects of the insane Bolshevik fury, which aimed at the destruction of civilised society, were early manifested in the disorganisation of the medical and surgical services. When door-keepers are made superintendents, and charwomen matrons of hospitals, when doctors are turned into scavengers and anæsthetists into rag pickers, a certain lowering in the standard of medical efficiency is hardly a matter for surprise. But it would never do to admit the shortcomings of Bolshevism, and so a convenient scapegoat was found in the blockade—and the dear gullible British public, as exemplified by Mr. O'Grady, is cut to the quick and begins to abuse the Government for its brutality.

We would ask one pertinent question of the apologists for the Bolshevik régime. Has Lenin ever appealed to the British Government or to the British Red Cross for disinfectants or anæsthetics, and if so, when and with what results? If he has failed to do so, it is not for lack of opportunity, for we know that he has made constantly reiterated appeals, at the cost of innumerable roubles, in the attempt to persuade British workers to sacrifice their own security and to adopt the same nostrums which have involved his own fellow-countrymen in the abyss of ruin.

ON MANAGING LABOUR.

In speaking of the management of labour I mean the art of guiding manual workers in such a way that their exertions may produce satisfactory material results without injuring the non-material in the workers themselves. For it is to be observed that it is easy to make ourselves rich and our workmen comfortable by killing their liberty, and the philanthropist, who believes that a talent for getting rich gives him authority to ordain that men shall live by bread alone, is one of the most mischievous products of civilisation. Sleek bodies and contented minds are dearly bought at the price of strangled souls.

Those, then, who would acquire the art of managing labour must beware lest they become a laughing-stock for the gods by acting upon the tempting fallacy that they know better what is good for their men than their men themselves know; and to anyone who seeks to avoid doing irreparable harm to the workers in his charge, I would commend the three following maxims:—

First, if you are appointed to manage labour, you must remember that men are men and not mere stomachs to fill, or bodies to clothe. Secondly, though a manager of labour, you are not also the manager of the lives of those whose labour you superintend. Thirdly, you have mistaken your vocation in life if you find that you do not like the men whose labour you direct. It is of small moment whether they like you or not: the essential point is that you should like them. So much for the really important part; and now let us consider more practical details of management from the material point of view.

In this matter my remarks are based upon some considerable experience of the engineering trade, and I am glad to have this opportunity for putting before other employers certain considerations which have an important bearing upon the question of Industrial Peace.

As a result of sterile technical training, the tendency of engineering employers and works managers in recent years has been more and more in the direction of what is called "scientific management" (we must always have a catch-word) to the neglect of the far more important human factor. Doubtless there is in all workshops a margin of saving to be effected by organisation, card-file indices, production charts,

and all the paraphernalia with which the modern works manager stupefies himself. But an enormously greater margin is to be found between the amount of work which the wage-earners do, and the amount which they might comfortably perform. If, by any means, the workmen can be persuaded to put into their work five per cent more skill and energy than is usual in the trade, then the firm employing them is assured of success, given ordinary capacity on the commercial side. It is notorious that at present production in many of the engineering shops of this country is indifferent in quality and deficient in quantity — and this despite works' offices fitted with beautiful and costly desks, calculating machines, diagrams in all the colours of the rainbow papering the walls, and a host of clerks, production experts, and motion-students. For all these toys are nothing but an expensive burden, if the workman does not do an honest day's work.

The works manager, more than anyone else, should realise the danger of the obvious. Much trouble in industry is the result of the convention by which employers organise their business on the supposition that the workmen have no other motive for action except the desire for material gain. Heaven knows what motives do really guide the actions of the British working-man — I have studied this question for twenty years without coming to any distinct conclusion — but the fact remains that the motives, in addition to selfishness, *do* affect his actions. I suspect that he is influenced by self-respect, pride of achievement, affections, love of liberty and other factors too elusive to be accurately plotted on a production chart. In fact, I believe him to be a human being. So the best way to induce him to increase his output is: first, to see that he gets a variety in his work; secondly, to let him know what becomes of his products, whether they satisfy those who use them, or whether they fail in their purpose; thirdly, to show him why they are designed as they are; fourthly, to show him month by month how the amount of his production varies; lastly, if you have a system of payment by results, to base it upon the general prosperity of the business and not upon the product of the individual.

But all will be in vain unless you prove you are fit to give orders to your workmen; that is to say, unless you strive to be more courteous, more generous and more honest to them than they are to you.

AUSTIN HOPKINSON.

THE FACTS OF THE CASE IN DIAGRAM (III).

Socially and economically there is a very real link between marriage and wealth, but it is one that does not hold on pay-day, and so it comes about that a married man with young children may be poor on the same wage that makes a single man rich. Wages are paid in return for services rendered, they are not calculated in accordance with the need of the recipient, and as in the nature of things a man's earning power and the size of his family are unrelated factors, it is perhaps impossible to devise any practical measure that will satisfy all parties. The whole problem bristles with difficulties. If bachelors were paid at a lower rate than married men unemployment would quickly ensue for the latter and so they would be worse off than before, whilst if a man's income rose automatically in proportion to the length of his family, incentive to effort would be eliminated, the population would increase more rapidly than the means of subsistence warranted, and absolute poverty would soon be the lot of all.

The cost of living, and consequently the standard of living, of every working class family depends mainly on the number of mouths to be filled, feet to be shod and clothes to be bought, but because the husband's income is, to a large extent, a fixed quantity, there proceed from this cause a whole host of undesirable social phenomena. On the one hand, women have to go out to work when their domestic obligations should keep them at home, under-nourished children have to become wage-earners at an age when they ought to be at school, and men have to sacrifice their health in the struggle to keep the wolf from the door. On the other hand, early marriage falls into popular disfavour by reason of this economic stringency, with the result that bastardy and prostitution are encouraged.

The right to a living wage, when such a wage is not *earned*, is a right against society, not a claim against the employer who, neither morally nor legally, can be called upon to shoulder a responsibility which is not of his making and which is in no sense a business proposition. Equally competent workers are entitled to equal reward, and individual cases of hardship must be relieved by the whole community acting through the State or by the industrial community functioning

through an organisation created for that purpose. If two men, one married with three dependents, and the other single with nobody but himself to support, do the same work and earn the same wage it would be reasonable, as a matter of abstract justice, to expect the better off of the two to contribute towards the necessities of his poorer neighbour, but the suggestion, we fear, would not be greeted with enthusiasm by that section of society which would be called upon to make the necessary sacrifice. When it is a question of "more" there is no lack of claimants, when it is a question of "less" there is silence in the market-place—there are no takers.

We are told that the new poverty line stands at over £5 a week, and this standard has been adopted by the *Daily Herald* as being the minimum wage that ought to be paid, irrespective of the value of the services rendered and without reference to the number of persons that have to be provided for out of the money. We can only suppose that the sum mentioned is calculated on the assumption that the standard is based on the needs of the married man with four or more dependents. We are not here concerned with the investigation of family budgets, but it is obvious that an income which will suffice to keep a single man in comfort, even in affluence, won't go very far to satisfy the needs of a family which consists of a husband, a wife and three or four dependent children, and conversely that the single man who demands the same wage as the father of a family must rest his claim on some basis other than the cost of living.

There is much diversity of opinion both with regard to the relation between married and single, the size of families and the proportion of dependents. In Ryan's *A Living Wage*, for example, it is assumed that there are from five to six *dependents* per family. Mr. Seebohm Rowntree's investigations at York led to the deduction that the average *family* consists of only four persons, and Sir Leo Chiozza Money calculates that the number of manual workers (married and single) is approximately equal to the sum total of their dependents. Without entering into a discussion on the merits of the conclusions arrived at by these and other authorities, it is obviously of the first importance that the facts of the case should be discovered and set forth so that all who run may read.

The truth of the matter is exhibited in the diagrams which we publish this month, from which it will be seen that the

average family is much smaller than is popularly supposed. Diagram No. 5 gives a simple pictorial representation of the conjugal conditions prevailing in the United Kingdom at the time of the last Census. It shows that the married and widowed males are to the unmarried as 318 is to 472. At first sight it may appear strange that the number of women returned as married should outnumber their spouses by some two per cent. This discrepancy is due, no doubt, to the fact that women who are not legally entitled to the status of a wife return themselves as married, whilst men in similar case are not at the same pains to appear respectable. In this connection it is interesting to observe that the excess of women returned as married is a uniform factor and is to be found in much the same proportion in all districts in England, Wales and Scotland.

Diagram No. 6 gives the number of dependents that have to be supported respectively by three groups of workers, viz., (*a*) employers, (*b*) professional men, civil servants, government officials and those working on their own account, (*c*) men working for employers. This diagram is constructed on conservative lines and certainly does not err in the direction of under-estimating the number of dependents who have to be supported by the manual worker. Briefly stated, the method of calculation adopted is as follows:—

If the total population of Great Britain is divided by five and a small fraction, the quotient works out at a figure which is equal to the number of married men as shown in the last Census. The average *family* consists, therefore, of some five individuals, namely, the husband, the wife and just over three others. These "others," however, are not all children or dependents, but include sons and daughters who are self-supporting in whole or in part.

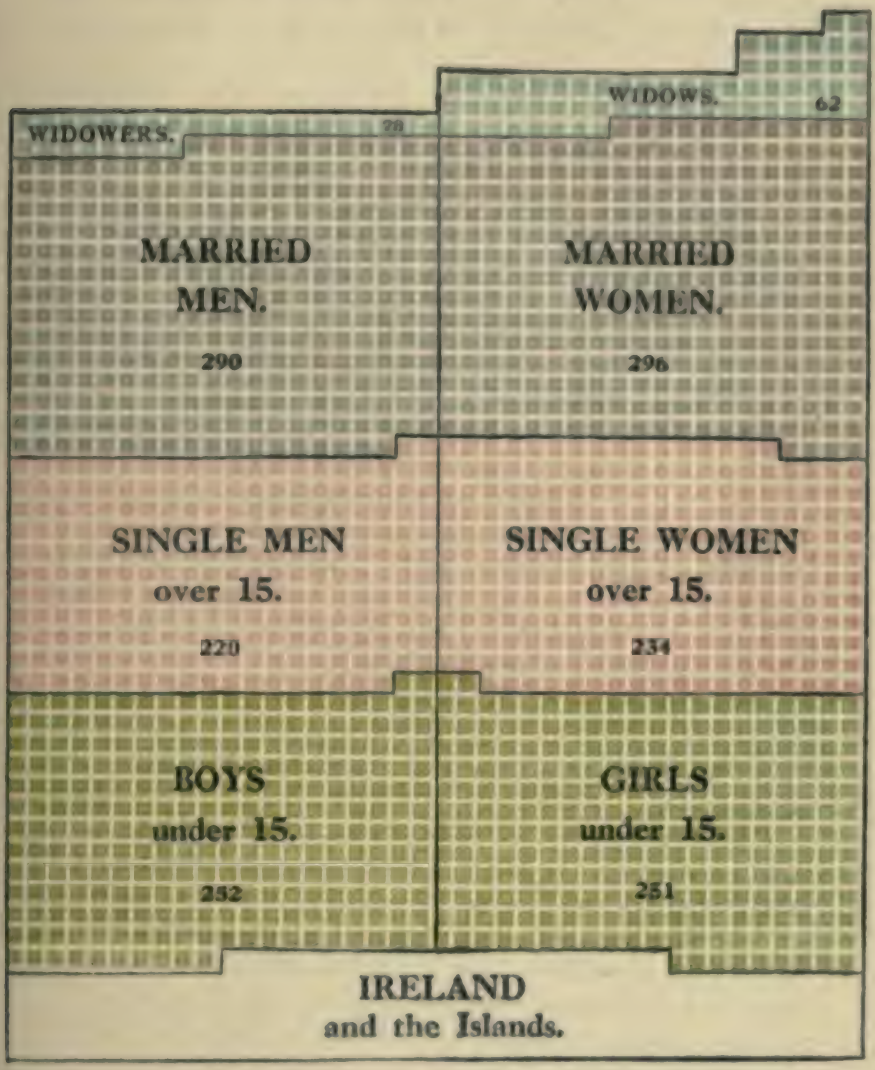
The Census returns disclose the fact that of all male persons approximately forty per cent. are married or widowed, and that amongst male persons who are over 21 years of age, the proportion of married rises to nearly 72 per cent.*

Referring to Diagram No. 3 of this series we find that the male employers number one million three hundred and fifty thousand persons—and as practically all employers are over 21 years of age it follows that 72 per cent. of these are married. This gives us 36 squares for married, and 14 squares

* Taking the population as a whole, 89 per cent. of the married men are between the ages of 20 and 40.

DIAGRAM No. 5.

(Note.—The figures in this diagram refer to the number of squares in each group.)



CONJUGAL RELATIONS.

Scale—Each Square of Colour represents 25,000 persons.

for single employers. Multiplying 36 by 4.05 we find that their families would occupy 146 squares, but in order to arrive at the number of their dependents we must deduct 14 squares for self-supporting sons and 18 squares for self-supporting wives and daughters. This leaves us with 114 squares, which is the number allotted in the diagram to the dependents of employers.

The group which comprises professional men, public servants, government officials and people working on their own account is treated in similar fashion—except that, for reasons which it is unnecessary to explain in detail, the proportion of married is reduced from 72 to 65 per cent. The result of the calculation is that 141 squares are apportioned to the dependents of this group of workers.

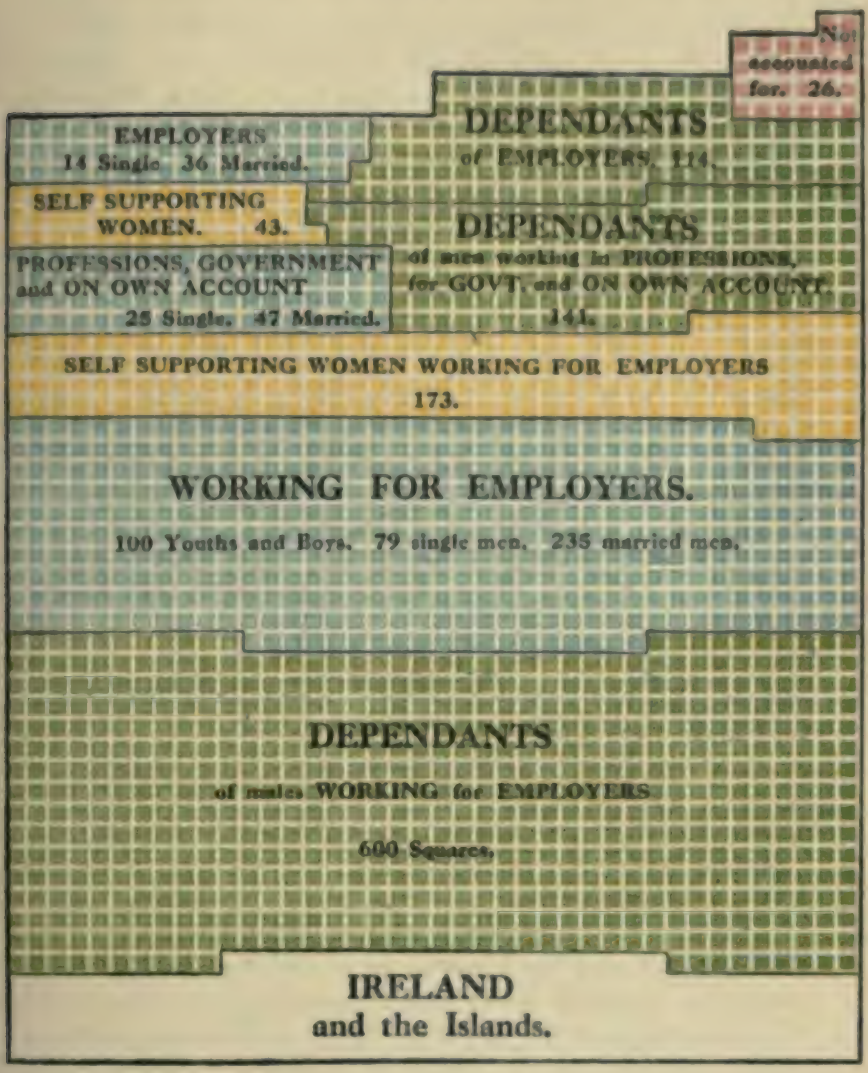
When we come to investigate the percentage of married men amongst male persons working for employers we find that it falls to approximately 57 per cent. This is due to the fact that many youths between 10 and 21, the sons of manual workers, are themselves in industry, and as they are practically all single, their inclusion naturally brings down the marriage rate for the whole group. Adopting the same method of calculation, i.e., multiplying the married men by 4.05 and deducting self-supporting wives, sons and daughters from the product, we find that 600 squares represent the number of dependents belonging to the group.

It will be seen that the proportion of male profit, salary and wage earners, married and unmarried, to dependants is as follows. In group (*a*), 1 to 2.28; in group (*b*), 1 to 1.96; and in group (*c*), 1 to 1.45.

Of the 1633 squares in the diagram, 26 are described as "not accounted for." This block of squares accommodates those who do not fit into any of the other categories, and which are not sufficiently numerous to sub-divide. The twenty-six squares are made up as follows:—Two squares for men and fourteen squares for women who live entirely on private means; to which are added ten squares representing female employers.

DIAGRAM No. 6.

(Note.—The figures in this diagram refer to the number of squares in each group.)



NUMBER and DISTRIBUTION of DEPENDANTS.

Scale—Each Square of Colour represents 25,000 persons.

THE NEW MAP OF EUROPE. (VI)

THE SERBO-CROAT-SLOVENE STATE. 1.

The new Serbo-Croat-Slovene State, the independence of which was formally recognised in the Peace Treaty with Austria in September, 1919, comprises the former independent kingdoms of Serbia and Montenegro together with certain territories of the late Austro-Hungarian Empire, chief of which are Bosnia, Herzegovina, Croatia-Slavonia, Carniola, and parts of Dalmatia, Styria, and Carinthia.

The frontiers of the new State are not yet completely defined—especially along the Adriatic—but they are dictated by the principle of nationality and are designed to include the great bulk of the South Slav (Jugo-Slav) population of south-eastern Europe (excluding Bulgaria). This population comprises Serbs (about 4,600,000, chiefly in Serbia), Croats (about 1,600,000, chiefly in Slavonia-Croatia), and Slovenes (about 1,300,000, chiefly in Carniola); there is also a large mixed population of Serbo-Croats, about 2,400,000, in Bosnia, Herzegovina, and Dalmatia. The Jugo-Slav element in the populations of these countries is not, be it noted, a bare majority: it is overwhelmingly predominant, being nowhere less than 85 %. Moreover, the new arrangements recognise past history—and very old history—as well as present conditions. The original settlements of the Serbs, Croats, and Slovenes in these regions date from the seventh century, and in the course of the Middle Ages Slav kingdoms of varying degrees of autonomy and power were established in Serbia, Croatia, Bosnia, and Montenegro. Of these Montenegro alone preserved its independence down to modern times.

For the present, the new State is a political union of South Slav peoples, and little more. It is well-nigh impossible to assess its economic value and importance as a single unit. Time alone can weld its parts together. We can, however, form some idea of the economic possibilities of the whole from a brief survey of the characteristics, resources, and needs of the leading components.

Serbia has an area of approximately 34,000 square miles, and a population (in 1913) of 4½ millions. The large and valuable additions of territory received in 1913 by the Treaty of Bucharest are here referred to as the New Territories.

Serbia

Before the Balkan Wars of 1912-13, nearly 90% of the population of the Old Territories of Serbia were engaged in **Agriculture**, the products of which formed 88% of the country's exports. About one-third of this area was under cultivation, not less than three million acres being devoted to cereals. Maize is the principal crop, most of it being consumed within the country, but wheat, barley, and oats are also grown extensively, and the export value of these four grains averaged over £1,000,000 a year. Other crops are sugar-beet, hemp, and tobacco. Fruit is grown on a large scale, the yearly export of plums and prunes alone amounting to about £600,000 before the wars. The raising of live stock is all-important, and has had particular attention devoted to it in the past by the Serbian Government, which established stud-farms, slaughter-houses, and model poultry-farms. In 1911 the exports of animals and animal produce were worth £1,400,000. Other rural industries are vine-growing, bee-keeping, and silk-culture. All these have proved profitable in the past, and should revive and develop when the country has recovered from the havoc of recent years.

The New Territories, acquired after the Balkan Wars, are agriculturally very valuable, but they are quite undeveloped, barely 8% of the area being under tillage. Even so, the agricultural exports from these regions were normally worth about £600,000 a year. The chief of these is tobacco, for which the conditions in Serbian Macedonia are peculiarly favourable; but there are also very good prospects for the production of rice, wine, and silk. Stock-raising in the New Territories is, however, very backward, pasture being very poor, from long neglect, and methods primitive in the extreme.

The oak and beech forests of Serbia are very extensive, covering some five million acres, but they have never yielded much profit, and in the New Territories have suffered from centuries of wastage and neglect. If properly surveyed, preserved, and made accessible, their exploitation should prove a great asset to the country.

The **Mineral Resources** of Serbia were extensively worked in the Middle Ages, neglected during four centuries of Turkish rule, and have only received limited attention in modern times. In the Old Territories the deposits are confined to the mountainous area in the north, lead and lignite being the minerals chiefly worked, but in the north-east there are copper mines at Maydanpek and Bor, which are reputed to be among the richest in the world. The output

of copper ore in 1912 was 7,000 tons. The mineral wealth of the New Territories is known to be very considerable and of very varied character; gold, silver, copper, iron, antimony, manganese, and magnesite have been reported from various districts, and everywhere are traces of the workings of Roman and mediæval times. The country is at present quite unsurveyed, attempted workings very few, and statistics almost non-existent. That there is a great field for exploitation cannot be doubted.

The **Manufactures** of Serbia are on a small scale. There is very little importing of raw material, and but few factories of any kind with an annual output exceeding £50,000 in value. Flour-milling is the leading industry, but textiles were becoming important before the wars, especially carpet-weaving, silk-winding, and the manufacture of hempen goods. Leather-making should also develop, as the raw material is very abundant. Metal-working and machinery manufacture are unimportant, while the enormous resources of the country in water-power are almost untouched, but few towns and factories possessing even electric light, at any rate, before the wars.

Trade. The exports of Serbia consist almost entirely of agricultural products, the quantities and values of which varied greatly even in normal times. During the five years preceding the Balkan Wars the annual value of Serbian exports averaged £3,600,000, and the yearly totals were rising rapidly. Austria-Hungary, Germany, and Turkey were the best customers, taking, in 1911, 41%, 24%, and 10% of the total value respectively. The share of the United Kingdom was almost negligible. The chief imports in normal times were metals and machinery, cotton (yarns and manufactures), hides, chemicals, and woollens, the annual total values for the period given averaging £3,100,000. Austria-Hungary and Germany between them supplied 60% of Serbia's imports, the United Kingdom, their nearest competitor, 10%.

In past years the foreign trade of Serbia has been largely at the mercy of Austria, whose frontiers the bulk of it had to cross; but, by pursuing an enterprising trade policy—involving a tariff war with Austria from 1906 to 1910—Serbia had almost emancipated herself from this economic subservience. The favourable prospects of 1911 are now immeasurably improved, for Serbia, with borders enlarged and resources greatly augmented, holds a leading position in a powerful State which commands ports on the Adriatic and has easy access to the Ægean.

(To be continued.)

VIEWS OF THE MINORITY PRESS.

It is a curious and calamitous fact that the *Daily Herald*, though recognised as the manual workers' paper, and now largely supported by Labour and Trade Union funds, is nearly always in conflict with all that is moderate in organised labour. Successive conferences, normal and abnormal, repeatedly prove that the mass of representative labour is not revolutionary, as the word is generally understood, yet the editorial staff of the *Daily Herald* work ingeniously and incessantly towards the accomplishment of violent revolution. The recent attack on the N.U.R.—substantial shareholders of the paper, we believe—has been already discussed in the Press, and the wide gulf between George Lansbury's views on Bolshevist Russia and those expressed by the Labour delegates is now well known. Direct Action for political ends has been finally condemned both by the Labour Party and the Trade Union Congress. But the *Daily Herald* thinks the weight of opinion expressed in conference wrong, and loses no time in beginning a new campaign to convince the workers that direct action is not only right but is already rampant everywhere—except in labour circles.

The issue for June 15th devotes a whole column and a half to the idea. "The favourite argument," we read, "of those who are trying to persuade Labour that the use of direct action for political ends is immoral is that it is a violation of the principles and an attack upon the practice of democracy." But this, the writer states, assumes that we now have a democratic government. "Sir George Younger, one imagines, must smile when he hears the decrees of the present Government respected as the authentic expression of the voice of the people of Great Britain. He knows, better perhaps than any man, the strange workings of the concealed machinery that determines those decrees. He knows how elections are worked; he knows the secrets of the party funds; he knows why this Minister is appointed, why that one is dropped; he knows why one Bill is pushed, another abandoned; why our foreign policy takes its queer twists and turns. And he knows quite clearly that all of it has nothing—nothing in all the wide world—to do with democracy. It is all done by direct action: direct action less visible and less spectacular than Labour can

employ, but none the less direct action, of which Parliament and all our pseudo-democratic machinery merely register the results. 'When workers want a rise in wages, 50,000 men must down tools,' said Will Thorne a month or so ago, 'when Capital wants to evade £50,000,000 of taxation, it only needs half-a-dozen men to meet privately in the City.'"

"The masters of the British world . . . decry and denounce direct action because it is their own all-potent weapon, and they fear its use by us . . ."

"To-day," the article concludes, "there is an awakening. And we trust that that awakening will come to fulness. Once Labour is awake . . . we shall be freed from paralysing delusions about the sanctity of Parliamentary 'democracy' and the wickedness of direct action for political ends."

Again, discussing the international conference on the protection of foreign interests in Russia which decided to urge upon the respective governments that certain claims shall be acceded to by Russia before trade relations are resumed, the *Daily Herald* (June 16th) warns us:—"That 'urging' will not be done at the ballot-box. These 'interests' will not wait for another general election to decide the matter. They will employ here and now . . . every weapon in their power to compel the Government to adopt their policy . . . direct action of the most direct: the type of direct action that moulds policy to-day, and that can only effectively be countered by direct action of another kind . . ."

"The House of Commons may talk, but it is the unseen pressure that decides. . . . The whole system has become a farce and a folly. . . . There is no democracy in this country to-day. There is no popular control of government or of policy. There is only the play and counter-play of various 'direct actions.' And to ask Labour to refrain from employing the only type of direct action it has at its disposal is . . . to ask it to abandon a weapon essential for the establishment of real democracy . . ."

On June 22nd, the *Herald* discusses the break in the negotiations between the Premier and Krassin. The change in the Premier's attitude is ascribed to the forces of the 'City Shylocks.' The City "has been acting. *It has been employing direct action.* Every conceivable pressure has been put on the Prime Minister by the vested interests and the forces they control. Now he has yielded. He has decided to subordinate everything to the pecuniary interests of capital. He is

preparing, at the dictate of a small body of financiers, to resume a policy he has denounced as disastrous."

If the British workman is a critical reader, two sentences in Mr. H. W. Massingham's review of George Lansbury's book on Russia (*Daily Herald*, June 17th,) should be worth more than volumes of anti-Bolshevist propaganda. He tells us that "Mr. Lansbury's sketch of industrialism under Bolshevik rule is necessarily slight. Obviously there is not much doing."

Anton Pannekoek, of the Dutch Communist Party, warns readers of *The Call* (June 17th) against the dangers of "socialisation" and advocates Russian Communism:—"Socialisation according to the recipe of Bauer is legal expropriation without an economic expropriation—a thing that any capitalist government might propose. The capitalist value of enterprises will be paid to employers in the form of compensation, and they will henceforward receive, in the form of interest on bonds, what they formerly received in the form of profits. . . . This socialisation replaces private capitalism by State capitalism; the State assumes the task of sweating profits out of the workers and handing it over to the capitalists. For the workers, very little will have been changed; as before, they will have to create a revenue for the capitalists without any labour on the part of the latter. Exploitation remains exactly the same as before. . . ."

"Socialisation now comes, just at the right moment, to guarantee capital its profits in the form of State interest. A Communist Government, like the Russian, guarantees immediately the results of the new-found power and liberty of the proletariat by refusing to capital all rights of further exploitation. A Social Democratic Government guarantees the existence of the former proletarian slavery by perpetuating the old tribute paid by the workers to capital just at the moment when it ought to disappear. Socialisation in these circumstances is only the legal expression of the political fact that the proletariat is only an apparent master, and is ready calmly to let itself go on being exploited. Just as the "Socialist" government is only the continuation of the former capitalist government under the banner of Socialism, "socialisation" is only the continuation also of the former capitalist exploitation under the guise of Socialism."

Two extracts from the *Daily Herald* and the *Glasgow Forward* respectively, are sufficient comment on M. Pannekoek's trust in Russian Communism.—"Forced Labour appears to have

been accepted," Mr. Massingham writes in his review of George Lansbury's book on Russia. And Mr. Ben Turner writes—"Moscow has more shops open than Petrograd, and has more food in its midst than Petrograd. I never found a café in Petrograd, but I did in Moscow, when I spent 2,300 roubles on three glasses of good coffee and five cakes."

In the *Workers' Dreadnought*, June 19th, Miss Sylvia Pankhurst expresses her disapproval of the report of the British Labour Delegates' report on Sovietism :

"The report of the British Labour delegates to Russia is a cold and arid document. It carefully refrains from stating either friendliness or hostility to Communism and to the Soviet system. The very refusal to express appreciation is, however, a veiled declaration of hostility. 'Who is not with us is against us' is eternally true. . . . . ."

"Ben Turner, an I.L.P.-er, supposed to be a Socialist, has adopted an air of critical aloofness in discussing our Russian comrades with the capitalist organ. He says they are 'trying to jump too far at one stride' and criticises them for not giving the vote to every adult. If the *Times* has reported him correctly, he has made one unforgivable statement: *There is not the freedom on the industrial side that we have in this country.* Ben Turner is fully aware that working-class industrial freedom in this country is merely the freedom to starve as an alternative to working for someone who employs the worker for his own private profit."

John Maclean publishes in *Forward* (June 5th) the programme he is urging the workers on the Clyde to adopt "as a rallying point for a consolidated onslaught of Labour against Capitalism :—1. A six-hour working-day ; 2. Rationing of work to absorb the unemployed, or payment of full wages to the unemployed ; 3. A minimum wage of £1 a day ; 4. Reduction of prices to half the present level."

The Socialist (June 19th) is evidently hard pressed to find some evidence of class-propaganda in our elementary school teaching. "Never" we are told, "was the need for independent working-class education more pronounced than in these days, when the young minds of the workers' children are doped with false theories of economics and bourgeois ideaology. The Church and the State-endowed schools are both pursuing their subtle propaganda amongst the children. In a book entitled 'Christian Vows or Duties,' issued for children, and

in which the Commandments are paraphrased, I find the following :—

"Eighth Commandment paraphrased—'My duty is to be true and just in all my dealings, to keep my hands from picking and stealing.' The paraphrase goes on:—'Picking, taking small things. Idleness in your school hours, your employer's time, is an example of 'picking.' You rob your teacher, employer, by taking something that is not yours but his—the time you are engaged to give him.'

"That is the beginning of the process in the making of the docile, loyal 'king and country' type of wage-slave, so dear to the heart of our capitalist masters. Karl Marx said, years ago, that 'religion is the opium of the workers.' It is no less true to-day, only in a greater degree."

An equally unconvincing note is evident in the attempted justification of compulsory labour which we quote from the *Workers' Dreadnought*, (June 5th) :—" Is labour compulsory in Soviet Russia ?

Yes, because it is necessary that everyone should work. Moreover, in this time of strain and warfare, it is necessary that labour should be used to the best advantage. When there is a shortage of skilled engineers, spinners and railwaymen, it would be folly for those who are skilled to go as unskilled workers on the land, because the place where they happen to live is deprived of raw material or for any other reason. It is imperative in this life and death struggle with world-capitalism that the workers should organise themselves to the very best advantage, and for the most part they are doing it.

There are two ways of inducing those who are not willing to fall into line—(1) the capitalist method : to leave such workers to starve, to wait till they are without food and clothing, and to evict them for non-payment of rent ; (2) the Soviet way, which is to say we will let you live rent free, we will feed you and clothe you and we will not deprive you of the necessaries of life even though you refuse to work with us ; but the condition of the country is such that it is necessary for everyone to work, and we shall oblige you to work."

■ ■ ■

FOOD FOR THOUGHT.

To make a serious study of the proceedings of the annual Labour Conference is to induce an attack of mental indigestion. Gargantuan dishes of highly-spiced but nearly raw viands follow in quick succession until the table groans and the appetite flags. Year after year the same sentiments, outwardly garnished to suit the circumstances of the hour, but inwardly conceived in accordance with sealed pattern, are served up with the same turgidity of expression, the same indifference to reality. Speaker after speaker refreshes himself by taking a pull at that never-failing source of applause—the familiar and popular catch-phrase. To follow the line of least resistance, to say what is agreeable to the audience, to conform to the orthodox tenets of the Labour gospel, these are the landmarks, these the limits, of this annual feast of rhetoric.

* * *

This year's Chairman must have devoted considerable time and thought to the preparation of his presidential address, which, without contravening any of the canons aforesaid, has the appearance of being almost original. In one respect it exhibits what amounts to positive genius, for it airily disposes of questions that have long perplexed some of the best brains in the country. In other respects the address falls short of the highest logical standards.

* * *

"The best argument," said the Chairman, "for British Labour to support Russia is the fact that all the world-forces of capitalism and all the capitalist governments have shown their determination to compass its overthrow by every means in their power." How does Mr. Hutchinson come by this exclusive and highly important information? So far as we are aware all existing governments, except that of the Soviets, are capitalistic, and if *all the means in their power* are being utilised to compass the downfall of Russia, it is strange that we should hear so little about the means employed, and it is remarkable that the results should be so abortive. What part, for example, are the governments of America, Spain and Sweden taking in this world-wide combination, and why are the guns of the British Navy so silent?

Outside the conference room of the Labour Party it is generally understood that the capitalistic governments of the world are in a state of great uncertainty, not to say timidity, with regard to the Russian situation, and hesitate to take up so much as a definite defensive attitude against the highly bellicose demeanour of the Bolsheviks. Does Mr Hutchinson forget that British property has been unlawfully confiscated, British subjects unjustly imprisoned, the British Embassy looted and a British representative murdered, without apology or redress? Is he cognisant of the intrigues that are being directed, of the conspiracies which are being hatched, of the corruption that is being employed and of the insults that are being hurled by Lenin and his agents against every British sentiment and institution, including that section of society to which Mr Hutchinson himself and the bulk of his audience belong?

■ ■ ■

Or if the Chairman of the Labour Party Conference is indifferent to these injuries, how can he reconcile his judgment or his conscience with the neglect of any protest on his part against the attacks which Lenin makes so frequently upon the principles that permeate and support the whole fabric of democracy? Why did he ignore the subject of the introduction of industrial conscription in Russia, and why does he fail to condemn a dictatorship which flouts liberty, enforces a military despotism, denies the rights of individual freedom and threatens to abolish Trade Unionism?

■ ■ ■

"Freedom," declared Lenin at Serpuchovo on June 13th, "is a bourgeois notion, devised as a cloak under which to hide the spectre of economic slavery. Russia must get rid of the notion that happiness is to be attained by letting every man do as he likes. An iron government composed of a few unshrinking men with clear minds and emphatic class-consciousness is what Russia wants and what, happily, Russia has. . . . . Shirking and grumbling are as bad forms of treason as intriguing with the White reactionaries, and one treason will be as sharply punished as the other."

■ ■ ■

This is strong meat—too strong, we imagine, for a representative gathering of British workers who still retain, thank

God, a spirit of independence that not a thousand Lenins could vanquish if he should ever have the power and the temerity to put his verbal effusions to a practical test in this country. What sort of shindy, we wonder, would be aroused in Yorkshire if anybody announced, as Lenin did, that Trade Unions were about to be transferred into State departments as their usefulness as independent organisations has come to an end, and how would Mr. Hutchinson like it if he was told that the A.S.E. was to be put under the supervision of a Committee of one official and two reliable communists from among the workers?

Turning to "the eternal question of Ireland," the Chairman got little, if any, nearer to the heart of his problem. "Ireland," he said, "must have the form of government which she desires" (loud cheers). Precisely—but he failed to observe that it passes the wit of man to discover what form of government would satisfy the Emerald Isle. This is the Gorgian knot that nobody has been able to untie, and if Mr. Hutchinson fancies himself in the *rôle* of Perseus let him draw his sword and get to business without an instant's delay. His benefaction would be acclaimed throughout the ages.

But is he quite sure that Ireland really wants anything that she is prepared to admit she wants? She desires to nurse a grievance—and the unkindest cut of all would be to deprive her of that. She has a fancy for turmoil, and what use are shillelaghs if heads are not to be broken? She will not forego her domestic vendetta. She claims the centre of the stage all the time, she wants footlights round the coast, she means to be a thorn in the British flesh and she intends to make us pay handsomely for the privilege of harbouring it. Give Ireland short of her daily ration of these national requirements and the rank abomination of your oppression will cry to Heaven for vengeance. And that's Ireland.

The British are a tolerant and a long-suffering race, and Ireland's failure to goad us into loss of temper is not the least of her grievances. It is seldom that we complain, and even then it is more in sorrow than in anger, but now and again a native Irishman breaks silence and tells his countrymen what he thinks of their actions with a flow of invective which is

redolent of the soil and very much to the point. Some weeks ago a party of disguised and armed Sinn Feiners, displeased at certain comments in the *Cork County Eagle*, visited the house of the Editor and, having gained admission under the pretence of friendship, proceeded to tar and feather their victim. In the absence of any knowledge to the contrary we must assume that the Editor of "The Aigle" offended in some way or other against the canons of County Cork, but whatever his faults, lack of courage is not amongst them, and what he suffered from the indignity of the outrage he repays with Hibernian vigour of language. He accuses his tormentors of an "unutterable scoundrelism which, in the name of and by the authority of Sinn Fein, recently invaded the privacy of his home, and so far as rascality can inflict outrage, vindicated the claim of the Irish Republicans to being the vilest tyranny that ever sought to strangle individual liberty and degrade public opinion . . . . . In the particular assault . . . a serious blow was struck at the right of free speech, which is the very foundation of our liberties, but the Editor of the *Eagle* will continue, as ever, to challenge and combat this monstrous many-headed enemy of individual freedom."

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What a refreshing breeze would have stirred the stagnant air of the one-sided Labour Conference at Scarborough if the Editor of the *Eagle* had been one of the speakers. Probably he would have met with a reception similar to that accorded to John Ward in London some months ago, for it is a tradition at these gatherings not to listen to the other side, and Sinn Fein happens, just now, to be one of the spoilt darlings of extremist Labour for the preposterous, but seemingly sufficient reason that Sinn Fein is one of the chief embarrassments of the Government of the day. It is this blind partisanship, which ignores facts and disregards consequences, that creates such an atmosphere of unreality at these conferences.

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The ultimate aims of British Labour are idealistic and its standards are lofty, but logic, accuracy and commonsense are not taken to party gatherings. How soon, we wonder, will Labour appreciate that its sincerity is rendered suspect, its intelligence impugned and its future jeopardised by its incorrigible inclination to espouse any cause that happens to be in conflict with the Government which it has itself helped

to elect. Labour is not only a part—it is numerically the greater part—of the nation, and by siding with those who would injure us, Labour must inevitably contribute to its own undoing.

* * *

The most interesting speeches at the Scarborough Conference were those delivered by Tom Shaw and Ben Turner. The latter seemed, however, to be under the curious misapprehension that it was the Bolsheviks who overthrew Tsarism and Landlordism. It is true that they murdered the Tsar and his family in cold blood, and they are certainly entitled to any credit which may attach to that courageous achievement, but the *Government* destroyed by Lenin and Trotsky was one elected by the Russian democracy, and one based on the very same socialistic principles that are believed in by the majority of the British Labour Party. Incidentally, and perhaps unconsciously, Mr. Turner paid a very left-handed compliment to the type of socialism which *now* obtains in Russia, when he drew attention to the inequality which exists as between the conditions of life in the villages and that in the towns, thereby admitting that the "error of distribution" is not confined to capitalist countries. He was unfortunate, also, in his explanation of the alleged cheerfulness of the starving townsfolk who, so he declared, were sustained by the reflection that they had made "a great economic change." As, however, the economic change in question is all for the worse, it is difficult to understand why it should be so encouraging. Mr. Shaw was more explicit and gave details of the "standard of living" that prevails in Russia after some two years of Bolshevism. "I have seen with my own eyes," he said, "what the conditions are in Petrograd and Moscow. I have seen the workers eating their meals, and when I tell you that half of a raw herring, with boiled bird-seed and a dash of what is called *Kasha* without milk and without sugar, is the best meal the industrial workers of Moscow and Petrograd get, you will form some idea of the terrible state of affairs there. These cities left me profoundly sad. No amount of banners, music, idealism, could rid my mind of the idea that there people were slowly starving and suffering all the time."

* * *

DAY BY DAY.

(A monthly Record of the principal events, at home and abroad, which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

The Labour Gazette shows a rise of nine points in the cost of living during the month of May, the index figure for June 1st being 150 per cent above that of July 1914.

Changes effected in the rates and hours of labour during May resulted in a total money increase of over £750,000 in the weekly wages of 1,700,000 people, and an average reduction of two and a half hours a week for 250,000 people. Of these, wage questions affecting 24,000 work-people, and questions of hours affecting 2,000 were settled after disputes involving stoppage of work.

284 trade disputes involved 138,000 people and a loss of 1,169,000 working days.

Unemployment in industries covered by the Unemployment Insurance Act fell from 2.80% to 2.68% and the live registers of the Unemployment Exchanges show a decrease of 23,642 during May.

June

2nd. The National Agricultural Wages Board referred to the District Wages committees a proposal to increase the minimum for farm workers from 42/- to 46/- a week. The Workers' Union and the Agricultural Workers' Union are asking for 50/-.

About 1500 clerks employed by Messrs. Lever Brothers strike for a minimum of £7 for men and £4 4s. for women over thirty.

The strike of 400 assistants of Messrs. John Lewis & Co. terminates in the withdrawal of all the strikers from the business.

26,000 steel workers out of work at Sheffield owing to the refusal of the Enginemen's Union to accept an award agreed to by the five other unions involved. The award initiates a three-shift system in place of the 47-hour week.

South Wales miners reject the ruling of the Miners' Federation of Great Britain that the present level of contributions to the Federation must be increased by 2/- a month per member. This action is viewed as an attempt by the extreme Syndicalists to break away from the more moderate group.

8,000 South Wales miners (proletarian wage-slaves?) motor to Epsom to see the Derby.

3rd. Gas-Workers' ballot shows 96 per cent. of the men in favour of a strike to commence on June 26th, to enforce the demand for 10/- a week increase in wages, a 44 hour week,

double pay for Sundays and holidays and a fortnight's annual holiday.

4th. National (Railway) Wages Board awards wage increases from 7/6 to 4/- per week in industrial areas, and from 3/6 to 2/- in rural areas.

After an interview between the Prime Minister and representatives of the N.U.R., Mr. J. H. Thomas wired instructing Irish railway workers to return to work until a definite policy should be agreed upon by the British and Irish Trade Union Congress, a special meeting of which is to be convened at once.

The tramway workers' claim definitely settled—the London area to receive a flat-rate increase of 9/- and district councils to apply increases of 7/-, 8/- and 9/- respectively, according to the Lancashire basis.

An attempt to call out the electrical workers in Sheffield and bring about a general strike in support of the Steel workers failed owing to lack of support from the men. 30,000 men are idle as a result of the strike.

The International Federation of Trade Unions decided to boycott Austria from June 20th as a protest against the systematic persecution of Trade Unionists in that country.

The Federation of Engineering and Shipbuilding Trades in conference at the Central Hall, Westminster, decided to apply to the Industrial Court for an increase of 1*d.* an hour—estimated to involve a gross increase of £20,000,000 a year in the wages in the industry.

5th. Essex agricultural workers reject the 4/- advance advised by the Wages Board and 90 per cent. vote in favour of a strike to enforce the 50/- minimum demanded.

South Wales Miners' Federation resolve to take another ballot on the question of increased contributions to the Miners' Federation of Great Britain. Leaders are to address meetings with a view to obtaining a reversal of the previous decision which involves secession from the Federation. It was also resolved to press for an advance of wages commensurate with the surplus profits in the industry. It was stated that the present price of coal entitled the South Wales miners to at least 10/- a day advance on present wages.

Woollen and worsted textile workers apply for an advance of 40 per cent., with a minimum rate for 48 hours of £5 for men and £3 for women, payment for all statutory holidays and for one week's annual holiday. Piece workers to be guaranteed 25 per cent. more than day workers. On these terms the Unions recommend the adoption of a sliding scale on the basis of the cost of living.

British Labour delegates to Hungary allege the existence of

a "white terror" in Hungary and call upon the Supreme Council to intervene on behalf of the socialists in that country.

7th. 15,000 miners on strike in Rhymney Valley as a protest against the practice of knocking out timber on conveyor faces during the day shift. S.W. Federation will call a conference to consider a general stoppage.

8th. Labour Party challenged the decision of the Government not to act upon the report of Sir William Pearce's Committee on a War Levy, but were defeated in the House of Commons by 244 votes to 81.

The *National Hands Off Russia Committee*, which has for many months been circulating incitements to Trade Unionists to take "direct action" in sympathy with Sovietism, has addressed an appeal to the Executive Council of the National Transport Workers' Federation, exhorting the affiliated unions to take strike action against the Polish war on Russia. The Federation has sent back an emphatic protest against the methods adopted by the Committee to influence industrial action on a political object, and strongly condemns the action of those trade union leaders who, as members of this Committee, lend the weight of their names to support schemes not consonant with the policy of the Trade Unions they officially represent. Among such are Messrs. C. T. Cramp (N.U.R.), John Bromley (Locomotive Engineers and Firemen), Isaac Brassington (N.U.R.), A. G. Cameron (Carpenters and Joiners), Tom Mann (A.S.E.), and Robert Smillie (President of the Miners' Federation of Great Britain.)

9th. The National Warehouse and General Workers' Union have called out 5,000 employees of Messrs. Lever Brothers in support of the clerical workers' staff. Messrs. Lever Bros. state that the cause of the strike is the refusal of the Union to recognise the Shipping Clerks' Guild and send a joint representative to negotiate with the firm. The two organisations have presented separate demands but the firm refuses to negotiate on this basis.

Sheffield Steel strike temporarily suspended; the men agree to return to work for six weeks until the question of shifts has been referred to the Industrial Court.

10th. The N.U.R. Executive passes a resolution censuring the attitude of the *Daily Herald* towards the union, as expressed in an article on Poland and Ireland published on June 5th.

A national conference of miners instructed the Executive to set aside one day of the Annual Conference to be held on July 5th, to examine the finances of the industry with a view to formulating a demand for an advance in wages.

Messrs. Tom Shaw and Ben Turner return from Russia,

and publicly express their disapproval of Sovietism as a form of constitution.

12th. Trade Union Congress and Labour Party delegation publish interim report on their investigations in Russia, urging an immediate removal of the blockade and of all barriers to free intercourse between Russia and other countries.

The Typographical Association (26,000 members) has issued strike notices to expire in a fortnight. Twenty-one unions are involved in the dispute. A claim having been made for a wage advance of £1, the employers, through the J.I.C., offered 10/-. The Typographical Association refused to consider the offer, and have taken action independently of the Printing Trades Federation. It is anticipated that the majority of the unions will accept the offer.

13th. Strike of Messrs. Lever Brothers' workers settled, the Warehouse Union and and the Shipping Guild accepting the proposal made by the J.I.C. of the Soap and Candle Trades that the Parliamentary Committee of the T.U.C. be asked to decide who should represent the men in conference with the employers.

14th. The London Omnibus Workers' ballot on the question of accepting the Company's offer of a wage increase of 9/- in lieu of the 10/- asked for showed 8,356 in favour and 573 against.

Mr. Cramp made unsuccessful attempts to settle the North Wall dispute in Ireland, where 400 railwaymen are abstaining from work rather than handle munitions of war.

The employees' side of the District Council for the electricity supply industry for Greater London have decided to refuse to connect up work done by non-union labour after July 1st.

15th. The Association of Wireless Telegraphists, which represents 4,500 wireless operators, declares a strike of marine operators.

The Typographical Association recommends suspension of strike notices and undertakes to meet the employers at a further conference arranged by the J.I.C.

Cheshire and Essex Agricultural workers will come out on strike on June 26th in an endeavour to compel the Agricultural Wages Board to grant a minimum wage of 50/-.

16th. The American Federation of Labour rejected a motion asking the United States to recognise the Soviet Government, or to lift the blockade against Soviet Russia.

The Report of the National Wages Board (Railways) places on record the fact that, judging from the evidence given on behalf of the unions, the recent wage claim resulting in the award of June 4th, was based on a desire to *improve* the

pre-war status of railway workers, and that the present wages at present prices give a larger purchasing power than pre-war wages at pre-war prices.

17th. At the special Conference between Irish railway delegates and the Executive of the N.U.R. a resolution was passed that Mr. J. H. Thomas and fifteen delegates should interview the Prime Minister and request that munitions shall not be sent to Ireland. The special T.U.C. on Ireland and Poland will meet on July 13th.

The N.U.R. decide to take no further part in sympathetic strikes until the T.U.C. has considered the question of co-ordinating the whole trade union movement so that such action may be successful, and of forming a fund to meet the expenses of unions involved in the disputes of others.

The Parliamentary Committee of the T.U.C. began its enquiry into the high cost of living.

18th. The Prime Minister refused to comply with the N.U.R. deputation's request that the Government should cease to send troops or munitions to Ireland until the British and Irish T.U.C. meet next month, but expressed his readiness to meet any body representative of Irish opinion, including the Sinn Fein organisation.

The Russian War Department, presided over by Trotsky, has presented Mr. Robert Williams with the Soviet Military Medal, "as a token of appreciation of his efforts to promote direct industrial action against the intervention of the Allied governments in Russian affairs."

19th. The Government suspends the regulations relating to the carrying of wireless operators, but the crews of S.S. *Belgic* and *Haverford* refuse to sail without wireless operators.

J. H. Thomas condemns the action of Irish railway workers who are defying the authority of a freely elected government.

The threatened boycott of Hungary by international trade unionists will commence at midnight.

21st. Yorkshire and Birmingham papers will suspend publication after the 26th unless the Typographical Association agree to the award accepted by over five-sixths of the men in the industry.

22nd. Annual Conference of the Labour Party opened at Scarborough, Mr. W. H. Hutchinson (A.S.E.) in the chair. The Chairman's speech attributing high prices to profiteering by big capitalists, and postulating the overthrow of the capitalist system as the chief object of the Labour movement was received with applause. It was agreed to increase the affiliation fees from 2*d*. per member per year to 3*d*.—the receipts from a 3*d*. fee would be £43,750.

23rd. Wireless telegraphists, in view of the gravity of the situation produced by their strike, decide to resume work pending the efforts of the Seafarers' Joint Council to bring about a settlement during the next month.

The Labour Party Conference rejected, by a huge majority, the resolution proposed by the B.S.P. calling for a general strike against British participation in attacks on Soviet Russia. Colonel Malone, speaking as a delegate of the B.S.P., met with a hostile reception. It was decided to request the Prime Minister to receive a deputation on the questions of Hungary and Russia.

Scottish Bank Clerks declare a strike as from June 26th owing to the refusal of the banks to agree to the formation of a Whitley Council and to recognise the Scottish Bankers' Association. The management are of opinion that a Whitley Council is not practicable in the confidential business of a bank, and say that the situation has been created by a group of extremists in Glasgow.

24th. Typographical Association to ballot for acceptance of a settlement on the basis of a 10/- advance, the position to be reconsidered when the new Rent Restriction Act comes into force.

The Labour Party Conference passed a resolution calling for an election by proportional representation of a Constituent Assembly for all Ireland, and the withdrawal of British troops.

25th. The Minister of Labour states that on June 11th there were 187,583 ex-service men and 1,187 ex-service women claiming out-of-work donation. Of these 7,489 were classified under "building and construction of works"—mainly unskilled.

The Labour Party Conference rejected (by a majority of nearly 12 to 1) a resolution in favour of joining the Third International—advocated by George Lansbury and described by Ramsay Macdonald as synonymous with "revolution by violence." Resolutions in favour of total prohibition and of nationalisation of the liquor trade were also rejected.

29th. At the meeting of the Committee enquiring into the work of the Employment Exchanges, it was stated that the Joint Industrial Council covers roughly three million workers, and the Interim Industrial Reconstruction Committee another half million.

30th. Mrs. Philip Snowden, on her return from Russia, states that in her opinion Sovietism is neither Socialism nor Communism, and that 'the dictatorship of the proletariat' means the dictatorship of about six men, aided by an extraordinary commission.

No. XXXVI

AUGUST

MCMXX

"I want to see men free
As much from mobs as kings."

—*Byron.*

INDUSTRIAL PEACE

CONTENTS

OUTPUT AND WAGES.

It is an unfortunate fact that systems of payment by results have been discredited throughout the Labour world. All such systems tend to be regarded solely as a device to screw the utmost possible effort out of the worker. Yet payment by results, directly or indirectly, is not merely the best but the *only* method of payment. Everybody is paid by results in one form or another: and where there are no results there can be no payment. Men may be paid for a time out of capital, which is merely the result of past effort, or out of taxation, which is compulsorily taking part of the result of every citizen's effort, or out of the consumer's pocket, which entails an extra sacrifice of the result of *his* effort. But however the payment is made, it is the result of someone's effort; and if the recipient himself does not produce enough to provide it, either somebody else has to do so, or he cannot be paid at all.

Whether he will or not, the manual worker is eventually paid according to the results of his work. Unless his efforts result in the production of articles which can be sold for more than he has been paid, with a margin to cover the expenses of conducting the business and give a sufficient return on capital to ensure the necessary supply, the business in which he finds his work will eventually be closed down, and he will be thrown out of employment. When he is paid directly by results, *i.e.*, by piece-work or time-work and bonus, this fact is perfectly plain, as there is a clear means of comparison between the cost of the article and its selling price. When he is paid by time-work, the principle is obscured, but its action is still the same; he can only be paid out of the results of his effort, and if these are inadequate, sooner or later payment will cease altogether.

We have an excellent illustration before us at this moment in the housing question. The Building Trades operatives have taken up a particularly strong attitude in regard to payment by results. They have absolutely refused to accept payment on any basis but that of time; they insist on being paid according to the number of hours they work, regardless of how much they produce during those hours. In the present position of building, with the demand far exceeding the

supply, they have been able to get their own way. What is the result? It is generally admitted that output in the building trades in this country is far less than it might be. This means that the builder has to pay more than would otherwise be the case; and as the price of a house is inevitably based on what it costs to build it, and the rent must give a fair return on the price, the rents of new houses have reached a prohibitive figure. The ordinary worker cannot afford to pay them; and as the need is urgent, the Government have had to step in and offer subsidies, so that the capital cost, and with it the rent, can be reduced somewhat. But this does not really reduce the cost; it merely means that part of the results of other people's efforts are taken to help defray the deficiency on the results of the building operatives' efforts. This is, of course, only a temporary measure under exceptional circumstances; and until the results of building work can afford proper payment to the builder, no healthy development of the trade and no proper fulfilment of the needs of the public can be anticipated, in spite of all the appeals which the Government and the municipalities may issue.

So it is with all industries: either the Government exacts the payment demanded for a service by levying a tax on the whole or a section of the community, or the actual consumer of the service or commodity pays a price sufficiently high to cover all the costs. So long as the demand exceeds the supply and the buyer can afford to pay, this latter appears to matter very little; but under converse conditions only one of two things can happen, (1) the producer, unable to obtain a fair return, will cease to produce; or (2) the cost of production will have to be brought down to a figure which will enable the article to be sold. The first alternative means unemployment, distress, starvation; the second, while it may involve some fall in money wages, will, with increased output and cheaper goods, bring more work and higher real wages.

As regards the practical application of the payment by results system, the justification for its adoption lies in the fact that as a general rule output on time-work is far less than when some other inducement to effort is given. This is not denied by the Labour Party; their argument, put briefly, is that on payment by results the worker toils harder, but that as this in the long run merely means more profits to the employer and more unemployment for Labour, there is no

reason why he should do so. There is no more fallacious or short-sighted argument. It has been the almost universal experience that where the labour cost of an article has been reduced, its price to the public has been reduced also, sooner or later. Nearly all employers are out to increase profits by increasing output; fortunes in business are usually made by small profits on a large turnover, not by large profits on a small turnover. Almost every one of our outstanding industrialists to-day supplies enormous quantities of articles, making no more profit on each—generally less—than his competitors. It is the number which tells. If a worker on piece-work produces six articles where the man on time-work produces four, he has the advantage of earning more wages, and the public—of whom he himself is one—have six articles to use instead of four, together with the reduction in price due to the lower labour cost and the smaller proportion of charges on each.

It must be admitted that in the past unscrupulous employers have abused the payment by results system; but under present trade union conditions, with a guaranteed proportion of piece-work rate to time-work rate and a general agreement not to reduce piece prices once fixed, this is impossible on any considerable scale. In any case, there is no real option in the matter. Payment by results, direct or indirect, is not merely an adjunct to production; it is an integral part of it, and no production can permanently exist without it.

A moment's reflection will show that this principle applies all the way round. Take the worker's own view of the matter. He, like the employer, expects the results of his efforts to give him a margin above what he has expended; the money he receives each week should leave him something over after he has bought food, clothing, and other absolute necessaries. When he is spending his earnings, he is exactly in the position of the employer paying wages; he expects to receive more than it cost him to earn the wage. Unfortunately, when he is earning the wage this principle is not nearly so evident to him.

THE FINANCIAL SITUATION. IV.

Taxation of Excess Profits.

The failure of the taxes imposed upon land values serves as a useful illustration of the difficulty of translating abstract theory into effective practice. The *principle* of taxing 'unearned increment' in the value of land has never been seriously challenged, though there were many who feared the consequences of the taxes imposed by the famous land budget and doubted the possibility of separating the 'unearned increment' from other constituents of land values with sufficient accuracy to justify taxation which would be worth while. The land taxes are regarded as financial failures and have consequently been abolished. Experience has an unhappy knack of falsifying the most confident predictions.

In theory (though not in practice) the Excess Profits Duty represents a tax upon 'windfalls' or 'unearned increment' in business profits. It was imposed, during the war, for two reasons, the first financial, the second ethical. The State urgently required money for the prosecution of the war, and the economic conditions created by the war favoured many industries, and the growth of large fortunes by the fortunate owners of businesses in those industries. As a producer of revenue, the Excess Profits Duty has succeeded beyond the wildest expectations of the Government by which it was imposed. Moreover, the duty was defended as a measure to assist in securing equality of sacrifice necessitated by the war. It was accepted with good grace by the vast majority of manufacturers.

The growth and permanence of the revenue required by the State, combined with the financial success of the E.P.D. up to the present and the difficulty experienced in finding an adequate alternative, have given rise to the fear that it may find a permanent place in the machinery of taxation. It is fairly certain, indeed, that so long as it contributes so largely to the income required to meet current expenditure, it will remain a popular tax. Some of the arguments which have been employed against it are not convincing. It is frequently stated, for example, that the duty is one of the causes of high prices, in that it is added to the charges upon the business and transferred to the consumer. But excess profits are characteristic in an industry only when there is a shortage, that is,

when demand exceeds supply. If such is not the case competition becomes truly effective and prices fall to the cost level for the average firm. Where there is a shortage, competition ceases to be effective and firms charge what the market will bear. Excess profits are thus a consequence, not a cause, of high prices. The duty adds nothing to the power of a firm to raise its prices: it merely represents the sharing of a residue. There are, of course, cases in which firms, in spite of shortage, do not charge all that their market would bear; and when the duty which they are called upon to pay is raised, they raise their prices and so transfer the burden to the consumer. The incentive, not the power, to raise prices is affected by the duty. But such firms can scarcely be regarded as representative, the majority are accustomed to charge what the market will bear, due regard being paid to the psychological effects of their action upon the community.

More serious criticisms of the duty have received wide publicity. It is notorious that, during the war, when rigid economy was vital to the interests of the nation, the duty led to extravagant business administration, and, in many cases, to wasteful employment of valuable labour. It is well-known, too, that the adoption of the pre-war standard unduly favoured firms which had been fortunate in the years immediately preceding the war (particularly those which, for purposes of "window-dressing" had been distributing high dividends and neglecting reserves) and dealt harshly with new firms, and those which were in process of reorganisation. As time goes on the pre-war standard becomes increasingly inequitable, for two reasons. In the first place it ignores, to a large extent, the dynamic nature of industry, and the tendency of firms to rise and fall. In the second place, what might reasonably have been regarded as 'excess' profits before the war, must be regarded, while capital remains scarce and money so largely depreciated, as part of normal profits.

The second consideration is of the first importance when we consider the merits of an excess profits duty as one of the permanent taxes upon the community — for it is deviously suggested that the duty should be modified, and retained in its modified form, rather than abolished at the earliest opportunity. The pre-war standard would need to be replaced by a uniform standard which would survive the test of equity. Such a standard would bear a close relation to the net return offered by gilt-edged securities. This is now far above the pre-war

return, so that the new standard would be considerably above the *average* standard upon which the present duty is based. Again, such a standard would need to be fixed, not upon the pre-war valuation of the capital assets of the firm, but upon the enhanced value due to the rise in general prices and the consequent advance in the cost of rebuilding and carrying on an enterprise. Finally, an allowance would be required for depreciation and reserve upon the new value of the plant, and the new cost of replacement. If these modifications were now introduced the standard would be considerably raised, and the revenue from the existing duty largely reduced. It is largely for the reason that the pre-war standard has become so ridiculously low, that firms are frequently compelled to incur heavy debts in order to secure funds for the payment of the duty. And the financial success of the duty is partly attributable to the same cause.

If the standard were modified in the way described the revenue derived from the duty would still be considerable. In most directions the supply of goods falls short of the requirements of the nation and the world, competition is still in suspense and manufacturers enjoy a semi-monopoly. But the shortage is becoming less acute, and when Europe has been restored and plenty returns, competition will once more become effective. Excess profits will then cease to be a characteristic feature of industry; some firms will suffer losses, the majority will make normal profits, and the most enterprising will enjoy the fruits of efficient management in the form of relatively large profits. The last alone will contribute any substantial amount in the form of an excess profits duty, which will thus be financially disappointing. Moreover, the Government will be asked to make provision for the recovery of excess profits duty by those firms which subsequently suffer losses. This has already been granted: but the importance of the provision will grow as time goes on. The relative positions of rival firms are constantly changing: a period of exceptional success is frequently followed by a period of loss, and loss by success. There are relatively few firms which have enjoyed a long uninterrupted period during which they paid large dividends. Consequently a proportion of the revenue derived from a permanent excess profits duty would require to be set aside for purposes of repayment.

The state would thus be faced by a serious dilemma. A moderate duty would be a complete failure from the financial

point of view. A duty which would secure a large revenue would need to be exceptionally heavy. A heavy duty would lead to extravagance in business administration and to attempts at evasion by means of secret reserves and in other ways. More important, however, is the fact that it would tend to destroy the chief merit of the competitive system. The main incentive to effort is not the security of normal profits, but the chance of excess profits. And when all aim at such excess it becomes more difficult to secure. It is a moveable goal which recedes as the number of those who aim at it increases. If in the end the prize has to be shared the incentive to effort is likely in many cases to be largely reduced. During the war the incentive to win proved sufficiently strong to replace the incentive provided by the competitive system. The latter must be restored if we are to recover our industrial position.

Profit is not perhaps the highest motive to effort: but it is in fact the strongest motive at the present time in nearly all walks of life. Nor is it any reply to the general argument that competition has disappeared from many industries. Where monopoly exists its dangers should be met by special legislation rather than by means of a duty which would affect more competitors than monopolists.

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THE FACTS OF THE CASE IN DIAGRAM (IV)

There is no necessity to insist upon the importance of the growth of Trade Unionism, it is a self-evident proposition. The increasing influence exerted by this growth in every department of our national life, on all political, social and industrial affairs, is sufficiently pronounced to arrest the attention of the most casual observer. This being so, it is the more surprising that statistical information as to the development of Trade Unionism should be so scarce and that any element of uncertainity should pervade those few books of reference which deal with the subject. Yet the fact remains that the statistics to be found in such publications as *The Labour Year Book*, the annual Report of the Trade Union Congress and the quarterly return of the General Federation of Trade Unions give figures which, on the surface at least, are contradictory, without any explanation being added that might elucidate or adjust the apparent divergencies.

The diagrams which we print this month are designed to exhibit in a concise and lucid form the growth of the movement between 1892 and 1918, both with regard to actual numbers and to the relative proportion which Trade Unionism bears to the rest of the population. They show in detail how many persons are eligible for Trade Union Membership, how many are ineligible, and for what reason. The numerical strength of the male and female sections at both dates are compared, and the potentialities of future growth are indicated.

The first official attempt to collect statistical data as to the number and distribution of Trade Unionists was inaugurated in 1886, when Mr. John Burnett was appointed as Labour Correspondent to the Board of Trade, but the returns, which at first were hopelessly at variance with the facts, did not approach completeness for some years. To Mr. and Mrs. Sidney Webb must be ascribed the credit of being the pioneers in the field of accurate research, and they estimated that the total Trade Union membership at the end of 1892 was somewhere between 1,500,000 and 1,600,000. This calculation was subsequently confirmed by the Board of Trade which arrived at the figure of 1,502,358 Trade Unionists, of whom less than 100,000 were women. At that time the Census population was in the neighbourhood of thirty-seven and a half millions, the adult male manual workers numbered

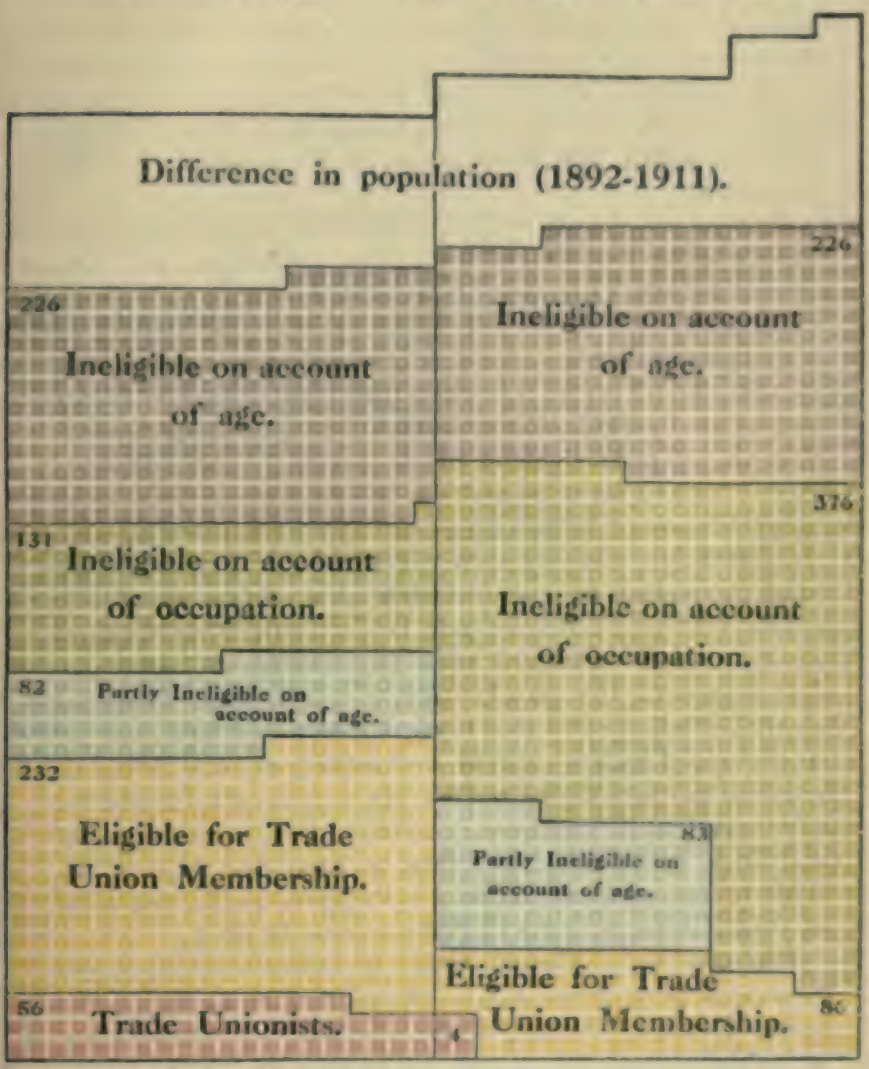
approximately seven millions and the adult female wage-earners were estimated at about two and a quarter millions.

Diagram No. 7 is based on these figures and on the assumption that, in 1892, Trade Unions only existed for men and women who were working for employers and engaged in manual occupations. Boys and Girls under 15 are reckoned as entirely ineligible for membership and young persons between 15 and 21 of both sexes are put in a category by themselves and labelled "partly ineligible on account of age." This course was rendered necessary by the lack of precise information as to rules of the various Trade Unions in this respect, but it may be assumed that a not inconsiderable fraction of this group should properly be described as "eligible." The blocks, male and female, representing persons ineligible "on account of occupation" include employers, professional men, those working for themselves, soldiers and sailors, married women not in industrial employment, and the great majority of civil servants as well as the "unoccupied."

It will be seen that in 1892 considerably less than twenty per cent. of the eligibles were organised in Trade Unions, whilst, so far as the women were concerned, industrial combination was almost a dead letter except amongst the textile workers in one part of Lancashire. The organisation of male workers was unequally distributed both as regards locality and industry. The stronghold of Trade Unionism was centred round Newcastle and the bulk of the membership consisted of miners, transport workers and engineers. In this connection it may be observed that Trade Unionism has always made its most successful appeal to workers whose wage is relatively high, and gained its fewest recruits amongst the poorer members of the manual labouring community. This is not the place to develop the theme at length, but it is worthy of remark, in passing, that whilst an increase in money wages is the most effective stimulus that can be applied to quicken the growth and to add to the militancy of labour combinations, the same result does not necessarily follow upon increases in real wages, that is to say, upon a general fall in prices. Another phenomenon that may be noticed is that Trade Unionism thrives best in large factories and languishes in industries conducted by the small-master class. There are many obvious reasons why this should be the case, but perhaps the most telling is that it is not so easy to convince the worker of the alleged diversity of interest between his

DIAGRAM No. 7 (1892).

(Note.—The figures in this diagram refer to the number of squares in each group.)



GROWTH OF TRADE UNIONISM, 1892-1918.

Scale—Each Square of Colour represents 25,000 persons.

employer and himself when he can see the whole of the business, as it is when his part is more impersonal and remote from the ultimate joint achievement.

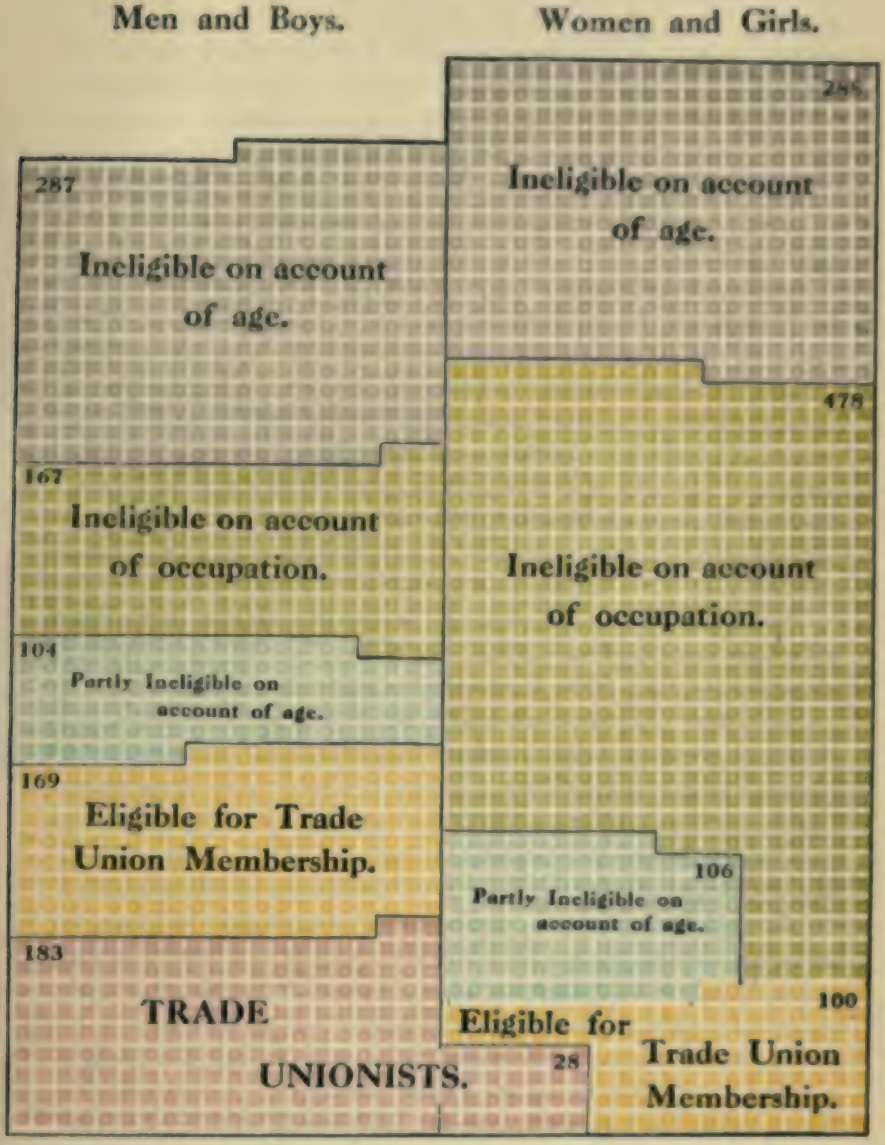
Diagram No. 8 is conceived on lines similar to those used in No. 7, but the figures it has to deal with are very different. The total of 1502 squares which represented a population of thirty-seven and a half millions now becomes a total of 1910 squares representing a population of forty-seven millions and three-quarters. This increase of about 27 per cent in 26 years is small, however, in comparision with the 250 per cent increase which has taken place in the number of Trade Unionists.

As we have already said, there are some ambiguities in the figures given by various authorities. Thus in the table compiled from the Labour Department's reports, and printed in Appendix VI. of Webb's "History of Trade Unionism," the aggregate Trade Union membership is shown as 5,287,522 at the end of 1917. On the other hand the 51st Annual Report of the Trade Union Congress only claims a membership of 5,283,676 eighteen months later. These estimates cannot both be accurate, and it is certain that no such setback as would seem to be indicated can have taken place between December 1917 and July 1919. It is probable that the larger total is swollen by the inclusion of a certain number of Employers' Associations and Trade Protection Societies which, though registered as Trade Unions, are something very different. We may be sure, however, that the figures given in the Report of the Trade Union Congress do not err on the side of understatement, and making allowances for an average increase during the first six months of 1919, and for the diminution of membership owing to the demobilisation of the Army being still incomplete, we cannot be wide of the mark in taking 5,275,000 (i.e., 211 squares) as the sum total of Trade Unionists in the United Kingdom in 1918.

The number of Women Trade Unionists included in the total is taken at 700,000 (i.e., 28 squares) or 22 per cent of those estimated to be eligible for membership. Whilst there is nothing speculative about the number of Women Trade Unionists, it is impossible to say with accuracy precisely how many women in industry stood outside the Trade Union movement at the period under review. For this reason the division between those eligible for membership and those ineligible on account of occupation is not insisted upon in the Diagram.

DIAGRAM No. 8 (1918).

(Note.—The figures in this diagram refer to the number of squares in each group.)



GROWTH OF TRADE UNIONISM, 1892-1918.

Scale—Each Square of Colour represents 25,000 persons.

TRADE COMBINATIONS.—I.

The war created many problems, of which those represented by the present state of the currency may be cited as examples. But the war also hastened changes which, in the nature of things, were bound to occur, sooner or later. There are people who still appear to expect a return to pre-war conditions, but they are clearly doomed to disappointment. Economic society is dynamic, not static, and if there had been no world-war the conditions of 1920 would nevertheless have differed in many important respects from those which obtained six years ago.

Among the changes, inevitable in any case, which have been hastened during and in consequence of the war, is to be included the rapid development towards the trustification of industry in this country. Trustification is, perhaps, not the word which describes most accurately the combination movement among British manufacturers; trusts, in the American sense of the term, have not made much headway. But it will serve to indicate the passing of competition from manufacturing industry and the growth of monopolistic control.

The combination movement is by no means new. In Germany the tin-plate Kartel was formed in 1861, and served as a model for the more important associations which followed particularly in the coal and metal industries. A Sales Committee was formed which was responsible for the sale of the products of the members of the Kartel. The Committee received all orders and fixed the selling-price, which varied according to the market and the state of trade. The orders were distributed among the firms according to their relative producing capacities. Each firm enjoyed complete autonomy in respect of internal administration, and was relieved of the commercial risks inherent in individual competition. This point will call for consideration later.

The combination movement in America has followed a somewhat different course. The typical formation is the Trust, which is, in effect, a super joint-stock company. The individual firms merge their identity in the larger organisation, which is centrally controlled. Although it possesses advantages which are absent from the Kartel (and these may be considerable in a relatively small industry) the Trust is apt to become unwieldy and to suffer from the defects of State management without the compensating advantage of communal ownership. That there is a limit to the size to which

this organisation can attain seems to be shown by the success which competitors of the United States Steel Corporation have enjoyed in recent years.

It is noteworthy that both the Kartel and Trust systems have led to agreements between the industries controlled by them. The United States Steel Corporation, for example, covers all the stages of production from the mining of coal and iron ore, and the carbonisation of coal, to the manufacture of steel products, such as rails, sheets, bridge material, etc.; and it has become a condition of successful rivalry that the competing firms should also control all the stages involved in the manufacture of the final competing product. The inter-Kartel system has produced the same result.

Although there were a few syndicates long before the end of the nineteenth century (witness the rail syndicate, which was a party to an international agreement as far back as 1882) the combination movement in this country acquired little momentum until the last decade before the war, and even then was not regarded as a serious menace. The cause of this difference is to be found in a combination of circumstances of which three may be noted. In the first place, unlike Germany and the United States, we admitted imported goods free of duty. The power of aggression on the part of any monopolistic association would therefore have been severely restricted. Moreover, most of the industries making highly standardised articles consisted of establishments varying enormously in size, age and strength, and competition *à l'outrance* seemed more profitable to the stronger than a defensive combination which would necessitate the preservation of the weaker establishments or the compensation of their owners. Finally the tradition of competition proved a serious obstacle to the formation of combinations in industries to which they seemed well suited. The strength of this traditional love of individual freedom was strengthened by the repeated failure of loose associations formed for the simple control of prices. Price-lists were "observed" only when they were superfluous, that is, when demand was so strong that market prices would in any case be above the list prices. During depressions price-lists were quietly ignored.

During the early years of the present century a two-fold tendency was witnessed in British industry. The one was based upon the assumption that competition would persist, and consisted of action on the part of individual firms to

increase their competition strength by bringing several stages of production under their own control. This movement towards "vertical" integration was due partly to technological and partly to commercial factors. The other was the growth of more permanent associations than the price associations by which they were preceded. Although there were a few complete amalgamations which aimed, or appeared to aim, at monopolistic control, the movement in general was roughly parallel to, yet far behind that found in Germany and Austria.

This movement was accelerated by the war. The mobilisation of economic effort necessitated the close control of industry by the State. Government departments (chief among them being the Ministry of Munitions) encouraged the formation of associations of manufacturers as valuable instruments for conducting negotiations on behalf of the industries which they represented. The value of manufacturing co-operation during war was realised, and it became evident that such co-operation might also serve the ends of peace. Whitley Councils and Interim Industrial Reconstruction Councils were regarded as appropriate bodies for supervising the rationing of raw materials during the transition to normal conditions, and afterwards for performing trade functions other than the settling of wages. Trade combinations were regarded with favour by the Government of the day. More than a year ago the Trust Committee of the Ministry of Reconstruction reported that competitive conditions had almost disappeared from manufacturing industry.

Peace is slow to bring plenty. Since the armistice prices have shown an upward tendency which was not wholly unexpected. The combination of high prices with the formation of trade combinations has created a widespread belief that the former is to be attributed, in some degree, to the latter. There seems to be no real foundation for such a view. It is true that in many industries associations exist which, for the present, enjoy a complete monopoly, and fix prices. But they fix prices which the market will bear, and which the shortage itself would have produced even if no combinations had existed. Unless it can be proved that the combinations deliberately restrict production for the purpose of maintaining the present high prices, they cannot be charged with the responsibility for such prices. There appears to be no evidence in support of the view that they restrict output. *(To be continued.)*

THE NEW MAP OF EUROPE. (VII)
THE SERBO-CROAT-SLOVENE STATE. 2.

Montenegro

MONTENEGRO has an area of 5,600 square miles—less than one-sixth that of Serbia—and a population of about 500,000, consisting of Serbs and Albanians, the latter in a distinct minority. Its acquisitions of territory after the Balkan Wars, in the district known as the Sanjak of Novibazar, were extensive and valuable, and bring its eastern frontiers up to Serbia, with which country its racial affinities are very close. The country, which is generally wild and mountainous, contains many fertile valleys, but only one navigable river—the Boyana, from Lake Skutari to the sea—barely 200 miles of good road, and about 40 miles of railway. There are, however, two seaports on the Adriatic, Dulcigno and Antivari, the latter of which was rapidly growing in importance before the wars.

In the past there has been an almost total lack of industrial enterprise in Montenegro. Moreover, an acute shortage of labour has been brought about by the constant emigration, followed by the mortality of six years of war. This shortage and the absence of internal communications are the chief shortcomings of the country at the present time.

Industry is confined to agriculture and the rearing of live stock. Maize, wheat, barley, and oats are the chief crops, maize being the most important, as in Serbia. Tobacco is extensively grown, and supplies the whole of the native demand. Olive-growing and pressing are also successful, but vines are on the decrease. Stock-raising is by far the most valuable industry, though this too has been declining for many years, little attempt having been made to improve the stocks, which are consequently becoming exhausted. Sheep are the most numerous and profitable of live stock, the wool being of exceptional quality. Attempts were made in recent years by the Government to improve agricultural methods—by the establishment of model farms, an agricultural college, and a land-bank—but conditions are still very primitive and ignorance of scientific farming profound.

The **Forest Wealth** of the country is unexploited and unexplored, though there are large tracts of beech and conifers in the interior. **Minerals** are also unsurveyed, and for the same reasons—lack of capital and lack of labour.

There are known to be important deposits of bituminous coal and lignite, and there has been some prospecting for asphalt and petroleum.

The **Manufactures** of the country are insignificant: carpet-weaving, silk-spinning, and brewing are alone worth mention.

Trade. Before the wars, the exports of Montenegro were worth something less than £100,000 a year; the chief were cattle, sheep, raw wool, hides, and olive oil. Of these Austria-Hungary took by far the largest share. The acquisition of the new territories has probably increased the productive capacity of the country by 50 %, and an immediate expansion of the export trade should therefore result. The total value of the imports was about treble that of the exports. They came mainly from Austria-Hungary and Italy.

The crying need of the country is the development of internal communications. The achievement of this will do more than satisfy local wants and help to raise the present low standard of living. It will attract capital for the exploitation of the forest and mineral resources of the country; and it will promote the economic well-being of the new State by linking more closely two of its chief constituents and providing Serbian trade with much-needed access to the ports of the Adriatic.

Bosnia and Herzegovina.

Bosnia and Herzegovina, with a combined area of 19,700 square miles, form a constituent of the Serbo-Croat-Slovene State next in importance perhaps to Serbia. While Bosnia is altogether an inland country, Herzegovina touches the Adriatic at two points, viz., at the Bocche di Cattaro and at Neum, on the Bay of Klek. At present of no economic importance, the latter of these two points might become commercially valuable to the new State, should it be handicapped of access to the sea through Dalmatia and Fiume, as the result of the present difficult and anomalous situation.

Bosnia (with Herzegovina) is a South-Slav country with a population approaching two millions, in which Serbo-Croats are overwhelmingly predominant. After enduring four centuries of Turkish rule, Bosnia was placed under Austrian administration at the Treaty of Berlin (1878), though nominally remaining part of the Sultan's dominions. Finally, it was annexed by Austria in 1908, as the result of the Young Turk

Revolution in that year. The annexation was made without any reference to the terms of the Treaty of 1878, Austria no doubt fearing lest she might be required to deliver up control of the country to the new Turkish constitutional government.

Let it not be forgotten that under the hand of Austria the country made immense advances in material prosperity and ordered administration. There is no gainsaying that. But, as a matter of policy, the economic development of Bosnia was subordinated to the political and strategical interests of the Dual Monarchy, and progress was stimulated only in directions which made the country valuable as a colony of the Austrian Empire. Thus railway improvements and extensions were designed to facilitate connection with Hungary and Austria rather than with Serbia and the commercial ports of the Adriatic. The flow of trade in and out of the country has consequently been almost exclusively through Austro-Hungarian channels, and strictly 'foreign' trade extremely small; Austria has dominated Bosnian trade, taking almost all the available produce and raw materials in return for manufactured goods, often enough passed off as 'English make.' Again, it is a more serious criticism of Austrian policy towards Bosnia that the intellectual standard of the population has been kept low. There is no University in the country, and but one elementary school per 4,000 inhabitants. It seems to have been feared that education would awaken political ambitions, and that once the people became alive to their racial affinity with the Serbians, they would reciprocate the advances of the latter towards the political union of the two countries. The net result of past conditions is that the country, though on the whole well-administered, is still in many respects backward, if not primitive, and it is unlikely that the people will be quick to outgrow the tutelage under which they have dwelt for so long.

Bosnia is an agricultural country, 90 per cent. of its inhabitants being employed upon the land. The chief cereals are maize, wheat, oats, and barley—all grown for home consumption; but the soil and climate are best suited for fruit and vegetables, which flourish in great profusion and variety. The wine and tobacco of Herzegovina are also important, and with more care and enterprise might be made commercially very valuable. The raising of live stock, however, has always been more profitable than the produce of the soil (if timber be excepted). Bosnian horses were regularly supplied to the

Austrian military transport service, and Italy claimed an appreciable share in the large export of cattle. Steps were taken by the Austrian Government to improve breeds and to teach scientific methods of cattle-, poultry-, and bee-farming, but much still remains to be done.

The country's greatest asset is its forests, which cover almost half the total area, and provide about 4 million acres of timber fit for felling—chiefly beech and conifers. In this matter Austrian control has been an undoubted blessing. A stop was immediately put to the reckless waste which went on under the Turkish régime, and there has been systematic re-afforestation of the Karst lands of Herzegovina. The average annual value of the timber export before the war exceeded £1,000,000 and was rapidly growing.

Like the neighbouring Balkan countries, Bosnia is rich in minerals, but here again there has been no systematic exploitation in recent times. The most abundant minerals are lignite and iron-ore; the most valuable, chrome-ore and manganese. There are also numerous salt-works and mineral springs.

The most important of the few manufacturing industries are the refining of Galician oil, and the production of chemicals, chiefly soda, wood-acids, calcium carbide, and chloride of lime. There is an ample supply of water-power, which has been utilised for hydro-electric installations to a far greater extent than in Serbia.

It is not easy to estimate the foreign trade of a country which has hitherto formed but a province—an inland province moreover—of the Austrian Empire. For the years 1911-1913, the average annual value of the 'exports' of Bosnia and Herzegovina was £5,500,000; and of the 'imports,' £7,000,000. Of the former the most important have hitherto been timber, livestock, chemicals and the well-known Bosnian dried plums. About 70 per cent. went to Austria, and about 20 per cent. to Hungary, so that the individual shares of other countries were almost negligible. The imports, chief of which are normally foodstuffs and textiles, have likewise been supplied almost exclusively by Austria and Hungary. There is, however, a small but growing demand for genuine British goods, especially agricultural and other machinery; and there is no reason why British textiles should not find their way into this market. In such directions there are undoubted openings for British trade, and a little enterprise would be well rewarded, and contribute greatly to the economic future of the country.

(To be continued.)

THE WAGES PROBLEM.—I.

The recent finding of the Industrial Court of Arbitration upon the application for a further advance in the wages of workpeople employed in the engineering trades provides a suitable occasion for an examination of the wages problem as a whole. In spite of frequent assertions to the contrary, there seems little room to doubt that industrial workmen are more deeply interested, at present, in the question of weekly earning than in the somewhat nebulous demands of some of their leaders for a change of 'status.' It is probably not the case that any section among them seek their own interest first, and are indifferent to the fate of others. They aim, rather, at a 'fair wage,' and if their demands are excessive it is because they fail in their efforts to translate their desire into pounds, shillings and pence. In particular they are influenced by the actions of other groups of workers. If one or two groups secure advances others make application for similar advances, regardless of any peculiar circumstances which may have existed in the former cases.

The last two awards of the Industrial Court relating to the wages of engineering workmen brings into prominence three distinct factors governing wages. The first is the cost of living. The Court in its latest findings declares that the cost of living has not risen sufficiently to justify any further general advance in wages. The second factor is the capacity of the industry to bear any proposed rate of wages. In the spring award the Court granted two advances, each of 3/- per week, on the ground that the engineering industry was enjoying great prosperity which the workpeople were entitled to share. The miners are basing their new demand for a further advance on precisely the same ground.

The third factor admittedly governing the wages paid in a particular occupation is the nature of the work which it entails. The Court, in its latest award, refers to negotiations between the representatives of employers and workpeople for the adjustment of wages paid for different classes of work. These are partly the consequences of the demand, made nearly a year ago, for a substantial advance in the wages of moulders, who declared that, having regard to the skill required in their trade, and the unhealthy conditions of work, the standard rate which they were paid, and from which 'war advances' were measured, was too low in comparison with

the standard rates paid in cleaner and less skilled occupations. The merits of such a claim cannot easily be estimated. Most groups of wage-earners and salaried workers feel that there are peculiar conditions attached to their own work which entitle them to a higher relative rate of remuneration than they now receive. The miners urged last year that their own work was dangerous and unpleasant and should command higher wages; and the Sankey Commission held part of their claim to be justified. The dockers referred to the precarious nature of their work, and their plea was also held to be just. But it is clear that if each industrial group in turn presses for an advance in its rate relatively to the rates paid to other groups, the net result will be disappointing to all.

If the problem of wages is to be effectively handled, those in authority require to give greater attention to principles than they seem hitherto to have done. Instead of consistency we find the most hopeless contradictions. The *Times* of July 27th reports Sir Robert Horne as having refused the miners' claim on two grounds, first that the miners have already received advances which compare favourably with those granted since the outbreak of war to workers employed in the Engineering industry, and, secondly, that the 'excess' profits enjoyed by coal-owners should be appropriated by the State rather than the workers. But the Sankey award seems to have been intended, not as a 'war' advance for the purposes of meeting the increased cost of living, but as an advance in relative wages designed to place the miners in a better position relatively to those employed in other occupations. Moreover the two most recent advances (each of 3/- per week) awarded by the Industrial Court to engineers were granted not as a cost-of-living advance, but as representing a fair share of the financial prosperity of the engineering industries. If engineering workmen are entitled to a share of the excess profits of their industry, are the miners not entitled to similar treatment? The President of the Board of Trade might be right in arguing that excess profits exist to be taxed, not to be distributed among the workpeople; but those who endorse his view must condemn the policy of the Industrial Court. The conflict of principles adopted by those responsible for determining the wages of workpeople employed in different occupations is responsible for much of the recent labour unrest, and constitutes the strongest argument in favour of the regulation of wages upon similar principles consistently applied.

In the early days of the war a number of Government Departments became large employers of labour, and dealt with wages problems independently of each other. The growing importance of the Ministry of Munitions combined with the serious effects of competition between the departments (or their contractors) led to a demand for unity of control which was ignored until the disastrous results of the 12½ per cent. bonus forced the hand of the Government and led to centralisation of control in respect of the wages of a large proportion of workpeople employed in manufacturing industry. The Committee on Production became more and more powerful, and in effect regulated the wages of all such workers. The wages of railway workers were still controlled by the Railway Executive, and those of miners by the Coal Controller, but the policies even of these authorities were influenced by that of the Committee on Production.

The situation was profoundly affected by the Armistice. Manufacturing industries commandeered for war work returned to peaceful effort, and their financial position was determined by the commercial market. Nevertheless, so great was the general demand for their products that they remained, on the whole, highly profitable. Labour remained scarce for some time, and the supply of goods was considerably less than the demand. In other words, the 'abnormal conditions' due to the war continued; the cost of living rose; organised workers (contrary to expectation) were in a strong position and in danger of enforcing onerous conditions of contract. The interests of those not so strongly organised were safeguarded by the Wages (Temporary) Regulation Act. Unity of control continued only in so far as this Act imposed—or maintained—minimum conditions. Settlements above this minimum were negotiated by the parties concerned, and differences which could not be settled by negotiation were usually submitted to arbitration by the body now known as the Industrial Court. But the right to strike was restored, and frequently exercised. The Court, as already stated, began to consider factors other than the cost of living; that is, it took into account forces which were regarded as relevant before the war, but ignored after the outbreak of hostilities. A large section of workers are, however, still employed in vital industries (mining and transport) which have not yet been released from Government control, and those economic considerations which (rightly or wrongly) influenced the Industrial Court have not been fully accepted as wage-determining factors. *(To be continued).*

VIEWS OF THE MINORITY PRESS.

"Capitalists all, take timely warning,
And pack your traps; for the Day is dawning;
From Petrograd and London, too,
From Timbuctoo and Woolloomooroo
We've had just about enough of you;
Vamoose, skidaddle, and don't look blue;
You've had your day, so Hitchy-koo!"

One wonders whether Mr. C. B. Stanton, the member for Aberdare and a life-long friend and servant of the miners, had read these lines in *The Plebs*—the unofficial propagandist organ of the Central Labour College and of their rendering of Marxist economics—when he referred to "the half-witted followers and believers of the Central Labour College School of Economics and these poor imbeciles who have their daily fodder from the trough of the extreme Press." His crudely scornful pity for those who "having fed upon the pigwash of the Bolshevist troughs in literature, have become corrupted and suffer from mental dyspepsia," seems well justified.

J. H. Hodgson, discussing the Third International, writes in *The Call* (July 8th)—"The question of the dictatorship, which means the imposition of the will of the working class upon the capitalist class by whatever means and instruments are available and best for the purpose, is, of course, bound up with the question of violence. Will the enemies of the working class, when challenged, abdicate without a struggle? We hope so. But the story of revolutions in history, and especially in contemporary history, does not encourage us to believe so. It seems to us there is proof positive contained therein that the profiteers and brigands who have brought the world to ruin, with the militarists and parasites of society, will, when challenged, conspire to call in armed assistance and thus force civil war upon us. If and when that time comes we are guilty of the social pacifism—or cowardice—which seems to be the foundation of Mr. Macdonald's political creed, or the patriotism of Mr. Shaw, which consists of always fighting the enemies of our masters, but never our own enemies, we shall indeed be false to ourselves, and to the future which is in our keeping."

The Labour Leader (July 8th)—the official organ of the I.L.P. —bolsters up a bitter attack upon "our plutocracy" with

the old falsehood that "the late war was fought to preserve the wealth of the rich and to increase their opportunities for commercial exploitation." "Now" the article continues, "they are seeking to evade their share of the payment of the cost of the war." The latter half may be true, but organised Labour is itself seeking by means of coercion, not only to avoid its share of payment, but to exact profit from the war in the form of an immediate improvement in the standard of living enjoyed prior to August, 1914.

The Workers' Dreadnought (July 17th), avowedly anarchist, congratulates the men who engineered the unofficial gas strike in Manchester and district, using the occasion as an opportunity for condemning all accredited authority in the labour world. "Well done, rank and file gas workers; you have proved that you possess the wisdom and courage to fight. Instead of disgracing yourselves, as the Trade Union Congress and Labour Party have so often done, by bombast and bluff as a cloak for cowardly inaction, you have acted at once and silently taken the risks. You have shown that you refuse to submit to trade union officials whose sense of solidarity is with the capitalist world, and not with you. We look forward to the day when you will act with even greater determination, not for a paltry increase in wages such as you now demand, but in the great struggle of all workers to overthrow the capitalist system."

"J. R. Clynes has, of course, attacked the strikers, denouncing them as rebels against trade unionism, and has declared that no negotiations can take place till the workers come to heel. No one is surprised at this: Clynes has long been known as a renegade who upholds the capitalist system, and has lost all sense of unity with the working-class from which he sprang."

The Daily Herald (July 12th) regards the strike as "a reminder to the Labour movement that trade union machinery, like every other kind, grows out of date." But on the following day Mr. Clynes writes to point out the inaccuracy of the "facts" given in the article, and protests that "the men and the unions must work together, and nothing should be said or done to separate them."

The same paper (July 5th) discusses the financial situation with that subtly cunning touch so characteristic of Mr. Lansbury's propaganda. Commenting on the large issues of fiduciary notes in this country, the writer carefully ignores

the part played by Labour in exacting more and more money in return for continually decreasing output per man. "Capitalist finance, in the recklessness of greed, is taking risks which were undreamed of half a century ago. In the search of profits, and to get more profits, it has abandoned the safeguards it used to impose upon itself. It no longer worries about 'safety first,' but plunges heedlessly on the road of inflation. . . . Capitalist industry keeps itself running by doping itself with ever-increasing doses of paper-money."

"How is Labour to deal with men who have power without conscience, constitutional authority without a spark of honour? How is an outraged democracy to answer the people who lie and lie and lie again to cover their plots and wars and undying hatred of liberty?"—Thus *The Daily Herald* (July 6th) presents the question of a revolution to overthrow the present British constitution. And on the following day we are given the answer.—"The direct action of the plutocrats who insist on a war drives Labour to use the same weapon." On July 14th, after the T.U.C. decision to ballot on the question of the use of Direct Action in the event of the Government's refusal to adopt Labour's policy regarding Russia and Ireland, the *Herald* discusses the necessity for complete unity "on the question of Violence and Force as a means of effecting the Revolution." Mr. Lansbury's abhorrence of wars and bloodshed is momentarily laid aside.—"We have neither time nor desire for an academic discussion of whether it is right or wrong to use force in order to secure social and industrial freedom." The writer then explains that "Those who believe that Britain fought because she was forced to do so by the Germans cannot quarrel with Lenin's argument that Socialists will be obliged to fight because the capitalists will make them do so. Let us all clear our minds of cant. There is no middle course on this question of violence." The right of revolutionists to use the same weapons as Governments is claimed. But the *Herald*, while assiduously preaching and justifying violence, is careful to disclaim all liking for it.—"We do not believe it is possible to reform or rebuild the world by sheer brute force."—But Capitalism must be got rid of somehow, so, loyal to the Editor's belief in the efficacy of "the damnable reiteration of a well-known lie," the writer completes his "Bolshevist pigwash" with "the eternal truth taught by Marx. 'Workers of the world, unite. You have nothing to lose but your chains. You have a world to gain.'"

FOOD FOR THOUGHT.

When an unqualified apprentice starts monkeying with a complicated piece of machinery which he doesn't understand, one of two things is likely to happen; either the man gets hurt or the machine broken. Not a great deal of sympathy need be excited when the author of the mischief comes to grief, as he has only himself to thank, but when the machine is thrown out of gear, the consequences may be less obvious at the time, and the connection between cause and effect may be lost sight of.

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British forms of government, British industrial methods and British political traditions constitute a complicated whole which has taken hundreds of years to build, and which has been fashioned with infinite pains and after countless experiments by millions of British people. Our history has been a record of change for the better, and, as a general rule, the more gradual the process the more stable has been the result. Bolts from the blue are spectacular, and may be specious, but solid improvements materialise after another fashion. The human brain cannot bridge wide gulfs with practical success, it can only proceed by gradual stages.

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Jules Verne could imagine submarine exploration and aerial travel, but he contributed nothing towards the problem of overcoming the physical disabilities which postponed the realisation of his dreams. Great mechanical inventions and valuable social reforms are not born ready-made, they are evolved in the fulness of time as the product of many brains converging from different quarters towards a common end. The development of the modern motor-car is a case in point, and exhibits the large number of parallel problems which had to be solved before such a proposition could take practical shape. The internal combustion engine had no future until the appropriate fuel became available in abundant quantity, and the supply of this essential factor depended, in the first instance, on the success of Rockefeller's pipe-line scheme. The provision of tyres had to wait upon the exploitation of rubber plantations and the development of Egyptian cotton fields. The Dunlop patents added another contribution, but

all would have been in vain had not Macadam been beforehand in designing a process for road-making on a sufficiently generous scale.

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But invention is only one half of the story—the community must be educated up to it. Give a toothbrush to an untutored savage and it will be used, as likely as not, to ornament the headdress of his favourite idol; offer local option to a tribe of cannibals, and the supply of missionaries would fall short of the demand; abolish discipline in a school and you get pandemonium. Power, wealth and even liberty, are more often abused than enjoyed with discretion when they are prematurely acquired, and political wisdom is not always vouchsafed to the first generation of the emancipated.

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And yet you can find men at every street corner who will tell you that the whole social system is wrong, and who, in their ignorance of everything except the trick of destructive criticism, will proclaim that they are competent to put matters right. It is to be observed that not one of these cocksure reformers has ever won eminence in any calling, trade or profession. Few have ever made a success of the simplest job in everyday life. They are indifferent to real knowledge, and the only qualification they have to offer for the big part they essay to fill is a facility for invective. The conceited incompetence of pinchbeck Hampdens would not be so perilous if the social and industrial machinery of the nation was fool-proof—but unfortunately, society finds its greatest difficulty in protecting itself against the most insignificant amongst its adversaries. The mosquito is more dangerous than the buffalo. A "Mauretania" can be scuttled by a half-witted cabin boy, and, as Kipling has said, "Two thousand pounds of education drops to a ten rupee jezail." The malicious impertinences of men like Colonel Malone and Commander Kenworthy, and the comical perversions of Miss Sylvia Pankhurst, though exasperating at times, are not altogether detrimental, for at least they provide an object-lesson and a warning as to the sort of blight that would descend upon the nation if its affairs were left to the mercy of an oligarchy composed of such ingredients.

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DAY BY DAY.

(A monthly Record of the principal events, at home and abroad, which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

The *Labour Gazette* index number for the cost of living at July 1st was 152, indicative of a rise of 2 points during the month. The corresponding figure for Paris was 269.

Changes effected in the rates and hours of labour during June resulted in a total money increase of about £570,000 in the weekly wage of over 2,600,000 people, and an average decrease of 4½ hours of work for nearly 8,000.

278 trade disputes involved 128,000 people and a loss of 1,257,000 working days.

Unemployment in industries covered by the Unemployment Insurance Act (skilled and unskilled) fell from 2.68 to 2.62, and the live registers of the Employment Exchanges show a decrease of 17,904 during the month, 287,003 remaining unemployed.

July

1st. Typographical Association dispute officially settled.

2nd. At the annual Council of the Federation of Trade Unions, Mr. Appleton and Mr. Ben Tillett warn the people against reports of British Labour delegates or others that would have them believe that Russia is in a position to help this country in any way.

3rd. At the annual meeting of the N.U.R. in Belfast, Mr. J. H. Thomas advised the members that the proposed six zone system of railway control was a great advantage to the workers, when compared to the old system. Of the 20,000 members of the union in Ireland, he did not believe that 2 per cent. were in favour of separation from England.

5th. About 3,500 farm-workers are on strike in Cheshire.

6th. By 42 votes to 18 the railwaymen, at the annual congress of the N.U.R. at Belfast, accepted the recent award of the National Wages Board. Mr. J. H. Thomas stated that had he accepted the offers made by the police and the military at the last railway strike they could have had a revolution then, but he refused the offers because he knew that if the workers wanted a revolution they could get it by using their intelligence at the ballot-box without worrying about bloodshed.

Annual conference of the Miners' Federation opened at Leamington. The 200 delegates present represented a total membership of 908,000. Mr. Smillie said that the

state of the industry would allow of 36 millions being "spent" in removing the 14*s.* 2*d.* increase in price per ton, and 29½ millions being devoted to increased wages.

7th. The Miners pass a resolution to demand a reduction of 14*s.* 2*d.* in the price of domestic coal, and a wage-increase of 2*s.* per shift for adults. A proposal to empower the Executive to call a national strike without balloting was rejected. It was agreed to recommend that the T.U.C. should consider the desirability of Ruskin College and the Central Labour College being run by the Parliamentary Committee.

Nationalisation of the railways was unanimously demanded at the N.U.R. Belfast conference.

8th. The United States announces that licences will now be granted for shipment to Russia of all materials not susceptible of immediate use for war purposes.

The Miners' Federation pass a resolution refusing to operate the Ministry of Mines Bill, should it become law.

The Ministry of Transport announces that the present deficit in British railway returns is at the rate of £54,500,000 a year. An increase of 25 per cent. in fares and freights would yield an annual return of £57,000,000. £22,300,000 of the prospective deficit is represented by wage increases, and the balance by increased cost of coal, and other materials, rates, taxes, etc.

9th. Unemployment Insurance Bill: Mr. Clynes' amendment to exclude Friendly Societies from operating the Act was defeated in the House of Commons by 226 to 44 votes.

The N.U.R. decide to invest in the *Daily Herald* at the rate of one shilling per member for one year. The membership numbers over four hundred thousand.

10th. J. R. Clynes, acting officially for the National Union of General Workers, urged the gas-workers on strike to return to work. The men appear to have overlooked the fact that the national agreement accepted by their leaders permits of regional application for further improvements of working conditions. The *Daily Herald* approves the workers' repudiation of their leaders.

11th. Mr. Clynes protests against the *Daily Herald* comments on the gas-workers' strike.

13th. By 2,760,000 votes to 1,636,000 the Special T.U.C. passed a resolution calling for a truce in Ireland, the withdrawal of troops, and the setting up of a full Dominion Parliament. In the event of the Government refusing to withdraw troops and to cease making munitions for Ireland, it was recom-

mended that a ballot be taken of all the unions on the question of a general strike to enforce Labour's demands.

14th. Manchester and Salford gas strikers decide to accept Mr. Clynes' assurance that negotiations for the remedy of their grievance will be re-opened, and to resume work.

15th. The Industrial Court decided that the claim of the fifty trade unions associated with the engineering industry for an advance in wages of 6*d*. an hour was not established. Awards due to meet increased cost of living have been fully met, and the state of the industry warrants no further increase.

20th. The September T.U.C. will consider the proposal to establish a General Staff for Labour. It is proposed that the Council shall be limited to thirty members, of whom eight will represent the Triple Alliance and six the engineering trades.

21st. Unionist workers in Belfast shipyards attacked and drove all Sinn Fein workers out of the yards.

22nd. Nottingham lace-makers, who have now been on strike for six weeks, decided to continue their action although the Derby and West of England workers have refused to support them. The strike is costing the operatives' funds £1,000 a week.

The Industrial Court decided that the N.U.R's. claim for an increase of 10*s*. a week to women, girls and boys in railway workshops had not been established.

23rd. The Sub-Committee appointed under the Profiteering Act to investigate profits in the biscuit trade reported that the increase in profits as compared with those of 1914 is not unreasonable. The report states that the cost of raw materials has advanced to approximately three times the pre war cost, and the total cost of production is two and a half times greater. The profits, after deduction of Excess Profits Duty, are 12.5 per cent., subject to income tax, as against 10.7 per cent. pre-war.

26th. Sir Robert Horne announced to a deputation of the Miners' Federation that the Government could not accede to their claims for a reduction in the price of coal and an increase in wages. The average wages of the adult miner have advanced 157 per cent., while the cost of living has risen 152 per cent. to the ordinary individual and rather less to the miner who gets much of his coal free. The miner has received an average weekly increase of 55*s*. 9*d*., while the skilled engineer, whose claims for higher wages to meet the cost of living have just been rejected by the Industrial Court, has received an average advance of 52*s*. 10*d*.

A new principle in determining wages in public and non-com-

mercial services, first advanced by the National Wages Board of the railways some six weeks ago, was definitely accepted. "The standard of integrity and trustworthiness" required for such services, on the one hand, and the freedom from the anxiety of short time and unemployment, on the other hand, are held to be important factors in determining the "value" of the work done.

The Sub-Committee, appointed under the Profiteering Act to investigate profits on Yorkshire Tweed Cloths, reported that present conditions of manufacture gave a net retainable profit of one shilling per suit to the cloth manufacturer. The percentage of profit on turnover after deduction of excess profits duty had decreased from 10.1 per cent. pre-war to 7.9 per cent. for the period ending June, 1919.

27th. There are 162,131 unemployed ex-service men. As at present arranged, 60,000 of these will be deprived of their out-of-work pay on July 31st.

28th. A rent-strike, as a protest against high prices, is being organised by the National Union of Ex Service Men, a socialistic organisation claiming 400,000 members.

29th. The Industrial Court has rejected the demand of the N.U.R. for an increase of 4d. an hour for men employed in the electrical power stations. The men were recently awarded 6*s.* in addition to other advances amounting to 33*s.* 6*d.* a week and the 12½ per cent over pre-war wages.

A deputation of members of both Houses of Parliament informed the Prime Minister that, in their opinion, the Sinn Fein movement in Ireland is part of a world-wide conspiracy, in which the Bolshevists are associated, directed towards the overthrow of the British Empire.

The Third International (Moscow), in reply to a series of questions by the British I.L.P., definitely asserts that Communism is impossible in this country without "heavy civil war." Mr. Ramsay Macdonald calls upon the I.L.P. to determine now whether Labour shall aim at Parliamentary power or revolution and civil war.

30th. The Commonwealth Government of Australia has introduced an Industrial Peace Bill which provides for a Council, with equal representation for employers and employed, whose duty it will be to examine industrial conditions and report to the Government on tendencies likely to lead to unrest. Central and local tribunals would also be set up.

The decline in the output per man in the coal mining industry, which was 10 per cent in the first six months of the seven-hour day, is now, at the end of the first year, only 5½ per cent.