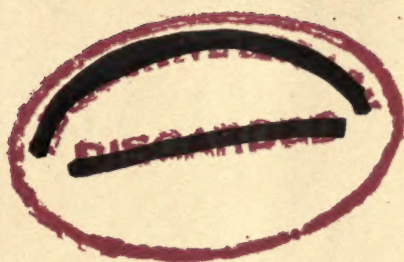


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# INDUSTRIAL PEACE

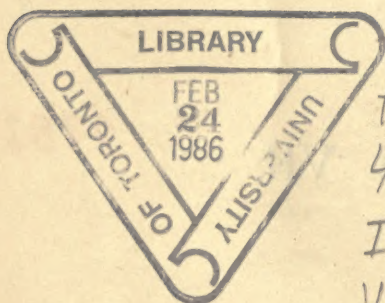
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# INDEX TO VOLUME VII.

Titles of Articles printed thus:—FOOD FOR THOUGHT.

All papers, pamphlets, etc., thus:—*The Call*.

## A.

Aberconway, Lord, 79  
Adamson, William, 30, 31  
Adriatic, 46, 48  
Africa, 3, 24, 117  
Agricultural Wages Board, 30  
Aliens Act 1920, 95  
Allessio, Signor, 188  
All-Russian Central Council of Trade Unions, 31  
Amalgamated Cotton Mills Trust, 141  
Amalgamated Engineering Union, 126, 157, 185  
Amalgamated Textiles Ltd., 142  
America, 50, 145-147, 168, 170, 171  
American Federation of Labour, 50-52, 126, 127  
American Labour, 49-52  
Appleton, W. A., 126, 156  
Argentina, 80, 120, 175  
Argentine Navigation Co., 120  
Asquith, H. H., 98  
Australia, 117  
Austria, 47, 53, 113, 178

## B.

Bakar, 46  
Balfour, A. J., 32, 101  
Bank of England, 71, 74, 135  
Barker, J. Ellis, 170, 171  
Bassett, W. R., 146-148  
Belgian Socialist Party, 96  
Belgium, 96, 114, 124, 133, 143  
Benn, Sir John, 78  
Benn Bros. Ltd., 77  
Berkman, 50  
Berne, 124  
Bessborough, Earl of, 79, 80  
Bevin, Ernest, 27, 59, 93, 131, 159, 188, 189  
Birmingham, 128  
Board of Education, 173  
Board of Trade, 61, 62  
Bolckow, Vaughan & Co., 78, 79, 119  
Bolshevism, 27, 31, 49, 57, 88, 89, 124, 154, 175, 185  
Bosnia, 46-48  
Bowerman, C. W., 95, 132, 179  
Bowley, Dr. A. L., 74, 106, 108  
Brace, William, 94, 125  
Bradford, 9  
Bridgeman, 125  
Britain, 3, 49, 70, 89, 119, 168, 170, 171  
British Chamber of Commerce, 60

British Glass Industries Ltd., 157  
British Wool Federation, 93  
Brownlie, J. T., 126  
BRUSSELS INTERNATIONAL CONF., 134  
Brussels, 134, 172, 175  
Building Trades, 62, 125, 128, 150, 159  
Building Trades Operatives, 29, 125, 160  
Bukharin, 127  
Bureaucracy, 36, 40  
BUSINESS MAN'S VIEW, THE, 77, 117, 141, 179

## C.

Cabinet, 26, 93, 95, 127  
Cachin, 31  
Calico Printers' Association, 143  
Cammell Laird, 31  
Canada, 175  
Capital, 36, 51, 74, 82, 146, 148, 182  
Capitalism, 20, 21, 24, 25, 49, 93, 127, 128, 133, 146, 180  
Carinthia, 48  
Carlisle, 89  
Carniola, 47  
Census of Production 1907, 106, 108, 138, 168, 170, 171  
Central Council for Economic Information, 164  
Cheshire, 87, 159  
Chicago, 50, 52  
China, 152  
Choate, Mr., 162  
*Christian World, The*, 186  
Churchill, Winston, 24  
Civil Service, 128  
Class War, 23, 24, 50, 51, 89, 91, 94, 127, 131, 133  
Clay, Henry, 123  
Clyde, 156  
Clynes, J. R., 122, 126, 133, 163  
Coal Crisis, 26, 59, 61-64, 92-96, 124, 125  
Coal Mines Department, 63  
Collective Bonus, 98-100  
*Coming Revolution, The*, 153  
Committee on Trusts, 157  
Commons, House of, 95, 101, 110, 149, 186  
Communism, 28, 52, 53, 89, 94, 125, 128, 133, 185  
*Communist, The*, 56, 57  
Communist Labour Party, 189  
Communist Party, 28, 56, 57, 62, 128, 159, 189  
COMPLEAT CONCILIATOR, THE, 109

Confédération Générale du Travail, 30-32, 92, 186

Cork, 95

Cornwall, 3

Cost of Living, 2, 26, 28, 32, 60, 61, 72, 89, 130, 135, 156, 184, 187

Cotton Operatives Association, 64

Cotton Reconstruction Board, 185

Council of Action, 29-32, 89, 132, 160

Coventry Soviet, 92

Craft Unionism, 8, 126

Crammond, Edgar, 76, 138

Cramp, C. T., 88-90

CRIME OF CAPITALISM, THE, 17

Croatia-Slavonia, 46-48

Cunliffe, Lord, 74

Currency, Committee on, 74

Currency Expansion, 3, 4, 38, 61, 72, 76, 130, 134-136, 151, 173, 175

## D.

*Daily Herald*, 22-25, 27, 31, 56, 57, 61-63, 92, 95, 118, 125, 128, 133, 153, 154, 179

*Daily Herald* Policy, 22-25

Dalmatia, 48

D'Annunzio, 47

Danube river, 46

DAY BY DAY, 28, 60, 92, 124, 156, 184

Dell, Robert, 57

Denmark, 53

Derby, Lord, 41

Derbyshire, 87

Diagrams, 11, 13, 43, 45, 73, 75, 85, 107, 139, 169

Dictatorship of Proletariat, 28, 32, 56

Direct Action, 102, 132, 155

*Division of the Product of Industry*, 74, 106

Dockers' Union, 131, 156

Drave river, 46

Dublin, 125

Durham, 87

## E.

Economic education, 121-123

Economic Scheme, 162-164

*Economic Statesmanship*, 170

ECONOMY AND EDUCATION, 172

Edinburgh, 31

Emergency Powers Bill, 95, 96

Engineering Employers' Federation, 32, 157

England, 9, 10, 12, 40, 67, 113, 122

E.T.U. strike, 31, 32, 60, 61, 63, 157

Europe, 50, 72, 89, 113, 114, 121, 130, 134, 137, 146, 147, 150, 152, 160, 175, 178

Excess Profits Duty, 4, 71, 172, 180, 181

Exchequer, 21, 159, 174

Ex-Service men, 29, 61, 64, 94, 159

## F.

FACTS OF THE CASE IN DIAGRAM, 9, 41, 72, 105, 138, 168

Fairfax, Lord, 141, 143

Federation of Printing & Kindred Trades, 61

FINANCING OF EXPORTS, 175

Fiume, 46-48

Foch, 24

FOOD FOR THOUGHT, 26, 58, 88, 121, 153, 182

*Forward*, 57

France, 3, 15, 24, 30-32, 53, 70, 113, 133, 143, 152, 178, 186

French Labour, 30

French Socialist Party, 30, 31, 184

Friendly Societies, 53, 157

Furness, Withy & Co., 117

## G.

General Federation of Trade Unions, 62, 156

General Staff for Labour, 62

Geneva, 28, 175

Genoa, 62

George, Lloyd, 29, 32, 62-64, 93, 94, 125, 126, 149, 159, 160

German Independent Socialist Party, 64, 124

Germany, 25, 37, 49, 50, 94, 113-115, 124, 133, 143, 145, 151, 154, 178

Giolitti, 32, 63

Glasgow, 28, 31

Goldman, Emma, 50

Gompers, Sam. 50-52, 126

Goschen, 172

Gosling, Harry, 30, 31

Gould, Gerald, 153, 155, 183

Government, 2, 9, 24, 29-31, 37, 41, 53, 55, 59, 60, 62-64, 68, 70, 89, 93-96, 123-125, 127, 130-132, 135, 136, 140, 145, 149, 151, 152, 154, 158-160, 165, 178-180, 184-189.

Great Western Railway, strike, 28

Greenwood, A., 179

Grimsby, 189

Guest, Keen & Nettlefolds Ltd., 78, 79

Guild of Insurance Officials. 125, 126

## H.

Haldane, Lord, 182

Hamburg, 47

Hartshorn, Vernon, 124

Harvey, R. V., 128

Health, Ministry of, 173

Hease, H., 57

Henderson, A., 160, 179, 184

Herzegovina, 46

Higher Production Council, 98

Hodges, Frank, 27, 28, 61

Holland, 124

Home Office, 123

Hopkinson, Austin, 182

Horne, Sir Robert, 60-64, 125, 184, 188

Housing, 9, 10, 12, 62, 94



Hull, 88  
Hulton Press, 126  
Hungary, 46, 47

## I.

IF LABOUR RULES, 101  
Ilford, 186, 187  
Imperialism, 19  
Income Tax, 108  
Independent Labour Party, 32, 56, 124, 186  
India, 152  
Indianapolis, 51  
Industrial Conference (U.S.A.), 51  
Industrial Councils, 8  
Industrial Court, 27-29, 60, 62, 131, 185-187  
Industrial Courts Act 1919, 61, 64, 131  
Industrial Unionism, 8  
Industrial Welfare Society, 123  
Industrial Workers of the World, 50, 52  
Infant Mortality, 9, 10  
Ingram, Beresford, 122  
Insurance Strike, 125, 126  
International, Second, 124  
International, Third, 27, 28, 32, 56, 61, 62, 64,  
92, 96, 127, 128, 133, 184, 187, 189  
International Federation of Trade Unions, 128  
International Labour Office, 188  
International Movement, 62, 185  
International T.U. Conference, 126-128  
International Transport Workers Federation, 128  
Ireland, 24, 87, 132  
Islington, 184  
Italian Socialist Party, 92  
Italy, 53, 60-64, 93, 94, 128, 133, 158, 178, 188

## J.

Japan, 69  
Jefferson, Thos., 15  
Jingoism, 26  
Johnson, John, 50  
Johnson-Ferguson, Sir J. E., 79, 119  
Joiners' Strike, 128, 156  
Joint Industrial Councils, 38, 61, 62, 94, 125,  
126, 131, 187  
Jouhaux, 31, 32

## K.

Kameneff, 25, 62, 63  
Kidd, James, 182, 183  
Kun, Bela, 127

## L.

Labour, 2, 22, 31, 36, 49, 53, 56, 58, 59, 62, 74,  
81, 92, 93, 95, 102, 103, 119, 120, 126, 127,  
130, 131, 133, 140, 146, 148, 155, 156, 165,  
180, 182

## LABOUR AND BOLSHEVISM IN U.S.A., 49

*Labour Gazette*, 28  
LABOUR IN 1920, 130  
*Labour Leader, The*, 56  
Labour leaders, 26, 102, 183  
Labour, Ministry of, 32, 53, 60, 92, 93, 124-126,  
131, 156, 157, 184, 186, 187  
Labour Party, 2, 27, 29, 30, 53, 56, 57, 101, 103,  
126, 132, 133, 158, 160, 179, 184-186, 189  
LABOUR RULES, IF, 101  
Labriola, 60  
Lanarkshire Miners, 31  
Lancashire, 87, 96, 142, 159  
Lansbury, George, 16, 25, 27, 31, 63, 133, 153,  
154  
Law, Bonar, 29  
League of Nations, 103, 126, 176  
Lee, L. B., 143-145  
Leeds, 189  
Leicester, 87  
Lenin, 90, 95, 127, 133  
Lewis, Sir Frederick, 117, 120  
LIBERTY, OF, 14  
Lincoln, Abraham, 20  
Littlefield, Henry, 158  
Litvinoff, 31, 57  
Liverpool, 61, 63, 142, 159  
London, 29, 31, 62, 95, 124, 156, 157, 185, 188  
Lords, House of, 41, 96  
Losovsky, 94, 127  
Lucerne, 32

## M.

Macassey, Sir L., 182  
Macdonald, J. R., 124  
McLaine, W., 56  
Macmanus, A., 28, 57  
Macnamara, Dr., 157-160, 184, 187  
MacSwiney, Alderman, 95  
Malone, Colonel, 28, 125, 126  
MAN AND THE MACHINE, THE, 146  
Manchester, 15, 61, 63, 88, 126  
Manchester Liners Ltd., 120  
Mann, Tom, 183  
Mansbridge, Albert, 122  
Marat, 15  
Marx, Karl, 15  
Marxism, 20, 54, 122  
Master Builders' Federation, 29  
Master Cotton Spinners' Federation, 64  
Maybury, Sir Henry, 93  
Medical Association, 64  
Metal Workers' Union (Italy), 60  
Meynell, Francis, 61, 62  
Milan, 60  
Miners' Federation, 8, 29, 59, 95, 124, 125, 131,  
159, 188  
Miners' International Federation, 28, 188  
Miners' strike, 60, 64, 93-96, 102, 124-126, 132  
Mines Department, 62, 125  
Minsk, 32  
Mirabeau, 15

Money and Prices, Labour Report on, 61, 81  
 Monmouth, 87  
 Monopolies, 7, 93, 104  
 Montifiore, Mrs., 28  
 Montreal, 52  
 Morris, T. Henry, 142, 143  
 Moscow, 25, 32, 64, 92, 127, 128, 133, 184, 185,  
 187, 189  
 Muelen Scheme, 175, 177  
 Munich, 48

## N.

National Alliance of Employers and Employed,  
 157, 185, 189  
 National Debt, 140  
 National income, 74, 76, 105, 106, 108, 138, 140  
 National Labour Party (U.S.A.), 52  
 National Socialist Party, 30  
 National telephone service, 36  
 National Union of British Fishermen, 189  
 National Union of Clerks, 158  
 National Union of Distributive and Allied Wor-  
 kers, 160  
 National Union of Ex-Service Men, 31  
 National Union of Railwaymen, 88, 94, 95, 126,  
 132, 187  
 National Union of Teachers, 164  
 National Unionist Association, 42  
 National Wages Board, 94-96, 131  
 NATIONALISATION, 40  
 Nationalisation, 36, 40, 52, 104, 123  
 NEW MAP OF EUROPE, THE, 46  
 New York, 50, 51, 146  
*New York Tribune*, 49  
 Newnes (Geo.), Ltd., 77  
 Newport, 126  
*Nineteenth Century, The*, 182  
 "No Rent" strike (Scotland), 31  
 Northcliffe Press, 22  
 Northumberland, 87  
 Norway, 128, 187  
 Nottingham, 87

## O.

OF LIBERTY, 14  
 Oldham, 64  
 ON COLLECTIVE BONUS, 98  
 Operative Bricklayers' Society, 158  
 OUR ECONOMIC SCHEME, 190  
 OUTPUT AND DISTRIBUTION OF COAL, 84  
 Oxford, 122  
*Oxford Tracts on Economics*, 190

## P.

Palmer's Shipbuilding Co., 118  
 Pankhurst, Sylvia, 57, 94-96  
 Paris, 30-32, 188  
 Parliament, 94, 125, 189

Pensions Committee, 30  
 Phillips, Sir Owen, 120  
 Pittsburg, 50  
 Poland, 24, 25, 29, 30, 32, 53, 70, 132, 177, 178  
 Ponsonby, Arthur, 56  
 Poor Law, 104  
 Portsmouth, 61  
 Post Office, 36  
 PRICES, THE RISE IN, 2  
 Printers Strike, 61, 63, 93, 124  
 Printing Trades Federation, 127  
 Profiteering, 38  
 Profiteering Act, 93, 159, 184  
 PROFITS-MOTIVE & THE PROFITS-TEST,  
 THE, 34  
 Purcell, A. A., 28

## Q.

Quelch, Tom, 127

## R.

Radek, 127  
 Representation of the People Act, 44, 102  
 Richards, T. F., 158  
 RISE IN PRICES, THE, 2  
 Ritchie, Mure, 118  
 Rubinstein, H., 57  
 Rural Councils, 55  
 Ruskin College, 122  
 Russia, 23-25, 29-32, 49, 50, 62, 64, 70, 71, 88,  
 90, 92-94, 121, 127, 128, 132, 153, 154, 160,  
 185

## S.

St. Davids, Lord, 188  
 Save river, 46  
 Scotland, 10, 12, 87  
 Seamen's and Firemen's Union, 55  
 Serbo-Croat-Slovene State, 46, 47  
 Shackleton, Sir David, 131, 187  
 Shaw, Lord, 131  
 Sheepbridge Coal & Iron Co., 78  
 Shop Assistants' Union, 157  
 Shropshire, 87  
 Sicily, 93  
 SLUMP IN TRADE, THE, 68, 113, 149  
 Smillie, Robert, 26, 59, 61-64, 92, 93  
 Smith, Sir Allan, 160, 184  
 Smith, Herbert, 125  
 Snowden, Philip, 56, 124  
 Social Democratic Federation, 30  
 Socialisation, 128  
 Socialism, 21, 24, 25, 53, 79, 126  
 Socialist State, 5  
 Soviet Government, 25, 30-32, 63, 93, 127, 128,  
 132, 175  
 Staffordshire, 87  
 Stamp, Sir Josiah, 183



State, 15, 18, 21, 51, 66, 67, 71, 116, 134, 135,  
165-167, 172, 173, 175

STATE AND TOLERANCE, THE, 66

State-ownership, 2, 27

State Socialism, 52, 166

Steel, John, 128

Steel, Peach & Tozer Ltd., 92

Stevenson, W. H., 186

Straker, 59

Strikes:—

E.T.U., 31, 32, 60, 61, 63, 157

G.W.R., 28

Insurance, 125, 126

Italian, 94

Joiners, 128, 156

Miners, 60, 64, 93-96, 102, 124-126, 132

"No Rent," 31

Printers, 61, 63, 93, 124

Styria, 48

Sweden, 124

Switzerland, 145

Syndicalism, 63, 64, 123

## T.

Tchitcherin, 31, 57

Thomas, J. H., 61, 88, 95, 102-104, 126, 128,  
132, 133, 187

*Times, The*, 94, 95

Trade, Board of, 61, 62

Trade Boards, 6-8, 39

Trade Boards Act, 39, 118

TRADE COMBINATIONS, 37

T.U.C., Sept. 1920, 61, 62

T.U.C., 2, 8, 29, 92, 95, 131, 179, 185, 186, 189

Trade Unionism, 7, 22, 81, 126, 127, 183

Trade Unions, 27, 28, 30, 50, 53, 55, 57, 62, 81,  
124, 128, 183

Trades Councils, 30

Tramway Workers, 131, 157, 158, 186, 188, 189

Transport & General Workers' Union, 156

Transport, Ministry of, 93

Transport Workers Federation, 93-95

Trieste, 48

Triple Alliance, 32, 60, 62, 64, 156

Trotsky, 50

Turin, 60

Two-Shift system, 126

Typographical Association, 63, 124, 127

## U.

UNEMPLOYMENT, 53

Unemployment, Report on, 127

UNEMPLOYMENT INSURANCE, 165

Unemployment Insurance Act, 28, 53, 64, 157,  
159, 184

Unemployment Act, 1920, 158, 165, 167

United Kingdom, 41, 74, 76, 105, 106, 125, 138,  
141, 168, 171

United States, 37, 49-52, 69, 70, 115, 117, 146,  
147, 168, 170, 171, 177

Universities, 173, 174

Ural Trade Unions, 127

## V.

Varley, Miss J. A., 126

Veltheim, Eriki, 124

Vickers Ltd., 179-181

Vienna, 48

VIEWS OF THE MINORITY PRESS, 22, 56

VITAL INDUSTRY, A, 162

## W.

Wage Census 1906, 106

Wages Act 1911, 64

WAGES PROBLEM, THE, 5, 81

Waldeck-Rousseau Act, 186

Wales, 9, 10, 12, 30, 79, 87, 95, 96, 159

Warwickshire, 87

Washington, 50

Webb, Sidney, 179

Welfare Work, 122, 123

*When Labour Rules*, 102

*When the Workmen help you manage*, 146

Whitley, J. H., 109

Whitley Councils, 8, 109

Williams, Robert, 28, 30, 57, 94

Wilson, President, 51

Woolwich, 187

Worcester, 87

*Workers' Dreadnought*, 57, 94, 96

Workers' Educational Association, 122

Workers' International Movement, 128

Workers' Union, 54

## Y.

Yorkshire, 3, 87, 187

Yorkshire Miners' Federation, 125

## Z.

Zengg, 46

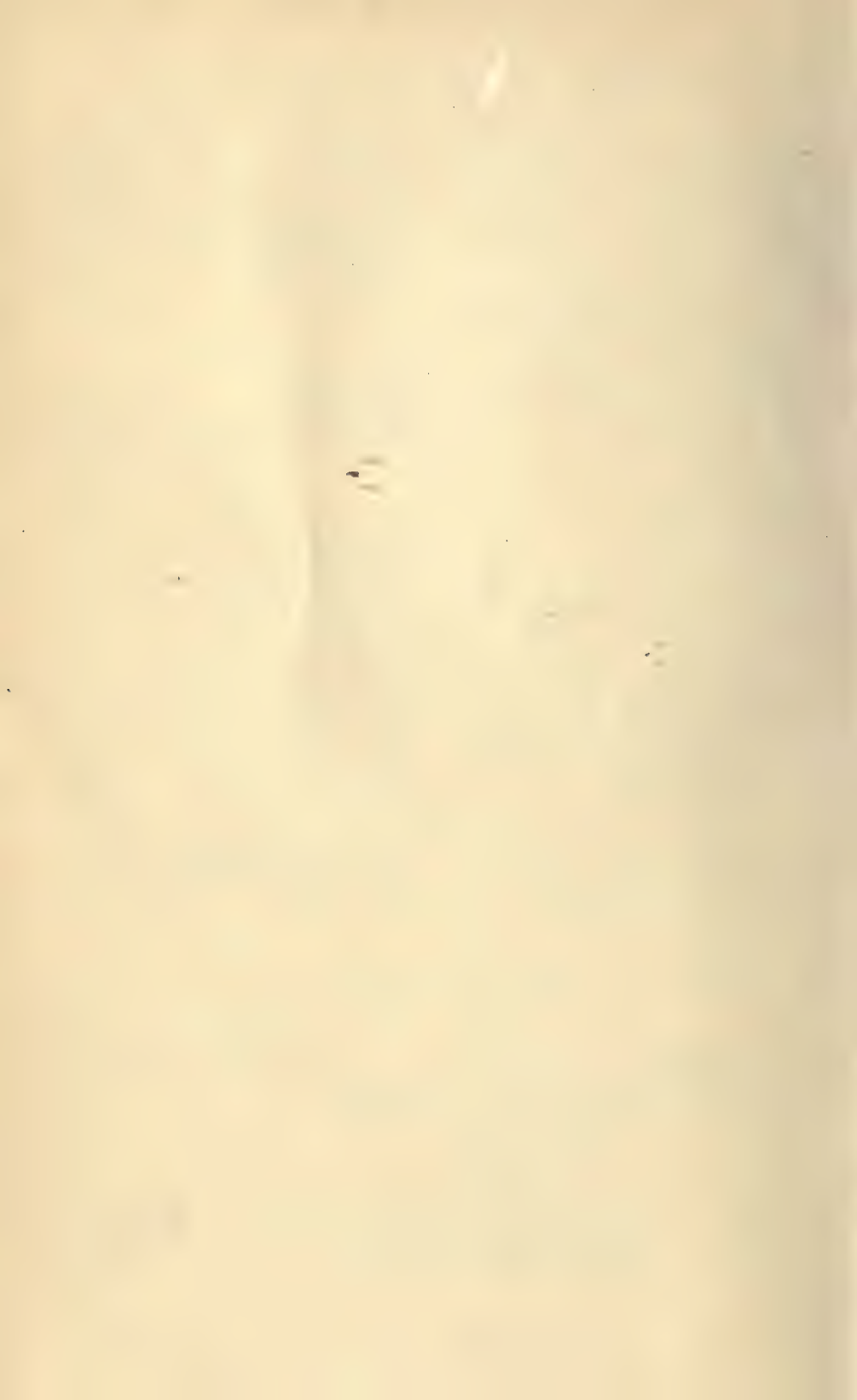
Zinovieff, 94, 95, 127

## CORRIGENDA.

Page 23, line 38, for "stateman" read "statesman."

Page 61, line 2, for "1909" read "1919."

Page 83, line 1, for "high" read "highly"





No. XXXVII

# SEPTEMBER

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“We fear no change of social or economic form provided that the substance of freedom be preserved.”





# INDUSTRIAL PEACE

## CONTENTS

The Rise in Prices

The Wages Problem, II

The Facts of the Case in Diagram, V  
Of Liberty

The Crime of Capitalism

Views of the Minority Press: "The  
Daily Herald"

Food for Thought

Day by Day



# INDUSTRIAL PEACE

## THE RISE IN PRICES.

A FEW months ago a committee representative of the Labour movement was appointed to investigate the causes of the rise in the cost of living, and it is expected that at least an interim report will be submitted to the Trade Union Congress, which will have met before these lines appear in print. We welcome the investigation for two reasons. In the first place the charge is frequently made against the Labour party that it has offered no practicable alternative to the present economic policy of the Government. For it is argued that to express the ultimate intention of substituting State ownership for private competitive enterprise is not to provide any constructive policy for immediate application; and that if the Labour party achieved a majority and took up the reins of government in the near future, it would be forced, by the necessities of the case, to continue the policy pursued by the present administration. The first condition of successful constructive effort is accurate knowledge of the present situation and the factors responsible for its creation. In the second place the enquiry provides a test of sincerity and capacity. An *ex parte* statement, based upon 'selected' evidence, or resulting from sheer inability to interpret evidence honestly sought, would produce more harm than good; but a document which was scientific in the true sense of the term, distinguishing the inevitable from the avoidable, would enhance the reputation of the Labour movement. Nor is it unlikely that the Committee will rise to the level of its opportunity and responsibility. It is fairly strong, and includes economists accustomed to gather and to weigh evidence.

We hope that in its report the Committee will first of all examine the existing methods of measuring changes in the level of prices. A considerable section of industrial workers—particularly of local leaders—profoundly mistrust the present official index number, which is accepted by arbitration tribunals and Government departments in dealing with applications for advances in wages. There should be, above all things, confidence in the departmental enquiries upon which the results are based, and it is therefore of the first importance that the Committee should bring these enquiries under review and either criticise or approve them.

The present level of prices is the resultant of all the economic forces in operation at the present time. The task of the Committee is thus an enquiry into the economic situation as a whole. The rise in prices is not confined to this country: it is characteristic of all countries. It would therefore appear to be due in part, at any rate, to the operation of world forces. Moreover, historical records show that wars have always tended to raise prices, if not permanently, at least for considerable periods. History suggests that there is an inevitable connection between the two, and the suggested inevitability is a matter for the serious consideration of the Committee. Again there is a considerable difference between the extent of the present rise in different countries, and we hope the Committee will observe the differences and endeavour to ascertain their causes. It is worth knowing why the rise in prices has been less marked, for example, in South Africa than in France. We suggest that to restrict the investigation to this country would be as profound an error as to restrict it to Cornwall or Yorkshire. Great Britain is not an economic entity, but an integral part of a large whole; its economic organisation is intimately bound up with the organisation of the world as a whole. Nor is it sufficient, for the purpose of an investigation which is intended to be comprehensive and to carry the weight of authority, merely to specify the world forces in operation; it is necessary to estimate their line of operation and the degree of influence they exercise upon the general result. For example, it is highly important that we should know, not merely that the cost of production and the price of coal have advanced, but also, as far as information can be obtained, the extent to which the cost of coal-getting has risen as the direct result of the reduction of hours of work, the rise in wages, and the change in the guaranteed daily wages relatively to the piece-work earnings of miners. Again, we require to know in far greater detail than is yet known, the extent of the specific and unavoidable advance in the cost of building a ship or locomotive.

The nature of the forces which have produced a rise in general prices is well-known, and a report which contented itself with covering the same ground would carry little weight. The two main forces, as we have frequently been told, are a deficiency in supply relatively to demand and an expansion of currency and credit. There is much leeway to be made up, not only in this country but also in others. In some directions supply has again overtaken demand, and the margins between costs and prices have been largely reduced, if not abolished.



In other directions supplies have practically reached the pre-war level, but demand has increased in the meantime, so that a condition of shortage remains and prices still leave a considerable margin for excess profits. The increase in demand has been largely due to the extent to which wealth has been re-distributed during the war, to the advantage of particular groups of manufacturers, dealers and workpeople. This seems to be an inevitable result of currency expansion. We need not here consider why it should be so: it is sufficient to note the fact, and to call attention to the connection between the extent of the rise in general prices and the degree of currency expansion in each country. Further, the main, though not the only, avenue along which the new currency has travelled, is towards advances in wages. It is thus one of the most important tasks of the Committee to endeavour to establish the true connection between existing wages and prices. There appears to be a two-fold connection between the two. Where supplies are short, prices are fixed by the competitive power of consumers, which is in turn represented by the amount of currency at their disposal. The further connection is found where supply approximates to demand, and competition between sellers is effective. Under these conditions prices are in the neighbourhood of costs. But costs are themselves mainly determined by wages rates, which are to-day far in excess of pre-war rates.

The above statement is a truism; but it is one of those truisms which are consistently ignored. We are frequently told that wages will never return to pre-war rates—which is probably true; that rates *may* rise, if they have not already risen, to an uneconomic level; and that currency and credit must be deflated. To what extent is it true to say that advances in wages are futile? What is the economic level of wages at the present time? To what extent can prices be reduced—or their upward tendency checked—without any reduction in wages? What may be expected from increased production in this industry and that? To what extent has industry become 'lopsided' in development? What adjustments are necessary to secure a true equilibrium? To what extent is the power of this country restricted by its dependence on other countries? What influence has been exercised by price associations since the Armistice? Is the Excess Profits Duty in any way responsible for the persistence of high prices? Questions such as these call for careful examination, and they must be faced by the Committee if its report is to serve any real constructive purpose.

## THE WAGES PROBLEM (II).

Most of us think we are grossly underpaid relatively to other people. The average professor believes that he should be remunerated at least as highly as the chief administrative officials of a large city. School teachers have fought strenuously for adequate financial recognition of their profession. We have already referred, in the first article, to the efforts made by moulders to secure a higher place in the ranks of skilled workers. Women workers strove during the war for the recognition of the principle of 'equal pay for equal work.' During the same period, too, people employed on constructional work in the building trade, pressed their claims for the preservation of the custom of being paid for such work three farthings or a penny per hour more than for repair work in factories; and the granting of a bonus of  $12\frac{1}{2}$  per cent to certain skilled engineers and moulders was the signal for an application for a similar bonus by other skilled workers, who, quite naturally, desired to preserve the same relative wages in the various skilled trades. The problem of adjusting relative wages is one of the most difficult in modern industry. *A* desires to overtake *B*, who, while welcoming a rise to the former, endeavours to remain as far in advance as before. The problem of adjustment is clearly quite distinct from the problem of raising 'earned' incomes as a whole to a higher level, at the expense of investment incomes. To the latter we shall return in a future article—for the present we ignore it. The former would exist even if all the income of the nation were distributed in wages and salaries in return for personal effort. It would also appear in a Socialist State. And a solution of the problem which was satisfactory one day would cease to satisfy the next. For industry (and, indeed, most forms of economic effort) is constantly changing; new occupations are created; the demands upon workers in existing occupations change their character; machinery converts skilled labour into semi-skilled, and unskilled into skilled.

We have no method of adapting our system quickly to new requirements. We appear to be in a transition stage, and likely soon to witness the complete abandonment of the old method of regulating wages. Under the system which pre-



ailed for the greater part of the nineteenth century, wages were said to be regulated by competition. An employer was said to be compelled to offer a wage sufficient to call forth an adequate supply of labour for his purpose. He competed with rival employers in the same industry and with employers in other industries. If the work which he had to offer was of a peculiar character, its peculiarity would be reflected in the wages rate. Thus work demanding skill and training, or work which was exceptionally unpleasant, or carried with it great risk of periodic unemployment, would necessarily carry remuneration at a higher rate than unskilled, pleasant or regular work. But this theory did not square with the facts.

Workers were generally at a great disadvantage. They moved slowly, and when ready to move were at a loss as to the direction they should take. Custom and tradition hindered the process of adjustment. In some industries the workpeople—particularly the skilled workers—banded themselves into unions which, for reasons which we need not here discuss (in any case they are somewhat obscure) were able to secure far better terms for their members. But the position of those who remained in isolation was rendered worse by the action of the organised workers. In some trades the conditions became notorious, and the workers were said to be ‘sweated’—which in essence meant that their wages were regarded as unduly low relatively to the wages of organised workers. Unskilled workers employed to assist skilled and organised workers were paid rates which reflected their lack of organisation. Roughly speaking, skilled rates were about fifty per cent above unskilled rates. This difference became traditional, and the tradition may prove a hindrance to progress in the future.

Unskilled workers in many industries were organised before the outbreak of war, but the rate of improvement in working conditions might have been accelerated. There remained, moreover, large groups of sweated workers, and in 1909 an experimental act was passed for the establishment by Trades Boards of minimum rates in selected industries. This act represents the first attempt at legal regulation of wages under modern industrial conditions. Two points call for special comment, in that they raise the issue for the twentieth century. The first is that the act was due to the growth of the feeling that there is such a thing as economic justice, and that every worker is entitled to a ‘fair’ wage. The second is

that collective arrangements were substituted for individual bargaining, and a combined conciliation and arbitration arrangement was substituted for the employment of economic power. The two sides represented on the Boards endeavoured to arrive at an agreement regarding what constituted a 'fair' minimum wage in the particular circumstances of the case, and in the event of failure to agree, the independent members endorsed the view of one side or the other.

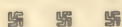
During the war the trade union movement made great progress, but there remain a number of industries still imperfectly organised. During the last few months, Trade Boards have been set up in several of these industries, and are likely to be set up in many more. What will be the result? The conditions of employment of practically every worker in the manufacturing, distributive and other industries will be determined for him or her by arrangements made between associations of employers and workers. The day of individual negotiation is practically over. The competitive force (in the sense already described) if it ever was effective, has spent itself. In many industries the workers form close and powerful monopolies. What, then, is to be the regulative factor in wages? For many years to come we shall no doubt witness displays of force by monopolistic combinations, but if these are sincere in their professions that they merely aim at 'economic justice,' and if, moreover, we can devise some machinery for interpreting that ideal and translating it into money terms in given circumstances, we may witness the abandonment of the strike weapon as a method of securing advances in relative wages.

The new problem is similar, in its essential features, to the problem of determining prices under monopoly conditions. While producers worked in friendly, or unfriendly, rivalry, prices could be left to take care of themselves. If we imagine an economic society in which all goods are produced by monopolistic associations the problem of fixing 'fair' prices naturally assumes the first importance. Similarly with wages. Monopolistic power will not be allowed free and full play. It will be necessary to devise some machinery for adjusting claims which will always reflect the conflict between the part and the whole. Such machinery will in course of time be evolved. The arbiters must clearly possess expert knowledge of the work for which the rate of remuneration has to be fixed as well as other kinds of work with which it can be compared.



From this point of view the industrial union represents an advance from the craft organisation, for the former covers a variety of occupations, and must therefore adjust the relative claims of such occupations before approaching the employers' association. But occupations cut across industries, so that some form of integration of industries is necessary. This is already to be found on the labour side in the Trade Union Congress. But the Congress is hardly likely, at the present moment, to undertake the responsibility for determining the appropriate relations of wages rates. If it were ready to do this, the latest claim of the miners might be submitted to it for settlement. But for the present, labour leaders are too eager to preach the solidarity of labour to do anything which helps to reveal the many cracks in the wall.

Industrial Unions are bound to face the problem in so far as it concerns their own members—witness the 'grades movement' among railway men, and the efforts of the Miners' Federation to adjust the relations of tonnage and time workers. Trades Boards and Whitley Councils are similarly engaged in the task of adjusting relative rates. These should be supplemented by an Industrial Council composed of representatives of Trade Union Congress and associations of employers, and of independent members appointed in the same way as are independent members of Trades Boards. The Industrial Council should be so large and representative that it would be able to work through sub-committees possessing adequate knowledge of the special occupations under consideration and those with which they would normally be compared. With such machinery it should be possible—though it would be by no means easy—to place each occupation in the general grouping, after due consideration of its peculiar circumstances, the degree of skill, the risk of unemployment and other factors which attract or repel.



## THE FACTS OF THE CASE IN DIAGRAM (V).

It is no longer necessary to emphasise the importance of the housing of the people. The social and economic aspects of the question have long been a source of grave anxiety to those who understood the relation of housing to the health and wealth of the nation. Five years of war intensified the evils of over-crowding, and the political factors which, during the past two or three years, have accentuated the danger of a continuance of the prevailing shortage of houses, leave no excuse for ignorance of the conditions, and no room for apathy or delay. The Government is striving to make possible the rapid provision of new houses, and builders are only too anxious to set to work when given proper guarantees.

But among the people generally the real significance of the problem is still, unfortunately, ignored. Unfortunately, because it will only be properly and thoroughly tackled when it is wholly understood. There are those whose knowledge is limited to the fact that they cannot get a house themselves. There are others who are more conscious of the political question than of the social and economic problem. To some of these the shortage is a menace which it is imperative to remove; to others a weapon which it may be more expedient to retain. Of the real importance of housing as a factor in the maintenance and development of this country as a first-class power, little or nothing is realised.

In December, 1918, we called attention to certain facts relating to the influence of housing on health. We stated that in 1911 ten per cent. of the population of England and Wales were living in over-crowded conditions (i.e., more than two adults or four children per room); that a commission of enquiry into the things most damaging to health and life concluded that the primary factor is the fresh air available; that two of the greatest drains on the manhood of the nation are phthisis and tuberculous diseases, and that the main predisposing condition to these diseases is overcrowding in towns and houses, insufficiency of light and air. We quoted Infant Mortality statistics for Bradford for 1914 showing a mortality rate of 62 per thousand in the three best wards of the city, as compared with a rate of 179 per thousand in the three worst, where overcrowding and slum conditions prevail. Anæmia,



rickets, tuberculosis and a lowered power of resistance generally characterise the "fittest" who survive.

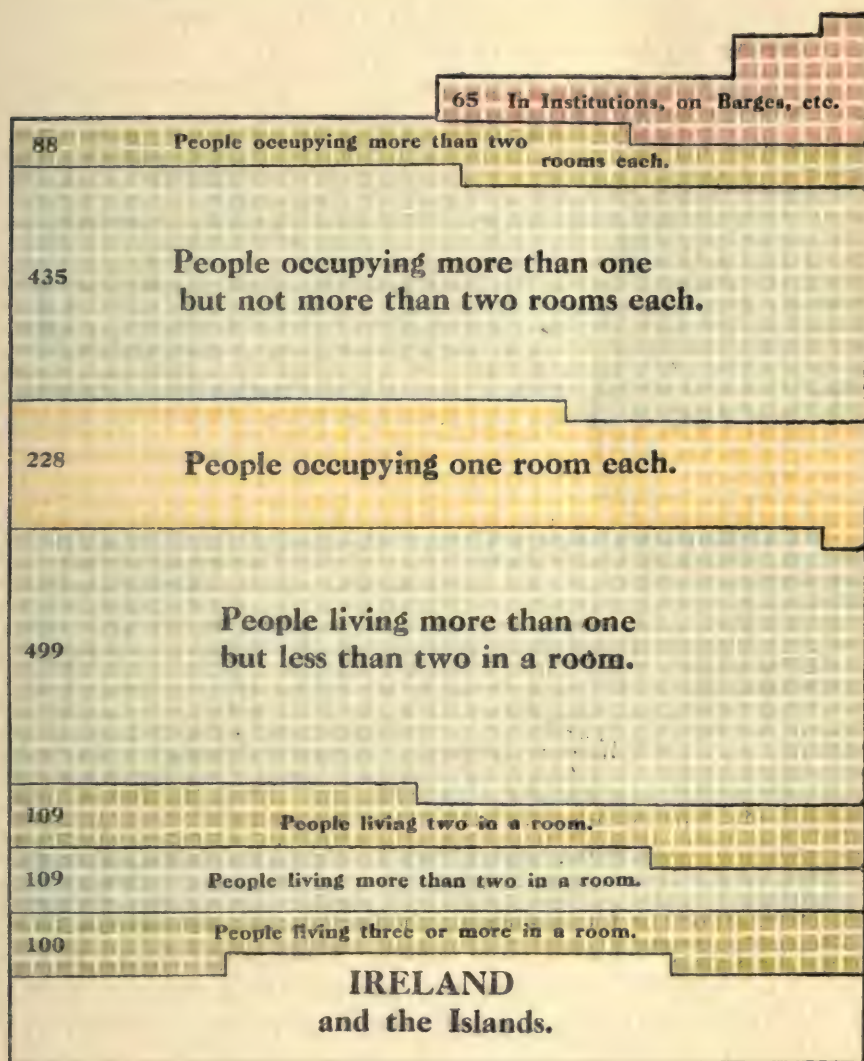
The influence of air and light on infant life are not disputed: medical science recognises them as factors no less vital in their influence on health than parental stock and food itself. If the extent to which the nation suffers from the handicap of bad and insufficient housing could be accurately estimated and brought home to every one of us, the active sympathy of the whole nation must be roused by the tale of needless suffering. If the effect of an ever-growing proportion of mentally and physically undeveloped men and women in permanently lowering the standard output per head in the country were fully grasped, even the purely self-interested would recognise the economic disadvantage under which such a nation must live, and find the means to rid themselves of the unnecessary burden. The evils of bad housing are like some cancerous growth that undermines the very strength that must support it. The effects are cumulative: those who bear the burden grow weaker as its weight increases.

The diagrams on the accompanying pages show pictorially the meagre limitations and inadequate nature of the housing available to the *majority* in 1911. Since that date conditions have considerably worsened.

In diagram No. 9 we see the exact distribution of the population of England, Wales and Scotland in 1911, according to the number of people living in one room. Of the total population of these countries, 1,624,000 persons, represented by 65 squares in the diagram, were shown by the census to be living in institutions, on barges, or as homeless vagrants. Of the remaining 1,568 squares, 751 denote people enjoying the possible privacy of at least one room per person, and 817 squares—considerably over half of the population living in ordinary houses—represent people who have only a share in a room. To understand the influence of these conditions on the physical, mental and moral development of the men and women who constitute the nation it is necessary to bear in mind the following facts. In estimating the number of persons per room, every room—kitchen or bedroom—is taken into account. Two persons living in one bedroom and one kitchen are considered as having one room each. In the majority of cases the rooms are small and ill-ventilated, the houses are herded densely together in the unhealthiest districts of our large cities, airless, sunless, and in an atmosphere tainted by the

## DIAGRAM No. 9.

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



## HOUSING.

**Analysis of Population, showing number of persons per room.**

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

smoke and dust of forge and factory. Sanitary accommodation in the smaller houses is as often as not shared between two to six households and is frequently built at the end of a whole row of houses, at a considerable distance from some of the householders. In addition to the effects of such conditions on the physical health of the people must be reckoned the moral and mental strain imposed. An inspection of the housing in any of our large manufacturing towns leaves the visitor marvelling that so many men and women successfully combat the dirt, the inconvenience and squalor of their cramped surroundings, and contrive for themselves clean, orderly and comparatively dainty homes.

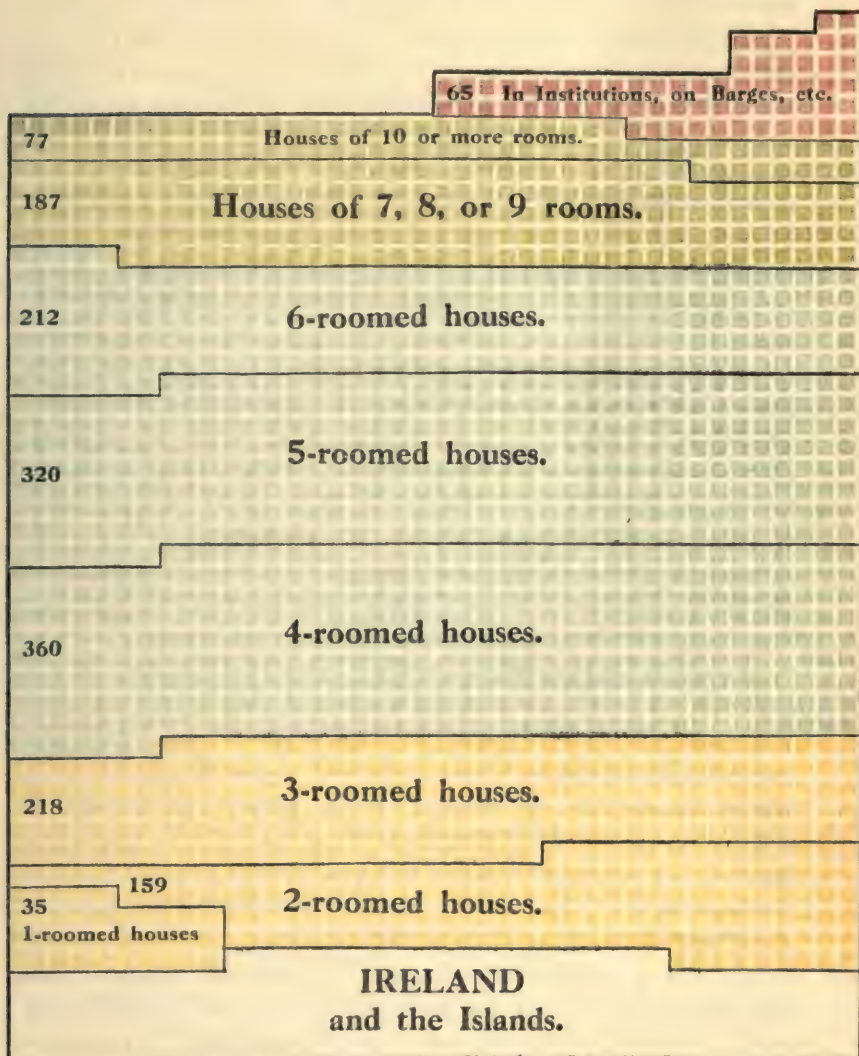
The conditions in Scotland are very much worse than in England and Wales. In the former country 45.1 per cent. were, in 1911, living in over-crowded conditions (i.e. more than two in a room). The corresponding figure for England and Wales is 9.1 per cent. Of the 100 squares in diagram No. 9 allotted to people living more than three in a room, 58.5 are accounted for by Scotland.

Diagram No. 10 shows the distribution of the population according to the size of the house they live in. The diagram does not tell the whole story because in the 1911 census for England and Wales, any part of a house in the separate occupation of a family ranks as a house. Thus, two families living separately in a house of six rooms are represented in the diagram as occupants of three-roomed houses. In the Scottish census the "tenement" means a complete house or flat, and the figures are, therefore, more truly representative of the type of house in which the people live. In Scotland 53.2 per cent. of the houses have less than two rooms. It may be noted that people represented in diagram No. 9 as having two, three or four rooms to themselves, are not necessarily rich people living in large houses. A big proportion of these are "families" of one or two persons living alone in small houses. For instance, 423,182 single people occupy as many houses containing from one to ten rooms, while 2,419,010, living in "families" of two, occupy 1,209,505 houses of from two to ten rooms.



## DIAGRAM No. 10.

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



## HOUSING.

**Distribution of Population according to size of House.**

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

## OF LIBERTY.

*"O Liberty, how many crimes have been committed in thy name!"*

How many crimes—and how many blessed acts—have been and are yet to be committed in the name of Liberty? Is there, indeed, a single movement, not wholly personal, but had its origin in some conception of freedom? Analyse and dissect every aspect of human life as you will, in the last resort the controlling force is the desire for what some race, nation or individual has conceived as freedom. Psychologists may not include this universal craving for liberty of thought and action in any classification of the human instincts, but it is, in point of fact, to the sentiment of liberty that all of us, consciously or unconsciously guide and subject the instinctive actions that make up our lives. Periodically the unexpressed desire takes form and assumes the force of a passion far exceeding the instinctive loves and hates of men, a passion that transcends all personal aims; and men deliberately, willingly, eagerly, sacrifice life itself in the effort to achieve their ideal of liberty for future generations. History is little but a record of the wreckings and achievements of this all-embracing passion—sublime in its self-immolation, awful in its blind, tempestuous force. Patriotism itself is nothing more nor less: respect and love for the freedom embodied in our own traditions.

A very little thought convinces us of the strength of the desire for freedom as a prime motive in the conduct of life. The feeling, weak or strong, is universal in man. And it follows that an appeal to men's love of liberty constitutes the easiest access to the control of the policy and actions of nations, of parties or of factions. Convince a man that your cause is the cause of freedom and you appeal at once both to his highest ideal and to his best self-interest. It is good for the future of mankind that it should be so: it is his certain promise of a progress not limited to material things. But because modern life is complex beyond the understanding of most, if not all, men; because we are compelled to form our judgments, not from facts, but from the subjective presentation of facts in our daily papers by men prejudiced in their outlook, unconsciously interpreting facts in the light of their desires, or deliberately perverting them to their own ends; because one man's idea of liberty may mean to others intolerable constraint—because of all these things it is of the utmost importance that men and women should be armed against their own

credulity with a clear understanding of what constitutes the highest, fullest liberty that men can hope to enjoy.

"All men," wrote Thomas Jefferson, "have a natural right to life, liberty and the pursuit of happiness," and even as he wrote, misled in their ignorance by the wretched self-interest or the blindness of their leaders, the people of France threw aside their "natural rights" and in the name of "Liberté, égalité, fraternité," forsook the more moderate counsels of less interested men, and welcomed the cruel enslavement of a reign of terror under Mirabeau and Marat.

Nearly a century ago the Utilitarians and the Manchester School committed this country to a socially detrimental economic policy in the erroneous belief that man was rational and if left alone would do what was best for himself and for others. Experience proved that economic liberty, in a social state, did not consist in each man doing as he thought fit; that the unrestricted liberty of one involved the enslavement of another; that men's conception of their own liberty was limited often to the immediate future, and took no count of later consequences. The horrors of the early factory system brought the error home, and reforms quickly followed. The State saw that if all were to enjoy some measure of liberty, men must be guided and restrained in their economic relations, as they were in their social relations. All our laws are an acknowledgement of the fact that "liberty must be limited to be enjoyed," and that man's conception of liberty is faulty, and fails to take proper cognisance of social claims upon the individual living in a society. The State rightly imposed restraints which in their effect increased the real liberty of the subject, but it failed, and still does apparently fail, to see that while much good of a negative kind may be accomplished by legal restrictions, the amplest measure of liberty that can be enjoyed in a complex social order will only be attained when the people themselves strive for the right ideal. Only when children, youths, men and women, are educated in the meaning of the term can they effectually be free. Liberty, to be enjoyed, must first be understood.

"Workers of the world, unite. You have nothing to lose but your chains. You have a world to gain," cried Karl Marx, the apostle of economic liberty in the 19th century, and the men of the 20th century, deceived by the mirage of liberty, and fed on the false doctrines of utopian socialists, jostle each other in the mad struggle to relinquish such liberty as they



now enjoy, in favour of a slavery more absolute than they have ever known.

Wage slaves, George Lansbury reiterates to half a million workers daily, you can have liberty now if you will throw off the yoke of capitalist domination. Revolt against those who have, and the blessings of liberty will be yours. And millions believe because they feel that they are not free, and no one has taught them why, or what is true freedom.

What is it? In the abstract it is a negative ideal. It implies the absence of restraint of any kind; the absence of all obstacles in the way of individual development. Such an ideal is obviously anarchical, impossible in a social State, since it has no regard to the social welfare. It supposes the right to take whatever seems necessary to your, or my, happiness or progress, even though it be the property or the life of another.

Freedom in this sense cannot be the governing principle of any community. We have learned from experience that greater freedom is derived from co-operation than from mere absence of restraint. We need each others' help; alone, we become the slaves of our physical needs. But to achieve some measure of freedom by co-operation with others, we must ourselves submit to some constraint. Our share, for instance, in the work of co-operation, must be adapted to the common need. The ideal of freedom will be a state in which the citizens enjoy the maximum of individuality combined with the maximum of co-operation; where the united effort gives the greatest power over Nature, but leaves to the individual the greatest measure of freedom in the conduct of his own life: freedom, that is, to choose his work within the limits of his capacity; to choose where he will live; to determine the details of his private life; to utilise his leisure in such socially harmless pursuits as he chooses.

Freedom, as a desirable ideal, is much more than absence of restraint. It is first and foremost the power that comes from unity. There is no freedom where there is strife, and there is no freedom where there is absolute poverty. Those who preach that freedom can ever be the fruit of violence, mislead their followers. Liberty in the sense defined, will come when the individuals of the nation learn and appreciate its true significance. There is no absolute liberty, and the maximum will only be obtained by mutual self-restraint. The instrument for its achievement is neither law nor force, but the influence of education in citizenship, which shall work like a leaven until it has permeated the whole.

## THE CRIME OF CAPITALISM.

IN a small English hamlet, where the only industry was market-gardening, lived John Adamson, a man of the people, poor, uneducated and industrious. If he held any advantage over his fellows, it was that, besides working harder than most, both he and his good wife were also more frugal than their neighbours, wasting nothing and always spending a little less than they earned.

In his early days John had been a farm labourer, but, inspired by the modest ambition to become his own master, he had put his harvest money into the family stocking, and adding to his store little by little as the years went on, he was at length able to rent a bit of ground near his cottage and to start market-gardening on his own. These were anxious days for John and his wife because, besides having to buy tools, seeds and manure, they had to live on their savings until their crops were ready for market.

The risk was great, and if anything had gone seriously wrong they might have lost their all and then John would have had to become a farm labourer again, with the added bitterness of feeling that the fruits of his self-denial had been thrown away. Fortunately the season was favourable, and the first year's working showed a fair profit on the labour, thought and money that he had risked in the adventure.

As he gained experience in his new business, matters improved very considerably, but he still made it a rule to keep his expenditure below his income with the result that, in the course of a few years, he was able to buy a horse and cart. This put him into a very advantageous position as compared with his neighbours, because he was no longer dependent on the local merchant who used to buy his produce, but could take his fruit, eggs and vegetables to the market town and get a better price.

The possession of the horse and cart, however, complicated matters somewhat. There was the cost of the horse's keep, the risk of broken knees, and the extra labour of feeding and grooming, besides the impossibility of being in two places at once, for he couldn't mind his garden when he was away marketing. In this dilemma he bethought himself of his nephew, who was employed looking after pit ponies in a





Welsh coal mine, and as the boy was willing, terms were soon arranged to the satisfaction of both parties. John did not offer very high wages to begin with because he didn't know just how things would pan out, or whether the boy would earn his keep. As a matter of fact the experiment was not a complete success, as one of the boy's first exploits was to let the horse down and break a pair of shafts. Other mishaps followed, and John began to regret the day that he became an employer. As time went on, however, these early troubles were forgiven and forgotten, the nephew grew up, received a man's wage, and—what is more—earned it.

John's success at market became the talk of the hamlet, and others thought they would follow his example, but not having saved the wherewithal to buy horses and carts for themselves, they offered to hire John's turn-out once or twice a week so that they might enjoy similar advantages. This suggestion was not altogether to John's liking, for two reasons: firstly, because he realised that the competition of his neighbours would increase the supply of vegetables in the market and therefore reduce prices; and secondly, because he foresaw that before long someone would be asking to hire his horse on days when he wanted to use it himself. Still, he was not the sort of man to play the part of a dog in the manger, and so he put on his thinking-cap and worked out a plan by which he could oblige his neighbours without injury to his own prospects. The upshot of his deliberations was that he borrowed some money from a bank on the security of his stock and furniture, bought two more horses and carts, hired a couple of drivers, and started in regular business as a carrier. Some thought that he charged too much, but he told the critics that he hadn't taken on the job entirely for philanthropic reasons, that his horses would wear out and have to be replaced, and that if he had all the bother of book-keeping and the risk of bad debts, he meant to get a decent return for his outlay. He added that if anybody was dissatisfied the remedy was in his own hands, that nobody was obliged to hire, and that those who had been able to do without his services in the past could carry on in the same way for the future.

It was something of a shock to John Adamson when he had to pay income tax for the first time. He felt that the State had done little enough for him during the many years whilst he was struggling to make both ends meet, and he didn't see



why he should have to forfeit a large slice of his income as soon as he became more prosperous. Any resentment, however, that he harboured on this score was of short duration. He came to realise that if he did not pay income tax there was no logical reason why anybody else should, and if nobody contributed towards the cost of administering the country, the whole fabric of society, which had given him opportunity to improve his position and security to keep what he had got, would be shattered. After arriving at this conclusion he paid up willingly and, as becomes a good citizen, was proud to bear his part, and thus to relieve those less fortunate than himself from burdens which would otherwise add to their cost of living.

When John Adamson died he left what his neighbours called a nice little fortune, out of which, after succession duty had been met and a few small legacies paid, enough was left to keep his widow in moderate comfort for the rest of her days without having to work for her living. Thereafter in statistical calculations Mrs. John Adamson figured as one of the "idle rich," and years afterwards was cited as an example of a "parasite battenning on the life-blood of the producing class" by an itinerant orator who came to spend a week in the hamlet as the representative of a socialist organisation in London.

As a rule this speaker was listened to with attention, especially when he confined himself to vague generalities and talked about grasping Imperialistic governments, downtrodden subject-races, proletarian wage-slaves, and such like matters which the village people, knowing nothing about, thought rather fine and original. But when he came down to details, and particularly when he began to abuse local people, he found that his spell-binding gadget didn't work, for the simple reason that his audience knew more about the facts of the case than he did, and someone in the crowd was heard to say that if the orator had worked half as hard or half as long as Mrs. John Adamson had done he would have no need to take a weekly salary as a cheap-jack mischief-monger.

This bald, unheroic tale of John Adamson and his circle is nothing out of the ordinary. Similar men in similar circumstances and with similar histories have always existed by the thousand score all over the English-speaking world. What then is the point of the story, and why should such common-places be recounted? Our answer is that all the *essential*

*principles* of the social system which goes by the name of capitalism are represented in this simple working model of the everyday life of typical British citizens. The tale is nothing but an illustrated version of Abraham Lincoln's well-known panegyric on the merits of private enterprise, in which he said—"The prudent, penniless beginner in the world labours for wages for a while, saves a surplus with which to buy tools or land for himself, then labours for himself for another while, and at length hires another new beginner to help him. This is the just and generous and prosperous system, which opens the way to all, gives hope to all, and consequent energy and progress and improvement of condition to all."

With these words we might bring our present discourse to a fitting end, were it not that Capitalism has been so persistently misrepresented in the past, is being so grossly caricatured in the present, that one is tempted to try to dot every 'i' and cross every 't,' in the hope of compelling the public to focus its attention, not on a counterfeit presentment which confuses the issue by plastering it with every sort of mud that spiteful detractors can collect or invent, but on a dispassionate weighing of evidence—for and against—the fundamental principles and the necessary consequences of the system itself.

There is nothing ambiguous about the story of John Adamson, and its value consists in the fact that no healthy-minded Englishman can misunderstand it. He was a capitalist and an employer. He took advantage of the capitalist system to improve his position and to secure his own future and that of his wife. In the jargon of Marxian economics, "he accumulated wealth and used it to employ the labour of others." He lived on profit and, paying little or no attention to the theory of the "ethical value of labour," he paid the rate of wages current in his district and went through life without any suspicion, that, in the opinion of a German-born savant, he was a thief who robbed poor people "by economic force," that is to say, by taking "surplus value" from its creator and rightful possessor. John Adamson was not a bad-tempered man, but if the boy who let his horse down and broke a pair of shafts had talked to him like that he would very likely have got a black eye for his pains.

John Adamson worked hard and took risks because he preferred practice to theory and because he was determined to make good. His objects may have been selfish, but their accomplishment, far from impoverishing others, raised the

total wealth of the small community in which he lived by increasing production without raising its cost. Nobody was a penny the worse on account of his success and many profited by his initiative and example. On the positive side he helped the State by contributing to the Exchequer, and on the negative side he relieved his neighbours of a contingent liability to support himself and his wife in their old age.

“Under an ideal capitalistic system every worker would be a capitalist and every capitalist would be a worker.” There is nothing in the English law, nothing in public opinion, to prevent a man of grit from following in John Adamson’s footsteps. Some will have better luck than others, for that is the way of the world that neither Socialism nor Capitalism can alter. There is not enough wealth in the country for everybody to be rich. The total amount of wealth will be increased if people work harder—it will be diminished if people work less hard, and the position of the individual depends more on his own energies than on the defects of the system. The ladder is there for the climbing, and it is better to negotiate one rung at a time than to stand in a crowd at the bottom and revile the few at the top. Capitalism, as practised, is admittedly faulty, but its shortcomings are caused mainly by the inherent faults of the human beings who operate it. These faults would still be there whatever the system and, as evolution is the one certain law of progress, it is a fair presumption that Capitalism which has grown up, not on a theoretical basis, but as the result of trial and error under varying conditions, in different lands and through long years is better adapted to meet the requirements of average human beings than some other system which has still to emerge from the text-book stage.





## VIEWS OF THE MINORITY PRESS.

### "The Daily Herald."

FOR the past three years we have endeavoured to keep our readers in touch with the views expressed in what we have termed The Minority Press. At the beginning of that period this section of the Press was limited to weekly and monthly periodicals enjoying a varying, but in every case small circulation, among a rather exclusive set of men and women who favoured this or that organ according as their sympathies were socialist, anarchist or vaguely "revolutionary." None of the many papers referred to were sufficiently influential to mould the beliefs, ambitions and desires of the working-class of this country. With the advent of the *Daily Herald*, however, in April, 1919, the Minority Press entered on an entirely new phase in its existence. Hitherto, such papers were chiefly important because they showed us the mentality and the aims and intentions of those who worked among the devotees of street oratory. We knew that, generally speaking, they were "strong drink" enjoyed in the main by a very small minority who, having drunk, worked off the effects of their intoxication on such audiences as they could command. The journals then were the food of the teachers and students of Labour and socialist politics, rather than the man in the street.

But to-day the *Daily Herald*, with a circulation of between three and four hundred thousand copies, and supported financially by a large proportion of the strongest Trade Union and other Labour organisations, speaks directly to an increasingly important section of organised Labour. It is still rightly classed with the Minority Press because, as an avowedly revolutionary organ, its policy is that of a small minority; but its influence is no longer limited to a minority. On the contrary, despite the difference in actual circulation, its voice not improbably penetrates hardly less widely and persuasively than that of the Northcliffe Press.

To some it may seem that, if a paper is acceptable to so large a public, its views cannot be considered to represent those of the minority. But so long as a paper offers sufficient points of interest to the majority, it is not essential to its sale and circulation that its ultimate aim should be that of its readers. The *Daily Herald* offers all the ordinary attractions of the popular newspaper: sensational headlines, police court news, racing tips, boxing, cricket and football news, theatrical

gossip, reviews of current literature, and columns for women and children. In addition, it gives a provocative and one-sided account of nearly every strike or labour trouble, small or great, throughout the country. The whole paper is written in a tone calculated to appeal to the prejudices of its particular clientèle, the language is strong, the sentiment flamboyant, the humour broad, and the key-note of the whole is sensationalism. The worker's vanity is flattered: an heroic motive is ascribed to his most ordinary actions, while the lives and deeds of the so-called governing and employing classes are held up to his ridicule and scorn. The spirit of compromise is conspicuously absent, and envy, malice and all uncharitableness are stimulated deliberately.

The art of special pleading is not confined, we must admit, to journalists who are out for revolution, but whereas all the other newspapers wage Party war, so to speak, within the Constitution, seeking to further this or that interest as they conceive it, but leaving the fabric of the Constitution itself untouched, the *Daily Herald* seeks to divide the nation into warring factions and will not hold its mission accomplished until the Class it favours has risen up and utterly destroyed the Class it scorns. Its object is neither reform nor progress, as we understand it, but Revolution—annihilation and a new beginning.

But to those who care most for the welfare of the nation, and who most deeply study the ways and means to social reform, it has always been, and still is, obvious that revolution, whether anarchy or socialism be its goal, is emphatically not a short cut to better things. The example of Soviet Russia can offer little hope even to the most prejudiced and optimistic revolutionist.

From the *Daily Herald*, however, these things are apparently hidden. Starting out with the conviction that revolution is good for the people, this paper endeavours by all the usual artifices of the less scrupulous propagandist to achieve that end. Thus all its leaders and all its news reports are made to bear witness, not to the weaknesses or the vices of this or that statesman, or of a given trade or individual firm, but to the supposed rottenness of the system itself. In illustration of the subtly suggestive manner in which this class-war propaganda is carried out amongst a reading public who would recoil in horror if they understood the nature of the poison they are gradually absorbing, we quote below extracts from a few of the articles which have appeared in the paper during



August. Lack of space compels us to confine ourselves to the Polish question, but the same treatment colours every question handled in the paper. Ireland, the miners, taxation, railway fares, housing, even the charabancs: every trouble great or small is skilfully welded into a weapon for the class war.

"There is no question of the independence of Poland," we are told on August 6th, "the military situation is quite plainly that Russia dare not stop fighting until it has a solid guarantee of peace. It cannot possibly trust our Government or the French or the Polish. . . . Russia has played absolutely straight. The question for the British working-man now is whether he is prepared to shed his blood and to have his sons conscribed and butchered so that a set of tricksters can secure the corn and oil wells of the Middle East for capitalist exploitation for this country; so that the natives of Africa may be deprived of their own land and made to labour under the lash for French and British capitalists: so that the subject races and *the subject classes* of the world may remain in subjection."

On August 9th we read: "Workers! You will not be deceived! You know it is the same old gang at the same old game: seeking to shed your blood in capitalism's filthy quarrels: lying, intriguing, ruining the world."

In "The Truth about Poland" (August 10th) we are asked to "consider the monstrous pretence that these measures (taken by the Allies) are really designed to save Poland. *Poland does not want to be saved from anybody except the Allies.* Poland is negotiating an armistice and the preliminaries of peace with Russia tomorrow, and *if we desired to save Poland* we should let it negotiate and leave it alone. There is no chance of continued war except such as is desired by Messrs. Churchill, Foch and Co. . . . THEY ARE PLANNING WAR AGAINST SOCIALIST RUSSIA BECAUSE THEY LIKE WARS AND BECAUSE RUSSIA IS SOCIALIST. . . . The game of the Allies is to prevent Poland from signing peace, to force it to go on with the war which it openly desires to abandon, and *instead of saving Poland to destroy it.*"

It is difficult to make a selection from the welter of inimical leaders which appeared in this paper throughout August on the subject of Poland. Whether or no the *Daily Herald* is the official and paid organ of Soviet Russia in this country, there can be no doubt that in actual fact the paper acted



solely and blindly throughout the crisis as the friend of Russia, and the enemy of this country and the Allies. The general tone of the paper betrays perhaps more to the critical reader than can be conveyed by any one particular passage, but given only the following extracts it is difficult to avoid the conviction that Mr. Lansbury's staff were at least kept closely informed of Soviet Russia's ultimate intentions towards Poland. It is, indeed, not easy to avoid the suspicion that British sympathisers were actually in counsel with the Moscow government, and that, if anything, the crisis was "engineered" not by militarists and capitalists, but by revolutionists for revolutionary ends.

On August 3rd the *Daily Herald* discusses the probable conditions of an armistice between Poland and Russia. Some armed forces, they consider, would be essential in Poland, as they were in Germany where the Allies, we are told, solved the problem in the worst possible way.—"Can that blunder be averted in the case of Poland? We believe that there is a way . . . and that the instinct of the Russian workers is likely to suggest it to them as the right solution of the problem. . . . It is that the control of the armed forces should be taken out of the hands of the class that has proved itself unfit to hold such power, and that it should be placed in the hands of the organised Polish workers themselves."

On August 12th the "official text" of the Russian Armistice terms is published, and prominence is given in the headlines to the fact that "M. Kameneff makes the reservation that these terms may be supplemented by details of secondary moment." The next quotation is from the following day's issue. "The Soviet Government is to be congratulated upon having, by its generous attitude towards Poland, posed the issue thus unmistakably. It has removed the last vestige of excuse from the aggressors. It shows them attacking Russia for one purpose and one alone—the overthrow of Socialism."

On August 16th the *Herald* declares that "as to the arming of the Polish workers . . . there is nothing new about it at all," and refers to the article of August 3rd in which they pointed out that "the disarming of Poland would necessarily mean the placing in the hands of Polish workers the duty and the means of maintaining internal order." On another page of the same issue we read: "That there will be a Socialist revolution in Poland as the result of the mad and wicked war into which the working class have been plunged by their unscrupulous rulers, is indeed, very possible. That will not be Russia's fault. . . ."

## FOOD FOR THOUGHT.

THE doggerel verse which first gave Jingoism the name it bears, prefaced its bellicose absurdities by announcing that "we don't want to fight," and forthwith proceeded to utter "awful threatenings and complaints" as to the consequences that would ensue unless the side represented by the author got its own way. Much the same line of argument is being too freely used in the present coal-mining controversy. Practically every Labour leader concerned has declared that he does not want a coal strike, the mandate did not come from the rank and file, the public is overwhelmingly in favour of a settlement, and the Cabinet is anxious, above all things, to avoid a conflict that will make its task of governing the country more arduous, and more fraught with peril, than ever before. If the expressed desire for the maintenance of industrial peace is honest, only sheer lunacy can forego it, and the group which refuses to listen to reason will earn the condemnation of all fair-minded people. Assuming, for the moment, that neither party is guilty of wilfully misrepresenting their attitude, we are forced to the conclusion that Mr. Smillie believes that he can gain his point through the agency of threats—for it is clear that if the projected strike actually materialises, the objects for which it is ostensibly instituted cannot possibly be secured.



Mr. Smillie advocates a reduction in the price of household coal on the grounds that the cost of living will thereby be brought down: but he cannot be blind to the fact that the strangulation of industry occasioned by shortage of fuel would force up the price of all commodities to an unprecedented figure. The public would infinitely prefer to buy coal, almost at any price, than have to do without it altogether. If a reduction in the cost of living for the poor is Mr. Smillie's true objective, let him show his good faith by offering to withdraw his demand in return for the concession that the cost of bread shall be artificially reduced to the very poor during the coming winter.

Mr. Smillie claims a wage increase on the score that the standard of comfort enjoyed by the miners ought to be improved, but he knows that the positive privations which it is in his power to inflict, must more than outweigh the



problematical benefits that he hopes to obtain for his constituents. He declares that public ownership of the mines is his aim, but he demolishes the whole basis of nationalisation when he seeks to divert money which is now earmarked for the reduction of the national debt, and proposes to devote it to increasing the wages of a particular section.



The threatened lock-out in the engineering industry is another trouble that ought to be composed on its merits, without a declaration of war. The case is different, because whilst the regulation of wages is a fit matter for submission to an Industrial Court, the employers cannot go to arbitration on the question of their right to appoint their own foremen. The essence of arbitration is the willingness of both parties to abide by the decision of the Court, and when that condition is necessarily absent the avenue is closed. At the same time we strongly deprecate the policy of counter attack, and are persuaded that the lock-out, being a survival from the bad old days, is intrinsically detrimental to the cause of industrial peace. When the Employers are in the right let them stand their ground (but not to their guns) and leave the odium of attack to the offending party.



We have neither the space nor the inclination to enter into a discussion of the sordid details of the self-exposure of the *Daily Herald* which has provided us with a nauseous example of hypocritical casuistry, unequalled, we suppose, in the annals of journalism. One aspect, however, calls for comment. The Labour Party has decided, by an emphatic majority of votes, to have no truck with the Third International, with its declared policy of the deliberate provocation of "heavy" civil war and the destruction of parliamentary institutions. The *Daily Herald* has accepted contributions from Trade Unions on the implied understanding that Mr. Lansbury's paper would support Trade Union policy, but the *Herald* could have had no subsidy from the Bolsheviks without promising its adherence to the Third International. Mr. Ernest Bevin and Mr. Frank Hodges are directors of the *Daily Herald* and also prominent Trade Union officials. The question therefore arises—will they retain both offices and, if so, which of their mutually antagonistic paymasters will they obey?



## 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).*

### August

1st. The Labour Gazette index number for the cost of living at August 1st, was 155, indicating a rise of three points during the month of July.

Changes effected in the rates of labour during July resulted in a total money increase of nearly £200,000 a week in the wages of nearly 500,000 work-people. Over 11,000 work-people received an average reduction of nearly two and a half hours in their working time. 265 trade disputes involved 90,000 workers and a loss of 908,000 working days.

Unemployment in industries covered by the Unemployment Insurance Act rose from 2.62 to 2.73 per cent, and the numbers on the Live Registers of the Employment Exchanges fell from 287,003 to 271,504.

A special trade-union conference in Glasgow, at which 450 Scottish trade unions were represented, passed a resolution in favour of a twenty-four hour strike on Monday, August 23rd, to inaugurate a no-rent campaign.

The Communists in England, at a meeting convened for the purpose, formed themselves into a "National Communist Party." The delegates represented a total of not more than five to six thousand rank and file. Messrs. Arthur Macmanus, Robert Williams, A. A. Purcell, Colonel Malone and Mrs. Montefiore were the most prominent socialists present. Membership was limited to bodies advocating the dictatorship of the working class, the Soviet system, and the Third International.

2nd. Miners' International Conference opened at Geneva. Mr. Frank Hodges was elected Secretary.

The Industrial Court refused to support the claim of the railway-wagon builders and repairers for an advance of 6d. an hour on time rates. It was shown that wage advances over pre-war rates already secured, ranged from 126 per cent. for smiths to 199 per cent for strikers.

3rd. The Miners in Conference at Geneva formed a unanimous resolution that all miners should strive for the nationalisation of the mines in every country.

5th. Over 360 skilled mechanics on the G.W. Railway struck as a protest against the decision of the Industrial Court that the demand for a wage of £6 a week was not justified. The present wages average £4 15s.

6th. The Industrial Court awarded advances of 6s. and 7s. a

week to men and women respectively, in the employ of Maconochie Brothers, and fixed minimum time and piece-rates.

The Government, in conference with the Master Builders' Federation, and the National Federation of Building Trade Operatives propose to accelerate building by taking in unskilled and partly skilled labour—particularly ex-service men and adopting payment by results. In return for these concessions and an insurance against stoppage of labour, they propose a guarantee of employment for five years.

At a national conference of engineering and shipbuilding unions in London, the agreement under which wages in the industry have been regulated since February, 1917, was abrogated, "in view of the unsatisfactory use made by the Industrial Court of the four-monthly leaving agreement." After allowing an award of 6s. a week last March, the Court rejected a claim for a further advance last month. The actual abrogation of the agreement (which would have expired in any case next month), leaves employers and men free to negotiate directly without compulsory reference to the Industrial Court.

7th. Delegations of ex-service men's organisations representing a total membership of three million ex-officers and men, considered a proposal for amalgamation. It was agreed to draw up a draft constitution.

9th. A special emergency meeting of the Parliamentary Committee of the T.U.C., the National Executive of the Labour Party, and the Parliamentary Labour Party was held to discuss the Polish-Russian crisis. The resolution passed was to the effect that the meeting felt certain that war is being engineered between the Allied Powers and Soviet Russia, and that the whole industrial power of the organised workers will be used to defeat such war. A national conference of affiliated organisations is to be called, and is advised to instruct members throughout the country to 'down tools' on receipt of instructions from that conference. A Council of Action was appointed to watch and direct immediate developments.

10th. The Labour Council of Action discussed the Polish crisis with the Prime Minister and Mr. Bonar Law.

11th. The Bread subsidy, which amounts to £45,000,000 and is equivalent to 5d. a quartern loaf, is to be abolished—3d. will be taken off next month, and the balance if the price of corn has not dropped, will come off next March.

12th. The delegate meeting of the Miners' Federation decided on a ballot, to be taken on August 25th, to ascertain whether members are prepared to strike in support of their demands for higher wages and cheaper coal.

The Select Committee on Pensions suggests the formation of a representative council of employers and trade unions to ensure employment for all disabled men.

Labour Council of Action agree to send a deputation to Paris and invite the assistance of the French Labour movement to prevent misunderstandings between the workers of this country and France.

13th. The Agricultural Wages Board fixed a new minimum wage for male agricultural workers, to come into force on August 23rd. The increase of 4s. a week will give a minimum varying from 46s. to 50s. 6d. according to district.

14th. A special Labour Conference was held to receive the reports of the Council of Action. There were present 1,044 delegates representing Trade Unions, the Labour Party and Trades' Councils. A unanimous resolution was passed approving the Soviet Government's declaration in favour of Polish independence, and instructing the Council of Action to remain in being until complete guarantees have been secured that this country shall offer no direct or indirect military or naval opposition to Russia in support of Poland, and until the Russian Soviet Government is recognised by this Government, and unrestricted trading and commercial relationships established. Further, the conference authorises the Council of Action to call for any and every form of withdrawal of Labour which circumstances may require to give effect to this policy. In a second resolution the Council was authorised "to take any steps that may be necessary to give effect to the decisions of the Conference." A special levy of one half-penny per member of all affiliated organisations will provide the necessary funds for action.

The Council of Action (referred to by Mr. Robert Williams as the Committee of National Security) calls for the establishment of local councils. The Chairman (Mr. Adamson) and Mr. H. Gosling were instructed to proceed to Paris to consult with the C.G.T. and the French Socialist Party.

The third annual Conference of the National Socialist Party (henceforth to be known as the "Social Democratic Federation") declared its support of the Labour Council of Action in all its endeavours to deal with the Russian-Polish crisis, but refused to pledge its allegiance to a body empowered to call a general strike to compel official recognition of the Soviet Government.

In the South Wales coalfields the output per person employed underground has, since the introduction of the Seven Hours Working Day, dropped from 254 tons to 215 tons per year. During the last twelve months there has been a loss of nearly five million tons output from these mines due to avoidable absenteeism.



- 16th. The All-Russian Central Council of Trade Unions sends "heartfelt thanks" to the Labour Council of Action for "the practical sympathy shown towards Soviet Russia" by those "British organisations which forced the hand of the Government."
- The Labour Council of Action recommends that August 22nd be kept as a "Peace with Russia Sunday."
- 17th. The Labour Council of Action delegates, Messrs. Gosling and Adamson, on arriving in Paris, were informed by French police authorities that they must leave before night. The delegates left in the evening, after having spent most of the day at the offices of the C.G.T. in consultation with MM. Jouhaux and Cachin.
- The Council decides that there shall be no general strike in the event of war with Russia. Such a measure would, they believe, defeat its own ends because Labour could not hold out for more than three days. Only those engaged in services necessary to such a course will be called on to suspend their labour.
- 18th. Wireless messages intercepted by the Government show that Lansbury was promised financial support for the *Daily Herald* by the Soviet Government. Litvinoff advised Tchitcherin that in Russian matters the *Daily Herald* "acts as if it were our organ," and that if funds were not forthcoming the paper would have to turn "right" trade unionism.
- 19th. The National Union of Ex-service men are endeavouring to organise a strike to take the form of a refusal to pay rent until prices are down four shillings in the pound. The strike will not be called until the committee have secured at least 2,000,000 supporters.
- Mr. Adamson and Mr. Gosling state that their expulsion from France secured immediate unity of action between the French Socialist Party and C.G.T., these parties having up to that moment acted independently.
- 20th. A Council of Action of the Greater London area has been formed.
- The strike of the E.T.U. men employed by Messrs. Cammell Laird, at Penistone, threatens to cause a national stoppage of the engineering industry. The dispute originated in the Company's refusal to dismiss a non-union foreman. Messrs. Cammell Laird announce their intention of locking out the E.T.U. men on August 28th if the strike is continued.
- 23rd. In Glasgow and Edinburgh practically all work was suspended as a result of the no-rent demonstrations. 60,000 Lanarkshire Miners ceased work for the day.
- As a result of the attempt of the Bolsheviks to compel

Poland to arm 200,000 Polish peasants, Mr. Lloyd George and Signor Giolitti have decided neither to acknowledge nor deal with the Soviet Government, and propose joint action with France to secure for Poland her full rights.

24th. The National Administrative Council of the I.L.P. definitely dissociates itself from the Third International (Moscow) and condemns, among other things in the Soviet form of government, the dictatorship of a minority, and the deliberate provocation of civil war for the overthrow of capitalism.

25th. The Labour Council of Action interprets the Lucerne note as a move in the direction of war, the question of the civic militia being used as a "pretext of the flimsiest character." It calls for immediate peace negotiations with Russia, and the withdrawal of all support from Poland.

At a meeting of the French C.G.T. a majority followed the lead of M. Jouhaux definitely repudiating the Third International and the Bolshevik idea of a dictatorship of the proletariat. It was confirmed that the railway strike of last May was the work of one union only and forced the C.G.T. into an untenable position. The statutes of the C.G.T. were accordingly altered to prevent the recurrence of any strike affecting a group of trade unionists unless voted by the Governing Committee.

26th. The Soviet Government, in a note to Mr. Balfour states that it will not insist upon the arming in Poland of a workers' civic militia. The British Labour Council of Action wire to Mr. Lloyd George that they, having urged the Russian Government to withdraw the clause objected to, now call on both Governments to publish the terms on which they will make peace.

28th. The Polish delegates at Minsk reject the Soviet peace terms as inconsistent with Polish sovereignty.

The Engineering Employers' Federation issue notices for a national lock-out of E.T.U. men to commence on Sept. 4th.

30th. The Ministry of Labour intervenes in an attempt to prevent the threatened lock-out in the engineering trade.

31st. The Miners' ballot result shows 606,782 for a strike; 238,865 against. The Triple Alliance considers the miners' claims are reasonable and just, and should be conceded forthwith.

**Error.** *In our figures on the rise in the cost of living we stated last month that the index number for Paris was 269. This figure represents the rise in the cost of food only and corresponds not, as stated, to the British Index number 152, but to the number 162, which also takes account only of food prices.*

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MCMXX

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“Full of misery is the mind anxious about the  
future.”

—*Seneca.*





# INDUSTRIAL PEACE

## CONTENTS

The Profits-Motive and the Profits-Test

Trade Combinations, II

Nationalisation

The Facts of the Case in Diagram, VI

The New Map of Europe, VIII

Labour and Bolshevism in the U.S.A.

Unemployment: Towards a Solution

Views of the Minority Press

Food for Thought

Day by Day



# INDUSTRIAL PEACE

## THE PROFITS-MOTIVE AND THE PROFITS-TEST.

THERE is scarcely anything in life that is quite simple. Much of life's tragedy, and much of its comedy, too, comes from a mistaken belief in the simplicity of things. Repulsion and attraction are each so strong, that a mixed and judicious attitude is hard to maintain. It is always easier to condemn or praise a thing than to understand it discriminatingly in its breadth and depth. If the motive of an act is obvious and distinctive, or is imagined to be so, many men pronounce at once and emphatically for or against the act, and pay no further attention to mental complications in the agent or to external conditions or results.

But the search for motive is a misleading short-cut. It is exceedingly misleading in Economic matters. Thus for many people "profits" is a most powerful key-word. They see in the business conduct of others activity, and even excitement, and a desire to make money. They sum it up in one word: GREED. Dwelling on this sight with the emotional exaltation of discoverers, they conclude, in a twinkling, that the greed must be unmitigated, absolute, triumphant. Having identified the profits-motive with greed, having achieved an exposure, they feel,—it is mostly *feeling* with them from first to last,—that profits and the profits-motive must be done away with.

They have proved too much, of course,—if they can be said to have proved anything at all. If the profits-motive is so strong and so general among men, it will be impossible to extirpate it. This deadly Greed, if suppressed here, will assert itself there. It is the human motives that shape the system, though the system, when established, reacts selectively upon the motives.

Let us look again at the profits-motive, which some, too hastily, would identify with animal greed. Let us see whether, in the course of nature and of business, it can be disciplined and corrected. There are two questions to be answered. "*Is there anything in the motives and feelings of the individual to restrain his Greed?*" and "*Can the profits-motive guarantee its own success against the external circumstances and forces of the business world?*"

In answer to the first question it is enough to suggest that, in business, men have a sense of what is fair and an instinct of



moderation. There is a constraining public opinion in business as in other walks of life. This public opinion might be stronger, to be sure; but to deny its presence and to prescribe the measures made necessary by its supposed failure, is not the way to make it stronger. Its strength is moral. Greed cannot be abolished. But it can be counteracted by other motives. Intelligence and humanity go hand in hand in the life of man. They hold the cure for all of our troubles that are curable. Those who would abolish profits and ban the profits-motive imagine themselves to be living in some moral emergency that justifies despair of human nature. Their convictions about other men's motives justify them, as they think, in devising drastic remedies. Headiness blinds a man to the honesty of others: he thinks that they are enslaved to motives of which he would be ashamed in himself. A quicker sympathy, a more cultivated imagination, would dissolve away the misunderstanding that blinds him.

The answer to the second question is, perhaps, even more important. Greed is not really the key to success in business. Any inflation of feeling or desire, any sort of headiness, may lead not to profit-making but to ruin. The desire to be rich is not the same thing as knowing how to become rich. The one is an appetite, and most men have it. The other is a technique. It needs to be acquired. It cannot be acquired without making a real difference in the man who acquires it. On the one side he has to practise self-restraint, and on the other he has to learn method and pursue efficiency. His "greed" cannot succeed except by the exercise of trained powers which are not the same thing as "greed." Those powers of ordered work tend to qualify and even to supplant "greed" as a motive. A standard of work emerges. A man may begin by thinking only of money. But if the thinking never gets beyond money he will never make very much. The range of business activities, which some hasty critics dismiss contemptuously because the profits-motive is there, ministers, in reality, much more to ambition, and the craving for responsibility, and the taste for organising, and the love of power, than to greed.

Anyone can long for wealth, and try for profits. But where a hundred try how many succeed? The struggle weeds out the competitors pitilessly. Some are efficient, and some are not. Some can take the measure of circumstances and of men better than others. Organisation is a rare gift. Those who

use capital, whether their own or borrowed, in business with the hope of making profits are making an attempt in which failure carries a severe penalty. They have set out to enrich themselves and at the same time to supply the public with something. The test of efficiency is *the public pleased and a profit earned*.

The test of public satisfaction is not always easy to apply. The public clearly must be given the sort of article it wants, and at the price it is prepared to pay. It pays some prices under protest, it is true, and uses some articles on sufferance, till better are available. But on the whole and in the long run, the business man has to serve the public. On the whole, too, the public has been a very exacting master. The consumer has often had the upper hand. This has produced in some industries a morbid tension, since the product has had to be sold at a price which could not remunerate properly all the parties in the industry. In the domestic difficulties that then ensued sometimes Labour suffered and sometimes Capital, but just as often both. Thus for some years before the war there was not a living for either party in brickmaking.

The second test is vital. In general it is fair to say that the business that cannot show a profit ought not to survive. This test includes the other, for unless the public is fairly well served and pleased there will be no profits.

Those who inveigh against the profits-motive have nothing to offer in place of the profits-test. This is the great drawback of nationalisation. For nationalisation means bureaucracy, and bureaucracy means commercial inefficiency. No one really believes that the Post Office, for instance, does the work of sending letters and telegrams about the country as well or as cheaply as private enterprise would. In particular the National Telephone Service is the subject of continual criticisms and complaints. There is certainly here no *public pleased*. It is very much to be doubted if there is any *profit earned*. There is a somewhat cumbrous system manned, and this usually means overmanned, by officials, certainly inefficient and certainly expensive. It takes more than it gives.

It is easy to indulge in rhetoric against the profits-motive. But a system from which that motive is banished must still be judged by the results of its working. It is no triumph to "improve" your motives and destroy your efficiency. There is no real test of efficiency but the profits-test. That test must be applied strictly to all methods and all proposals of nationalisation.



## TRADE COMBINATIONS (II).

THE slump with which most trades are threatened, and which some are already experiencing, may prove to be serious. If so, the industrial combinations which have been formed in many industries and have eliminated competition will be severely tested. If they survive the test they will need to be accepted as permanent features of our industrial organisation. Even if they do not survive the depression they may, and probably will, be re-formed when trade revives. Such has been the history of the past two decades in some of the highly standardised industries. Co-operation of this character is not only to be expected; rightly directed it is to be welcomed. It represents an advance in commercial organisation and eliminates many of the wastes of competition. Co-operative purchase and sale leads naturally to manufacturing co-operation, facilitates specialisation and standardisation, and generally economises human effort. The organisation of the supply of munitions by Government Departments during the war, was but an extreme example of the co-operative effort which is possible within narrower — but still wide — limits of voluntary effort on the part of employers in the same industry. About 1916 a number of machine-tool makers formed an association for the purpose of securing manufacturing co-operation, thus preventing unnecessary duplication of effort. This affords a simple example of what may be done in highly standardised manufacturing industry.

Before the war commercial associations of employers were regarded as a menace rather than a consummation to be desired. Nor was this attitude surprising. The then existing organisations were formed for the sole purpose of regulating prices, and, it was held, exploiting the market. The power of price associations was severely curtailed by free trade, which encouraged competition from abroad when the price of the home product was raised to a highly profitable level, so that we escaped the harassing problems which faced consumers in the protected markets of Germany and the United States. The new associations, however, are intended to be more than mere price-determining bodies: as already stated they may, and are, intended to develop into closely knit organisations for the purpose of organising production more



effectively. The normal cost of manufacture may therefore be expected to be considerably lower than it would be if the industry concerned were permitted to continue uncontrolled. But the power of the new organisation over price will certainly be no less than before. It may even be greater and, in the absence of any safeguard, the benefit of improved organisation may be monopolised by the manufacturers. It is clear, therefore, that the problem which confronts the nation is to secure that the benefit of such improvements as may be secured by manufacturing co-operation is transferred to the consumer without destroying the incentive to collective action on the part of manufacturers.

How is this to be done? There seems to be no simple solution applicable to all cases. We have already appointed committees to enquire into charges of profiteering. The majority of these committees have reported the existence of combinations, which, however, have not been found guilty of charging unreasonable prices. But the danger lies in the future rather than in the present—when high prices are due to shortage and inflated currency, and exist independently of collective action on the part of sellers. As a remedy, an investigation 'after the event' provides little consolation to the consumer. Nor may we expect that the danger of an outcry leading to investigation and exposure will deter a self-regarding association. On the other hand, it is not a pleasant prospect for an association which seeks to do the right thing, to be called upon to justify its action every time circumstances over which it has no control compel it to raise prices.

A great deal may be achieved by publicity. It is encouraging to note that one or two Joint Industrial Councils have determined to institute an elaborate enquiry into the systems of costing prevailing in the industries which they control. Scientific costing will enable a live estimate to be made of the cost of producing an article, and to ascertain the specific cost is the first step in determining the price which should be charged to the consumer. Costs vary from one firm to another. It would therefore be possible for an association to fix a standard price which covered, yet barely covered, the highest cost, and secured exorbitant profits to the majority of the firms. If such a course were held to be justified it might even prove highly profitable to maintain one or a small number of firms in a state of inefficiency. If the benefits of combination are to be shared between manufacturers and

consumers, those of the former which are avoidably inefficient must be penalised for their inefficiency. The problem is thus to fix a price which will be equitable as between producers and consumers. What constitutes an equitable price is clearly not a question which can easily be answered. It is bound up with the question of determining what is an equitable return on capital. But it is a question which must be faced. And it is probable that it will be dealt with by a method similar to that employed in fixing equitable rates of wages in trades covered by the Trades Boards' Act. Trades Boards consist of representatives of employers and workpeople and of independent members appointed by the government. Failure to agree on the part of the former involves a form of arbitration by the latter. Similarly the public, through the government, might be represented—by expert accountants and others—upon price associations. The prices suggested by the associations would only become operative if they were approved by the independent members, who, if they were not satisfied that such prices were equitable, would be empowered to refer the matter to an arbitration tribunal. By such means the public would be protected against associations which merely sought their own interests; and those associations which honestly aimed at serving the true interests of society would be protected against unjust suspicions. Given an arrangement of the character described above the associations would be able to stabilise prices. Under competitive conditions prices are apt to fluctuate between wide limits, being excessively low during depression and unreasonably high during a boom in trade. Stability is worth having and worth paying for, particularly during the present period of uncertainty.



## NATIONALISATION.

THE world has always and everywhere been peopled by two Sorts. It is thus to-day in England. The two Sorts are the Actives and the Not-So-Actives, or Passives, though their passivity is only relative. Even in this vigorous land there is a great Passive Mass.

Nationalisation has failed as a controversy. Why? Because the nation has seen in it no one definite clear issue: because the terms used by the controversialists have been obscure: because the very diversity of their views has kept them out of touch with each other.

The Practical Men, who judge Nationalisation by objective standards as a method of getting work done, find it wanting. The Men of Feeling hope by Nationalisation to satisfy a host of yearnings. Their instinct and sentiment reach out towards it. For the former Nationalisation is a bad organisation-idea, for the latter a cloudy symbol of vague aspirations.

The Actives combat Nationalisation in the name of Freedom, and of the Enterprise which Freedom makes possible. The Passives see in Freedom only the Freedom of others. In the vigorous Activity of the Actives the Passives scent, chiefly, danger for themselves. Their need is Protection. The War bureaucracies pleased them. Nationalisation, which must work by Bureaucracy, would continue the War Protection. The Passives value Bureaucracy not for what it does, but for what it arrests or prevents. Its wastefulness and inefficiency and repression are not fatal faults in their eyes.

To give the Passives their way would undermine the entire effort of the nation. There is no enterprise but private enterprise, for bureaucracy is not enterprising. The nation depends on the personal energy and initiative of its citizens. There is really no substitute for free leadership by the capable men in the various walks of life. If favouring conditions of freedom are refused them, the Actives will migrate to freer lands. Those who remain will be the sufferers.

A nation can pay too dearly for the Protection of the Passive Mass. There is no merit in Passivity. Every means of cure and prevention must be used against it. Leadership can be left free and yet humanised and moralised: but not by bureaucracy, which would nullify it. The Passive Mass can be protected abundantly without Nationalisation.



## THE FACTS OF THE CASE IN DIAGRAM (VI).

OF all the many political questions which have exercised men's minds in the past, none have been pursued with more eager anticipation, none have been regarded with more mis-giving, than the extension of the franchise. Progressives in all countries, however they may have disagreed on other points, have been at one in believing that the enfranchisement of the people is the avenue to reform, whilst reactionaries have been equally unanimous in maintaining that electoral concessions are but milestones on the road to perdition.

In the struggle which has revolved round this perennial question, the honours of war have been fairly equal, for, although the forces of conservatism succeeded again and again in retarding any considerable movement towards universal suffrage, they have had to fight a rearguard action all the time and have been steadily driven back from one defensive position after another until at last they have had to accept the inevitable.

It is impossible to judge what the result would have been if, owing to the absence of opposition, a wide extension of the franchise, such as has now been achieved, has been won before the people were ready for it; but we are persuaded that the stability of the United Kingdom would be better assured to-day, had electoral reform moved more quickly during the nineteenth century.

When, in 1867, the Government proposed to increase the number of electors by a paltry half million, it was thought that things were moving at breakneck speed. "No doubt," said Lord Derby in the House of Lords, "we are making a great experiment and taking a leap in the dark, but I have the greatest confidence in the sound sense of my fellow countrymen and I entertain a strong hope that the extended franchise we are now conferring upon them will be the means of placing the institutions of the country on a firmer basis and that the passing of this measure will tend to increase the loyalty and contentment of a great portion of Her Majesty's subjects."

The following table shows the gradual increase of the percentage of electors between 1863 and 1900.

	<i>Population.</i>	<i>Electors.</i>	<i>Percentage.</i>
1863	29,445,000	1,332,599	4.5
1872	31,874,184	2,574,039	8.0
1883	35,449,721	3,181,701	8.9
1886	36,313,581	5,707,531	15.7
1900	41,154,646	6,732,613	16.3

In 1910 only *one-third* of the *male* population was enfranchised; in 1918 *two-thirds* of the total number of *adults* became entitled to vote at parliamentary elections.

The diagrams which we print this month are designed to show the growth of the electorate during the last-mentioned period, and to indicate how many persons exercised their right, how many abstained, how many failed to qualify and how many were denied the opportunity of registering their vote owing to certain seats not being contested.

Diagram No. 11 refers to the election of December, 1910 (which took place some three months before the Census of 1911), and consists therefore of the 1814 squares which represent the population as then ascertained. The number of persons ineligible on account of age and sex are calculated from the Census return, the number of electors are taken from the House of Commons White Paper, No. 69, of 1911, and the number of actual voters from a return issued by the National Unionist Association.

Although 5,234,293 votes were cast at the Election under review, it is to be observed that the number of individuals who actually went to the poll cannot have reached that figure. A certain number of plural voters, who strictly speaking ought not to be included, are represented in the total. The error is unavoidable as there is no authentic evidence on which to base an estimate of the number of these pluralists. House of Commons White Paper, No. 242, 1919, indicates 221,901 "Business Premises" voters who presumably had also a residential qualification, but this document refers to a different year and the figure given is known to be an entirely incomplete return of the voters registered in two or more constituencies.

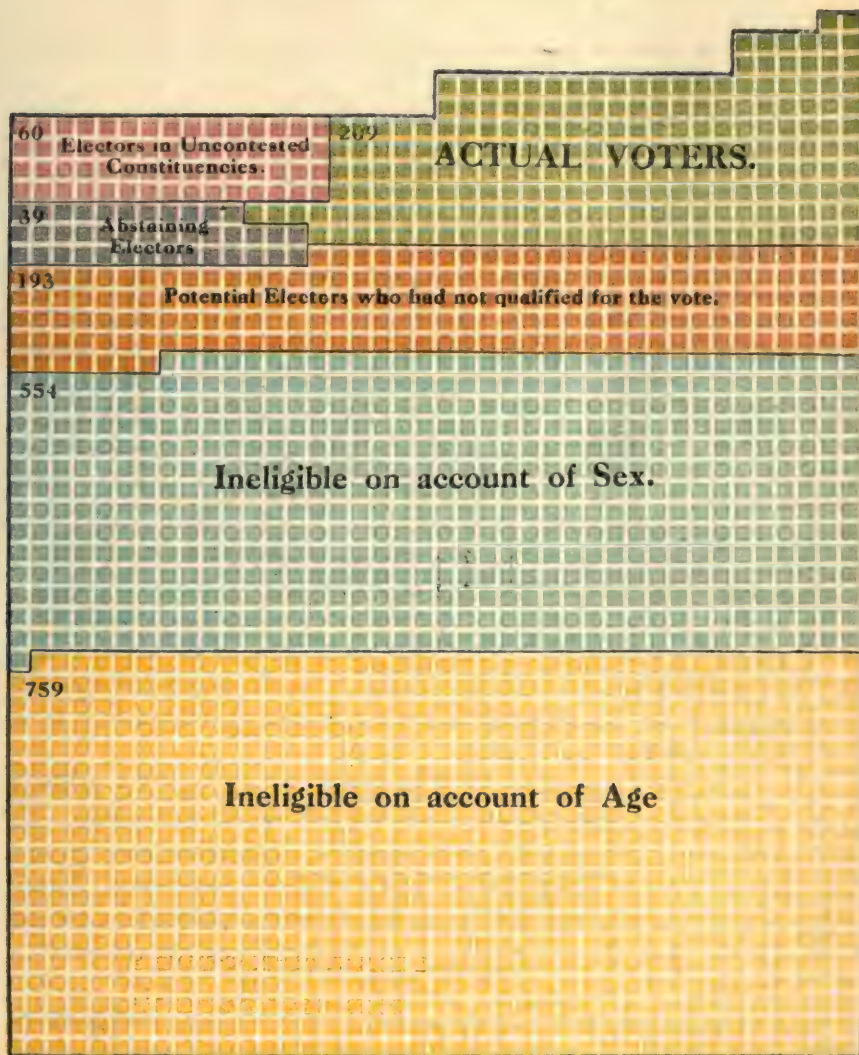
The number of abstaining electors is arrived at by adding the actual voters in contested elections to the electors in constituencies where there was no contest and deducting the sum from the national electorate. The number of potential electors who were not qualified to vote is found by adding the total electorate to those ineligible on account of age and sex and deducting the sum from the national population.



# DIAGRAM No. 11.

## Election of December, 1910.

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



## GROWTH OF THE ELECTORATE.

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



This group of the unqualified is composed mainly of persons who were not registered as possessing the residential status required by the Act then in force. It includes a number of persons of foreign extraction who had not been naturalised, and also certain British subjects who had been in receipt of poor law relief.

Diagram No. 12 is built on similar lines to No. 11. The population at the end of 1918 cannot be estimated with complete accuracy, and the figure we have adopted is arrived at by adding to the total shown in the last Census seven-tenths of the former decennial increase. Some will consider this too high an estimate, but against war-losses may be set the effect upon the population caused by the facts that during the four years 1914-1918 all emigration ceased and many British people who had been living abroad returned home.

Of the 1910 squares in the diagram, the new electorate (as created by the Representation of the People Act) accounts for 856 squares, representing roughly 21,392,322 persons. The number of abstainers at the last election was abnormally high for many reasons which are unlikely to operate on future occasions. For one thing, party political organisations had been allowed to rust during the war, for another, the result was considered as a foregone conclusion, and so there was less canvassing than usual and less excitement. Moreover, certain sections of the Press deliberately preached abstention as a party move.

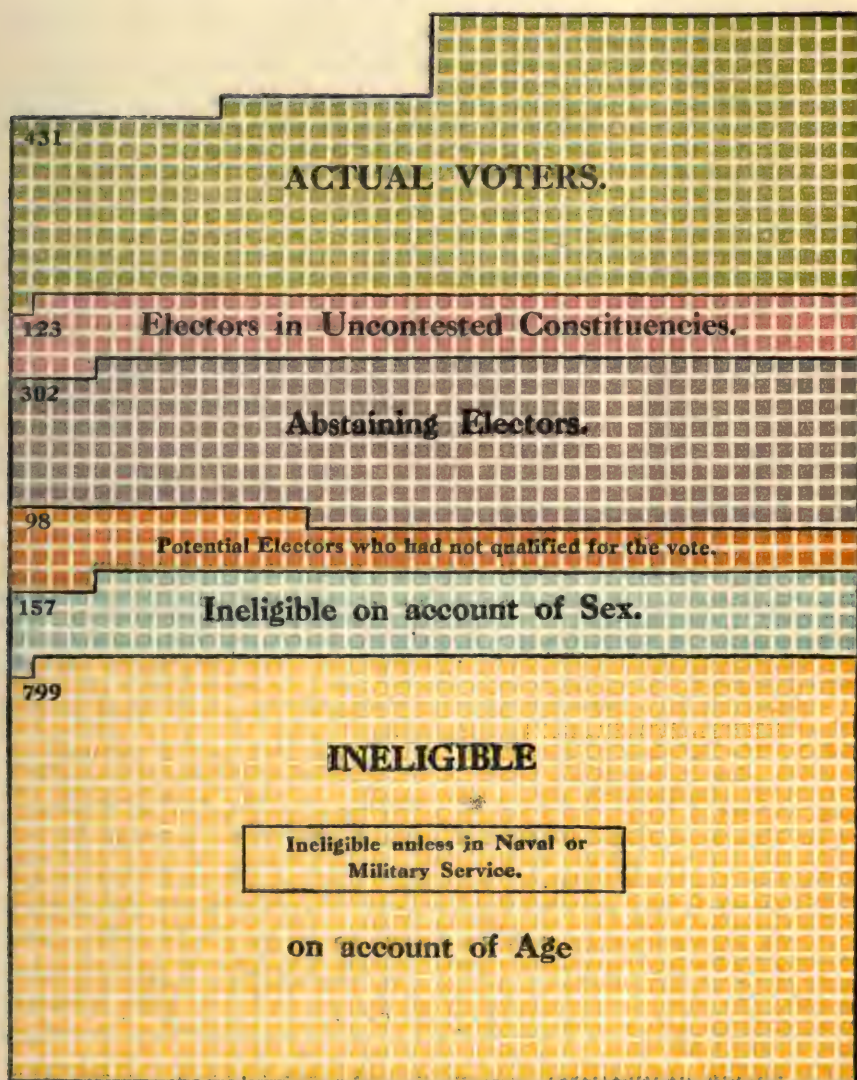
The 98 squares of "unqualified" consist of 87 squares representing women and eleven squares representing men. In order to qualify for the vote a woman must be over thirty and either a Local Government elector or the wife of one. There is a six months' residential qualification for all electors except in the special case of naval and military voters referred to below.

The 157 squares apportioned to those who are ineligible on account of sex consist of all women between twenty-one and thirty years of age. Included amongst the 799 squares of "ineligible on account of age" are 54 squares reserved for sailors and soldiers, under the special conditions prevailing during a general election held in war time. The provision in force in December, 1918, was as follows. Persons between nineteen and twenty-one years of age who were on the register under section 5 (4) of the Act were entitled to vote. No information is available as to the number who exercised this privilege and in the diagram no attempt has been made to form an estimate.

## DIAGRAM No. 12.

Election of December, 1918.

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



## GROWTH OF THE ELECTORATE.

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



## THE NEW MAP OF EUROPE (VIII).

### THE SERBO-CROAT-SLOVENE STATE. 3.

#### Croatia-Slavonia.

CROATIA-SLAVONIA has an area of approximately 1,600 square miles, and a seaboard on the Adriatic 90 miles in length, on which are situated the small harbours of Bakar and Zengg and the all-important city and port of Fiume (see below). Of the population of  $2\frac{1}{2}$  millions, 62 per cent. are Croats, 27 per cent. Serbs and other Slav elements, the residue consisting chiefly of Magyars and Germans.

Geographically, Croatia-Slavonia has proved vitally important to Hungary as forming a corridor to the sea. This fact largely accounts for the close, but difficult, relations between the two countries since mediæval times. Politically, Croatia-Slavonia, until 1919, formed a kingdom united to the Crown of Hungary; but the nature of the tie, whether one of subjection or of alliance on an equal footing, had never been precisely defined, and was a matter of acute controversy between Magyar and Slav historians.

The country is well supplied with communications. Its position made development of its road and railway systems a matter of moment to the Hungarian Government, while its north-eastern and southern boundaries, for the greater part of their length, march with important, navigable rivers, viz., the Drave, the Danube, and the Save.

About one-third of the area of the country is under tillage, another third meadow or pasture, and the rest forest-land. The annual production of cereals and wine is about 50 per cent. greater than that of Bosnia and Herzegovina, but live stock is not so abundant, sheep, for instance, not being kept to anything like the same extent as in those countries. The forest-lands of Croatia-Slavonia cover nearly  $3\frac{1}{2}$  million acres and contain a great variety of timber, but they have received scant attention both from the inhabitants and from the Hungarian authorities. So far as they are known, the minerals are of no great importance; there are a few lignite and iron mines, but the annual output falls short of £100,000 in value.

The only factories of any size are those engaged in wood-working and the production of foodstuffs. There are a few chemical and metallurgical works. As in all Balkan countries, the industrial situation has been completely disorganised by



the events of the past eight years, and both capital and labour are urgently needed to revive existing industries—hitherto almost exclusively under Hungarian, Austrian, or German control—and to embark upon new ones.

Estimates of the value of the external trade of Croatia-Slavonia are difficult to arrive at, and such separate statistics as exist are unreliable. The chief exports are live stock and timber, the chief imports grain and textiles. Trade with countries other than Austria and Hungary has hitherto been of small account, but the same openings for foreign capital and enterprise are afforded as in Bosnia, especially now that the restrictions formerly placed by the Hungarian Government upon foreign undertakings have been removed. There has been a noteworthy development of local banking in recent years, and a large number of savings-banks and credit associations have come into existence throughout the country.

We can hardly omit some notice of Fiume, with which the fortunes of Croatia-Slavonia are so closely allied. The territory is 8 square miles in extent, and the city has a population of 50,000, of which Italians form 50 per cent. (increasing), Serbo-Croats 26 per cent. (declining), and Germans and Magyars the remainder. The tonnage entered and cleared at the port averaged 7 million tons yearly before the war, and the value of the incoming and outgoing trade £15,000,000. During the last quarter of the nineteenth century the port of Fiume developed with extraordinary rapidity; Hamburg alone among European ports could show a comparable record.

While its position and commercial importance make the retention of Fiume a matter of vital concern to the new State, its loss to Hungary, it cannot be denied, is incalculable. On the other hand the political sympathies of the bulk of its inhabitants are decidedly not in favour of Jugo-Slav ideals. Meanwhile the Italian patriot, D'Annunzio, has descended upon the city and rules there as dictator without active interference, as yet, from any of the leading Powers which signed the Peace Treaty with Austria in 1919.

### Carniola.

The Slovene element in the Serbo-Croat-Slovene State is contributed by Carniola, a small inland territory, 3,800 square miles in extent, lying to the north-west of Croatia-Slavonia. The Slovenes form 95 per cent. of the population of Carniola (which numbers about 600,000), and overflow into the ad-



joining provinces of Carinthia and Styria, where they account respectively for 25 per cent. and 30 per cent. of the totals. The frontiers of the new State will therefore include part of Lower Carinthia and Lower Styria, where Slovenes predominate. The Slovenes have inhabited these regions since the sixth century, but unlike the Serbs and Croats they never established an independent kingdom. Carniola became and remained a country which, since the end of the thirteenth century, has formed part of the Hapsburg dominions.

Economically, the country is rather more highly developed, and relatively more productive than the other South Slav states. It possesses a very complete road-system, and is traversed by the Sud-bahn from Vienna to Fiume, and by the Tauern Railway from Munich to Trieste, in its local lines. Its agricultural production is very similar in kind to that of Bosnia and Croatia, but viticulture, fruit-growing, and cattle- and horse-breeding receive a greater share of attention. Nearly 45 per cent. of the area is forest-land, upon which much State care has been bestowed of late years; but the forest industries are capable of considerable expansion. There are a few lignite mines, which produce normally about 400,000 tons a year, but infinitely more important are the valuable quicksilver mines of Idria. The manufactures of the country, while supplying no more than local needs, and therefore on a small scale, are yet of a much more varied and up-to-date character than in the other South Slav countries.

Separate statistics for the external trade of Carniola are not obtainable, but a great volume of transit trade passes through the country.

Enough perhaps has been said to afford a general estimate of the economic importance of the Serbo-Croat-Slovene State, leaving out of account for the present the question of Dalmatia and the Adriatic sea-board. It is true enough that without the possession of at least one of the more important commercial ports on the Adriatic, the economic future of Jugoslavia will be seriously handicapped. Yet, after all, the internal, economic cohesion of the country is a matter of even greater concern. The task before its statesmen is to develop the great and varied resources of the new State and pool them for the benefit of its component peoples. In this way they will strengthen enormously the loose ties of political and racial union, and build up a compact economic power.



## LABOUR AND BOLSHEVISM IN THE U.S.A.

At the present moment the revolutionary Press in this country is engaged in a persistent attempt to represent American Labour in the mass as the victim of a veritable "White Terror," organised by the Government of the United States at the instance of reactionary Capitalism. As a considerable amount of ignorance prevails regarding industrial conditions in the States, it may be opportune to point out the radical difference that exists between Labour problems there and those we have to face in Great Britain. Here, much as it may be divided by shades of opinion, British Labour is, after all, British. But the proportion of American-born among the industrial proletariat of the United States is infinitesimal. The immense majority is composed of foreign immigrants, who remain, often after years of residence in the United States, as alien in habits of life and thought to the native population as when they first landed in the New World. The Bill recently passed by Congress for "the Americanisation of the Alien" was supported by statistics which showed that out of 30,000,000 immigrants, only some 3,000,000 could speak English, while over 5,000,000 were unable to read or write. Within the period ranging from three to nine years after their arrival, only 8 per cent. of the Russians had taken out naturalisation papers. "How can we," remarked a writer in the *New York Tribune* in commenting upon the Bill, "ever hope for a united nation amid such conditions? What can we expect except that extreme leaders, appealing to these alien groups in their own tongue, can easily win them to stupid and suicidal attacks upon that which they do not understand."

That is in fact what has happened. Revolutionary propaganda of the most extensive and intensive character has been carried on among the foreign population, by Russian and German agitators. According to evidence given before the sub-Committee appointed by the American Senate to enquire into Bolshevist activities, a large number of the present Russian Soviet officials spent the previous years of their exile in preaching revolution in the United States.

Under these circumstances it is not surprising that the forces of law and order in the New World are determined to stamp out tendencies which, if permitted to develop, would render the American continent an easy prey for these enemies of



society. The rapid spread of Bolshevik propaganda imported from Europe was assisted by internal organisations such as the I.W.W., whose members are almost exclusively recruited from the ranks of the alien population. The Industrial Union of the I.W.W. was launched in Chicago in 1905, and in its very first declaration of policy the principle of the class-war was adopted. "The working class and the employing class have nothing in common," is the phrase in its "preamble." It soon fell into the hands of leading anarchists such as Berkman and Emma Goldman, since deported, who were friends of Trotsky when he was in New York. On the 1st May last year, bomb outrages, which occurred simultaneously in nine cities, were traced to I.W.W. influence and led to the arrest of John Johnson, President of the Pittsburg branch. Papers found among the wreckage in Washington show, moreover, that the programme of this organisation is parallel in every sense with that which has been put into practice in the Russian Soviet Republic.

What part, one must next consider, have American-born labour and the Trade Unions played in the war that is waging between the alien proletariat and the existing order. Three years ago, there was only a handful of genuine Americans in the large audience of Russians and Germans who heard Trotsky say, "I am going back to Russia to overthrow the Provisional Government and stop the war with Germany and allow no interference from any outside Government. I want you people here to organize, and to keep on organising, until you are able to overthrow the darned rotten Capitalistic government of this country." Since that date the current of Trade Union opinion has drifted in a left-wards direction in the United States as it has in almost every European country. Over there, however, the Trade Union movement has never achieved the homogeneity or the highly developed organisation characteristic of British Unionism. This is partly due to the fact that America is a continent, where totally different conditions obtain in different parts of its vast area. In some industrial districts local Trade Unions function with remarkable efficiency; in others they are still too weak to secure recognition from the industrial magnates by whom their members are employed. The American Federation of Labour, strong as it became under the leadership of Mr. Gompers, was rather the voice of the native-born workman than a central representative body controlling and unifying the policy of the local industrial organisations.

Politically speaking, the American workers are still without any class organisation at all. There is no Labour Party in the United States, and Mr. Gompers has remained as hostile to the formation of a labour block in Congress as to the revolutionary tactics of the political strike. Since the war, however, the pressure of the extremists in the Federation and their growing number has forced him to espouse demands which he feared to resist. Neither Mr. Gompers nor the American Federation of Labour were directly involved in the steel strike declared in September, 1919. But in the national strike of miners, which quickly followed the failure of the Industrial Conference called by President Wilson with the object of giving both employers and employed an opportunity to reach a better understanding, the American-born workman made, for the first time, common cause with the alien. It was then that the idea of a Triple Alliance between the Industrial Unions, the Railroad Brotherhoods, and the Farmers, first took shape, and Mr. Gompers, whose authority had been weakened through his impotence at the Industrial Conference, then ranged himself definitely on the side of the strikers. But the Government, backed by the coal-owners and also by public opinion, met the demands of the men, which included a 60 per cent. rise in wages, and shorter hours, with a stern refusal. Federal troops in large numbers were moved into the mining districts and an injunction declaring the strike illegal was issued from the Federal Court at Indianapolis on 31st October. This drastic action caused Mr. Gompers and the official Trade Union leaders to withdraw their support of the strike, but it did not prevent a stoppage of work by 753,000 miners, chiefly foreigners, who were urged by alien agitators to defy the law. During the raids conducted by the Department of Justice on the offices of the revolutionary organisations, 2,500 persons were arrested, of whom not 5 per cent. were American citizens. Among the offices raided were the headquarters of the "Union of Russian Workers," which had 75 branch depôts in New York alone. Twenty-five tons of Bolshevik literature were discovered there. Some of the documents seized on the premises of this organisation and printed in the Russian language were published by the Department of Justice. Among them was a manifesto couched in the following terms: "We must conscientiously hasten the elementary movement of the class-struggle. We must convert local strikes into general ones and the latter into armed revolt of the labouring classes against Capital and the State. During



this revolt we must, at the first favourable opportunity, proceed to the seizure of all means of production and all articles of consumption, and name the working classes masters, in fact, of all wealth. At the same time we must mercilessly destroy all remains of governmental authority and class domination by liberating prisoners, demolishing prisons and police offices, and destroying all legal papers pertaining to the private ownership of property, all field fences and boundaries must likewise be demolished and all certificates of indebtedness burnt. In a word, we must take care that everything is wiped off the earth that is a reminder of the right of private ownership."

But measures adopted with ample justification by the Government against alien agitators have, unfortunately, led a few of the more Conservative capitalists, notably in the Steel and Mining industries, to take up an attitude of hostility to the Trade Union movement as a whole. The effect of this has been to drive many American-born workers into the arms of the advocates of the class-war. With a view to counteract this tendency, a new National Labour Party has lately been founded in Chicago with State Socialism as a platform. It has a very mixed membership which is, however, united in a common antipathy to the I.W.W. and the other Communist organisations. Coincidentally, the defection of the farmers from the projected Triple Alliance has demonstrated the absence of solidarity between the agricultural and industrial interests in the United States. In reply to an appeal launched by Mr. Gompers, the farming community has announced its intention to stand by the bourgeoisie and the owners of property in any future struggle which may arise between capital and labour. On the question of nationalisation, Mr. Gompers finds himself at variance with certain sections of his Federation, though he can rely on the support of the building trades. But Mr. Gompers is now an old man, and there are signs that the Federation as a representative unity will not survive him. At the Convention held a few weeks ago in Montreal, it came near to a definite split on the rocks of nationalisation, when Mr. Gompers' policy on this vital issue was defeated by a combination of railway and miners' delegates. More than any other man Mr. Gompers has kept the bulk of native-born labour in the path of sane progress, but it is improbable that his mantle will fall upon any leader with sufficient influence and courage to keep the wolves out of his fold.



## UNEMPLOYMENT:

### Towards a Solution.

SUCH are the anomalies of the conduct of modern States, that while five years of war kept us clothed and fed and fully employed, with the return of peace comes the old fear of compulsory idleness and want. We all know that the world is an indifferent place to live in; and that a share of our troubles is due to the mistakes of those whom we—the people—elect to control our interests, cannot be denied. The present organisation is full of faults, and evil consequences which are not inevitable arise continually through ignorance in places where there might be knowledge, through indifference where there might be understanding and a sympathy of interests. Whether the revolutionary proposals of “advanced” Labour would cope as satisfactorily with the problem is more questionable. But those who have fairly studied the matter know that there is no evidence in favour of drastic changes on communistic lines.

The Unemployment Insurance Act will never solve the question. Like similar governmental efforts in Italy, Poland, Austria, France and Denmark, it consists in waiting till unemployment exists and in distributing doles until the trade depression passes. The Trade Unions and the great Friendly Societies have come hopelessly to loggerheads over the question of administration. The Labour Party has come down on the side of Trade Unions, whose attitude is one of opposition, but the discussion evoked by the contracting out clauses have stimulated thought, which is something gained.

The effects of State control imposed during the war have been to give the death-blow to bureaucratic socialism, to stimulate communism among extremists, to unite the nation in a determination to resist the creation of new Government departments, and to consider the solution of national problems such as unemployment as a matter which primarily concerns industry itself. As soon as the Bill became public property and it was discovered that an industry, if it chose to create a special scheme, giving equal or superior advantages, could ignore the Government and all Labour Ministry officials, industry after industry intimated that it was in this direction that they hoped to find the solution.

The main causes of unemployment are well-known. On a

national or a world-wide scale its origin is invariably economic. Varying world harvests, says the orthodox economist, produce alternating booms and depressions in world trade. The mal-distribution of purchasing power is the explanation of the Marxian. The problem is as old as the hills and becomes more and more complicated the further we get from primitive conditions. Under the Pharoahs such labour as productive industry could not absorb was turned on to the building of a new pyramid or two, and paid for out of foodstuffs accumulated in "store-houses" in "fat" years. But no such simple expedient would meet the case to-day.

If we are to move towards a solution, the first step is for each well-organised industry to consider itself, for the purpose of the unemployment problem, as a separate entity. The Employers' Association and the Trade Union Federation should come together in an endeavour to solve the problem. The benefit should be high for unmerited unemployment: the cost being divided between the Employers and the Trade Unionists. Under a system of mass-production or organised team-piecework, part of the funds may be obtained by savings in the unit cost of the commodity produced. The important feature should be that if unemployment is high very heavy charges should fall on both the Trade Union and the Employers: while, inversely, the practical abolition of unemployment should relieve both the Employers and the Trade Union from a serious financial drain. With some such plan in operation, both parties would always be thinking of new methods whereby unemployment could be avoided.

As things are, many employers prefer a system under which a cash payment absolves them from responsibility, while, as was stated by a Trade Union leader recently, the majority of the working-class prefer an unemployment problem with the right to grumble about it, to the necessary effort of thinking out and paying for a solution. In illustration he quoted the optional unemployment scheme of the Workers' Union which gives good benefits but which only five per cent. of the members have joined. These facts are all to the bad, and go a long way towards explaining why so little has been done to prevent the recurrence of cycles of unemployment.

There are a number of industries, however, which, while theoretically subject to seasonal depression, could give continuous employment if appropriate foreign markets were expanded and developed. Such a scheme would demand additional capital, careful planning, hard thinking, some good



men and much patience but, if threshed out by the Employers and Trade Unionists in consultation, it has possibilities as a partial solution of the problem.

Unemployment amongst farm labourers is rife during certain months of any year. Much could be done to mitigate the evil by arrangements between farmers, landowners, Trade Unions, Rural Councils and the Government. Repairs to roads, fences, buildings, the work of land draining, of hedging and ditching, could be postponed to the slack periods, while small afforestation schemes could be worked in conjunction with this industry in most districts.

Every industry should be considered on its own merits in the light of the suggestions already indicated, but if unemployment still persists, a scientific system of short time should be introduced wherever possible. During the war the cotton industry devised an effective palliative in this way, while the boot and shoe trade, sections of the iron and steel trade and other industries have had longer experience of operating such schemes.

We believe that much of the unemployment, now threatened, could be avoided if all concerned would get down to the task in a reasonable spirit. The short-sighted refusal of officials in the building trades to allow any dilution means that thousands of willing men will be unable to find employment. These will fail to have effective purchasing power, and trades which would be stimulated by the money that otherwise could be earned and spent, will be still further depressed. The mining and building industries are sure of full employment for years to come and both could absorb more labour. Engineering, shipbuilding, metal and allied trades—in all these industries the prospects are excellent if the Trade Unions would stabilise wages so that firm contracts could be made.

The twenty thousand members of the Seamen's and Firemen's Union could all be absorbed if the coal output was increased, and the same factor, combined with a steady production of manufactured articles, would settle things for the cotton and woollen industries by creating the necessary means for paying for an adequate supply of raw material. The list could be prolonged until only the casual trades remain. These must become in a special sense the responsibility of the Government, not only in the direction of an adequate unemployment benefit, but also in the field of de-casualisation.



## VIEWS OF THE MINORITY PRESS.

PERHAPS the most important episode in current Labour politics is the categorical refusal of the Labour Party Executive to accept the affiliation of the Communist Party (Third Edition). On this subject, writing in the *Labour Leader*, Mr. Philip Snowden said:—"No other course was open to them (the Labour Party Executive), for the applicants for affiliation frankly stated that they did not accept the constitution and policy of the Labour Party, and that their object for seeking affiliation was to be able to carry on more effectively from the inside, their campaign *for the destruction of the Labour Party*."

Writing in the same paper on *Labour and Bolshevism*, Mr. Arthur Ponsonby said:—"The Communist Party support whole heartedly the dictatorship of the proletariat and the inauguration of a new social order by revolutionary violence, but their affiliation to the Labour Party has been declined and they stand alone. The I.L.P. have received the specific conditions for admission of parties to the Communist International, and as these conditions are directly contrary to the letter and spirit of the I.L.P. constitution, their decision on the subject becomes perfectly easy."

W. McLaine, in a prominent article in the *Communist* on this subject, remarked:—"The Communist Party has done its duty in applying for admission. The Executive of the Labour Party have refused the application. What now? Obviously we are in a strong position. We can tell the masses that their reactionary leaders are afraid of our views, and afraid of our presence at their meetings. Our appeal to the rank and file is strengthened. We now say: 'We have expressed our desire to work with you and to share in your struggles. Your leaders have deliberately weakened your forces by refusing to accept our offer.'"

*The Daily Herald* (Sept. 14) in accordance with its usual habit, disapproves of the action of the Labour Party—"We protest against this decision. . . . We said when the Communist Party applied for affiliation that we were very glad it had applied. Now that its application for affiliation has been refused, we can only say we are very sorry it has been refused."

The deprecatory tone of the comment is only what might be expected under the circumstances. *The Daily Herald* is on delicate ground when quarrels develop between the Labour

Party and the Communists, inasmuch as whilst the financial support of the great trade unions cannot be dispensed with, the policy of the paper is plainly Communistic. As Litvinoff remarked to Tchicherin, "In Russian questions it acts as if it were our organ."

The views of Arthur McManus, Chairman of the new Party, are also hospitably received by the *Daily Herald* which, on September 24th, contains his denunciation of "this treacherous exclusion of the Communist Party from the Labour Party." In *The Communist* Mr. McManus further contends that "Those arguing for affiliation to the Labour Party did not urge for, nor contemplate working with, the Labour Party. The antagonism to the Labour Party was general, but those for affiliation held the opinion that such antagonism would be best waged within their camp."

These expressions of opinion draw the following comment from the *Glasgow Forward*:—"The exclusion is clear, but the 'treachery' adjective wants some explanation. . . . First you announce that you are going to visit a man with the object of garroting him in his back parlour, and when he hears this and refuses to open the door to you, you shout 'treachery' through the keyhole."

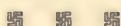
The so-called National or British Communist Party which applied for and has been refused affiliation to the Labour Party, is not the same Communist Party with which Miss Sylvia Pankhurst is associated. The latter body, is up in arms against the Communist Party which has been ridiculed by *Forward*. A gentleman named H. Rubinstein, writing in the *Workers' Dreadnought* (Miss Pankhurst's organ), lets himself go in the following terms:—"We have to make Communists. Ourselves first. That will not be done either by weak-backed, would-be-respectables of Maiden Lane, who are busy fraternising with well-fed 'fakirs' of Bob Williams' and Hease's type, or petty intellectualists like Robert Dell. . . . Let us harden ourselves, harden and train. Look at the Bolsheviks! *We must become at once visionary and devilish as they are.* . . . Then we shall be able to carry out a merciless war against all Opportunists. Then we can go out into the limelight of every burning crisis, and shout out the brazen Communist criticism on everything; and shout so that the masses hear it. Then we can fall in and show the way for every destructive force now inherent in the British Empire, the Big Enemy. Then we can make the Revolution—on the eve of which we already live."



## FOOD FOR THOUGHT.

EVER since the signing of the Armistice the state of tension in the world of industry has been steadily growing in volume and in strength. Endless enquiries into specific grievances have been held, a vast amount of thought has been expended on the question of how best to achieve industrial peace and a great number of apparently promising suggestions for improving the relations between workers and employers have been put forward by responsible people. In spite of so much effort results are most disappointing and the solution of our perplexities seems more remote than ever.

What is the reason for all this ill-success? Is the problem incapable of solution, or is it that we have mishandled the situation? To accept the first alternative would be to admit that the present industrial system is unworkable, to confess that evolution has proceeded on lines that lead to desperation, or to believe the reign of reason has departed from the earth. There remain the far more probable explanations that we have failed to tackle the problem in the right spirit and that we have started our deliberations at the wrong end.



It is our view that excessive optimism, clung to in the face of the logic of warning events, is very largely responsible for the failure which has attended so many well-intentioned efforts. When a crisis approaches, our normal equanimity is ruffled, but directly the immediate danger is removed, we relapse into the old attitude of self-consolation which consists in believing that nothing very serious is the matter and that everything will pan out all right in the end. People will not face the unpalatable truth that the old comfortable order has gone, never to return, and that industrial peace can only be secured if somebody is prepared to pay the price.

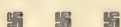
Sacrifices are called for and will have to be made sooner or later, and that by all, but optimism denies that the evil day has already dawned and so the real issue is dodged whilst we laboriously busy ourselves with non-essentials. Labour has been promised a good time and is in no sort of mood for sacrifice, nor will it be until it sees unmistakable proof of a readiness on the part of employers to initiate and practice self-abnegation.





As a consequence of the disinclination of all parties to undergo a surgical operation, a succession of palliative measures are undertaken in the forlorn hope that the disease will heal itself. Naturally the result is repeated failure because no amount of tinkering with symptoms has ever effected a radical cure. Conferences and enquiries and industrial courts, excellent and necessary machines as they are, for the settlement of disputes in a normally sound community, can achieve little when the subjects they deal with are only the outward signs of an inward malady. Temporary agreements are patched up and insincere compromises are arrived at, but nothing that really matters is ever settled once and for all. We are not much nearer a mutual understanding of the fundamental principles that must eventually govern industry than we were two years ago.

Take, for example, the question of the basis on which wages in the coal trade should be fixed. All is confusion. The Government and the Employers hold that wages should be based on output, but the principle is repudiated by a dominant section in the Miners' Federation. Mr. Bevin objects to wages being determined by the cost of living, or what he stigmatises as "the fodder basis". Mr. Straker is opposed to wages being fixed by the price of coal. Mr. Smillie refuses to submit the question to an impartial tribunal, and neither party will accept the figures that the other puts forward.



Take, again, the question of the call for increased production. The way is blocked by Labour's fear that greater output per worker will mean more unemployment. The fear is based on a short-sighted view, but past experience provides evidence that it is not altogether unfounded. Proof to the contrary must be adduced or an adequate scheme of insurance against unemployment must be forthcoming. Labour must have an absolute guarantee that no section of workers shall suffer as a result of giving greater output. This is one of the fundamentals, but so far no such guarantee has materialised. "The business of those who believe in the essential virtue of private enterprise is to remove its evils." We are satisfied, not only that profit-making is legitimate, but that it is ultimately beneficial to labour. Nevertheless we claim that the first call on industry is the necessity for providing a living wage to the rank and file from January to December. Unless this obligation is discharged by each and every industry, the profits made by the defaulters are not immaculate.



## 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).*

**Sept.** The Ministry of Labour statistics indicate a rise of six  
**1st.** points in the cost of living during the month of August, and a total rise of 161 points since July 1914.

Changes effected in the rates of labour during the month gave a total increase of £250,000 a week in the wages of 1,100,000 workpeople. The working hours of rather less than 1,000 people were reduced by an average of  $5\frac{1}{4}$  hours a week.

262 trade disputes involved 86,000 people and a loss of 768,000 working days.

Unemployment in the Insured Trades rose from 2.73 to 2.88 per cent., and the numbers on the live registers of the Employment Exchanges rose from 271,504 to 281,032.

The Executive Council of the Association of British Chambers of Commerce passed a resolution condemning the new demands of the miners as "wholly unjustifiable, and very injurious to the national interest," and begging the Government not to entertain them.

The Industrial Court awarded minimum hourly rates in the paper-making industry varying from 1s. 5d. to 2s. The claim for an advance was based partly on the cost of living and partly on the plea that the adoption of the three-shift system had increased opportunities of production at some expense to the workers' comfort.

*Italy:* On August 30th the engineering employers, acting singly, decided to lock out metallurgical workers as a protest against the strike tactics employed by the workers during the past month. Various forms of the "work-to-rule" movement had been practised in Milan and Turin throughout the month of August. The Metal Workers' Union replied by instructing their members to remain in the works and take over the control of the industry in Milan.

**2nd.** The miners decided to hand in strike notices to expire on September 25th. The Triple Alliance set up a Publicity Committee to present the miners' case to the public.

**3rd.** Negotiations in the E.T.U. dispute failed.

Sir Robert Horne suggested that the question of increased wages in the mining industry should be submitted to the Industrial Court or some impartial body.

*Italy:* The metal workers continued to occupy fresh factories. Labriola, the Socialist Minister of Labour, promised to examine the proposal that the workers should assume the management of factories.

5th. The Minister of Labour exercised his power under the Industrial Courts Act 1909, and appointed a Court of Inquiry into the circumstances of the E.T.U. dispute. Masters and men were recommended to suspend strike and lock-out notices meanwhile.

6th. Trade Union Congress opened at Portsmouth, Mr. J. H. Thomas presiding.

The E.T.U. dispute will be investigated by a Court of Enquiry composed of an independent Chairman and equal numbers of employers and workmen who may or may not be connected with the industry. The men are willing to call off the strike pending the investigation, but the employers refuse to suspend the lock-out.

A manifesto condemning the printing strike in Manchester and Liverpool was issued by the Federation of Printing and Kindred Trades and approved by the Joint Industrial Council of the Printing Trades.

7th. Robert Smillie severely criticised the methods by which delegates to the T.U.C. are elected. It was admitted by Mr. Thomas that bartering votes, though nominally forbidden, was practised by most of the unions.

Sir Robert Horne invited Mr. Smillie to bring delegates from the Miners' Executive to a Board of Trade meeting on September 9th.

*Italy:* The Executive Council of the General Confederation of Labour, the Executive of the Parliamentary Socialist Party and the principal Trade Councils of Italy reject the Government's offer of arbitration and place the conduct of affairs in the hands of a joint committee of the Labour Confederation and the Socialist Party.

8th. The Labour Joint Committee on the Cost of Living, in their Interim Report on Money and Prices, ascribe the rise in prices to currency expansion rather than contraction of production; but though they think a reduction of 20 per cent. might be effected by deflation, they look to the development of productive capacity all over the world to bring about ultimately a substantial fall in prices.

The draft constitution for the amalgamation of all Ex-service organisations has been agreed upon.

The T.U.C., after hearing a statement of the miners' case by Mr. Hodges, passed a resolution expressing their opinion that the claims of the miners "are both reasonable and just and should be conceded forthwith."

9th. The *Daily Herald* announced that Francis Meynell (Director) is in possession of £75,000 of Bolshevik gold "to be held in trust for the Third International, and to be offered to the *Daily Herald* if need arose."



The Miners' Executive conferred with Sir Robert Horne and rejected his proposal that they should settle with the employers a wage-system based on tonnage rates, and submit the whole wage question to the arbitration of the Industrial Court.

The T.U.C. passed a resolution to secure that unemployment shall be a charge upon the industry concerned and that pay during unemployment shall be at a rate not less than 85 per cent. of the wages earned. A large majority agreed to the formation of a General Staff for Labour to take the place of the present Parliamentary Committee.

*Italy* : The metallurgical Manufacturers demand the evacuation of the factories, but the workers insist upon a settlement first. The dockers and railwaymen at Genoa join the movement.

10th. The T.U.C. passed a resolution to prevent the General Federation of Trade Unions from representing British Labour in the International Movement.

11th. Mr. Lloyd George suspended all negotiations with the Soviet Legation in London until the question of the £75,000 offered to the *Daily Herald* has been satisfactorily cleared up. M. Kameneff returned to Russia.

At the conclusion of the proceedings of the T.U.C. a special committee was appointed to investigate Mr. Smillie's allegations that some of those elected to the Parliamentary Committee had bartered votes for the position. The old Committee will remain in office pending the investigation.

The Building Re-settlement Committee of the J.I.C. for the Building Trade have agreed with the Government upon certain modifications of the original plan to expedite housing and will approach the trade unions with a view to immediate action.

*Italy* : The National Conference of the Confederation of Labour passed a resolution declaring that the present movement had for its object "the achievement of trade union control of workshops and factories in the metal industry, and ultimately the socialisation of the industry itself."

13th. *The New Communist Party applied for affiliation to the Labour Party and was refused.*

The Mines Department of the Board of Trade published figures showing that the possible surplus in the mining industry is less than half the figures stated by the miners.

14th. The *Daily Herald* announced its decision not to accept the offer of £75,000 from the Third International. Mr. Francis Meynell's resignation from the Board of Directors was accepted.

The Triple Alliance challenge the figures issued by the Coal Mines Department, which, they state, are not based on representative months. The Prime Minister, in a letter to a correspondent, states the Government attitude towards control and trade unions. The former, he considers, must be maintained in some form "until the export price approximates more closely to the home price." He emphasises the value of trade unions to Labour and the Government and points out that their strength is being attacked by those who urge it to "usurp the functions committed to Government by the whole body of the people,"—not by those who resist the claim.

*Italy*: The Employers met the workers in conference, but it is reported that their offer was not acceptable to the workers, who remain in control of the factories.

15th. In a written statement issued from Downing Street the Government showed that Kameneff, in spite of his denials, was directly concerned with the sale of jewels in this country, and himself informed the Soviet Government that the proceeds had been handed to the *Daily Herald*. It was also shown that George Lansbury's son passed some of the notes through his own banking account.

16th. The dispute in the engineering trade was settled by the E.T.U. withdrawing their demand that foremen must be members of Trade Unions.

The miners' leaders, at their own request, met Sir Robert Horne in conference and laid before him modified proposals regarding the question of the price of coal.

*Italy*: The Prime Minister, Signor Giolitti, intervenes on the side of the workers and declares the Government's acceptance of the principal of syndical control.

17th. Mr. Smillie refused to countenance the Government's determination to make any increase in miners' wages contingent on output, but agreed to meet Sir Robert Horne again on Monday.

*Italy*: Employers and workers in the metallurgical trade agree to place the industry in the control of a joint Committee of equal numbers of representatives of the General Confederations of Manufacturers and of Labour. Signor Giolitti assumes responsibility for the terms agreed, the masters accepting them because they are imposed by the Government, not because they agree the principal.

19th. The unauthorised strike of the Manchester and Liverpool members of the Typographical Society ends. The printers' dispute was officially settled on July 1st, but the Manchester and Liverpool workers remained on strike in defiance of the National Executive of their own Union. Newspaper publication has been entirely suspended in the two cities since August 28th.

- 20th. Miners' Dispute: Both Sir Robert Horne and the Miners' representatives adhered exactly to the position taken up on Saturday.
- 21st. The German Independent Socialist Party, as a result of their mission to Russia, have publicly declared their disapproval of the Third (Moscow) International.
- The Master Cotton Spinners' Federation will consider the question of a general lock-out if the strike of spinners and piecers at Oldham is not ended by September 28th.
- The National Delegate Conference of Miners adopted Mr. Smillie's statement that nothing had emerged from the negotiations with the Government to justify the prevention of a strike.
- 22nd. The Premier discussed the coal crisis with representatives of the Triple Alliance, but no agreement was reached.
- 23rd. Mr. Smillie suggested that the acceptance of the Government's offer should be referred to the districts and decided by ballot. The plan was rejected by a block vote taken at the Conference.
- 24th. The Miners accepted the Prime Minister's proposal to suspend strike notices for a week, and meanwhile to discuss with the owners a datum line of output in relation to wages.
- Italy:* The Government's decision has given rise to considerable dissatisfaction among the more extreme syndicalists, and attacks by the workers have led to bloodshed in Turin and Rome.
- 28th. *Italy:* The workers in possession of metallurgical factories having balloted on the Government's offer and accepted the terms by a large majority, are leaving the factories in good order. The workers will take a general holiday until Oct. 4th.
- Oldham cotton mills will be re opened on October 5th. The Operatives' Association have urged the unofficial strikers to return to work.
- 29th. Miners and Owners were unable to agree as to the proposed datum line and both sides reported to the Prime Minister that a deadlock had been reached.
- The Medical Association have decided to authorise doctors in North Notts to strike for a fee of 26s. per annum for attendance on miners and their families. Strike notices will not be issued until all forms of negotiation have failed.
- 30th. The section of the Wages (Temporary Regulation) Act 1911 embodied in the Industrial Courts Act 1919 expired and industries are now free to regulate their own wages.
- The out-of work donation to ex-Service men is extended to November 8th, when the Unemployment Insurance Act (1920) will come into force.



No. XXXIX

# NOVEMBER

MCMXX

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“Tolerance is based on the will to unity,  
when that is flouted tolerance may be folly.”



# INDUSTRIAL PEACE

## CONTENTS

The State and Tolerance

The Slump in Trade

The Facts of the Case in Diagram, VII

The Business Man's View

The Wages Problem, III

The Output and Distribution of Coal

Food for Thought

Day by Day





# INDUSTRIAL PEACE

## THE STATE AND TOLERANCE.

It is one of the chief boasts of moderns, when they compare the practice of to-day with what was usual and accepted in earlier times, that the spirit of tolerance has grown stronger and that the limits of individual freedom have been expanded. It is more than a boast: it is the truth. So great has our tolerance become that the limits of individual freedom are, in many quarters, almost forgotten. Their nature is very vaguely realised, if it is realised at all.

It is not unprofitable to ask ourselves on what tolerance is based. Why should the State, an agency of a certain character, permit its citizens to enjoy an almost unlimited freedom? The answer lies in the character of the State.

In the State a society expresses its general purpose of concord and co-operation. Its moral root is the belief in brotherhood and peace. It symbolises the community's awareness of its own unity. But for the friendly social instincts of citizens, to which it bears witness, the State could not come into existence, or grow, or function. The State is the great Fellowship. Its fruits are peace, justice and security.

The strength and the wisdom of the State make possible a multitude of other and subordinate fellowships. The keynote of modern life, which proceeds under the protection of the State, is organisation. Under this sure shield the associative instincts of men have built up a towering structure of diverse co-operative effort. For many, citizenship means the nearer subordinate fellowships, their ties, their benefits, their loyalties — and these things alone. In the multitude of its children — the more personal or special associations — the State itself is apt to be forgotten. Yet it is the State, distant, impersonal and severe as it may seem to be, that makes possible the peaceful fruition of all the more intimate issues of work and life.

The worth of citizenship lies in the development of fellowship, the Great Fellowship and all the lesser fellowships. The method and the spirit of all these are similar. The State and all its true children teach the lesson of brotherhood.

Neither the State nor any of its children is free from the temptation to forget this lesson. All organisations whatsoever

to which human associativeness gives rise run this risk. Most individuals have a keen sense of what is right and just. They readily recognise the limits set on egoism by justice and social feeling. But organise these fair-minded individuals in a body for some common purpose, and the group-mind that then emerges gives signs of unscrupulousness. It is easy for a member of a group to confuse group-interest with right. It is thus that might comes to be thought right.

Thus egoism drives States to confuse their own interest with right, and to embrace the rule of might as their principle. Within a State, again, the subordinate fellowships may be tempted to enforce their interests against the State or against other subordinate fellowships. It is not malice, primarily, or any form of evil that brings this on. The very warmth and force of a fellowship—of whatever sort it may be—often leads hopes and ambitions astray. There are organisations to-day in England, the trade unions, that sprang from belief in brotherhood and the need for defence. They began in weakness. Now, in their strength, some of them are turning aside to strife and defiance. Some of them seem to use antagonism as their spirit and force and threats as their method.

But the worth of these organisations for their members cannot excuse, much less justify, a faith in selfish strife against other fellowships and against the Great Fellowship. The method of antagonism is just a breach of faith. The State gives freedom and security, the two chief fruits of concord, on the implied understanding that concord will thereby be furthered. To use this freedom as the opportunity for aggression is to defeat and disparage the fundamental social instinct. It is to take the benefits of the State with one hand, and to undermine it with the other.

If the will to concord is seriously assailed what follows? The whole will of society is clouded and weakened. A defensive guarded mood replaces confident energy. In an atmosphere of menace verging into bursts of force, vigour falls away. Concord is the only condition in which men can put the most into their lives and get the most out of life. The loss of concord brings on discouragement, and even paralysis and anarchy.

If the State stands for concord, what has the State to say to organisations that inflame and exploit discord? Tolerance appears to be based on the will to unity. Where that is flouted, tolerance may be folly.



## THE SLUMP IN TRADE.

WHEN the war broke out it was generally expected that its immediate economic effect would be to create unemployment on a vast scale, and one of the first acts of the Government was to make provision for the relief of distress. But the unexpected happened. The rapid growth in the size of the army and in the need for munitions proved far more than sufficient to compensate for the loss of the export trade. The market for labour seemed to be illimitable. When the prospect of peace grew strong it was again felt that the return of the soldiers and sailors to civilian life and the disappearance of the need for munitions would result in the disorganisation of the labour market. The general demand for a reduction of hours of work which was made in the fall of 1918 represented, in part, a reaction against the strain of war work in the factories, but also, to a large extent, a feeling that such a reduction would lessen the amount of unemployment which seemed otherwise to be inevitable. Once more the unexpected happened. The transition proved far less difficult than had been anticipated, and ex-service men as well as munition workers were rapidly absorbed by industries serving the ends of peace.

We then began to take stock of our position. We became fairly confident that a depression of trade, accompanied by serious unemployment, was neither inevitable nor, if the international situation was properly handled, probable. The war had resulted in wholesale destruction of property; capital expenditure for development purposes had been postponed and could now be undertaken; repairs had been neglected and now called for attention. The whole world was suffering from a shortage which could only be removed by long and strenuous effort. It appeared that several years would be required to make up the leeway. Hence the cry for economy and greater output and the emphasis laid upon payment by results, a system which would provide a strong and enduring stimulus to effort. The cry for economy was unheeded, and we witnessed a veritable orgy of extravagance. Workpeople in many of the most important industries fought against schemes designed to increase output, fearing they would but create unemployment. Even while the controversy was at its height many trades experienced a severe set-back; and these were, and are, trades in which the system of payment by results is applied to process workers. We are now witness-



ing a slump in trade which may become even more severe as the winter advances. Many employers who, but a few weeks ago, were emphasising the need for greater production are themselves to-day restricting output, and experiencing difficulty in disposing of their reduced supplies. It cannot be said that the world has recovered from the effects of the war: on the contrary there seems to be considerable evidence in support of the view that it is even worse off than in November, 1918, and that the need for real economy and larger output is greater than ever. Even when recovery is complete there will be room for further development.

Depression and unemployment are not new phenomena in industry. They occur with startling and disquieting regularity. They alternate with periods of abnormal activity and overtime, and the recurring alternations have strengthened the belief that overtime merely accelerates and intensifies unemployment. But the present slump in trade is due to a combination of circumstances which were either created or strongly influenced by the war, and may thus be examined without special reference to those which preceded it. It is noteworthy that the slump in trade appeared first in Japan, then in the United States of America, and afterwards in this country. All three present similar features which are significant in this connection. Industries essential for war were developed to a great extent during the conflict and enabled the States to render considerable assistance to their Allies. The transition to normal conditions has been rapid, and the States appear to be in a stronger position than any others to render further assistance to the nations which have suffered most. It seems as though they had recovered too rapidly in comparison with other countries.

At one time in its history this country was practically an economic entity, and could exist without assistance from abroad. During the nineteenth century the last trace of economic independence disappeared. When war broke out we depended mainly upon other parts of the world for the necessities of life and for the bulk of our raw materials, and these were paid for by the export of manufactured goods and of coal. Thus there were established large manufacturing industries (such as the woollen, cotton and steel) which depended largely, in some cases mainly, upon foreign markets. Some of these are still closed. For some time after the Armistice was declared, the exporting industries were fully occupied

in replenishing the stocks of British customers and in supplying the most urgent needs of our former Allies. But the home market has been largely satisfied, for the moment, and allied nations have had troubles of their own to which further reference will be made. It is clear that the great exporting industries will not be restored to health while their markets are confined within such narrow space. Commercial intercourse with the rest of the world is the first condition of recovery. It is not sufficient, however, merely to remove hindrances of a political character to foreign trade. Foreign nations must be in a position to pay for the goods which we are prepared to supply. During the war Government purchases were sufficient to maintain the industries in full employment. But these were paid for out of the compulsory and voluntary savings of those people whose incomes were more than sufficient to meet urgent requirements, and, in essence, such savings were secured through loans, taxes, and currency inflation. Final payment was partly deferred, and will be made to holders of Government loan stock over a long period of years. When commercial intercourse is fully restored, foreign states may not—some obviously will not—be able to pay immediately by the export of goods of equivalent value. If they have no foreign bonds in their possession which they can sell—as France has recently been selling—in order to provide means of payment, they must obviously be given credit in the form of special loans. Whether they sell bonds which they now hold or issue special loans it is clear that some people in other countries—mainly U.S.A. and Great Britain—must accept them. In other words, if we send woollen goods or machinery to Poland or Russia we must be content to wait for payment and in the meantime accept bonds, either directly or through the Government. Here we are faced with one of the greatest difficulties of the situation. The floating debt of this country needs to be funded, i.e., calls for the more permanent investment of the genuine savings of the community. Capital is also needed at home for housing and other essential enterprises. Private citizens show no strong inclination to save and invest in such manner. Woollen manufacturers and other business men are in many cases suffering from a shortage of capital. Although they may have made enormous profits during the past few years, a great part of such profits is in the form of stocks, which are rapidly depreciating in value; a considerable part is required to finance the business on the present high level of prices and wages, and most of the



remainder is paid in Excess Profits Duty, the revenue from which is needed to meet current State expenditure. At the same time banks are tending to restrict credits. It follows that if we are to assist in the restoration of foreign trade we must be prepared either to economise to a greater extent than we are now doing or to accept further inflation of credit, with its attendant evils.

A few simple examples may be given in illustration of these statements. Suppose, first, that a rich Englishman decides not to purchase a motor-car which he had intended to use for pleasure, and that the car—or a slightly different car—is therefore made on Russian account, and employed abroad in some important service. If the Englishman invests the money, he saves in purchasing Russian bonds, the motor firm is paid without the creation of fresh currency. If, however, he decides to buy a car and the firm thus makes two cars, it will be necessary for our Government to finance Russia by paying her debt to the firm. The Government may only be able to do so by drawing a cheque upon its “Ways and Means” account, that is, its overdraft at the Bank of England. Thus the credit currency of the nation is increased by this amount, and the immediate effect of such increase is abnormal prosperity in the motor-car industry. In the second place, suppose that Russia requires, not motor-cars but woollen goods. The effect of abstinence on the part of the Englishman is to reduce the demand for motor-cars and to increase the demand for woollen goods; and the effect of payment by the Government from “Ways and Means” account is to stimulate the demand for woollen goods without injuring the motor trade. These are not ultimate effects, which will call for further examination. But the simplified illustrations which have been taken call attention to two questions, the first being whether it is possible to re-establish international trade without further inflation of currency, and, if so, whether it is likely that it will be done; the second being the problem created by the recent enormous development, here and in other countries, of certain industries (such as the making of steel and steel products) which were essential during the war, at the expense of other industries which were not essential during that period. There is strong reason to believe that the recent one-sided development of industry has not only intensified the difficulty of the present, but may also profoundly influence the economic policy of most of the industrialised states when normal conditions of trade are restored.

*(To be continued).*



## THE FACTS OF THE CASE IN DIAGRAM, VII.

Of all the subjects that occupy men's thoughts there is none that recurs with more frequency than *money*. People may pretend to despise it, they may talk of "filthy lucre" as the root of all evil, and profess to be proof against its influence, but as most of the transactions in their daily life are concerned directly or indirectly, with pounds, shillings and pence, they cannot help forming the habit of exaggerating their importance in the national economy.

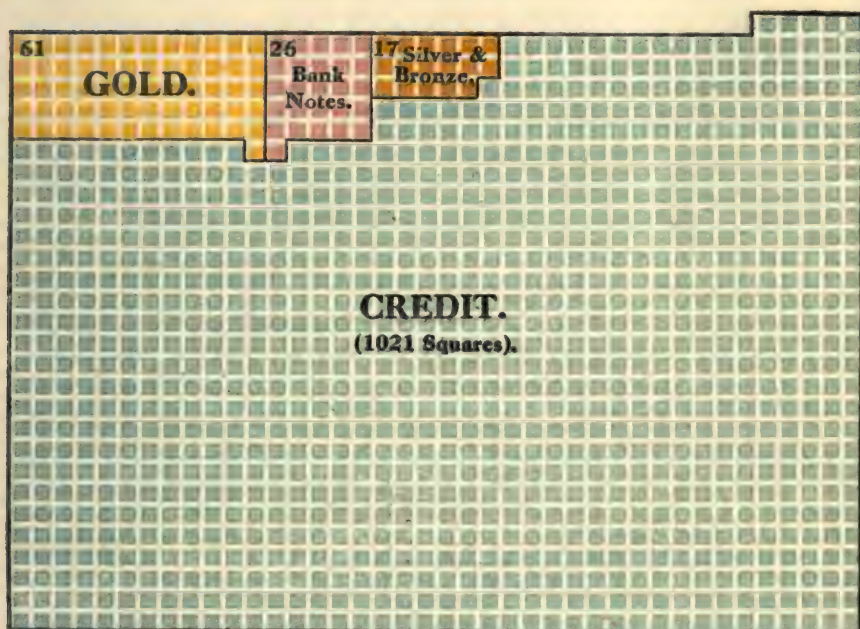
As a result of the over-emphasis given to the functions of money, people are apt to mistake what is only a token for the real thing, and to confuse the ideas of money and wealth. Out of this confusion grow many strange rumours which again, in their turn, lead to serious error.

The avalanche of paper money that has descended upon Europe, the increases in money wages and salaries, the rise in the cost of living, and other associated phenomena, have had an unsettling effect on the public mind, and people with no clear conception of the economic position are at a loss to reconcile the presence of so apparent a profusion of money and so obvious an absence of commodities. There was a time when they knew to a nicety exactly how far money would go, and whether they had much or little they accepted the situation because it was familiar. Now that money is more plentiful and satisfaction still as remote as ever they feel resentment, are full of suspicion and ready to believe any fairy tale that comes along. A man may be acquainted theoretically with the knowledge that the purchasing power of the sovereign is less than half what it used to be, he may be aware in a general way that the currency has been inflated, but nevertheless he is reluctant to accept the practical application of the facts of the case *in propria persona*, he experiences a sense of grievance when he has to pay double for everything. Consequently he is prone to suspect that he is the victim of a conspiracy and he imagines a profiteer behind every shop counter.

Under these circumstances the importance of an accurate conception of the relation between money and wealth can hardly be overestimated. The question is a large one and can be approached from many different angles, but before embarking upon more complicated issues it is necessary, first of all,

## DIAGRAM No. 13.

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



## CURRENCY AND CREDIT, 1914.

Scale—Each Square of Colour represents £2,000,000.



to get a clear idea of the actual proportion between currency and credit at the present time as compared with the normal state of affairs in this respect before the war.

The diagrams which we print this month are designed to illustrate this particular aspect of the question. They are based on the following factors. The National Income of the United Kingdom for 1913-1914, is estimated by Dr. Bowley (*The Division of the Product of Industry*, page 21.) to have amounted to two thousand, two hundred and fifty millions of pounds. This total represents the estimated value of all the remunerated services of the community (whether rendered by Labour or Capital as well as the interest on foreign holdings) at that time and is taken as the foundation of Diagram No. 13. Adopting two million pounds as the unit of measurement, the National Income of 1914 will be represented by 1125 squares.

According to the report of the late Lord Cunliffe's Committee on Currency (Cd. 9182) the amount of legal tender money in circulation in the United Kingdom on June 30th, 1914, consisted of Bank of England notes (excluding reserve of notes in the Banking Department) £29,784,000; gold (excluding coin held in the Issue Department) £123,000,000; silver and bronze £34,000,000. These figures do not include Scotch and Irish Bank notes which, though not legal tender, are in considerable demand and must be reckoned as circulating currency. In 1914 the value of such notes in circulation was £21,613,000.

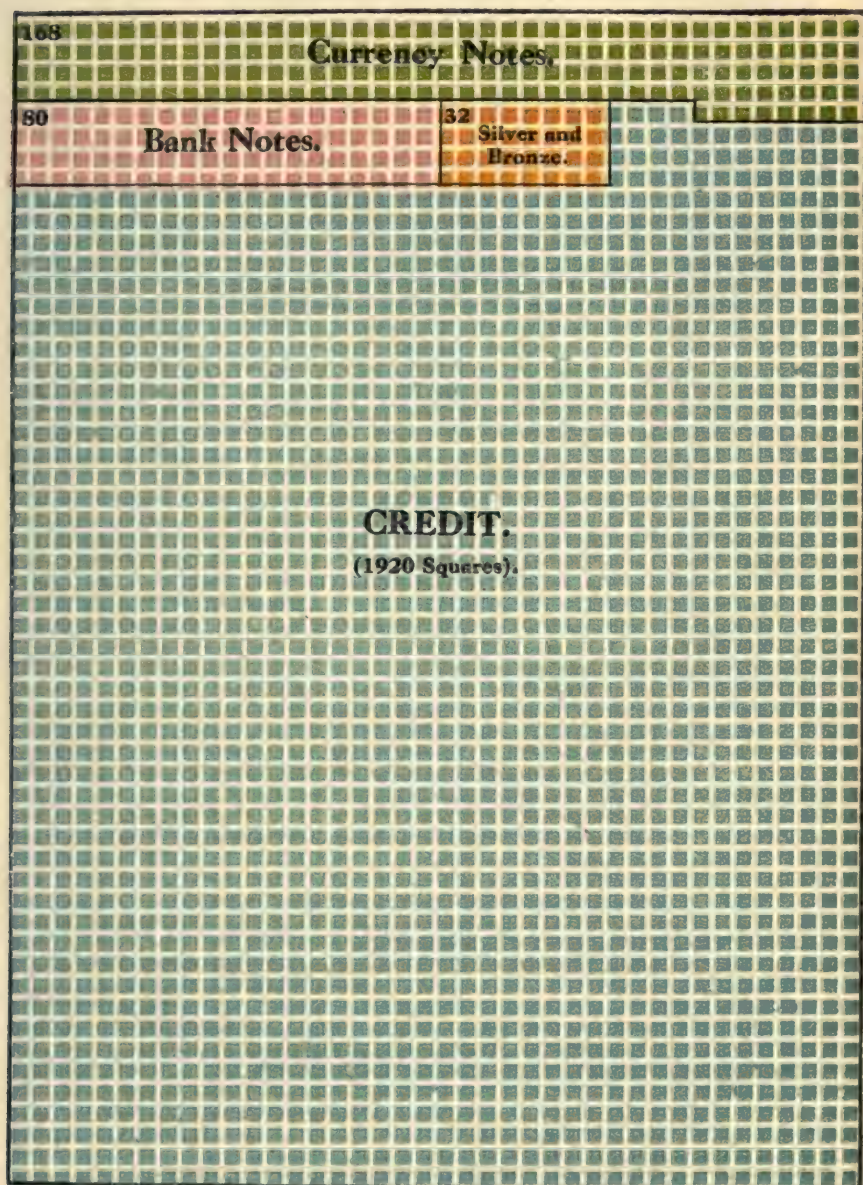
Collecting these totals into squares representing £2,000,000 apiece we allot 26 squares for Bank notes, 61 squares for gold and 17 squares for metallic currency, or a total of 105 squares for all the money in actual circulation in 1914. The remaining 1021 squares contained in the diagram represent Credit in the form of cheques, bills of exchange, banking facilities, etc. It will be seen, therefore, that there is only enough money in the country to pay for one-tenth, or thereabouts, of the annual community services. If all rent, interest, wages and salaries fell due and had to be settled in cash on the same day there would be a shortage of money for the purpose to the extent of more than eighteen shillings in every pound. Comparing currency and population we find that in 1914, if all the money was divided equally, the share of each individual man, woman and child would have been approximately £4. 12s. 8d.

Diagram No. 14 exhibits the currency in circulation in



## DIAGRAM No. 14.

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



CURRENCY AND CREDIT, 1920.

Scale—Each Square of Colour represents £2,000,000

March, 1920. Mr. Edgar Crammond's estimate of the National Income, which he places at four thousand, four hundred millions of pounds, is taken as the basis for the diagram, which consists therefore of 2200 squares, each, as before, representing services valued at £2,000,000. This increase of nearly 100 per cent. in the National Income as compared with 1914 does not mean that the sum of community services has doubled, it rather signifies the extent of the fall in the value of money.

Reverting to the question of currency we learn from Board of Trade Paper (Cmd. 734) that in March, 1920, the money in circulation consisted of Currency notes to the value of £335,372,000, Bank notes to the value of £105,271,000 and metallic currency to the value of £64,631,000, or a total of £505,274,000. Adding £54,269,000 for Scotch and Irish notes we get a grand total which occupies 280 squares in the diagram, viz., 168 squares for currency notes, 80 squares for Bank notes and 32 squares for metallic currency. These leave us with 1920 squares representing credit.

The interesting point emerges that, whereas the currency has increased by 169 per cent., credit has only expanded by some 88 per cent. This may be due in part to a change in the habits of the people who now use currency notes for payments that were formerly made by cheque, but so great a difference cannot be completely accounted for by this cause alone.

It will be observed that the proportion between currency and the National Income has not undergone any drastic change since 1914. In that year, as we have seen, there was about a florin in money for every pound of the National Income. In 1920 there was about half-a-crown.

Again, comparing currency and population, we find that in 1920, if all the money in the United Kingdom was divided up into equal portions, the share of each individual would amount to £11. 14s.

With this inflation of currency, that is to say, with more money about and less goods, high prices are easily understandable.





## THE BUSINESS MAN'S VIEW.

ECONOMICS, as a scientific theory, has generally failed to attract much popular attention, or to convince those most in need of its guidance. The complexity of the science, and the costly mistakes in which erroneous schools of thought have involved us, are partly to blame, but the main reason is probably to be found in the fact that business men refuse to indulge in theoretical speculations about a problem whose practical solution they regard themselves as already engaged upon.

But a good deal of economics may be learned without going to theoretical text-books. In the pages devoted to Company Reports, the daily papers give us an opportunity of studying the effects of wars and legislation, of rising and falling prices, of wages, taxes, of unemployment, and of all the many conflicting currents that go to make or mar commercial enterprise from the producers' or managers' point of view.

These Reports have the merit of being uncoloured by party politics or journalistic bias. They are the actual experiences of a thousand different men—mainly, if not exclusively, men of unusual thrift, enterprise, intelligence and capacity for work. They are, it is true, *ex parte* statements, and cannot be considered to cover anything like the whole field, but taken together they form a valuable commentary on a good many aspects of the question as to the ways and means by which the nation does, in fact, secure its livelihood.

During the coming months we shall give a series of extracts from the reports of the ordinary meetings of companies of all sorts and sizes, and shall endeavour by various groupings to illustrate both accepted and controversial economic theories, to refute current fallacies and, perhaps, to indicate to those best able to interpret the evidence, paths that lead a little further towards the road of progress and reform. This month we deal with some aspects of the economic outlook in two important groups of industry.

### I. PRINTING AND PUBLISHING TRADES.

The only two reports to come under our notice during the month in this industry are those of George Newnes, Limited, and Benn Brothers, Limited. In each case the dividend



declared on the ordinary shares is 15 per cent.\* Sir John Benn, the Chairman, pointed out that the latter Company, being responsible for the publication of "a dozen representative journals, touching every corner of British industry, constitutes a very reliable barometer of British trade generally," and we have, therefore, chosen more particularly extracts from his address as being of wider interest and value to the general reader. It was pointed out that whereas the revenue of the firm had gone up £70,000, practically the whole of this sum had been absorbed by the increased charges of the printers and paper-makers. "Since war began," the Chairman said, "our printing charges have increased nearly two and a half times, while payments to our shareholders have remained stationary." The increase in printers' wages Sir John Benn regarded as fully justified, but he confessed to a feeling of alarm at the growing disregard of the need of increased production. Speed is as essential to the Press as to the railways, any failure to comply with this requirement he regarded as a damaging blow to the industry upon which both printers and publishers depend. The present state of the industry did not yield enough to induce investors to risk new capital, and the progress of the printing and publishing trades, therefore, depended largely on the printers giving high production in return for good wages. It was further pointed out that printing has already received a severe check, and that there is a vast mass of new thought and information which is denied to the public by reason of the prohibitive level of printing prices.

## II. IRON, STEEL, AND COAL TRADES.

In the Iron, Steel, and Coal Trades we have the reports of Bolckow, Vaughan & Company, Limited; Guest, Keen & Nettlefolds, Limited, and the Sheepbridge Coal and Iron Company, Limited.†

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\* Dividends of companies quoted will hereafter be stated (wherever possible) without comment, but at the outset we would call our readers' attention to the fact that it is necessary to interpret the figures in the light of present day taxation and money values in order to estimate them fairly. For example, a dividend of 15 per cent. less income tax at 6/- in the £ represents a net receipt of 11.5 per cent. to the investor, which, with the decreased purchasing power of money, is in actual value equivalent to not more than 6 per cent. in 1914.

† The dividends declared on the ordinary shares by these three Companies respectively were:—(1) 12 per cent.; (2) 10 per cent. with a bonus of 1/- per share, both free of income tax; (3) 10 per cent.

Sir J. E. Johnson-Ferguson, Chairman of Bolckow, Vaughan & Company, Limited, drew attention to the fact that this Company's shares were held by 10,605 people with an average holding of £605.

In view of the unrest in the coal industry, all three firms gave exact figures relating to the actual conditions in their own works, and these are most interesting if summarised and compared together.

Sir J. E. Johnson-Ferguson showed that in the year ending June, 1920, there were 643 more men employed in the collieries than in 1914, and the wages of the individual man were rather more than double. The tonnage raised in 1920 was a little more than two-thirds of the tonnage raised in 1914, while the average output per man was 170.36 as compared with 263.37 tons in 1914. The wages cost of a ton of coal in 1914 was 6s. 4.04d.; in 1920 it was 19s. 7.96d. In addition the men have free houses and free coal.

Speaking for Guest, Keen & Nettlefolds, Limited, the Earl of Bessborough stated that, in their experience, every advance in wages had been followed by a decrease in output. The average output per man in the South Wales Coalfields in 1913 was 243 tons; in 1920 it was about 200 tons. The retainable profit which the Company had on the whole of their collieries last year was not more than sixpence a ton of coal.

Lord Aberconway, Chairman of the Sheepbridge Coal & Iron Company, Limited, spoke favourably of the miners as he knew them, but declared that increased output was a matter entirely in the men's hands. Dealing with the attempt to suggest that the coal-owners had tried to reduce output, he pointed out that the development of collieries had been very much impeded, in recent years, by the shortage of men, by the difficulty of getting materials, and by the difficulty of getting capital at a time when so much Socialist agitation, amounting to threats of confiscation, was going on. The total output per man in their collieries in 1914 was 755 tons a year, in 1920 it was 561 tons—roughly 24 per cent. less than it was before the war. The cost of working was 14s. 10d. a ton higher than in 1914. The wage percentage, compared with 1911, was 162 per cent. up. Absenteeism amounted to 25 per cent.

Lord Aberconway drew attention to the fact that we are now nearly 50 million tons short of pre-war production. That affected the country in every possible way. It affected foreign trade food supplies, because every ship that used to take food

out to the Argentine and various parts of the world brought back food-stuffs and raw materials, and the freight for the double voyage was not greater than the single voyage home now, with the result that the country got its food and raw materials at a much cheaper rate than it could get them to-day with no coal being sent abroad to relieve the situation. That, of course, affected the cost of living for the poorer classes. It restricted the output of ships, and that restricted the output of steel, and that, in turn, restricted the output of iron. The whole thing worked back to the output of coal in the home collieries.

Lord Bessborough gave the number of shareholders in his Company as 11,000, with an average holding of less than £800 each. The net profit on the year's working available for division was £860,509 13s. The wages bill for the same period was £7,635,000, or nearly nine times as much as the profit.





### THE WAGES PROBLEM, III.

THE second article on this subject was devoted to the consideration of the problem of relative wages and salaries. It will henceforth be assumed that this problem has been solved, that is, that even if Smith is not content with the absolute amount of his remuneration, he is at least satisfied with the relation it bears to Johnson's remuneration. It will further be assumed that all are paid according to time (whether it be by the hour, week or year) and that every worker does a fair day's work. The question naturally arises — Is it a matter of importance whether the individual is paid, say, 10s. or £10 per week? To state the question otherwise: does a general rise in the rate of remuneration (which leaves relative rates unchanged) secure an improvement in the standard of living? The reply is not so obvious as would appear.

The Labour associations, during the war and after, repeatedly pressed for advances in wages. It was discovered by experience, however, that such advances were followed — and inevitably followed — by advances in prices, that the net gain to labour was comparatively small, and that even this small gain was mainly secured at the expense of other workers, the majority being of the professional classes. This has become so evident that the recent memorandum of the Labour Committee on Prices declared in favour of a halt, and advocated an attempt to reduce the cost of living.

In pre-war days trade unions frequently demanded, and secured, advances in wages to their members, who thereby enjoyed a higher standard of living. It was therefore concluded by most people that if trade unionism were universalised, workers of all categories would be able to secure corresponding improvements by similar methods. But such people begged the question. It was at least possible that those who obtained advances through the employment of economic power, enjoyed a higher standard of living at the expense of the unorganised workers, whose remuneration was unchanged in amount but reduced in purchasing power through the rise in prices of goods made by the organised groups. If this was the actual result, the latter were largely responsible for the sweating of the badly-paid workers, and universal trade unionism would merely defeat its own end.

Such, indeed, was the view expressed in the early years of the nineteenth century by the classical economists, who emphasised the futility of collective action on the part of workers. And who, in the face of the experience of the last six years, would say that they were further from the truth than those modern theorists who pin their faith to mechanical advances in general money wages? If the latter are right, such advances must have been secured from some source other than wages and salaries. But the only other sources are the rent of land and the remuneration of capital. There appears to be no evidence that either of these suffered as the result of such advances. The facts are so complex that it is practically impossible to reason from them, and we are inevitably thrown back upon first principles.

Merely to call a shilling a pound would obviously benefit nobody if the change affected existing contracts of all kinds. A debt or a capital investment of £1,000 would be called one of £20,000. But if average wages were raised (to take an extravagant illustration) from £1 to £20 per week existing contracts of other kinds would not immediately be affected. A debenture holding of £1,000 would remain unchanged — in other words, its value to the owner would be enormously reduced. The on-cost charge represented by the interest on that debenture would not be altered, and total costs and prices would presumably not be advanced in the same ratio as wages and labour costs. It would therefore appear that labour had secured a gain at the expense of capital. But such gain would not be permanent. New factories could only be erected at correspondingly increased costs: and they would not be forthcoming until (through shortage) the prices of the goods produced in such factories had risen sufficiently to remunerate the new debenture holders, who would now need to invest £20,000 in order to provide what could at first be provided for £1,000. Further, if the policy of demanding repeated advances were consistently pursued, debenture stock would lose its attraction and would thus need to offer higher *rates* than before, so that instead of, say, four per cent being paid on £1,000, perhaps five per cent would need to be paid on £20,000. Finally, in spite of the loss to the original debenture holder of £1,000, the prices would advance (through shortage) possibly to a greater extent than that represented by the rise in costs, and holders of Ordinary Stocks would enjoy greater dividends. Although the argument is presented

through a high artificial illustration, it fits the facts of industry as we know them. A period of rising prices and wages is a period of loss to holders of secured stocks, and a period of gain to the average holder of speculative shares.

No reference has hitherto been made to the factor of foreign competition. Some of our standardised manufacturing industries depend largely upon foreign markets, where they frequently compete upon fairly even terms with rival industries abroad. A considerable rise in general wages and salaries in this country, but confined to this country, would place our rivals at a corresponding advantage and result in loss of trade to exporting firms and unemployment among the employees. Even if the trade were one in which we enjoyed an unchallenged monopoly abroad, the rise in prices would result in a fall in demand from foreign customers, whose buying power had not been increased. Those trades in which we were competing against foreign rivals for our own market would be similarly threatened. At what point such reactions would begin to be felt experience alone could show; but it is evident from the simple cases which have been selected, that we are not entirely our own masters, but must fix money wages at a level determined largely by conditions abroad. Hence the need for international labour legislation.





## THE OUTPUT AND DISTRIBUTION OF COAL.

WHEN there has been a marked tendency, over a number of years, to increase the numbers engaged in an industry, to decrease the hours of service and to push up the rates of pay, it is natural that in attempting to arrive at a permanent basis of agreement, emphasis should be laid on the importance of output. But success in the management of the coal-mining industry is, from a national point of view, in some respects as much dependent on the economy as on the production of the raw material. Costs of production—whether much or little be produced—must be as low as possible: there must be some guarantee that the wages taken and the man-power used result in a reasonable output of coal. But in emphasising the importance of output in relation to one or two aspects of the industry, there is some danger of leaving an impression on the public mind that coal itself is an inexhaustible source of wealth, limited only by the national capacity for mining it.

The diagrams on the opposite page are intended to stimulate thought on some other aspects of the question. The difference in height of the two columns shows the total decrease in output in 1919 as compared with output in 1913—a difference of 191 squares representing close on 48 million tons of coal. The small diagrams below show that it now requires nearly seven per cent. more men to get 239 million tons of coal than it took in 1913 to get nearly 287 million tons. In 1913 there were 1,101,000 men engaged in and about the mines; in 1919 there were 1,185,300.



*Scale.—Each square represents 25,000 persons. The numbers in the blocks refer to the number of squares.*

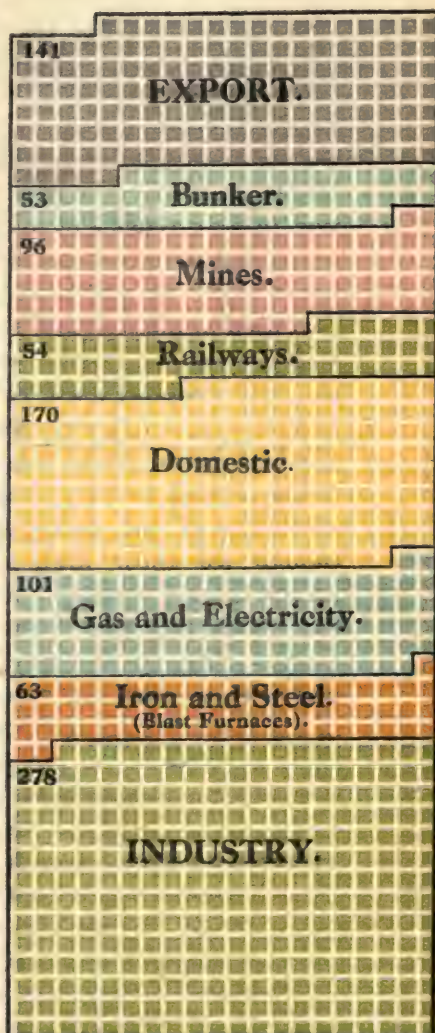
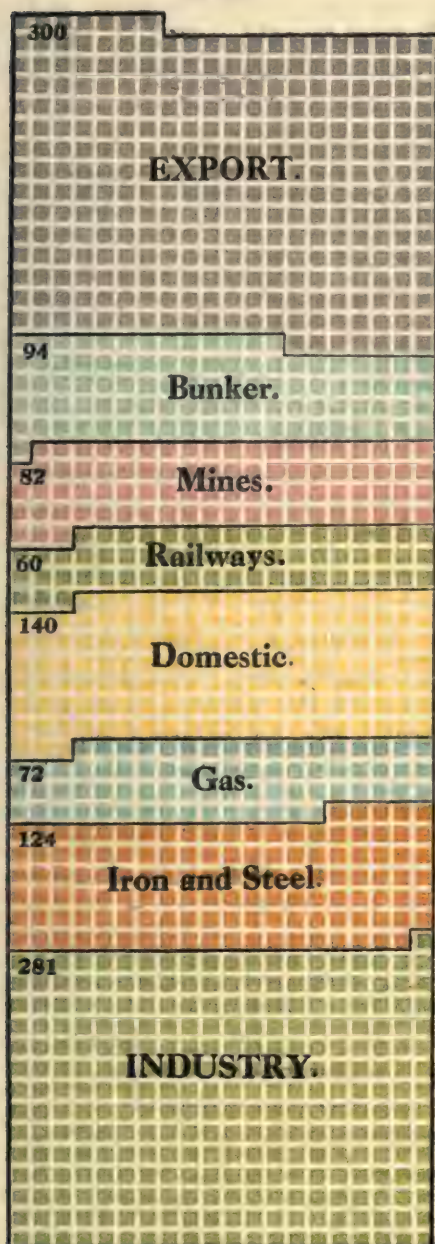
Turning to the separate items in the scheme of distribution, we see that we have accommodated ourselves to the greater

# DIAGRAM No. 15.

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

1913

1919



## OUTPUT AND DISTRIBUTION OF COAL.

Scale—Each square of Colour represents 250,000 tons.



part of our reduced output by cutting down our exports. In 1919 we exported less than one-half of the amount we exported in 1913. (For 1920 the export trade is still lower and would be represented in our diagram by only eighty squares). The total reduction in output in 1919 was 47,812,000 tons, just over 38 millions of which are accounted for by the reduction in the export trade, while  $9\frac{1}{2}$  million tons less are consumed at home.

Owing to the difficulty of securing exact and comparable returns for the years under review, it is not possible to state accurately where the decrease in consumption has taken place, but the general conclusion to be drawn from an examination of the detail as displayed in the diagram is that the decreased consumption is due, not to economies in use, but to reductions in actual industry. For example, consumption in and about the mines is apparently greater, railways are using about one million tons less, there is a reduction in bunker coal, and there is apparently almost 50 per cent. less coal used in the iron and steel industry. In short, we appear to be using our mining resources, both as regards labour and the raw material itself, to poor advantage. We are stinting bunker coal, partly through actual shortage and partly through the high price demanded, although we know that the cost of living in this country is conditioned by the cheapness and efficiency of our carrying trade. We are stinting export, though we know that, as carriers of that coal, we get a return to this country far greater in value than the amount for which the coal actually exchanges. The shortage of bunker coal, by the way, may prove a blessing in disguise and take us one step along the road to economy in the use of our resources, for many shipping firms have already adapted their engines to the use of oil. In increasing output, we in this country should bear in mind that it is to our advantage to economise in all the uses of coal, not by going without, but by avoiding wasteful methods of consumption. The supply in these islands is not unlimited, and it is obtained at the cost of much laborious, unpleasant and dangerous effort. Not to produce enough to maintain our industries must cripple trade and reduce every source of wealth in the country; on the other hand, to waste coal, or to use it extravagantly, means an unnecessary use of labour that might be turned to greater national advantage in other ways, and a reduction in the amount of coal available for export.



An account of our coal output and its destination is incomplete without some reference to the geographical sources of the supply, and although lack of space has prevented us from showing this pictorially, the following table, giving the sources of the total output in 1913, and as estimated for 1920, are of interest.

### Coal Output.

District			Coal Output, 1913 B.O.T. Journal 26 June, 1919.	Coal Output, 1920 (Estimated).
Northumberland	-	-	14,819,000	11,650,000
Durham	-	-	41,533,000	32,500,000
Yorkshire	-	-	43,671,000	37,500,000
Lancs. Ches. and N. Wales	-	-	28,134,000	22,690,000
Derby, Notts. and Leics.	-	-	33,097,000	30,710,000
Stafford, Salop, War. and Worcs.	-	-	20,843,000	18,170,000
S. Wales and Monmouth	-	-	56,830,000	48,365,000
Other English Districts	-	-	5,346,000	5,090,000
Scotland	-	-	42,456,000	32,760,000
Ireland	-	-	83,000	110,000
Total			286,812,000	240,000,000

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## FOOD FOR THOUGHT.

"THE people of this country were never in such a dangerous position as at the present moment. The great mass of the people do not know how near the precipice we are. The remedy lies in settling down."

In these words Mr. J. H. Thomas warned his audience at Hull on the 7th November, 1920, of the dangers of industrial unrest. We believe that his diagnosis is correct and that the remedy which he proposes is sound. On the same day his colleague, Mr. C. T. Cramp, (Industrial Secretary of the N.U.R.) uttered a very similar warning at Manchester. "I should not be surprised," he said, "if some of the greatest industrial conflicts we have ever had take place this winter. . . . Whatever may be achieved by raising wages or by altering the condition of industry—for a number of years there will be a lowered standard of life throughout Europe. I do not complain of that as long as the lower standard of life is applied all round. I would be prepared to live on bread and cheese and onions if the dukes are prepared to do the same. . . . I do not believe that Bolshevism is practicable in this country."



Taking these pronouncements as having been uttered in all sincerity, as we are most willing to do, we conclude that Messrs. Thomas and Cramp have seen the red light of Bolshevism, and, recognising that danger signal, are prepared to do all in their power to avoid a crash similar to that which has befallen Russia. Of Mr. Thomas it has been said, not without a measure of truth, that he aspires to be Codlin at Downing Street and Short at Unity House, and it is not always easy to reconcile the two impersonations nor to be certain, when he is on neutral ground, which rôle predominates. Be that as it may, the main points are that he realises that it is the *people* who are in danger and that the situation can be saved by "*settling down*." These are fundamental truths and if Mr. Thomas acts up to his professions and resists the temptations of "*unsettling*" his followers he will deserve the undying thanks of his generation.

Mr. Cramp is less definite and does not say whether he welcomes or whether he deplors the great conflict which he thinks may come upon us this winter. The matter is of importance because he is one of those in whose power it lies to influence future events to a very considerable extent. If Mr. Cramp and his colleagues in the Council of Action decide in favour of industrial peace there will be no great conflict whilst, on the other hand, if they elect to accentuate the bitterness of the class-war a prevalence of unrest is inevitable. Mr. Cramp does not believe that Bolshevism is practicable in Great Britain, but again we are left in doubt whether his conclusion is arrived at with regret or with relief. What we do know is the side he will be on if the issue is joined, for, speaking at Carlisle in May, 1919, he declared "Whenever you say you are ripe for revolution I am with you."



Mr. Cramp sees further and clearer than those of his colleagues who would have us believe that the high level of prices and the stagnation of *real* wages can be removed by Government action or remedied by the adoption of Communism. He recognises that the waste, disorganisation and destruction inseparable from five years of war must result in a lower standard of life throughout Europe, and he assumes that Britain will not continue to escape the privations that have befallen our neighbours. In this last particular we hope that his pessimistic forecast may not be realised. So far we have weathered the storm with unexpected success and as reconstruction is more advanced in this country than elsewhere we may reasonably look forward not only to the maintenance of our present standard of living but even to a steady reduction in its cost. If, however, this hope is to be justified we must not cultivate the strike fever, but "settle down" to manufacture, distribute and sell the goods which alone can make good the vacuum caused by the late orgy of devastation. If the crying needs of the day are for the expansion of industry and the consequent increase of productivity we cannot afford to repeat the recent experiment of a coal strike which is estimated to have thrown a million and a half people out of work, to have injured our foreign trade, to have diminished the output of coal by fourteen million tons and to have caused a loss of at least as many pounds in wages to the miners alone. If we are to have a revolution to satisfy the class-war



merchants we must find some avenue other than industrial ferment or the resulting upheaval will cause the promised spoils of victory to wither before they can be gathered.



What is perhaps the most interesting feature in Mr. Cramp's speech occurs in the passage that we have already quoted, and in which he declares his readiness to live on bread and cheese and onions if the dukes would do the same. "One touch of nature makes the whole world kin," and Mr. Cramp's suggestion, fantastic though it may seem to be, nevertheless gets very close to the heart of the problem. The demand for equality of sacrifice is a perfectly sincere and a very human cry which rises unbidden to the lips of a large number of law-abiding, intelligent and fair-minded people. We would fain believe that the reason why this appeal falls, for the most part, on unheeding ears is due, not to the crude and selfish reluctance of those who have to share their plenty with those who are in want, but to some more complex and worthier consideration.

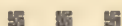


Logically there is no case for equality. The thing demanded has never existed in this world and, so far as we can see, never will exist in any real sense. As man advances in civilisation the more glaring inequalities are subdued by gradual stages, but when force is used with the idea of hastening the evolutionary process, the attempt seldom, if ever, produces benefits that compensate for the calamities which accompany the upheaval. The experiment has been made again and again, and the example of Russia is no exception to the rule. Not only has Lenin failed to equalise the miserable fate of his dupes, but he has been driven to standardise inequality as a measure of State, and that at a level far below what has been experienced in any civilised country within human memory.



The vision of dukes living on onions is a diverting picture which, besides providing excellent copy for the newspapers, might actually be good for ducal souls, but Mr. Cramp's challenge must not be taken too literally and a certain amount of picturesque rhetoric is allowable when driving points home. The fact that altruism is often of greater potency than logic in practical affairs is a truth not yet

sufficiently apprehended, and its virtue fails altogether if any trace of ostentation or advertisement is allowed to creep in to mar the dignity of the sacrifice. For these and other reasons we shall never see British folk indulging in stage-managed scenes for public edification. Any good that is achieved in this sphere must be done for conscience sake and by stealth.



If any man, peer or peasant, loves his country and would serve her in time of peril, he need not wait for heroic occasions nor seek exclusive means. Opportunity is ever present and comes to all. He who obeys the call of sacrifice may receive no individual reward nor may his light shine before men, but he will know that he has performed his share of a great and necessary work. The man who fails to obey is false to his heritage because he retards that work and, in the long run, injures both himself and the nation to which he owes so much. Every act of sacrifice counts two on a division and so is of double worth. It indicates the better way to those who doubt, and it smooths the path for weaker brethren. Equality can never come by compulsion, for the compeller must necessarily be more powerful than the compelled, and power presupposes inequality. The spirit of altruism is frozen in the chilly air of class-hatred, it can only expand in the genial atmosphere of peace and goodwill. The fury of the elements made Æsop's traveller secure his cloak more firmly; it was the warmth of the sun that made him discard it.



## 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).*

**Oct.** The Ministry of Labour records a rise of three points in the  
**1st.** cost of living during September, and a total rise of 164 points since July, 1914.

Changes effected in the rates of labour during the month gave a total increase of £49,100 in the weekly wages of 219,000 workpeople. The hours of labour of about 1,500 workers were reduced by an average of three a week.

212 trade disputes involved 104,000 workpeople and a loss of 1,135,000 working days.

Unemployment in the Insured Trades rose to 3.80 per cent., and the numbers on the Live Registers of the Employment Exchanges rose from 281,032 to 311,126.

Mine Owners present a new offer to the Miners, giving an increase of 2/- per shift for an output of 248,000,000 tons. The Miners postpone strike notices and propose to ballot on October 11th and 12th for or against acceptance of the offer.

**2nd.** Messrs. Steel, Peach & Tozer of Sheffield gave seven days' notice to 1,000 of their workmen owing to lack of orders.

It is announced that *The Daily Herald* will be sold at 2d. a copy on and after October 11th. Of the £400,000 appealed for last year only £90,000 has been subscribed, and Labour is urged by the Directors to give further support to the paper.

The French General Confederation of Labour rejected the Third (Moscow) International by a large majority. The Italian Socialist Party has declared its adherence to the Third.

**4th.** At a meeting convened by the Mayor of Coventry (where there are 4,500 unemployed), representatives of the "Coventry Soviet" demanded that factories should be taken over by the City Council and the Unemployed Workers' Committee (or Coventry Soviet) for the production of commodities needed by Russia. The Management and foremen would be elected by the workers.

**6th.** The special committee, appointed by the T.U.C. to investigate Mr. Smillie's charges that seats on the Parliamentary Committee were won by bartering votes, report their agreement with the charge, but feel that no good purpose would be served by a re-election this year. The General Council will be elected next year by groups and the evils complained of automatically eliminated.



The Committee appointed to investigate the cost of wools and yarns and the British Wool Federation have reached a deadlock. The four Labour delegates have tendered their resignation.

The Transport Workers' Federation decided to urge the Ministry of Labour to consider Mr. Bevin's scheme for a guaranteed weekly dockers' wage of £4. He estimates the cost to the industry at £2,600,000 a year.

Following the example of the industrial workers, peasants in Italy and Sicily are seizing the land and dividing it into small lots to be worked by the peasants on a co-operative basis.

Profiteering Acts: The Report of the Committee on the oils, fat and margarine trade states that there is at present keen competition between the principal groups of manufacturers, and that the high prices following decontrol were due entirely to shortage of supplies. They suggest that, should a combine occur in the future and the industry become a monopoly, the Government should fix a reasonable maximum profit on turnover.

7th. Coal Crisis: Mr. Smillie advises the Miners to accept the Owners' offer as a temporary measure.

Italy: Delegates sent to Russia by the General Confederation of Labour report that, in their opinion, the revolution in Russia has completely failed. Capitalism has been destroyed, but nothing has been substituted, and its evils have been intensified.

8th. The Cabinet has under consideration a scheme submitted by Sir Henry Maybury, Director General of the Roads Department for the Ministry of Transport, which, if adopted, would absorb the labour of 500,000 unemployed men.

11th. It is reported that numerous peasant risings on a large scale have taken place in Russia against the Soviet Government. There is a growing demand for the summoning of a Constituent Assembly.

12th. Printing Trade dispute: The Employers' offer of an increase of 5/- to 2/6, according to district, in place of the men's demand for a flat rate of 15/-, was rejected by the Federation. The employers suggested that the matter should be referred to some form of mediation.

13th. The Miners' Ballot shows an overwhelming majority against acceptance of the owners' offer. (For: 171,428; Against: 635,098),

14th. The miners' leaders decide that strike notices must be allowed to expire on the 16th. The Prime Minister presses for further negotiation.

Italy: A two-hours general strike was carried out as a protest against the arrest of political offenders opposing the country's policy towards Russia.

18th. Coal Crisis: One million miners on strike. Emergency orders are put into force forbidding food-hoarding, and rationing of coal, gas and electricity.

The procession of unemployed organised to accompany the delegation of fifteen London Mayors to interview the Premier was the occasion of serious riots in Whitehall and Downing Street.

The Soviet delegates, Zinovieff and Losovsky, have been ordered to leave Germany as a result of speeches delivered by them urging the people to begin a class-war.

19th. *Parliament re-assembled.* Mr. Brace suggested that the coal dispute should be settled by the immediate granting of the 2s., a National Wages Board set up for the industry, and all attention concentrated on how to increase output, but the Premier rejected the proposals as affording no guarantee of better output.

All racing suspended until the end of the strike; train and steamship services curtailed.

The Government's plans for dealing with unemployment were announced. They include a large scheme for the construction of new roads throughout the country; the employment of further large numbers of ex-Service men on housing, a large increase in the numbers admitted into the skilled ranks of the foundry, iron-puddling and railway-wagon building trades.

Miss Sylvia Pankhurst was arrested in connection with the publication of an article which appeared in *The Worker's Dreadnought*, the Communist organ of which she is editor.

The attempts of the J.I.C. to effect a settlement of the wages demand of the Road Transport Workers having failed, the National Federation has declared in favour of a sectional strike of 180,000 workers to secure a minimum weekly wage of £4 7s.

21st. The N.U.R. Executive informed the Government that unless the miners' claims are granted, or negotiations resumed within 48 hours, the railwaymen will cease work on Sunday night at midnight. No official decision was announced by the Transport Workers, but Mr. Robert Williams declared in favour of a general strike within 24 hours.

22nd. *The Times* expresses its faith in the intentions of both owners and miners to increase output, and advocates the immediate concession of the wage demand. The Parliament-

ary Committee of the Trades Union Congress convened a national conference for October 27th in the interests of peace. Both Mr. J. H. Thomas and Mr. Bowerman, on behalf of the Congress, express disapproval of the sympathetic strike threatened by the railwaymen. The Miners' Executive was summoned to London and a joint meeting with the Executive of the N.U.R. arranged.

24th. The Government and the Miners' Federation discussed a new proposal made by the Government. The nature of the proposal was not made public. The railwaymen comply with the Miners' request that they should suspend their threatened strike and not further prejudice the chances of peace. The Transport Workers and other important trade unions will await the Wednesday Conference before taking definite action.

25th. Alderman MacSwiney, Lord Mayor of Cork, died in Brixton Prison at the end of 73 days' hunger strike.

26th. A foreigner who refuses to disclose his identity, arrested and charged at Bow Street under the Aliens Act 1920, is believed by the police to be a courier employed between Lenin and the revolutionary party in this country. When arrested the man was carrying letters from Sylvia Pankhurst to Lenin and Zinovieff and memoranda on the training of the Red Army.

27th. Coal Crisis: A serious hitch in the negotiations between the Miners and the Cabinet was reported. In the absence of any official statement, it was rumoured that agreement having been reached that the miners should receive wages based on the value of output for not more than two months, during which period permanent machinery in the shape of a National Wages Board should be set up for the future regulation of wages, the South Wales representatives on the Miners' Executive refused the terms on which the wages are to be awarded during the experimental period. According to *The Times*, the South Wales miners suddenly claimed the right to wholly new wage rates during the experimental period, and claim the whole of the profit on the increased coal tonnage after the deduction of the owners' statutory profits. *The Daily Herald's* version is that the Government, in drawing up the mutually agreed scheme, made subtle changes advantageous to the owners and unfair to the miners regarding the distribution of the "pool," and attempted to degrade the National Wages Board into a national committee on output.

The T.U.C. meeting was postponed for 24 hours.

The Emergency Powers Bill passed its third reading in the Commons. Labour amendments providing that no powers



of military or industrial conscription could be taken under the Bill, and that striking or peacefully persuading others to strike should not be an offence, were accepted.

- 28th. The Miners' Executive agree to recommend the men to adopt the Government's proposals. A ballot will be taken on November 2nd, and if there is a majority in favour of acceptance, work will be resumed not later than November 8th. The men will receive the 2/- unconditionally until January 3rd, thereafter until a permanent basis has been agreed by the National Wages Board, wages will be governed by a sliding scale which takes account of output and the price of export coal. The September export Trade will be taken as a basis warranting the payment of one-half of the present award, and a further 1/- will be paid for every additional £288,000 in the weekly export trade.

Sylvia Pankhurst sentenced to six months' imprisonment in the second division on a charge of publishing in *The Workers' Dreadnought* seditious matter likely to cause disaffection among his Majesty's forces and the civilian population.

The House of Lords passed the Emergency Powers Bill in all its stages.

- 29th. Coal Crisis : In issuing ballot-papers, the Miners' Executive recommend acceptance of the terms offered.

Coal Crisis : The Executives of the South Wales and of the Lancashire miners advise their members to vote against acceptance of the proposed scheme.

- 30th. Belgium : The National Congress of the Socialist Party rejected the Third International as being opposed in principle to the international socialist movement and calculated to weaken the working-class movement towards liberation. (Votes for rejection : 493,175 ; against, 76,223).



No. XL  
**DECEMBER**  
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“The essence of trade is that it is an adventure in which failures are the stages of progress.”





# INDUSTRIAL PEACE

## CONTENTS

On Collective Bonus

If Labour Rules

The Facts of the Case in Diagram, VIII

The Compleat Conciliator

The Slump in Trade, II

The Business Man's View, II

Food for Thought

Day by Day



# INDUSTRIAL PEACE

## ON COLLECTIVE BONUS.

A great many people unacquainted with industry are asking, "What is Collective Bonus?" Others, who are conversant with industry, think the answer of little moment. They know that all fashions in remuneration have their day, and that none will deliver mankind thoroughly from the material or moral impediments in the way of the production of wealth. They remember the recent refusal of the coal-miners to accept a collective bonus on a national scale, even as a temporary makeshift. More recently, distinguished speakers at a lunch, held under the auspices of the Higher Production Council, sang the praises of Collective Bonus. Mr. Asquith picked out as a model the well-known Priestman scheme. But between the extremes of opinion regarding Collective Bonus there must be a middle way. Collective Bonus is not the panacea which some enthusiasts think it. Nor are the cynical right in believing it an illusory device. It is a very distinctive method, and like most methods it only answers, or it answers best, under the specific conditions which favour it. Let us try to see what these are.

Collective Bonus is a compromise. It arises naturally and most frequently where a trade or an establishment has been on time-wages, and the management has sought to replace time-rates by piece-rates. The workmen, disliking individual piece-rates, consent to an experiment in a collective piece-rate. This consent rests on various grounds. Some workmen regard a collective piece-rate as a mild way of killing a piece-work proposal. Others like the emphasis which such schemes lay on solidarity and co-operation. Some like experiments and enjoy the stimulus which the running of a scheme brings into the life and the politics of a workshop. Not many believe strongly in the method, for they know the difficulties too well. Collective schemes, therefore, are the management's child. Their acceptance in the first instance by the workmen and their success in running depends primarily on the initiative of the management.

The essence of a collective scheme is that a standard output for a whole shop or a whole establishment is fixed, and on this a standard wage is paid, while increases in output bring proportionate increases in wages. The standard output may be fixed by value in money, or by the number of articles produced, or by their weight. The scales of increase also

offer many possibilities of variation. What suits one manufacture or one establishment may fail to suit others. More important, a method of organisation which pleases one set of employees may be impracticable elsewhere. The personal factor is very important. But ordinarily the technical factor must be present to call forth the spirit which alone can make collective bonus a success. By the technical factor is meant a necessity in the nature of the work itself for close co-operation among producers of all sorts. In a machine-tool works, for instance, a great many skilled specialists work at close quarters, jobs passing, to some extent, from hand to hand and back again, so that delay or bad work at any point is apt to prejudice the whole movement of production, while the contribution of each man to the total result would be difficult to disentangle from the result, or even impossible. If the effectiveness, and therewith the value, of each man's work depends on how his mates are working, and if the total result cannot easily or conveniently be analysed into individual contributions, then any scheme that will promote or reward harmony and helpfulness, as of the essence of efficiency, is to be welcomed.

Let us follow out the typical collective scheme as it was conducted (or tried), for instance, in many machine-tool works during the war. A men's bonus committee was a necessity. The committee would keep an eye on the progress of work in the shops and would check the records of the management. Here was the germ, and indeed more than the germ, of Joint Control. The committee could focus the public opinion and the "politics" of the workshop. The spirit of criticism and agitation could find a useful channel of expression and work. A sort of public life was possible—an opportunity of real value, for of unrest and inefficiency some part at least is due to lack of self-expression and consultation and responsibility. "Works Committees" and similar organisations are apt to suffer from having no very definite or important functions, and from being tempted, therefore, to make trouble rather than to do real work. A collective bonus scheme, in a good shop, is bound to stimulate the interest of workmen in their employment, and, in educating them, to improve their status as well.

But a lasting success is very difficult to achieve. Without good-will between the employer and the workmen success is impossible. The employer, moreover, must accept the measure of joint control which the scheme involves and



be prepared to disclose some at least of his business records to his committee. The men, on their side, must bring good-will to the transaction and accept the duty of making the best of the joint venture. They must identify themselves in interest with their employers more thoroughly than is usual or easy for them. Wage-earners by custom, and often time-workers by preference, they feel that their trade union solidarity is not quite compatible with a very intimate concern in the prosperity of a particular firm. Here is a general handicap that weakens collective working even where the employer is popular and trusted. On the other hand, the workmen may be well-disposed towards their employer without being "together" among themselves. The decisive factor in Collective Bonus, after all, is the morale of the shop. Workmen who are suspicious or hostile towards their employer will probably be the same towards each other, and where they are so, no bonus scheme will work well. The bonus committee will have little authority, or its members will have a very short tenure, or no good men will join it, or it may be ignored in favour of mass meetings of the whole shop. Even if the men adopt the scheme heartily, its working may set them at variance. If one department or gang suspects that it has to earn bonus for some idler or consistently unlucky department the scheme is at once in danger. The limits of solidarity within the workshop are soon reached. Individuals and gangs and departments within a large whole inevitably become differentiated from each other in respect of efficiency. The better producers are likely to demand a special premium within the general scheme of bonus. This process may be carried to great lengths. From the theoretical point of view wages might reasonably be made to depend on two variables: (1) the general output, and (2) the specific contribution thereto of smaller groups. But at this point the whole scheme is apt to break down into group piece-work without the collective framework. The double way of reckoning by results is excellent in theory, but in industry arrangements must be simple. If they are complicated they are suspected as tricks to deceive and defraud.

Collective Bonus, then, calls for considerable moral and mental cultivation in employers and workpeople. The work, moreover, must be such as to impose in considerable measure the spirit of good-will and co-operation, and the scale of the work should not exclude acquaintance and contact. But the most important conditions of success, perhaps, are the moral conditions.

## IF LABOUR RULES.

IF "the workers" make up their mind to rule and go the right and straightforward way about the business, there is no sort of impediment to the realisation of their political ambitions. The prize is within the grasp of any combination that can persuade the majority of their fellow-citizens to entrust them with the task of governing the country. This very obvious fact cannot be hidden from the leaders of the Labour Party, but they have got into the habit of talking and acting as if the direct and constitutional road to power were blocked by some unsurmountable obstacle, and that they have therefore to originate some novel and unauthorised approach to Downing Street. Of the many strange beliefs that are engendered by this mental attitude the most prevalent appears to be that, if a party is actuated by high ideals, exclusion from office constitutes an injustice, if not a fraud. Another popular article of faith is that if a party is fit to govern it ought to be given the opportunity of demonstrating that fitness in practice without having to undergo the preliminary ordeal of the polls.

And so the question, "Is Labour fit to rule" is being asked and debated with almost pathetic frequency and quite unnecessary ardour. One might as well ask "Is Mr. Arthur Balfour fit to command the Grand Fleet?" To both questions the answer should be very similar. If Mr. Balfour had joined the navy in his youth and gone through the mill, his fitness or otherwise for high naval command would have been put to the test. His intellectual attainments and his sincerity of purpose would, no doubt, stand him in good stead as commander-in-chief, but they would hardly count in the balance as compared with other qualifications for the appointment.

If the Labour Party serves its political apprenticeship and secures a majority in the House of Commons it succeeds *ipso facto* and its fitness cannot then be questioned. The one and only title to office in a democratic state is the concrete and accomplished fact that the electorate, wisely or foolishly, deliberately or in haste, has shown a decided preference for one group over its rivals. Faced with the logic of such considerations, impatient politicians are sometimes apt to attempt



to explain away their ill success at the polls by suggesting that they are not given a fair chance—that the dice are loaded against them. The suggestion is unworthy and untrue. Had there been a conspiracy on the part of the so-called ruling classes to bar the road to the aspirations of Labour, the Representation of the People Act would not have been put on the Statute Book without a struggle. It is said that Labour cannot find the money for electoral campaigns on a sufficient scale. This is true in a narrow sense but not in a wide one. Lack of funds does not stand in the way of Direct Action. The recent Miners' strike cost the men no less than fourteen millions, and expenditure on propaganda is never stinted. The fact is that the believers in the efficacy of the "short cut" squander the sinews of war in the alarum and excursions demanded by Direct Action, and starve their political machine.

Mr. J. H. Thomas, M.P., is one of those Labour Leaders who believe (with occasional lapses) that the method of the ballot box is preferable to unconstitutional force, and it is somewhat disappointing, therefore, to find that his book—*When Labour Rules*, reacts in a contrary direction. There is a plethora of confident assertion, a super-abundance of promise, a vast amount of ill-informed criticism, but very little in the shape of constructive statesmanship. He falls headlong into all the specious but unprofitable ecstasies that keep labour in the wilderness, and seems to think that vehement emphasis and admirable intentions are sufficient credentials.

"However true or false future events may prove my vision to be, I do assert with all the vehemence at my command that Labour Rule will be entirely beneficent, and that its dealings with high and low, rich and poor, will be marked with broad-minded toleration and equity."

Mr. Thomas cannot expect to escape criticism because he chooses to speak as a prophet instead of reasoning from experience of the past. His word as a successful Trade Union Leader will be accepted without question by many working men and women. He knew when he wrote the book that by putting his name on the title page he would stifle the spirit of enquiry in the majority of his readers. Such knowledge laid the author under the obligation to establish his "vision" on a sure foundation of facts, but he makes no attempt to justify his conclusions. He is mindful that most men like material comfort and, confident of his own skill in the rôle of beneficent



autocrat, he essays to win support for his dictatorship by lavish promises of wealth and ease.

In the *England of To-morrow* there will be shorter hours of labour with free education, free boots, clothes and food for children; free clubs, theatres, operas; cheap fares to the sea-side; fifteen years of leisure to all workers who, having experienced considerable ease during their working years may, Mr. Thomas thinks, be expected to enjoy life up to the age of seventy-five. All these things cost money, but as to how that will be obtained, Mr. Thomas says never a word. The appeal is not original, Jack Cade was just as positive, just as vehement.

Chapter III—*To-day and Yesterday*—is devoted to indicating "how very clear the evidence is that Labour has reached that stage in its development which justifies it in the belief that it is fit to rule." But here Mr. Thomas proves himself a wretched advocate. The best he can do is to summarise the social progress of the last century, and pointing to the many things that have been done in the interests of Labour and of the poor, claim them all as Labour's own accomplishment.

"Not only is Labour fit to govern, but the needs of the country demand that it shall govern . . . The Labour Party is ready and willing and able to open the door, and the Labour Party is the only party which is prepared to throw the door wide and lead the way into an era of progress and sanity." One looks in vain in the succeeding chapters for some clear exposition of a policy which shall justify the claim and the boast. But whether he speaks on nationalisation, finance, housing, foreign policy, our dependencies, the liquor trade or even the League of Nations, Mr. Thomas is indefinite, hesitating and contradictory. Thus, on page 10, he does not think that human nature will ever alter much. On page 153 he thinks that the young man of twenty in possession of a fortune "slacks and lazes and . . . does not develop and expand his abilities, as he certainly would if he had the prod of having to earn his own living. It is that that makes a man strive for development, and improvement and advancement, and it is that striving which makes the world go round." But on page 177, when defending nationalisation or municipalisation, Mr. Thomas says that "it would not sterilise industry—personal industry I mean—to think he (man) was more or less secure in his position. He would still do his best—perhaps better than if he worked for himself. I think that as the idea

of the State grew—the idea of all working for all, with, of course, the security of his own position—we should get a higher idea of work. It would spell service rather than mere income.” When all monopolies are nationalised “we shall cause to grow up amongst us a large army of civil servants who will not shelter behind bundles of red tape and indulge in laziness, but who will be fired by a common ambition to succeed . . .”

But Mr. Thomas disclaims any intention of applying the principle of nationalisation generally (page 177). In detail, it is true, he proposes to control everything and to confiscate all wealth beyond what he considers good (page 152), but he lacks the courage to be definite when discoursing on the principle.

When Mr. Thomas displays ignorance of the working of the Poor Law as he does in assuming that the genuine seeker after work is made to break stones if he needs a bed in the casual ward (page 176), it is fairly certain that he will not prove a sound guide on international finance and the handling of the dominions and dependencies. Unfortunately his superficiality in these realms may escape the notice of his less well informed readers.

Mr. Thomas is an autocrat of very decided opinions, and like most of his type he is too sure of himself, and too eager to experiment in beneficent autocracy to spend much time in verifying his facts or collecting reliable evidence. If we agree that we would like to have the material blessings that he offers, he is sure that he can get them for us. He is so eager and so occupied in persuading us to accept the programme that he has never really thought much about the ways and means.

From his own book it is obvious that if suddenly given the opportunity he craves of leading “the way to a new era of progress and sanity,” he would find himself totally unprepared to make the start.



## THE FACTS OF THE CASE IN DIAGRAM, VIII.

Of all the many vexed questions that exercise the mind of the enquirer into current social problems, none are more practical and few more perplexing than those which are concerned with the distribution of the National Income. The controversy as to what constitutes a fair division of the nation's earnings will endure whilst men of varying capacities exist and as long as wealth remains a desirable possession. This bone of contention is as old as civilisation, though the origin and intensity of the grievance has naturally varied with the economic conditions of the period. To-day we seem to be approaching the culmination of a wave of unrest that has long been gathering and which now threatens to burst into a fury, prepared to destroy even that which it has in an attempt to take and enjoy that which it believes is withheld unfairly.

The pity of the situation is that, so far as facts and figures are concerned, the controversialists who most bitterly criticise the existing social system are ready to adopt any method of calculation and to accept any result that fits in with their preconceived ideas on the subject of the distribution of wealth. Erroneous deductions have been drawn from such statistics as are available by well-meaning but ill-informed exponents. Because they promise greater wealth for less effort to the many who are poor, the catch phrases into which these deductions crystallise are taken up and repeated until they become an inalienable belief accepted without question by large sections of the public. Few take the trouble—or indeed have the time or knowledge to check the reasoning for themselves and as “men and women live principally by catchwords” it is inevitable that such picturesque but untrue statements as “one-half of the entire income of the United Kingdom is enjoyed by about twelve per cent of its population” will be greedily absorbed and digested.

It is not easy to acquire precise knowledge of the wealth of a modern state and it is even more difficult to demonstrate the facts of its distribution, but something nearer the truth than the dictum above-quoted can at least be done. We propose therefore to examine this question and exhibit diagrammatically what we believe to be as near an approximation to the actual situation as it may be possible to indicate by this method. Figures for the year 1920 are not available



at present and we have to go back to 1907 in order to find a substantial basis for our calculations. The only reliable evidence we have of the income derived from industry in the United Kingdom and of the proportions in which it is shared is provided by the Census of Production which was taken in 1907, and which deals with all the manufacturing and mining industries in the country. In his *Division of the Product of Industry*, Professor A. L. Bowley, in order to keep as close as possible to ascertained statistical facts, checks his division of the National Income by an analysis of the actual facts disclosed by the Census and the diagram which we print this month is based on his work.

According to the Census, the net output of industry in 1907 was £712,000,000. From this total Professor Bowley deducts £53,000,000, the product of government work and of railway shops which contain no element of profit, and £15,000,000 paid in excise duties before sale. The remaining £644,000,000 can then be divided up into wages, salaries, depreciation, rates, rents, royalties, interest and profits.

A careful dissection of the Wage Census, 1906, and of all the evidence offered by the 1907 Census, gives us the following estimate of the proportions into which the product was divided :—

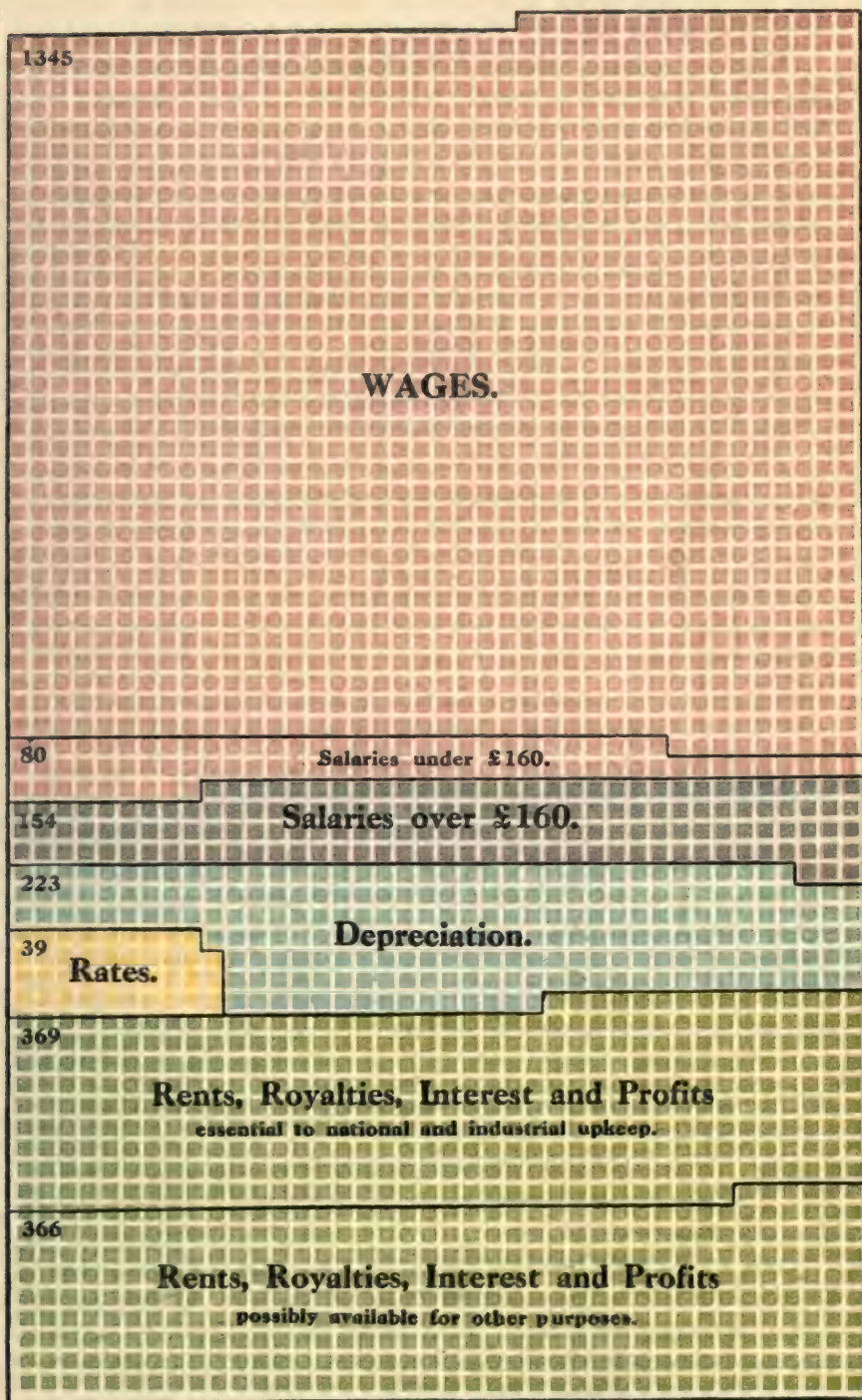
Wages	...	...	...	£344,000,000
Salaries	...	...	...	£60,000,000
Depreciation	...	...	...	£57,000,000
Rates	...	...	...	£10,000,000
Rents, Royalties, Interest and Profits				£188,000,000

It will be observed that the sum of these amounts gives us a total of £659,000,000 instead of £644,000,000, but it is obvious that as we are concerned with the proportion that the figures bear to each other, and not with the exact totals, the slight percentage of error involved by an arbitrary adjustment does not invalidate the general truth of the deductions drawn.

We have taken £644,000,000 as our total amount to be divided, and reduced each of the above items proportionately. Diagram No. 16 consists, therefore, of 2,576 squares, each square representing a quarter of a million pounds. Of these, wages absorb 1,345, and 80 of the 234 allotted to salaries represent individual earnings of less than £160 a year and are, for our purpose, virtually the same as wages. Rents, Royalties, Interest and Profits account for 735 squares. Taking the results as they are, in these industries the relative shares of

## DIAGRAM No. 16.

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



### DIVISION OF THE NET OUTPUT OF INDUSTRY, 1907.

Scale : Each square of colour represents \$250,000.



Wages (including the salaries under £160). Salaries and Rents, etc., are 62 per cent, 6 per cent and 32 per cent respectively.

Thus far it would appear that Rents, Profits, Royalties and Interest appropriate nearly one-third of the product of industry. But these 735 squares by no means represent a sum that might, under a socialist system, be divided with impunity among the 6,062,000 wage earners and 340,000 small salaried workers for which the diagram accounts.

In the first place, in 1907, Income Tax was at one shilling in the pound, and deducting this as a level tax levied on every pound, without making allowance for rebate or additions for surplus tax, would reduce the total by 37 squares. In the second place, Professor Bowley estimates that if the employers, instead of remunerating themselves according to the profits made, received salaries on the same basis as managers who do not own the businesses they conduct, £40,000,000 of the profits would have to be devoted to this purpose. £40,000,000 is represented by 160 squares on the diagram. Thirdly, it is generally admitted that capital performs a valuable service; and the supply of capital will not be maintained unless some suitable return is made for the use of it. The capital of the firms dealt with was estimated in the Census at £1,200,000,000, which with interest limited to, say, four per cent, accounts for another 172 squares. Thus, even in 1907, when the expenses of the State were about one-seventh of what they now are, of the 735 squares absorbed by Rents, Profits, Royalties and Interest, 369 are accounted for as necessary payments in the interest of industry and national upkeep. If we compare the remaining 366 to the 1,425 squares devoted to wages and small salaries, Rents, Royalties and Profits, properly so called are seen to be 25.7 per cent of the sum divided between the two. Or, assuming that Rents, Royalties and Profits are unjust and useless payments for which no service is returned, and that they could be taken from their owners and paid to the wage-earners in the industry, it would appear that 6,402,000 workers might divide between them £91,500,000, or receive an annual addition to their wages of £14 5s. 10d.

Since 1907 the National Income has increased enormously both in actual volume and in nominal value. During this period changes have also taken place in the division of the product of industry. In future diagrams we propose to examine these phenomena. For the present it is sufficient to observe that the changes have not been disadvantageous to labour.



## THE COMPLEAT CONCILIATOR.

LET the reader be reassured. This article will not weary him with proof that conciliation is a good and necessary thing, or that Mr. Whitley, with his Whitley Councils, is one of the greatest benefactors of mankind. These things are true. They have often been proved. Here they are assumed. This assumption being made, let us consider how conciliation should be carried out. For there is an Art of Conciliation, scarcely exceeded in importance by the Will to Conciliation itself. Both Will and Art must be cultivated if Whitleyism in its various forms and in its many occasions is to succeed fully.

Some think that it is enough to bring the quarrelling parties together into one room, to seat them round a table and put the least aggressive man in the chair. This is not so. There is often a prior painful stage when two rooms are necessary. If the quarrel is old and rancorous, it does not help to fling the parties at each other even across the most pacific of green table-covers. They have to be brought together very gradually. They have first to be told nice things adroitly mixed with home truths about themselves and the other party. The adept will bring them together only after he has probed both sets of minds and struck a keynote which both may respect. This preliminary work of the candid friend and common confidant is perhaps the best contribution he has to offer, at least in the more acute cases.

This preliminary work may be very difficult. The Conciliator cannot count on being told either side's story in any connected or plausible way. He may even be tempted to throw up the sponge, believing that both parties are lying to him: but this would be a mistake. Both sides are apt to keep silence about the really important points and to talk about all the rest. Both will have much in their minds, much that has lain hidden there under some ban of silence. Their words, incoherent and crooked and aimless as they may sound, will be the outcrop of some old grievance, or slight, or disability long brooded over and argued about. This exaggerated sensibility and these rueful memories will obscure the facts and distort the motives in the case, and even tempt the Conciliator to doubt the dictates of his own common sense. But let him be patient and tenacious and above all humane. In due time he will penetrate through the

mixture of assertiveness and repression to real facts and sober states of mind. He must remember two things. First, being himself a sort of consultant physician, he is only called in because and when the malady is serious. Their own inflated feelings mislead his patients. Second, the patients, even in their best health, do not excel in the power of thinking clearly or expressing themselves clearly.

At the two-room stage, the Conciliator should do his best sincerely to win the confidence of both sets of patients by understanding their contentions, and, where he can do so honestly, by expressing sympathy with those of their contentions which are sound. In detail he should try to promote the spirit of accommodation. Both sides will naturally stress the strong points, or rather, the one strongest point of their case. If they persist in this no agreement is likely to be reached. The Conciliator must loosen the obstinacy of their moods. He must make them feel that the case is very complex, that among the multitude of points, some tending one way and some another, no single point can be all-important. But in doing all this he must encourage both sides to vent whatever ill-will or grudges or accusations they may harbour against the other. He will learn from this, of course, but they will win relief of mind. Utterance can often be by itself a cure of supposed evils. If the Conciliator does but give each side the chance of self-expression he may have given them what was their truest need. If Tragedy works by Purgation of the Emotions, and is therefore good, so may Conciliation, too, do good.

Let us now bring the parties, thus prepared, into the same room. There are rooms and rooms. Some rooms are too small and some too large for the purpose. Some are impossible. Some rooms have chairs, and others none. Very few have chairs enough and of the right sort. Much depends on the *mise-en-scène*. Some postures of the body conduce to peace and others to combativeness. The room and its furniture ought to impress gently on those who use it a genteel and friendly standard of behaviour. An armchair is in itself a lesson in civility. But by itself the armchair will not create the armchair mood if the parties come together in a hurry straight from the strenuousness of toil, preoccupied, strained and slightly irritable. No one can adjust his mind in a moment to diplomacy and accommodations. There must be fair warning. The humane ritual of conciliation is only



beginning now to be understood. Some clumsy practitioners think it can be managed standing up, or with the socially inferior side standing up or sitting down anyhow: whereas Conciliation should be done solemnly, ceremoniously, with social courtesy, both in the large matters and in the small ones. And just as rooms differ from rooms, so do times from times. The morning is bad. Those are the hours of energy, not of tact. Just after lunch, too, is bad. The judgment is then a little in eclipse. Tea ushers in the diplomatic hour. It is astonishing how much better a case goes if it is taken at tea-time and prefaced with tea and cigarettes. A little general talk, a little tea, a little smoke at five o'clock will often do what neither force nor guile could do at ten in the morning. When the day's work is nearly over, men may be tired, but they are wiser and more tolerant and more friendly. This is why the House of Commons meets towards tea-time. Legislators may spend furious mornings and dull afternoons upon their private concerns—such is the subtle secret of the English constitution—but only touch the Nation's business when tea-time brings kindlier thoughts.

The importance of Atmosphere, indeed, in Conciliation can hardly be exaggerated. Nothing that would help to create the right atmosphere should be ignored or omitted. But when the Conciliator has made the fullest use of all favouring circumstances of time and place and manner, he will still find that much, or perhaps everything, turns on his own efforts and his own personality. "Personality" is indispensable. Mere goodness, or honesty, or sense, or information will not suffice: nor will technical knowledge or qualifications: nor will a great and well-deserved reputation won in fields distinct from Conciliation. Since so much depends on "Personality" in the Conciliator, let us try to see what this means. It seems to include four main ingredients. First, the Conciliator must himself be versatile in thought and feeling. He must be full of wits and also elastic. Second, he must be very sensitive towards what is going on in the minds of his patients. He will often prove this sensibility, and his good sense besides, by ignoring completely what is going on in those minds. He must see well enough to know when to be blind. And, third, he must have the faculty of giving rapid and pleasing expression to what his patients may be thinking. For his patients may be assumed to have but moderate powers of expression. The fourth ingredient is not a faculty so much as



a quality. The Conciliator must himself radiate the Spirit of Conciliation. He must be prepared to preach a little, and careful to make his preaching inoffensive. He must show forth in himself the authentic Will to Conciliation. He must try adroitly to make his patients understand—perhaps a vague feeling is better here than a clear conception—that the whole affair is a piece of their moral conduct. He had better not talk much about such things as brotherliness and co-operation and goodwill. But he ought, from the Chair, to make them felt. It is not necessary that the Conciliator should be incurably benign, a sort of blessed Lord Shaftesbury come back to earth. After all, the Conciliator's rôle resembles that of the headmaster of a Public School, who is there to be feared and not only to be obeyed, copied, respected, admired, or even loved. The Conciliator must be free to scold a little. He will please one party greatly by scolding the other: and then, watching his opportunity, he will similarly please the other party. He thus purges the emotions of both. He must promote the flow of reason and unreason dispassionately, and gradually carry his patients to the point where issues go, so to speak, into solution and become plastic and tractable. He may then, if he is lucky, obtain an agreement. And he must sacrifice himself. Now and then he must risk a testy word, which he will act rather than feel. He may allow himself a slight error, or utter a jarring note, provided that it unites the two sides against him and prejudices no solid elements in the case. For his patients know that the Conciliator was necessary to them, and they desire, not unnaturally, to triumph a little over him in revenge at some point or other. If he gets his agreement he will voice the general joy. But he will be careful to say that the whole affair was superfluous, pardonable for once, but not to be repeated. Conciliation, like the Day of Judgment, should be unique.



## THE SLUMP IN TRADE, II.

IN the first article emphasis was laid upon the most important factor in the present trade depression, namely, the difficulty in securing commercial contact with those European countries which, before the war, provided extensive markets for the products of the textile and other manufacturing industries. This difficulty is due partly to political, but mainly to economic considerations. The poverty-stricken countries of Europe are in great need of our products, but are not in a position to pay for them. The difficulty which they experience in finding means of payment for what they already owe is reflected in the state of the exchanges, which, in turn, prevents any extension of trade in the form of imports from this country. The exchanges with most European countries are so strongly in our favour (that is, the English sovereign is equivalent to so large a sum in marks, francs, krone, etc.), that a price which seems moderate when expressed in terms of English money becomes prohibitive in terms of German, French or Austrian money.

On the other hand, costs and prices of goods made, for example, in Germany, which are extremely high in terms of marks, seem ridiculously low when translated into English money at current rates of exchange. German-made goods may thus be exported to this country and sold here at prices far below the cost of producing similar goods in British factories. And there seems to be little doubt that the existing depression is due, in part, to the competition of European sellers protected by the unfavourable rate of their exchanges. Makers of electrical fittings and pressed metal ware are suffering from such competition.

It should be observed that European competition is most effective in the case of those products made from raw material obtained within the country where they are manufactured. That it is effective in any degree is due to the fact that costs and prices have not risen to the extent to which the currency of that country has depreciated in terms of our own currency. If wages, costs and prices in general had risen in Germany to the extent indicated by the depreciation of the mark, German and British Manufacturers would be

competing on terms of equality. Such, however, is not the case. It is, of course, true that the prices of things imported into Germany reflect the depreciation of the mark; but the costs and prices of goods made in Germany have risen to a far less extent, and are thus relatively very cheap. It follows that those goods which are made from raw materials obtained in Germany itself are relatively much cheaper than goods made in Germany from materials obtained from abroad; and that the latter in turn are relatively cheaper than goods imported into Germany in the finished or manufactured form. Consequently we are suffering—or in danger of suffering—most acutely from the competition of imported manufactured goods made in Germany (or some other country) from raw materials obtained in that country. To the examples already given may be added synthetic dyes and household furniture. As we write we learn that Belgian steel is quoted for delivery in this country at prices considerably below the bare cost of British manufacture.

Hence the cry for protection against foreign competition favoured by such abnormal conditions. But the solution is not so simple as would appear at first. Moderate protective duties would prove quite ineffective. It is hardly likely, indeed, that anything short of prohibition would serve the purpose of protecting our competing industries. Further, if the rates of exchange are to be restored to a healthy condition either Germany and her neighbours must be permitted to export freely, to a far greater extent than they import from other countries; or they must be provided with credits by those countries whose currencies are more valuable. Finally, if Germany is to begin to pay an indemnity immediately, she must be allowed to do so by exporting such goods as she is capable of producing. Without further elaboration it may be concluded that, whether we like it or not, the poverty-stricken European states must be granted credit, and our late enemies must be permitted to pay the indemnity in the form of a long-dated loan. People who refuse to accept these conditions are simply burying their heads in the sand.

The competition of German dyes calls for closer examination. It was stated in the previous article that certain industries proved essential to military efficiency during the late war, and were therefore developed in most of the important belligerent States. Such industries fall into two



rough categories, exemplified by steel and dye manufacture. The world producing capacity of essential industries of both categories is in excess of normal world requirements. But industries of the first category, of which steel manufacture and engineering are examples, would find an immediate outlet for such of their products as are in excess of normal requirements through the abnormal demand for reconstruction purposes. So great is the real need of the world for railways, engines, engineering products, etc., that if the desired reconstruction were taken in hand, nearly all the metal industries of the world would be fully employed for some years to come. And when the leeway had been made up the normal annual requirements would have grown sufficiently to provide a large and regular market for those industries. These are now suffering from depression for the reason that reconstruction has been held up by political considerations.

The problem is more serious and difficult in the case of industries of the second category, such as dye manufacture. Because they were essential for war, the world producing capacity has been enormously increased during the last six years. But the world demand is determined by the producing capacity of those industries, such as textile manufacture, to which they are ancillary. The world producing capacity of the latter is certainly no greater than in 1914. It may confidently be stated, therefore, that the producing capacity of these essential industries is considerably greater than world requirements in time of peace. It must be reduced before economic health is restored. But, for political reasons, we are likely to foster the further growth of such industries. The United States and Germany may, and probably will, do likewise; already our chemical manufacturers have convinced their chief customers, the textile manufacturers, that German competition is more than a mere threat, and that such competition will injure both themselves and the community. We do not propose to discuss here and now the remedy, which must obviously be determined by political rather than economic considerations; but it is necessary to call attention to this important contributory factor in the present depression of trade.

The last, though by no means the least important cause, of the present slump is to be found in the speculation which preceded it. The nation indulged in an orgy of extravagance, followed by highly speculative enterprise and the uncertainty

and instability which speculation of the nature of industrial gambling begets. True speculation means wise prevision; better industrial development is conditioned by it, for industry provides for future rather than present needs. Personal extravagance, when sufficiently widespread, cannot continue without end; sooner or later capital requirements have to be provided for, such provision being forced upon the community by currency inflation and high interest rates. Industries concerned with the more essential needs assert themselves sooner or later. But excessive expenditure upon luxuries gives a twist or bias to industrial effort while it lasts, and leads manufacturers to prepare for future demands which do not eventuate. Before such failure becomes evident, business men become apprehensive, and the feeling of apprehension spreads over a large part of the industrial field. Soon the prevailing note in the business world is uncertainty, and nothing is so stultifying as uncertainty, which, by the mere fact of its existence, produces stagnation and loss.

There seems to be little doubt that we are now experiencing a reaction of this character in industries which are not subject to foreign competition, but which, as in motor-car building and lace-manufacture, depend largely upon luxurious expenditure. And the depression in such industries is intensified by the crisis in those industries which have hitherto failed to recover the former markets abroad, or are subjected to the competition of foreign manufactures favoured by the abnormal state of the exchanges. The many parts of our economic organisation are interdependent, and anything which injures one part inevitably injures most other parts. These appear to be the main factors to be considered in seeking a remedy. Nor should it be forgotten that the economic effect of unwise expenditure on the part of the State is at least as great as in the case of the individual. It may be much more serious, for the reason that, whereas an individual cannot, for any length of time, spend far beyond his means, the State may impose burdensome taxation upon industry to pay for its extravagance, or, alternately, inflate the currency and thus intensify the evil of depression.

*(To be concluded.)*



## THE BUSINESS MAN'S VIEW, II.

*(These articles consist of a series of extracts from the reports of Company Meetings, grouped to give the reader an opportunity of studying the effects of the many conflicting currents that go to make or mar commercial enterprise. Though these reports, giving as they do only the managers' point of view, cannot be considered to cover the whole field, they may, nevertheless, provide a valuable commentary on a good many aspects of the question as to the ways and means by which the nation does, in fact, secure its livelihood )*

LAST month we dealt with some aspects of the economic situation in the Printing and Publishing Trades, and in the Iron, Steel and Coal Industry. This month we quote the views of authoritative men in the

### Shipbuilding and Shipping Trades.

Sir Frederick Lewis gave a valuable review of some of the causes and effects of the trade situation as revealed in the affairs of Furness, Withy and Company, Limited. Referring to the Company's shipbuilding programme he explained why no new contracts have been entered into. It has become, he said, impossible to make any reliable estimate of the final cost of a vessel or of the date of delivery. He instanced cases where contracts were abandoned because it was obvious that, given present high costs, the vessels when built would be commercially impracticable for use.

Apart, however, from uncertain costs in the shipbuilding industry itself, Sir Frederick Lewis considers that inflated prices generally and the state of the coal industry in particular render it difficult to gauge future shipping requirements. There are at present some  $8\frac{1}{2}$  million tons more shipping than existed six years ago, but in the Chairman's opinion, trade has not increased proportionately. Prior to the war some 70,000,000 tons of coal were exported, largely to neighbouring countries, which necessitated short journeys. Some 50,000,000 tons of this are now being supplied from the United States, South Africa and Australia. A much greater number of ships is consequently required for the same amount of trade, and what would otherwise be a surplus of tonnage is thus kept employed.

The Chairman commented on the effects of the coal shortage both on costs and on employment.—“I could tell you of instances of ships having to wait several weeks for coal, and at the present moment there are hundreds of vessels lying idle



in our ports waiting either for bunkers or for coal cargoes. As a result of so many ships lying idle the working costs are enormously increased; furthermore the very small amount of coal that is available for export means that a great many vessels have to sail in ballast, the effect of which is . . . to keep prices higher than they need be. If the coal export were normal our export trade would, at present prices, be increased by £200,000,000 per annum."

One effect of the coal difficulty has been to induce the Company to convert many of their steamers into oil burners, and to ensure supplies of oil by acquiring an interest in the largest oil-distributing organisations. This last point illustrates the economic theory known as the law of substitution and demonstrates the difficulty of maintaining complete monopoly of any sort. The same tendency is at work to-day in a variety of ways. Harrassed business men seek to stabilise their undertakings by rendering themselves independent or partially independent of those who presume upon their force to hold industry to ransom.

Similar facts find expression at the fifty-fifth Annual General Meeting of Palmers' Shipbuilding and Iron Company, Ltd.\* When we read in the *Daily Herald* (November 20th) that a slump in trade is being "artificially created by the bosses, so that the desire of the workers for an improved standard of living can be turned down with impunity," it is as well to have definite evidence against the probability of so unthinkable a charge. No evidence is brought by the accusers, who doubtless make their statement in the hope that their readers will assume that "if it says it in the *Daily Herald*, it is so." One of the particular examples given as unemployment due to this "bosses' slump" is the unprecedented idleness in the seafaring industry.

We have already, in this and the preceding article, dealt extensively with the effects of the present state of the coal industry on trade. Mr. Mure Ritchie, speaking as Chairman of Palmers' Shipbuilding Company, says: "with regard to shipbuilding output, our new tonnage has not reached those proportions at which we are aiming, due to circumstances beyond our control. There has been, during the past year, a great shortage of steel plates, which has retarded progress, and this has been further accentuated by the inability of the railways to meet the demands of manufacturers, while the

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\* Dividend, 12½ per cent.

moulders' strike at the end of last year held up construction both of ships and machinery. . . . We, as builders, have viewed with regret the continued demands made by Labour. Such demands, and the attitude of labour generally in reference to production, are preparing the way for a position of very serious moment to the workers, inasmuch as they are hastening the return of those lean times *which they, not less than ourselves, dread*, and in which we all suffer. Shipowners generally have ceased to place orders. Some have already cancelled contracts. . . .

"As regards the industrial future, almost everything depends upon the Labour position. . . . I am convinced that there is ample work in Britain for years to come and that there need be no unemployment of any willing to do an honest day's toil for good pay, but the ca'canny policy of many trade union leaders, and coal-miners in particular, is destroying credit, killing enterprise and, unless changed, can only bring disaster in the country and ruin to the workers."

That the workers themselves are at least partially to blame for the shortage of steel plates—a complaint repeated on many sides—is evidenced by Bolckow, Vaughan & Company, Limited, who report that their new plate mill has been standing idle for months "because of its very perfection, which has led certain of the men to go on strike. They claim to have a veto on and a voice in the selection of the men who are to work this mill." In other words, improvements in the plate-making industry are being met with opposition by the workers who fear that increased output per head means unemployment.

Sir J. E. Johnson-Ferguson, Chairman of Bolckow, Vaughan & Company, Limited, bears further testimony to the same effect. "On all hands," he says, "you hear of shipowners trying to cancel orders they had placed for ships . . . The present cost of ships is such that ships built at present prices cannot in the future be made to pay. Until that cost is materially reduced the demand for ships will apparently fall off, and that must affect the demand for plates. Those who cannot produce them at the very lowest possible price will undoubtedly before long be obliged to close down their mills. Employers will not go on producing at a loss merely to find employment for men who resist the introduction of improved machinery or methods. It is true that the best modern plant involves labour-saving appliances, by that and by increased output alone can cost be reduced . . . It is a well-known fact



that the more cheaply an article can be produced, the more demand there is for it, and therefore the more employment there is. Nothing leads so soon to unemployment as the retention of old and out-of-date machinery or methods of production."

Turning to the facts as they appear to those engaged in shipping services, Sir Frederick Lewis, presiding over the Twenty-Second General Meeting of Manchester Liners, Limited,\* points out that whilst the costs of operating steamers have increased, compared with last year, freights have shown a marked decline. Moreover the world's tonnage is greater by several million tons than it was before the war, but the world's trade has not increased proportionately. "Cheap commodities," he continues, "invariably increase the volume of transportation, and increased production is the only thing that can have any real effect on prices and stimulate demand . . . If our coal output and export were increased to the pre-war figure, the extra revenue coming into the country would improve our trade to the extent of something like £200,000,000 a year, with resultant benefit to the exchanges."

Sir Owen Phillips, Chairman of the Argentine Navigation Company, Limited, announced that his board had postponed placing orders for new vessels owing to labour troubles in Argentina, and to the enormously high cost of building passenger and cargo steamers. Labour is in receipt of higher remuneration than ever before, but the workers and many of their leaders do not appear to realise that high wages can only be maintained by increased production. "At present," we are told, "in every port in the world there are valuable steamers either lying idle, or loading and discharging so slowly that the time they occupy in the port is, in many cases, double the time they occupied in pre-war days . . . until such a state of affairs is remedied it is hopeless to expect prices of commodities and the cost of living to fall to a reasonable level. The great world-demand for manufactures after the termination of hostilities has now received a decided check, owing to the continuous advance in prices, which, in turn, are due to ever-increasing working costs. General prosperity depends on the revival of this demand, which can only be secured by cheapening production. This the workers have it in their own hands to achieve by improving output all round."

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\* Dividend 15 per cent., free of income tax.



## FOOD FOR THOUGHT.

THERE are three schools in which Economic Truth can be learnt. The first is the harsh one of practical experience where everybody has to pay for his own mistakes and where signal punishment is meted out to those who break the rules. The lesson takes many years to acquire, and all the while the kicks greatly outnumber the half-pence. The second is the school of vicarious knowledge in which the pupils watch the performances of other people and save themselves by learning to avoid similar mistakes. The third is the school of books, lectures and examinations in which the theory of Economic Thought can be studied and the problems of the day interpreted in the light of the knowledge thus gained.

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In general it has been the British habit to explore only the first of these channels, but the logic of events is beginning to make us pay attention to the study of economic and kindred subjects to a much greater extent than heretofore. In the days when the cost of living was standardised, when wages seldom moved upwards or downwards except fractionally, and when industry was stable, nearly everybody carried on by rule of thumb, ignoring external experiments and leaving theory to those who were disposed to devote themselves to the study of what was deemed a dull and unprofitable science. It is now evident that the whole tenor of our daily life is intimately associated with, and dependent upon, economic law; and thinking men of all classes, faced with the necessity of deciding between many contradictory explanations of the existing state of affairs, realise that it is their business to look into the matter at first hand.

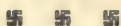
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The object lesson provided by poor distracted Russia is too immense and too tragic to escape the attention of the least observant, and the vicarious experience that issues from that catastrophe is going a long way to save the situation in Western Europe; for, in spite of many honest misconceptions and not a few deliberate misrepresentations, the forlorn facts of the case are gradually being established beyond any shadow of doubt.

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The joint effect produced by the disturbance of industrial relations at home, and by the realisation of more sensational developments abroad, has been to create an unprecedented

demand for economic knowledge, and people are asking not only for authoritative pronouncements on points of fact, but also for educative facilities, so that they may study the question for themselves. That pioneer in the field of adult education — Mr. Albert Mansbridge — observes that “the willingness of men and women over twenty years of age to settle to systematic study is one of the most hopeful signs of the times in present-day England.” This revival is not confined to persons connected with the teaching profession but touches all sorts and conditions of men, thus vindicating the claim of the W.E.A., “that every normal man or woman, if properly approached, is ready to reach out for education to the utmost capacity.”



The crux of the matter lies in the problem of discovering the proper method of approach. According to Mr. J. R. Clynes, “our educational system has not yet reached the point of teaching the mass of the community some of those simpler and elementary facts in political economy which it would be well for every man and woman in the country to know.” This being the case, it follows that our educational system must be supplemented by some form of popular teaching that *will* reach the mass of the community. The University Extension Lecture movement and the University Tutorial Classes have done good work, but their scope is still too limited to embrace more than a tithe of those who might become students if sufficient opportunities were provided.



Ruskin College, Oxford, is alive to the popular demand for knowledge, and is advertising a Correspondence Department for the teaching of History, Literature, Social Psychology, Political Science, Sociology, Economics and other subjects. As the general trend of this teaching is likely to be based on Marxism, and calculated to stimulate class consciousness, it becomes all the more necessary that increased efforts should be made to counteract an influence with so strong and exclusive a bias.



The connection between educational and welfare work is so close that, as Mr. Beresford Ingram said at the Lecture Conference for Welfare Supervisors, which took place last September, “it is difficult to differentiate the two terms.” That statement is far reaching, and it is only with its restricted application that we here propose to deal. If the

Welfare movement is to achieve more than the elimination of physical discomforts, more than the provision of material advantages, its supervisors and helpers must be qualified to act not only as friends, but also as guides and philosophers. The Welfare worker, whose equipment consists only of a kind heart plus a certain amount of technical knowledge, will never be a conspicuous success in the handling of men or women, and he will miss many golden opportunities of exerting effective influence.



That these considerations are appreciated by the organisers of the Industrial Welfare Society is abundantly manifest from the Report of the Lecture Conference that has recently been published, and which we strongly advise our readers to obtain, for it is full of good things. Mr. Henry Clay's address on "The Economic Background" is particularly informing. He reminded his audience that care for the physical welfare of the personnel of industry is primarily the responsibility of the Home Office, and that the true function of the welfare supervisor "is relative to the conflict of interests that divides employers and employed, that issues in strikes and lock-outs." "He relieves the tension of the conflicting interests, softens the shock and prevents unnecessary misunderstanding and ill feeling. So he helps to remove what is the chief hindrance to the effective working of the industrial machine."



It is Mr. Clay's view that the conflict of interest to which he refers is inevitable and must persist though the private employer is superseded by Government control, though nationalisation is achieved and though Syndicalism triumphs. We are inclined to think he over emphasizes this divergence of interest and we believe that as education spreads it will be found that community of interest, though not so obvious a factor as its more familiar rival, can be demonstrated to be ultimately the more potent of the two. Whether this belief is well founded or otherwise, there is no doubt that if the welfare supervisor is to act as a shock-absorber he must be exceptionally well acquainted with the geography of the social, industrial and economic situation of the sphere in which he works. The essence of his usefulness consists in his detachment from extremism and this attitude of mind can only be cultivated successfully by men of broad understanding. This brings us back to the point from which we started and reinforces our plea for more, and ever more education.



## 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).*

**Nov.** The Ministry of Labour records a rise of twelve points in the cost of living during October—a total rise of 176 per cent. since July 1914.

**1st.**

Changes effected in the rates of labour during the month gave a total increase of over £118,000 in the weekly wages of over 780,000 people.

164 trade disputes involved 1,200,000 work-people and a loss of 13,474,000 working days.

Unemployment, which had been rising steadily during the first two weeks, increased rapidly during the latter fortnight of the month as a result of the coal miners' strike. Unemployed in Trade Unions rose from 2.2 to 5.3 per cent.; the numbers claiming out-of-work benefit rose from 274,000 to 500,000. Many of the principal industries were on short time at the end of the month.

Mr. Vernon Hartshorn, M.P., tendered his resignation from the Miners' Federation as a protest against the calumny and insult to which he and his colleagues were subjected by certain sections of the Welsh miners during the recent negotiations.

**2nd.** Erkki Veltheim, the Bolshevik courier arrested on October 26th, was sentenced to six months hard labour and to be deported.

The special committee of twenty appointed by the I.L.P., issued their draft programme for the future policy of the Party. The Chairman, Mr. Ramsay Macdonald, did not sign the draft, and Mr. Philip Snowden criticised parts of the programme adversely.

**3rd.** *Coal Crisis:* The Miners' delegates declared the strike at an end and advised the men to resume work at once. The ballot showed a majority of 8,459 against the Government offer.

**4th.** The Executive Committee of the Second International met in London to discuss the reorganisation of the international working-class movement. Belgium, Holland, Sweden and Germany were represented. The I.L.P. Executive will attend the conference at Berne on December 5th, which is being convened by German Independent Socialists for a similar purpose.

Typographical Association dispute: Employers have agreed

to an advance of 5s. a week to all adult members in all towns. The offer will be submitted to a ballot.

5th. Owing to the strike, the coal output for the week ended October 23rd was only 12,500 tons. The output for the preceding week was 4,611,600 tons.

Mr. William Brace has accepted the post of Labour adviser to the Department of Mines. He will, in consequence, retire from Parliament and from the Miners' Federation.

8th. Coal Strike: Mr. Bridgeman estimates the loss in output of coal at 13-14,000,000 tons, and the loss in wages to the miners at £14-15,000,000. Approximately 350,000 people not connected with mines were thrown out of work, and a large number put on short time. Sir Robert Horne states that the Government spent about £4,750 on publicity, etc.

9th. Following the alleged dismissal of employees of the General Accident, Fire and Life Assurance Corporation, because of their membership of the Guild of Insurance Officials, the Corporation's employees throughout the country are striking for the recognition of the Guild.

10th. Mr. Cecil L'Estrange Malone, Communist M.P. for East Leyton, was arrested in Dublin on a charge of delivering a seditious speech in the Albert Hall on November 7th.

12th. The *Daily Herald* reports that Mr. Herbert Smith, President of the Yorkshire Miners' Association, and Vice-President of the Miners' Federation, is considering the advisability of resigning his offices in consequence of the hostile criticism by extremists to which the leaders were subjected during the mines dispute.

The J.I.C. of the Building Industry are unable to agree to the plan outlined by the operatives for the reorganisation of the industry as a "self-governing democracy." It is proposed under the scheme to eliminate the capitalist, but to remunerate management at a rate commensurate with ability. The surplus earnings of the industry would be devoted to purchasing the original capital and goodwill, to expansion, education and research, the reward of "distinguished services," etc. The employers object that the scheme would result in the formation of an anti-social monopoly.

16th. The strike of the employees of the General Accident, Fire and Life Assurance Corporation, Ltd., has the support of practically all "black-coated" trade unionists. The Prime Minister has been asked to receive a deputation, and the Ministry of Labour to endeavour to negotiate.

The technical and supervisory engineers in all the electrical undertakings of the United Kingdom threaten to cease work on December 14th if the agreement arrived at by the National Joint Board several months ago is not acted on. The salaries of the workers involved range from £270 to £650 a year.

The undertakings in which these men hold responsible posts are essential to public service. Only about one-third of the men have obtained the conditions agreed upon by the Joint Board.

17th. Assurance Strike: The Prime Minister will not personally receive a deputation from the Guild, but has requested the Ministry of Labour to deal with the question. The Corporation explains that its attitude is not one of hostility to trade unionism in general but to craft unionism, which organises the members of rival companies in one union and tends to lead to the disclosure of confidential information.

19th. Mr. Malone was sentenced at Bow Street to six months imprisonment in the second division and bound over in two sureties of £1,000 each for 12 months. Notice to appeal was given and bail allowed.

20th. An unofficial national delegate conference of the A.E.U. called for the resignation of Mr. J. T. Brownlie from his position as President of the Union on account of his arrangement to act as labour adviser to the Hulton Press.

21st. Dissatisfied with the long delay of the J.I.C. in dealing with the national claim for a 12s. increase, two thousand tramway workers at a meeting in Manchester passed a resolution to break away from the Council so far as wages are concerned, and to press their original demand for £1 a week.

Mr. J. R. Clynes, M.P., principal speaker at a meeting in support of the League of Nations Union, was subjected to many hostile interruptions by socialist members of the Labour Party.

Mr. J. H. Thomas was called upon by a vote of Newport railwaymen to resign his Secretaryship of the N.U.R. because of his attitude during the Miners' strike.

22nd. The Report of the Departmental Committee on the Two-Shift system recommends the employment of women and young persons of sixteen years and over on shifts of not more than eight hours duration between the hours of 6 a.m. and 10 p.m. The Labour representatives on the Committee are Mr. W. A. Appleton and Miss J. A. Varley.

*International Trade Union Conference* (I.T.U.C.) opened. The President, Mr. W. A. Appleton, sent a letter announcing his resignation. Mr. Appleton claimed the right to work for Labour as a trade unionist without adopting the political opinions of the Socialists in the Labour Party, and declared his adhesion to the principle maintained by Mr. Samuel Gompers and the American Federation of Labour. His resignation, he wrote, would set him "*free to preach peace within nations as well as peace between nations.*" Mr. J. H. Thomas was unanimously nominated to fill the vacant



presidency. Whereas the American Federation of Labour has refused to support the Conference because of its revolutionary tendencies, the Third (Moscow) International, in a letter signed by Lenin, Bukharin, Zinovieff, Radek, Bela Kun, Tom Quelch, Losovsky and others, condemns it as "a congress of yellow leaders who continually betray the fundamental interest of the Labour movement . . ."

The Printing and Kindred Trades Federation and the Typographical Association have accepted by ballot the Employers' offer of 5s. a week increase to male workers, and 2s. to women.

23rd.

*International T.U.C.* A resolution was passed declaring that it was the duty of the Labour movement to "use all means to fight the world reaction which threatened the growth, existence and the very life of the trade union movement." The dominant note of the day's discussions was the conviction that governments throughout the world were to-day organised and controlled by a hostile capitalist class for the suppression of the freedom of the workers. The overthrow of this class and the organisation of a new society was of more immediate importance than the betterment of conditions of work, which had hitherto been the primary object of trade unionism.

24th.

The Cabinet Committee on Unemployment show in their Report that the Government is committed to a total expenditure of £100,000,000 on unemployment relief schemes, and that schemes for productive work have been, and are being, planned.

The I.T.U.C. was asked to approve the principle recommended by the Bureau that while piece-work would in many instances increase production, it was desirable to prevent the return of exploitation by capitalism, and to this end a guaranteed minimum wage and maximum output must be fixed. It was decided to demand the enforcement of the Washington eight-hour day decision by all nations. A letter was received by the Congress from the Ural Trade Unions (145,000 members) stating that Russian workers were not represented at the congress because the Soviet Government forbade it, because "*a free and independent trade union movement does not exist in Russia at present. All the workmen's unions have been turned by the Soviet Government into Government institutions which do not organise trade disputes nor fight for the workmen's ideals . . . It is at present absolutely impossible for the Russian labour class to express its opinion openly, owing to the political and economic serfdom which has been introduced into Russia by the Soviet Government. The leaders of the Russian trade unions are severely*

*and cruelly persecuted by the Soviet Government ; many of them have been shot ; many are still in prison and camps, or else in exile."*

Joiners in the shipbuilding industry have declared their intention to strike on December 4th if the employers carry out their proposal to cease payment of a 12s. bonus granted last Spring, in order to compete with the building trade and maintain the necessary supply of labour.

26th. At a meeting of the Clerical Officers' Association of the Civil Service a proposal to make a grant of £50 to the *Daily Herald* was abandoned after a stormy discussion.

John Steel and Robert Valentine Harvey, members of the Revolutionary Communist Party, were sentenced to four months hard labour at Birmingham for seditious speeches.

The I.T.U.C. passed a resolution condemning the improper methods of the Moscow International and rejecting the calumnies directed against the I.T.U.C. The Conference claimed to represent 26,000,000 organised workers in eighteen countries and declared that the International Federation of Trade Unions aimed at the abolition of the capitalist system, while taking into account the customs, traditions and the particular situation in each country. Norway alone opposed the resolution of censure, and Italy refused to vote on the ground that although they disapproved of the polemical methods of the Russians, the Italians had entered into an engagement with Moscow to assist all efforts made to exclude the Right wing from the trade union movement, and to create Communists Committees within the trade unions for the purpose of re-organising the movement on more advanced lines.

A resolution in favour of the socialisation of land and other means of production was carried unanimously, and it was recommended that negotiations should be entered into with the International of Miners, Seafarers and Transport Workers, with a view to first socialising the mineral and transport industries.

28th. The I.T.U.C. at its final sitting passed a resolution introduced by Mr. J. H. Thomas, that the policy of Government chiefs, even Communists, acting as leaders of the Workers' International Movement is inadmissible.

29th. At a conference of the International Transport Workers' Federation, representative of 1,357,000 railway workers, Mr. J. H. Thomas foreshadowed a severe struggle in the next few months over new demands by the railwaymen of this country for a share in management.

30th. The strike of joiners in the shipyards throughout the country commenced on the Tyne and at Barrow.

No. XLI  
**JANUARY**  
MCMXXI

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“Dangerous doctrines may lurk behind fair promises like poisonous adders in a basket of fruit.”

—*Sayings of Hatasu.*





# INDUSTRIAL PEACE

## CONTENTS

Labour in 1920

The Brussels International Conference

The Facts of the Case in Diagram, IX

The Business Man's View, III

The Man and the Machine

The Slump in Trade, III

Food for Thought

Day by Day



# INDUSTRIAL PEACE

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## LABOUR IN 1920.

IN view of those who are faced with unemployment or already held in its grip, who are impoverished by the high cost of living or burdened by ruinous taxation, the record of the year 1920, may well be regarded as disastrous, but if we take the good with the bad and attempt to strike a mean it will be found that there are many gains to balance losses. As long as trade is trade there will be booms and slumps which must be measured, not by reference to extreme heights or depths, but against averages. This does not mean that there should be any slackening in our efforts to remove the curse of unemployment and the evils of poverty, but it does imply that the most important question we can ask ourselves is whether the general trend of events is moving in the right or in the wrong direction. Whilst it must be admitted that many hopes have been dashed, it must also be recognised that much that is of permanent value has been accomplished during the year by the Government, by Employers and by organised Labour.

The chief cause for congratulation lies in the very considerable progress that all parties—and more particularly Labour—have made in self-knowledge, in the understanding of their respective functions, rights and duties, and in the recognition of the limits imposed by economic facts.

As organisation has developed, the responsibilities of Labour leaders have become greater and, on that account, better defined and more clearly realised. On the other hand the dislocation of pre-war relations brought about by the devaluation of money and by the partial collapse of the European credit system, the non-fulfilment of vague and impracticable promises, which had given rise to unreasonable expectations, and many other factors, contributed to create an atmosphere altogether unfavourable to the growth of peace in industry. The mass of workers began the year in a mood of disappointment, suspicion and hostility. They expected great things of their leaders and those of a censorious temperament have not concealed their impatience at what they consider a slow rate of progress. A great deal of credit must be accorded to men who under these difficult circumstances have acquitted themselves so well, and who despite the heavy tasks laid upon them, have not only secured substantial gains for their clients, but have also come to at least a partial realisation of the



truths that minority rule enforced by violence cannot lead to plenty, and that the fomenting of class hatred cannot induce peace.

Final figures have not yet been published showing the aggregate gains secured during the year in wages and in reduced hours of work, but the achievements in these directions have been notable both because of their magnitude and on account of the fact that, for the greater part, they have been won either through the mediation of the National Wages Board, or through the machinery recently inaugurated for the settlement of industrial disputes on constitutional lines.

The Dockers' demand for a wage of 16s. a day was submitted to a special court provided for by the Industrial Courts Act, 1919. The Chairman, Lord Shaw, found the dockers' claim to be justified, awarded the 16s. a day asked for, and recommended the introduction of a system of registration and maintenance grants to counteract the evils of unemployment. Slackness of trade robbed the dock-workers of the immediate fruits of their victory and subsequently, in October, Mr. Bevin approached the Government with a scheme of insurance and registration which will guarantee a weekly wage of £4 all the year round.

Operatives in the cotton industry demanded wage-increases of from 60 to 75 per cent, but submitted their demands to the arbitration of the Ministry of Labour and finally accepted Sir David Shackleton's award of  $28\frac{1}{2}$  to  $38\frac{1}{2}$  per cent. increase. In March, the Industrial Court accorded substantial increases to the engineering, shipbuilding and repairing trades, on the ground that wages should depend in part upon the state of the market—the value of the labour fluctuating with the value of the goods marketed. Railway workers, printers, paper-makers, tailors and agricultural labourers, all received substantial concessions through the medium of the Joint Industrial Councils or National Wages Boards. In one conspicuous instance, that of the tramway workers, the prolonged efforts of the J.I.C. proved fruitless. The employers (Municipal authorities for the most part) having stated that the industry already shows a deficit of £3,300,000 a year and that they cannot agree to arbitration, the Ministry of Labour has appointed a special court of enquiry into the condition of the service.

The Industrial Courts Act, 1919, expired in September and industries are now free to regulate their own wages, but the the Ministry of Labour has the right to set up a court of

enquiry in cases when the parties cannot agree. The findings of the court are not binding, but the principle has received popular assent and public opinion is generally strong enough to enforce justice when once the facts are understood.

The history of the negotiations in the mining industry illustrates a variety of tendencies now operating throughout the Labour world. In the early Spring the miners conducted a propaganda campaign throughout the country to gain support for a policy of nationalisation. The campaign was a failure, but the principle having been approved by the Trades Union Congress, at the request of the Miners' Federation, a special conference was called in March to determine whether Labour approved of enforcing the demand for nationalisation by direct action. A majority of 2,717,000 favoured intensive political propaganda for this end, but an even larger majority rejected the policy of attempting to obtain it by Direct Action.

The details of the long negotiations which followed are too fresh to need recapitulation. As regards output, the success of the scheme adopted has been demonstrated by the fact that the miners are entitled to a further 1s. 6d. a shift. The financial side of the problem is still obscure.

At the commencement of the strike, the N.U.R. threatened to cease work within 48 hours if the claims of the miners were not granted, or negotiations resumed, but at a specially convened meeting of the T.U.C. Mr. J. H. Thomas and Mr. Bowerman, on behalf of the Congress, declared against a sympathetic strike, and, at the miners' own request, the railwaymen withdrew their threat. In May and June sporadic attempts were made to compel the Government to change its policy in Ireland, but the National Union of Railwaymen and subsequently the Trade Union Congress refused to endorse a policy of Direct Action. The Council of Action, called in August to deal with the Polish-Russian crisis, was empowered to use any means to enforce its decisions. But though its objects were to prevent war, to secure recognition of the Soviet Government and to establish unrestricted commercial relations with Russia, the Council has so far refrained from precipitate action.

An investigation of the state of affairs in Russia by delegates appointed by the Labour Party, and by unofficial socialists has convinced the more responsible leaders that the dictatorship of the minority is a weapon no less dangerous to those who wield it than to those against whom it is used.



The Labour Parties of this country, and of Germany, France, Italy and Belgium have definitely rejected the Moscow International and only the extreme Communist groups, who do not represent Labour, but are a class unto themselves, approve of Leninism.

The countenance given by the Labour Party to the *Daily Herald* as its semi-official organ calls for some comment. Despite the repeated denials of its editor, Mr. Lansbury, the paper stands clearly for the fomentation of class-hatred and of violent revolution. In spirit, whatever it may be in theory, it is opposed to all authority wherever vested. Both Mr. Clynes and Mr. Thomas have had occasion to protest against the attempt made by the paper to discredit them as leaders and to urge the men who looked to them for guidance to act in defiance of their advice. The unsavoury story of the intended use of money from Moscow to subsidise the paper and still more the quibbles and evasions which followed the disclosure undoubtedly shocked British Labour. The *Daily Herald* is thoroughly communistic in its outlook, and Labour officials must, and do, know that the trade union and labour news is distorted in order to fit in with the policy of the Moscow International, but there are two reasons why there is a reluctance to discountenance its vagaries. In the first place the *Daily Herald* is the only well-established non-capitalist organ and, therefore, unpalatable as its tenor undoubtedly is to the majority section of the Labour Party, it is considered better than nothing at all. In the second place the trade unions have invested their money in the paper and are, therefore, committed to its support. The only avenue left to those who have at heart the work of educating and justly informing the men and women they represent and guide is to increase their influence until they are strong enough to dictate the policy of the paper. Meanwhile the incubus of the *Daily Herald* remains a serious handicap and makes for dissension within the ranks of Labour.

The avowed policy of the Labour Party may still be the abolition of the Capitalist system of competitive endeavour, but the true aim of Labour is the betterment of its own conditions. As the leaders gain in knowledge of the factors governing the conditions, other means are recognised and adopted, and as knowledge and understanding supplants ignorant hostility, the prospect of social and industrial peace slowly but, we believe, steadily improves.



## THE BRUSSELS INTERNATIONAL CONFERENCE.

THE recent International Financial Conference at Brussels unanimously adopted the resolutions of the four commissions appointed to examine various aspects of the commercial and financial situation. The reports of these commissions together form a document of extraordinary interest and great importance, their aims were definitely constructive, and their chief recommendations, universally applicable, must form the basis of the future economic policies of European States. Each of the commissions dealt with one subject, the four subjects being (a) Public Finance, (b) Currency and Exchange, (c) International Trade, (d) International Credits. The four reports are more than complementary. They show that the subjects with which they deal are inseparable. If the titles of the first two were interchanged they would appear hardly less relevant.

The report on public finance emphasises the need for reducing recurring State expenditure within the limits of annual revenue. Such reduction is to be effected by rigid economy in domestic affairs; by abolishing all expenditure on armaments beyond that which is necessary to preserve national security; by abolishing subsidies on bread, coal and other essentials, and by raising the charges for transport, postal and other public services to their commercial level. Budget deficits not only obstruct industrial development but also, sooner or later, lead to further inflation of credit and currency, which in turn produces greater instability of the foreign exchanges and a further fall in the purchasing power of domestic currency. The report on currency and exchange emphasises the need for preventing further inflation of credit and currency "by (i) abstaining from increasing the currency (in its broadest sense . . . ) and (ii) by increasing the real wealth upon which such currency is based." If this is to be done, "governments must limit their expenditure to their revenue. (We are not considering here the finance of reconstructing devastated areas)"; superfluous expenditure must be avoided; governments and municipalities should gradually repay or fund their floating debts and refrain from creating

additional credits which, for public or private purposes, should only be granted to meet urgent economic needs.

So far, it will be seen, the two reports cover the same ground; and as they start from different points and their surveys produce identical results, their conclusions may be accepted with confidence. Whether we start from a consideration of the cost of living, the problem of unemployment, the question of taxation, or the problems of currency inflation and foreign exchanges, we are compelled to traverse the whole economic field. And the impartial investigator seems in all cases to arrive at the conclusion that the two essential preliminaries to industrial stability are, first, the reduction of State expenditure to an annual sum which can be raised by such taxation as will not impose too great a strain upon industry and individual taxpayers; and secondly, the removal of hindrances to international trade. If the tax revenue is insufficient to meet the normal expenditure of the State the difference may be obtained in one of three ways: by the issue of notes; by the sale of Treasury bills (or their equivalent in foreign countries) or by an overdraft on the Bank of England. The connection between the issue of notes and inflation is direct and obvious. Treasury bills tend to inflate currency in that they are frequently purchased from Bank credits specially created for the purpose. A payment from 'Ways and Means Account'—the Treasury's overdraft at the Bank of England—almost invariably means the creation of fresh currency.

Recurring deficits thus tend to economic instability in two ways. First, they increase the future burden upon the State income, and therefore the difficulty of avoiding a future deficit. This effect is cumulative, and weakens the credit of the State. Secondly, the rise in prices due to the inflation already described tends to be permanent, and, in turn, leads to advances in wages and costs and consequently to the necessity for further extension of credit and currency in order to provide means for the payment of such wages. And the rise in wages and general prices reacts unfavourably upon Government expenditure. Moreover, if the Government incurs a deficit by embarking on unproductive expenditure it employs labour which might have been employed in normal industrial development, and thereby reduces the supply of capital goods and raises the rate of interest. By diverting labour from useful channels; by adding to the risks of future



contracts in private industry, and by steadily increasing the burden of taxation, Government expenditure, paid for by mortgaging the future, constitutes an industrial risk of great magnitude, and thus retards true economic development.

The first two reports further refer to international relations, which formed the chief subject of the last two reports. The report on public finance points out that "the restoration of the devastated areas is of capital importance for the re-establishment of normal economic conditions." The second is even more emphatic, and states that as soon as possible "impediments to international trade" should be removed. One of the great hindrances to the resumption of such trade, the third report informs us, is the instability of the exchanges. But the second report states that "attempts to limit fluctuations in Exchange by imposing artificial control on Exchange operations are futile and mischievous." How, then, is the international problem to be solved? Peaceful relations must be fully restored, reports the Commission on International credits; the strong must help the weak, and the weak must help themselves to the extent of acting upon the financial recommendations contained in the first two reports. If, however, the strong are to help the weak it must be from genuine savings, not by further inflation of currency. Moreover, assistance should be given, not by the Governments of the stronger states, but by individuals. The latter now fight shy of investments which provide such assistance on account of the absence of satisfactory guarantees of repayment. The provision of such guarantees, and of machinery for facilitating the granting of credits to the weaker states form the subject of a number of specific recommendations which deserve the close attention of business men but cannot be discussed within the limits of a single article.

The gospel of the four Commissions, and of the Conference, is thus a simple one. The world is in a mess. It can only get out of this mess by means of strenuous effort on the part of all workers, stern economy by individuals and States, freedom of trade between nations, and assistance to those weaker States which not only require assistance, but, by their own policies and the efforts of their citizens, show that they deserve it. But the economic situation in the chief industrial States was showing signs of changing even while the Commissions were preparing their reports. They foresaw that rapid deflation of currency might produce an economic crisis



and industrial depression, but they were dealing, in the main, with a situation in which orders were plentiful, labour was relatively scarce, and prices were pursuing an upward course. To-day industry is in a depressed state; market prices have 'broken'; workers who, a few months ago, were being exhorted to greater effort are working short time or looking in vain for opportunity to work; currency (and credit) is being rapidly deflated in the sense that what was being used and is still available for use, is lying idle. If the Commissions were reporting under the present conditions would their recommendations have been influenced by such conditions? We think they would be modified to some extent, The fundamental conditions remain unchanged. The world is bare of stocks; large masses of people are clothed in rags while the looms of this country are without orders. Europe requires railways, railway stock and engineering material, while our metal works are employed on their last contracts. We believe that if the Commission on International Credits had foreseen this condition of things it would have recommended the granting of credits to weaker countries by the stronger States, not merely by individuals in such States. We believe it would have recommended the stronger States to place orders with their own manufacturers for supplies of standardised durable goods to be held by the States for delivery to the impoverished countries of Europe. In this way employment would have been stabilised; the existing depression would be mitigated; the boom by which it will be followed in due course would be rendered less speculative and dangerous in character, and the workers in the country would come to realise that a period of trade activity and intense effort on their part was not inevitably followed by a slump and a period of unemployment.



## THE FACTS OF THE CASE IN DIAGRAM, IX.

OUR diagram of last month dealt with the vexed question of the distribution of the National Income. Basing our calculations on the Census of Production (1907), we charted the net output of industry which we proceeded to divide proportionally between wages, salaries, depreciation, rates, royalties, interest and profits. Though fairly representative of the whole field, our figures referred only to the productive industries included in the above-mentioned Census, which accounted for nearly all the products of mining and manufacture, for about 36 per cent of the Home Income and for 50 per cent of the Wage Earners in the United Kingdom. The value of the net output dealt with was six hundred and sixty-four millions of pounds.

In order to obtain an estimate of the total National Income, all remunerated services rendered by the community and all net imports have to be added to the value of goods produced in the country. This was the method adopted in the Report on the Census of Production and the approximate total of two thousand and thirty millions of pounds was arrived at. It is probable, however, that this is an under-estimate and that the value of new investments abroad was not allowed for sufficiently.

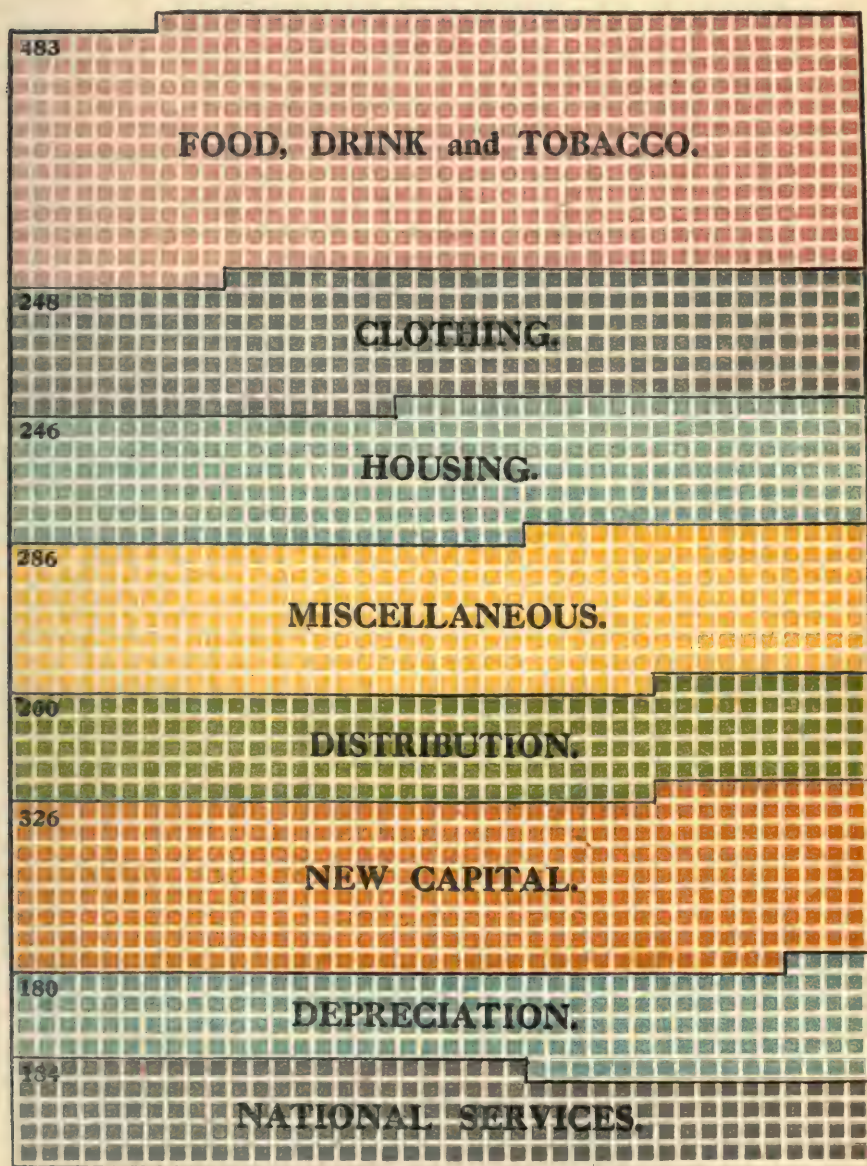
The estimate of Mr. Edgar Crammond is higher and accounts for an expenditure of two thousand, one hundred and fifty-three millions at the period under review. Taking this estimate as our basis, Diagram No. 17 will consist of 2,153 squares, each square representing one million pounds sterling. Proceeding to divide this total number of squares under the main heads of National Expenditure as disclosed by the Census of Production, we find that rather more than two-thirds of the National Income was expended on food, drink, tobacco, dress, housing, distribution and miscellaneous services, leaving just under one-third for depreciation, saving and national services.

Under normal circumstances there is little variation from year to year in the amount of the National Income, and the headings under which it is expended undergo but little annual change. Human requirements in respect of food, clothing, housing and the cost of distribution are, to a large extent,



## DIAGRAM No. 17.

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



EXPENDITURE OF THE NATION'S INCOME, 1907.

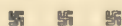
Scale : each square of colour represents £1,000,000.



fixed quantities, and if income diminishes or if other expenditure increases, a deficit arises which has to be made good by a corresponding saving in some other direction.

In 1907 the expenditure by Government and local authorities, combined, on public services amounted to but 8.5 per cent of the National Income. In 1920 it is likely to reach the alarming figure of 30 per cent. This means that our expenditure in other directions must be cut down by 21.5 per cent, but as we have remarked already, no substantial portion of this can come out of food or clothes or houses, and it follows therefore that the sums normally set aside for depreciation and saving will have to suffer.

It is estimated that we shall not be able to save more than 5 per cent of our total income in 1920, as contrasted with the 15 per cent saved in 1907. The situation thus created is of a sufficiently serious nature to justify drastic measures. The necessity for the re-establishment of foreign trade and for the development of our native industries is universally admitted, but cannot be given effect to unless we can find adequate finance for these operations. One of two obvious alternatives must be faced. We must increase our income or reduce our expenditure, and neither course is easy. On the one hand, Labour looks askance at any practical measures that lead to increased production, and on the other, diminished expenditure can only be achieved by economies that may prove extremely costly in the long run. If schemes of social betterment are to be starved, if the progress of education is to be retarded and if industrial development is to stand still—our last state may be worse than our first. A determination to reduce the National Debt at the earliest possible moment is highly commendable, but in view of the urgent need that exists for present requirements in other directions, it is a question whether it would not be better, for posterity as well as for the present generation, that that process should be retarded somewhat in order to give us a breathing space in which to tackle the immediate crisis that confronts the nation.



## THE BUSINESS MAN'S VIEW, III.

*(These articles consist of a series of extracts from the reports of Company Meetings, grouped to give the reader an opportunity of studying the effects of the many conflicting currents that go to make or mar commercial enterprise. Though these reports, giving as they do only the managers' point of view, cannot be considered to cover the whole field, they may, nevertheless, provide a valuable commentary on a good many aspects of the question as to the ways and means by which the nation does, in fact, secure its livelihood.)*

### Textile and Allied Industries.

FACTS and opinions of considerable interest concerning the group of industries which are, perhaps, most peculiarly British, are given by the Right Hon. Lord Fairfax in an address to the shareholders of the Amalgamated Cotton Mills Trust, Limited.\*

In the first eleven months of this year the exports of yarn and cotton manufactured goods from this country amounted to £375,000,000 out of the total exports of the United Kingdom of £1,040,000,000, or roughly 36 per cent of the whole. These figures speak for themselves and it is unnecessary to emphasise the importance of so vast a trade to the commercial status of this country.

Lord Fairfax makes a noteworthy comment on the relation between production and wages in the 62 industrial concerns controlled by the Amalgamation.† "I would like to observe," he says, "that the output of production in return for wages paid in the cotton trade is one which reflects great credit upon cotton operatives, and if only work-people in other trades would follow their fine example, and give a greater production, it would be one of the first steps towards national financial rehabilitation, and their own well-being." The cotton industry of this country is, on both the employers' and the workers' side, now the most highly organised trade in the world and its workers are reckoned amongst the ablest, thriftiest and most intelligent citizens of the country. Wages, in the main, are based on a piece-work system.

Of the general outlook in the industry, Lord Fairfax says :

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\* Dividend at the rate of  $7\frac{1}{2}$  per cent free of income tax.

† The Amalgamation, as such, will be dealt with in a later article on Combines.

"All the evidence we can obtain leads us still to believe that stocks of finished cotton goods in many markets are practically exhausted, but the difficulty of finance, coupled with the sensational drop in raw cotton, has caused buyers to hold off. There are various causes that are operating against the confidence of buyers the world over, one of the most important factors being the state of the foreign exchanges, which is undoubtedly a most serious feature resulting from the effects of the war. The resumption of trade, however, can only be deferred for a period when buyers will find it necessary to satisfy the demand for goods in their respective countries. This latest demand has also been intensified by the great shortage of goods resulting from four years' reduction of output during the war, and decreased production through reduced hours of labour.

"The question of the present cost of raw material is one which is receiving serious attention from the trade. *To-day the price of cotton in Liverpool is well below the actual cost of growing and transporting it there.* The law of supply and demand must eventually operate, and adjust prices to such a level as will be remunerative to cotton growers, and those who handle the raw material. It is difficult to forecast trade prospects for the ensuing twelve months, as although we know for a fact that cotton goods are badly needed the world over, we also realise that money must become easier for the home trade, and foreign exchanges more stable before foreign buyers can resume purchasing in large quantities, or even for their absolute needs." Attention is drawn to the peculiar circumstances of the present depression—"The Lancashire cotton spinner has learned by experience to accept periods of depression, which seem to come around in natural cycles. The depression this time, however, has not come from its usual cause, that is over-production. We know in Lancashire that our goods are wanted all over the world, and the depression from which we are suffering is caused by factors quite outside our own trade, viz., financial difficulties, excessive taxation, and the unsettled state of the foreign exchanges."

Mr. T. Henry Morris (Amalgamated Textiles Limited\*) expresses similar views on the outlook for the woollen trade. He welcomes the fall of from 30 to 50 per cent which has

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\*Interim dividend 10 per cent for the half year.



occured in recent months in the price of wool. "It is greatly to the advantage of the industry and to the consuming public that we should be able to move back to pre-war conditions and values at an early date."

"The world is bare of all commodities, and especially clothing. The demand for wool products is ever-growing, and as it will probably be some years before countries like France, Belgium and Germany can secure their pre-war output, there must be a large demand for supplies from our own country and the Empire beyond the seas, and if exchange difficulties could be satisfactorily arranged, from every country in the world."

While Lord Fairfax refers to "over-production" as a recognised condition in the clothing industry, Mr. Morris, unwittingly perhaps, but nevertheless very distinctly, foreshadows the possibility of the same phenomenon in the woollen trade in years to come and some comment on what is alternately described as "over-production" or "under-consumption," according to the angle from which it is viewed, seems called for. In economic theory it is generally assumed that "over-production" is a misnomer, because the nation has never produced more than would satisfy its total needs, if the wage-earners of the country had the necessary purchasing power to create a sufficient demand. This, taken as a statement concerning the aggregate production of the whole nation, is doubtless true. But it is obvious, from Mr. Morris's speech, that particular circumstances may so far encourage the development of any *one* industry that, when these circumstances cease to operate, the product of the industry is in excess of demand. Thus, if British industry is called upon to supply deficits in Germany, France and Belgium for some years, it is probable that as these countries recover their strength, British textiles will hardly find a sufficient market. "Over-production," when it occurs in all, or nearly all, industries at once, may only be another word for "under-consumption," but real over-production in an industry particularly favoured by circumstances may quite well occur, and its occurrence means loss to the community as a whole and suffering to a section.

In view of the proposed legislation for the dye industry, and of its close relation to the textile industry, Mr. L. B. Lee's address to the Calico Printers' Association\* is particularly relevant.

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\* 10 per cent dividend.



Speaking of the general trade situation, Mr. Lee considers it unwise to speculate on the probable duration of the present depression. "There can be little doubt," he says, "that the shortage of goods in most of the world's markets, which was the inevitable result of the war and the unrest which followed, has not yet been made up. The demand, were it the only factor, would certainly be such as to ensure a period of maximum production, but high values, the continued uncertainty as to prices, coupled with the general financial stringency and the difficulties of exchange in many markets, are all influences which react upon any general desire to take up fresh supplies of even the most necessary goods. A great deal has been said on the probable fall in value of textile productions, and this has had the result of delaying business in some markets. Personally I find it difficult to appreciate the arguments which have led to the suggestion that much lower prices may be looked for in the immediate future, as the full effects of the advances, both in wages and materials, have not yet reached the entire length of the chain of distribution, so that the ultimate consumer is, in my opinion, likely to be faced with higher rather than lower prices."

He warns the workers that a time has come for a halt in the progress towards higher wages and shorter hours. Costs of production have reached such a point that it is doubtful whether the industries of the country can be maintained at their present (September 1920) volume, *bearing in mind that we exist almost entirely by our export trade*. "There are already signs that these high costs are curtailing demand in many directions, *with the inevitable result that the workman will have a reduced wage to draw in the near future*. Any further concessions . . . must add to the difficulties of the situation.

"*In the interests of all parties* the time has arrived to deal with further demands with the greatest care, or the entire trade will be jeopardised. A certain amount of adjustment is necessary, as labour conditions generally are in such a chaotic condition that it is difficult to form a clear idea of the position, but there is no doubt on one point—that, as long as industry is controlled and responsibility removed, so long shall we have continual unrest."

Coming to the question of dyestuffs, Mr. Lee draws attention to the fact that we have "just passed through a period of colour shortage not less acute than that which obtained during the critical years of the war; and it has only been by

the dyes received from Switzerland and America (and, since the Sankey judgment, from Germany also) that the colour consuming trades have been able to preserve a reasonably full volume of production, and so contribute their share to that re-establishment of industry which is the primary necessity of our national existence. . .

"Despite the unsettlement that has hampered colour production in the last year, some progress is now being made. . . It would, however, be unwise to found upon the progress made any expectations of an early or complete dependence on a home production adequate in quantity, variety or excellence; and the necessity of keeping open the source, in the first place from Switzerland, and supplementary to this, from Germany, is no less insistent than it has been in past years." After a detailed criticism of the policy of protection advocated in the colour controversy, Mr. Lee pleads for a cautious survey of the whole situation before any final scheme is adopted, in view of the fact that the advocates of protection have "confined their arguments to colour-making works and have made no reference to those works engaged in the manufacture of heavy and fine chemicals, the plant for which constitutes, from the point of view of national security, an even more important factor than that of the colour-making plants themselves. Indeed, the huge German colour works, which are the basis of this argument, are manufacturers of heavy chemicals on a scale comparable to that of the great alkali works in this country. This limitation of the claim for special protection to colour-making works alone emphasises the necessity that the plausible argument of public safety should not be allowed to be used for the promotion of sectional interests. . . The necessity for this is emphasised by the fact that the Government is "scrapping" the gigantic chemical and explosive plants which were erected at enormous cost during the war and which constituted an essential factor in our very existence as a nation."





## THE MAN AND THE MACHINE.

As America is the home of the expert, and efficiency is a characteristically American ideal, it is natural that the "efficiency expert" should have become a familiar feature of industrial life in the United States. It cannot be said, however, that these adepts realised, generally speaking, all that they promised to the harassed employer, conscious that his relations with his employees were, for some reason he failed to fathom, as unsatisfactory as his output. The methods adopted by most of them were calculated to speed up production by mechanical means, which were only temporarily successful, and had the permanent disadvantage of irritating the workers. But the idea of calling in a specialist to diagnose the symptoms and to prescribe a cure for an ailing business was good, provided that the specialist possessed the necessary qualifications. Such a specialist America seems to have discovered in the person of Mr. William R. Basset, who, discarding the discredited title of "efficiency expert" describes himself simply as an industrial engineer.

In the course of his investigation into the ills that industry is heir to, Mr. Basset has built up a large organisation, which has assisted him in diagnosing and prescribing for over 1500 industrial and commercial enterprises that were not working to the satisfaction either of employers or employed. To-day Mr. Bassett has condensed the fruits of his eighteen years' experience in Europe and in the United States into a book called "When the Workmen Help you Manage" and published by the Century Company, New York.

Though, as his title suggests, Mr. Basset believes that industrial peace can only be purchased at the price of considerable readjustments in the attitude of Capital and Labour towards each other, he does not advocate the abolition of the existing social order. His book is written from the managerial point of view, and its object is reconstructive, not revolutionary. "I most firmly believe," he writes in the opening chapter, "that the Capitalist system is the best if it is grasped in its entirety—if it is understood, and if it is administered with skill and intelligence." Experience has taught him that "it is perfectly possible to balance the relations between the man who works with his money and the man who works with his hands so that each will be content, not with his share, for that is impossible, but with

the fairness of the division, and will be entirely satisfied that, when a dispute arises, it is the detail and not the system that is at fault."

Our failure to attain that balance is, in Mr. Basset's opinion, responsible for the industrial unrest which is seething to-day in every part of the world. The cure for it is not, he believes, to be found in such sedative medicine as welfare work and illusory profit-sharing. The problem is, moreover, not a social but an industrial one, for "efficient labour rests upon the stimulation of the creative faculty through proper work arrangements, while efficient capital rests upon the stimulation of the reproductive faculty through proper planning." The two can only function efficiently in unison if they rest "upon the steady balance of adequate respective remuneration." Interdependence, not dependence, is the ideal to be attained, and the fact that we are as yet so far from it is due, according to this author, much more to defective management than to the apparently unreasonable demands of labour.

Briefly stated, Mr. Basset detects evidence of this faulty management in the generally imperfect adjustment of wages to effort, and in the soul-deadening subordination of the man to the machine. That the root origin of the revolt of the workers is spiritual rather than material is, of course, as true of Europe as of America. In dealing with the practical question of wages, Mr. Basset starts with the principle that the only just criticism lies in their relation to effort, and asserts that "wages can only be profitably paid for service, not for men." They should, therefore, above a universal living minimum, "only be limited by the value of the service rendered. In the United States, however, not one employer in a thousand accepts this principle. The only ones who do so are those who have worked out the adjustment of wages to the cost of the finished product, these, we are told, "seldom complain of high rates." To bewail the size of his pay-roll is, in Mr. Basset's view, the hall-mark of inefficient management, and he adds "nowhere in business is blank stupidity so rigidly standardized as in wages." But given the workman who is worthy of his salt, no wages are too high, for "the efficient employer should pay wages so high that his less efficient competitor will go out of business."

"If the wage system," he continues, "is to survive the coming test, it must be sound and equitable," and equity



entails not only adequate remuneration but year-round employment. It is indeed obvious that so long as a man is liable to be discharged at any moment he will never become a good or reliable worker. Seasonal employment is not only disastrous to Labour, but to Capital as well, and it is also attributed by Mr. Basset to bad organisation. "I have never yet seen," he declares, "a business that could not be put on a year-round production with profitable results," and he gives instances where conversion has followed on his advice with benefit to the employer, who thus avoids "the economic waste of operating a plant to capacity for half a year and then letting it stand idle for the other half," and also to the employed, who gain the security essential to contentment and efficiency. Mr. Basset also urges the wisdom of letting the worker know how he stands in relation to the industrial machine through the publication of charts showing clearly "the cost of materials, the cost of labour, the cost of administration, the cost of selling and the final profit, with a separation in each of the direct and the indirect cost." Such frank statements both convince the worker that he is receiving a fair share of the total gains, and demonstrate where economies in production can be most easily effected.

But it is when he comes to analyse the spiritual causes of unrest that Mr. Basset is most illuminating. "The study of human reactions," as he calls it, is as vital for industry as it is for life. Unfortunately it is a study that has been woefully neglected by those who deal with labour conditions, and hitherto only the most enlightened employers realize the "antipodal distinction between filling a factory with men and getting a working force." As a result industry has become de-humanized. In our ignorance of the importance of the human element in industry, we have thought that we might substitute something for the creative instinct inherent in every man, "something made of metal and propelled by power." And through this subordination of the man to the machine, we have destroyed the natural interest in his work, and the creative faculty so stifled finds vent in revolutionary dreams which seem to promise wider opportunities.

As the division of labour which connotes repetitive processes is the very basis of large-scale industry, Mr. Basset seeks other outlets for the creative spirit of the worker and these he finds in the establishment of progressive measures of self-government.

*(To be concluded.)*



### THE SLUMP IN TRADE, III.

SINCE the second article was written the depression in trade seems to have grown in intensity, and has been the subject of discussion in the House of Commons. The Government practically admitted its inability to do more than mitigate the suffering which inevitably accompanies a prolonged period of unemployment, and appeared helpless in face of the world forces in operation. The Prime Minister created amazement by favouring emigration. The proposal that such a course will lessen unemployment is based upon the assumption that this island is overpopulated to such an extent that a proportion must be permanently unemployed. But during the trade boom which preceded the war, labour—particularly skilled labour—was scarce. We were deeply concerned, moreover, at the decline in the birth-rate and the danger that before another generation had passed the population would be stationary. During the war we lost hundreds of thousands of able-bodied young men, and many thousands returned permanently incapacitated. The present supply of labour is probably considerably less than it would have been if there had been no war, even when full allowance is made for the emigration which would have taken place during the war period. And there is a great deal of economic leeway to be made up, here and abroad, by our own efforts. How, then, can we assume that the country is overpopulated? Moreover, even when a country is overpopulated it means, not unemployment for some, but harder work for everybody in order to maintain a decent standard of comfort. Emigration is obviously no remedy for unemployment.

It is necessary to distinguish carefully between palliatives and true remedies. The former are important, and, in time of actual crisis, the more urgent. Let it be stated at once that the real remedy for the present depression is to be found in the restoration of international trade on a pre-war basis. It remains to be seen what can be done to foster and quicken such restoration, and, in the meantime, to tide the unemployed over the present period of suffering.

Doles, whether or not they be camouflaged by being granted under the form of unemployment insurance pay, through the amendment of the present act, are unsatisfactory to the recipients though necessary at a crisis. Moreover, they involve a loss of labour-force which might (and, as far as

possible, should) be employed in providing useful service. Can it be so employed to-day? Some can and will be employed in road-mending and other public work requiring little or no skill. The regular staff engaged in such work should be reinforced to the utmost limit by a "floating" supply of unemployed workers who would return to their normal occupations as trade improved. In this way arrears of public work would be more rapidly overtaken. House building offers a far more extensive field for employment of a more or less permanent character to younger men who have not yet learnt any skilled trade. The building trade unions have hitherto rejected schemes of dilution, partly on the ground that a considerable number of skilled workers are still employed on "luxury" buildings, and partly on the ground that it would accelerate and intensify depression and unemployment in their own trade. The first objection seems to be based upon a fallacy. Since the requisite supply of labour is available and can easily be trained there is no reason why we should not permit "luxury" building while pushing forward schemes for erecting dwelling houses. Nor has the second objection any real force at the present time. Not only is it necessary to relieve the scarcity of houses of any kind, but the problem of abolishing the slums and providing better housing conditions for the poor is as urgent as ever. It is a significant commentary on labour politics that while the labour movement before the war was making a serious endeavour to improve housing conditions it now seems to give moral support to a policy which makes such improvement impossible. The unions should be prepared to admit at once all adults who desire to learn the various trades and are able to find employment. The number able to find employment would be regulated by the supply of building materials, so that the danger of immediate overcrowding would be extremely remote. By reducing the number of juveniles admitted to apprenticeship, the numbers in the trade five, ten and twenty years hence could be adjusted to requirements. For every year a small percentage die or give up their trade. The situation at present is that (as was stated in a previous article) industrial development during the last few years has been lopsided, and it is necessary to restore the balance. This involves a considerable influx of labour into the building trades.

It is generally agreed that the economic recovery of Europe is conditioned by the granting of credits to the weaker States,



which are in sore need of what the world is able to provide, but are unable to pay for it. Two kinds of credit are necessary, and these may be illustrated by the case of Germany. The internal currency of that country has been considerably inflated and depreciated during the past six years. But the foreign value of the currency has been depreciated to a far greater extent. Germany has been importing goods to meet urgent requirements, and, being unable to pay in gold, goods, or by the sale of securities, or, again, by contracting a loan abroad, she has been forced to sell marks for what they will fetch. Hence the enormous fall in the value of the mark, and the low price, in this country, of imports of dye-stuffs, small metal ware, etc. It is therefore necessary that those countries, the currencies of which are greatly depreciated in value abroad, should be granted long credits which would enable them to repurchase the exported currencies and so restore the foreign exchanges to a level corresponding to the internal value of their currencies—though not to their pre-war values. If this were done it would bring relief to some of our trades now suffering from competition due to the present abnormal exchange conditions. Moreover, since foreign currencies on sale in the international market are the subject of speculative dealings, and their prices are governed largely by political considerations and the probability of ultimate repayment, the mere assurance that credits were forthcoming to enable such countries to redeem their currencies (held abroad) would be sufficient to raise their prices to a considerable extent. The relief would therefore be quickly felt although the actual negotiations might be prolonged.

The second form of credit would take the form of a loan which would enable Germany to import raw materials and other goods to meet urgent requirements without incurring the risk of a further collapse of the exchange. With the form which such a loan should take we are not here and now concerned. It is sufficient to observe that a considerable period must elapse before it can be negotiated between the many countries affected, and that it cannot therefore, of itself, immediately react upon unemployment. But two things may be done immediately. In the first place the Government could lay down the guiding principle that it should retain the option of supplying, in the form of direct export of goods, a certain proportion of any loan which the



nation granted to one of the European States. This principle was generally applied by France before the outbreak of war. In the second place the Government might immediately place orders for goods in anticipation of such exports, and store the goods until required. The chief requirements of European States in need of credit will consist partly of foodstuffs and partly of cotton and woollen goods, machinery and other standardised products. They will not differ materially in size, shape, gauge, quality, etc., from those purchased in the ordinary course of trade before the war. During the war the Government controlled the textile and other trades with the assistance of committees of experts. These could be resuscitated, and, strengthened by accountants and lawyers, assume responsibility for placing contracts at fair prices. It should be observed that the depression appeared first, and is most acute, in precisely those industries supplying standardised products for foreign markets. If, by means of Government orders, they were revived, the supplies would not only be assured of an ultimate market without serious loss, but would tend to modify the boom in trade which is bound to appear sooner or later, and may otherwise be very intense and lead to subsequent disaster. Moreover, trade begets trade. The revival of the chief manufacturing industries would lead to the revival of the multitude of minor dependent industries. Finally, in so far as we granted loans to the weaker States which were employed in purchasing foodstuffs from China, India and other countries, our export trade with the latter would be stimulated.

It is necessary, however, to emphasise the fact that trade activity does not necessarily denote the enjoyment of a correspondingly high standard of living. We would not be enjoying the use of the goods made on Government account, and would therefore not be better off, *immediately*, than if such goods were dumped into the Atlantic. The real benefit would be felt in years to come. But the suffering—which is inevitable until Europe is restored to a sound economic position—would be more widely distributed. Nor should it be forgotten that the only real cost would be the loss of interest on the sum paid for the goods by the Government, for the period which elapses until the credit arrangements are completed, together with any loss that might be suffered in resale to the assisted nations. This might be less than the amount paid in doles if the workers remain in idleness.

## FOOD FOR THOUGHT.

*The Coming Revolution*, by Mr. Gerald Gould, must be ranked as an important, even as a valuable book; not indeed on account of its logic, its scholarship or its veracity, but because of a certain illuminating quality that it possesses. Its importance consists in the light which it throws on the outlook of the *Daily Herald* group of propagandists, its value in the revelation which it furnishes on the inner working of the mental processes of that same group. Here, in a nutshell, are presented not only the views of the author himself, but also by inference the mentality of his colleagues. We therefore commend this book to the notice of those of our readers who are sufficiently well-informed to see through the pretences of sincerity, the assumptions of infallible virtue and the arrogance of egoistical assertion which are so abundantly displayed in its pages. To those less well equipped we advise abstention or, alternatively, extreme caution.



The Preface by Mr. George Lansbury is written in characteristic vein. He starts with the sweeping pronouncement that, "The whole basis of society rests on armed force ready at all times to be used on the side of vested interests and special privilege." The impression conveyed (and, we fear, *intended* to be conveyed) by this statement is that of the great mass of British citizens being held in subjection by armed force, but if Mr. Lansbury had taken the trouble to think, before committing himself to this particular blunder, he would have realised that such a state of affairs is approximately true of only one country in the world, namely, Russia. He would also have remembered that he is the prime, and almost the sole, apologist in this country for that régime.



In a sense—in a relatively infinitesimal sense—the statement we have quoted is true. Mr. Lansbury, for example, has a vested interest in the sanctity of his own home. If this is invaded by Bill Sykes, or encroached upon by the Archbishop of Canterbury, a policeman can be summoned to deal with the intruder, and the requisite degree of force can be used for that purpose. The protection afforded by the law to



Mr. Lansbury in such a dilemma can be invoked by others to the extent, for instance, of the employment of soldiers to protect municipal buildings, or even privately-owned factories, from mob violence. If, on the other hand, a landowner attempts to close a right of way, public opinion justifies the use of force for the vindication of what the lawyers call "right of user." In the broadest sense, however, it must be perfectly well known to Mr. Lansbury that force is resorted to by our Government with the utmost reluctance and only when such action would be approved by the majority of the people, could the vote of a national plebiscite be taken on the issue.



Those who remember the advice given to the nation by the Editor of the *Herald* during the air-raids, when he exhorted us to stop building aeroplanes lest the enemy should retaliate and "civilisation be blotted out," will not be surprised at Mr. Lansbury's diatribe against the methods of modern warfare. We do not complain of his denunciation of the use of poison-gas, though it is arguable that refusal to reply in kind to German inventiveness would have been a betrayal of our own men leading to greater misery in the long run, but the rest of the argument in which he contrasts the moral aspect of the Red Terror in Russia with that of the normal manufacture of armaments for national defence is extravagant to the point of absurdity. The purple passage referred to is as follows:—"But even if the ghastly horrors charged against them were true, I should contend that the Bolsheviks, and revolutionists generally, are angels of light compared with the civilised men who, in workshop and laboratory, scheme to produce poison-gas and violet rays for choking and blinding hundreds and thousands of their fellow men, and with those who build large and small ships, submarines, aeroplanes and all the other engines of terrorism." A little further on he says:—"The teaching of the Churches . . . is alone responsible for the fact that bloody revolutions take place." We will not discuss this interesting, if somewhat novel thesis, except to protest that if a bloody revolution *should* take place in this country in the near future, it would be the height of ingratitude and the depth of self-decrying ordinance on Mr. Lansbury's part to rob the *Daily Herald* of its share in any credit that might attach to the proceedings.



The book itself covers a vast area of ground which we cannot here attempt to review. It adopts the pose of deprecating the use of violence and forthwith proceeds to preach force. It speaks with evident relish of "compulsion by direct action," and is horrified at the spectacle of Ulstermen preparing to defend themselves against aggression. In order to provide some sort of a cloak for such obvious contradictions the old dodge, immortalised by Æsop's wolf, is resurrected and any hint of resistance against aggression is dubbed provocation. In the first chapter we are told that the purpose of the book is not propagandist and then follow two hundred and seventy-six pages of something that is nothing else but naked propaganda of the extremist type. In the second chapter Mr. Gould says:—"Labour is not a single concrete entity for whom anybody but a megalomaniac would undertake to speak," and throughout the rest of the book he presumes to speak for Labour without any appearance of hesitation or restraint.



The main contentions voiced by the author in the name of Labour are that the whole Labour movement is united in demanding a rise above the pre-war standard of living, and that there is sufficient wealth in the country to-day for every family to enjoy an income of over £500 a year. With regard to the first contention, it is the earnest desire of all right-thinking people that the standard of living should not be reduced but, confronted as we are by the fact that the aggregate wealth of the country is now less than it was in 1914, the present is not an opportune moment for demanding "a rise above it," nor can the threat of revolution to enforce that demand be justified on any ethical grounds whatever. The second contention is utterly preposterous and must be based either on a complete misunderstanding or on a wilful misrepresentation of the facts of the case, but this is a subject that we must return to on a future occasion.



## 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).*

**Dec. 1st.** The Ministry of Labour records a fall of seven points in the cost of living during November. The index figure was 169 per cent. above that of July, 1914. The cost of food alone fell nine points (index figure 182 per cent. above July, 1914).

Changes effected in the rates of Labour during the month gave a total increase of nearly £690,000 in the weekly wages of 1,900,000 workpeople.

136 trade disputes involved the unemployment of 1,138,000 people and a loss of 3,631,000 working days. Unemployment among trade unionists, which rose to 5.3 per cent. during the coal strike, was registered as 3.7 per cent. at November 26th. There were 520,353 names on the live registers of the Employment Exchanges.

Public buildings have been seized and occupied by the unemployed in a number of the working-class boroughs of London. The object is apparently to secure headquarters for the organised relief of distress.

A scheme to amalgamate nineteen unions of dock and transport workers into the Transport and General Workers' Union has been approved. The amalgamation will combine 500,000 members under one executive possessing the power to call a strike, and will strengthen the Triple Alliance by placing this section more on a line with the other two.

**3rd.** Cotton mills will run only three days a week until further notice. One hundred thousand operatives are thus placed on half-time and half-pay.

The General Federation of Trade Unions have refused to support the Dockers' demand for Mr. W. A. Appleton's resignation from the presidency, and have instructed the latter that their complaints must be lodged in a constitutional manner at the annual meeting.

**4th.** Serious unemployment is developing in the Clyde shipyards. The joiners are on strike, the pattern-makers are claiming higher wages, and the shipwrights have announced their decision to abolish piecework and to work on time-rate only. Meanwhile contracts for steamers and marine engines are being cancelled daily.

The whole of the Welsh tinplate trade employees (27,000) have received notice that there will be no more work at the end of the month.

- 7th. The municipalities have refused the tramway workers' claim to a wage increase of 12s., and decline to arbitrate. A national balance sheet for the industry showed that there is, under existing conditions, a loss of £3,300,000 a year. The increase asked for involves a further £1,100,000.

The National Alliance of Employers and Employed urged the Minister of Labour (i) to pay unemployment insurance money irrespective of whether the applicant had worked four weeks or not, (ii) to call upon each industry to assess its total unemployment and arrange schemes for the division of available work, (iii) to make special arrangements to increase the mobility of labour, (iv) to arrange for the balance of unemployed labour to be dealt with by district councils of employers and trade unionists. Dr. Macnamara definitely negatived the first claim.

- 8th. The Friendly and Approved Societies have withdrawn from their share in the administration of the Unemployment Insurance Act. They complain that they invariably receive unfavourable treatment at the hands of the Ministry. Their members number three and a half millions.

- 9th. The Committee on Trusts report that they are not satisfied that the combine formed in the glass bottle trade by the British Glass Industries, Limited, is to the interest of the public.

- 12th. For the purpose of absorbing the unemployed in the industry, the Engineering and National Employers' Federation and the A.E.U. have agreed that, subject to the approval of the works committee in each case concerned, a three-shift system shall be introduced in engineering, boilermaking and foundry works.

The Shop Assistants' Union have decided by ballot not to strike unless the employers in the London Stores refuse to apply generally the award of the Arbitration Court in the case of the Army and Navy Stores which is now being considered.

The majority of the electrical undertakings concerned in the threatened strike of the technical engineers have agreed to the terms of the Whitley award. Only 56 undertakings are in disagreement.

- 13th. Electricity dispute: The Ministry of Labour, having been appealed to by the Joint Board, will negotiate directly with those undertakings who still refuse to accept the Joint Board's ruling. Strike notices will be suspended meanwhile.



Italy : The directors and managers of the Fiat Company in Italy have, at the request of the men, again taken over the control and management of the works. A few weeks ago, the Chairman, as a result of the Socialistic claims of the men, offered to sell the works and let the men run them on a co-operative basis. The offer was refused, and the chairman, chief engineer and others resigned on the grounds that it was impossible to carry on business whilst a spirit of animosity existed between the men and the directors.

15th.

Henry Littlefield, charged with assaulting the Chairman of the Deptford Branch of the Operative Bricklayers' Society stated that although he had been a bricklayer on and off since 1905 he was debarred admission to the union, and as a result his wife and children were starving. He asserted that his admission was refused because he had laid 750 bricks in 7½ hours.

The National Executive of the Labour Party urged the Government to adopt an emergency unemployment measure providing 40s. a week for men and 25s. for women, with additional allowances for dependents. They pointed out that such a distribution would increase demand and stimulate trade.

The N.U.C. reports that there has been a wholesale reduction in the clerical staffs of the engineering and iron and steel trades and that there is widespread unemployment among clerks.

Many of the unemployed can get no benefit under the Unemployment Act, 1920, and there is a widespread feeling that owing to the nature of the emergency, and to the fact that the situation is likely to improve in the early spring, the present disqualification should be temporarily suspended.

The Minister of Labour has decided to hold an enquiry under Part 2 of the Industrial Courts Act into the application of the Tramway Workers for an advance of 12s. The employers refused to submit the question to arbitration.

16th.

The members of the National Union of Boot and Shoe Operatives have rejected the piece-work system now prevailing and voted in favour of day wages and a limited output. T. F. Richards, president of the Union, recommended the decision, which was taken in the belief that it will increase employment in the trade.

The application by the workers in the shipbuilding industry for an increase of sixpence an hour has been adjourned for six months, during which period a joint committee will consider the possibility of adjusting wages according to the fluctuations of trade.

Mr. E. Bevin and Mr. J. Cliff will present the tramway men's case at the Court of Enquiry set up by the Minister of Labour.

18th. The Central Committee under the Profiteering Acts is investigating the subject of the multiplication of transactions in the distribution of commodities. Various instances where commodities in universal demand have been unnecessarily passed from hand to hand, with a profit at each transaction have given rise to the enquiry. Communications on the subject should be sent to the Secretary, The Central Profiteering Committee, 54 Victoria Street, S.W. 1.

20th. The Minister of Labour, in a letter to the Building Trades Federation, proposes that 50,000 ex-Service men be admitted and trained for the building industry. In return the Government will pay £5 for each man trained, will guarantee 50 per cent. of a man's wages as to the first 22 hours per week, and 75 per cent. for the rest of time lost through stress of weather, and will promote a scheme whereby the industry itself will supplement the amounts payable under the Unemployment Insurance Act.

22nd. 45,000 miners in the Rhondda Valley struck work because the Ocean Coal Company refused to reinstate eleven men dismissed because their places could no longer be worked remuneratively. The miners are asking for a special conference of the South Wales Miners' Federation to proclaim a general strike throughout South Wales coalfields. It is understood that similar notices have been served on men in other parts of the Rhondda Valley, and that a general movement is being made to cope with the ca' canny policy of some of the miners.

In Lancashire and Cheshire there were 106,083 claims for unemployment insurance benefit and 40,103 ex-Service men applied for the special out-of-work donation during the week.

The Premier informed a deputation from the chief municipalities that it was impossible for the Exchequer to increase from 30 to 75 per cent. its contribution towards local unemployment relief works.

23rd. John Davidson Bell and Thomas Scott (or Taylor) were sentenced to six months hard labour and Anker Petersen to three months, on charges of transmitting seditious literature from Tyne Dock to Liverpool. Scott and Bell claimed to be members of the Communist Party.

The Unemployment Insurance (Temporary Provisions Amendment) Act became law. This Act permits unemployed in any Insured Trade to claim up to eight weeks' benefit provided they have been employed at least ten weeks since December 31st, 1919, or four weeks since July 4th, 1920.

27th. Mr. Lloyd George and other members of the Government held an informal conference on unemployment. Sir Allan Smith and Mr. Henderson presented the views of the employers and employed.

Actual records quoted by Dr. Macnamara show that considerably over half a million men and women are unemployed.

29th. At the request of the Council of Action, a special conference of the British Labour Party considered the question of dealing with unemployment. A resolution was passed condemning the Government for delay in securing peace and trade with Russia. The Government was called upon to take effective steps to restore the economic life of Central Europe by providing credits and removing all blockading influences. Meanwhile, when work is unobtainable, it is considered that maintenance should be provided at the rate of at least 40s. for householders or 25s. for single men and women.

The output of coal during the five weeks ending December 18th was at the rate of 260,758,000 tons a year, and the miners will, therefore, receive a further rise of 1s. 6d. per shift in January.

30th. The members of the unions composing the National Federation of Building Trade Operatives are to ballot for or against acceptance of the Government's scheme for the training of ex-soldiers.

31st. The National Warehouse and General Workers' Union and the Amalgamated Union of Co-operative and Commercial Employees became merged into the National Union of Distributive and Allied Workers, the membership of which is nearly 200,000.





No. XLII  
**FEBRUARY**  
MCMXXI

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“A man's own efforts make him a man.”

—*Hitopadesa.*



# INDUSTRIAL PEACE

## CONTENTS

A Vital Industry

Unemployment Insurance

The Facts of the Case in Diagram, X

Economy and Education

The Financing of Exports

The Business Man's View, IV

Food for Thought

Day by Day

Our Economic Scheme





# INDUSTRIAL PEACE

## A VITAL INDUSTRY.

THE Educational Scheme which we announce this month (and of which fuller particulars are given later in this issue) is based on the following considerations.

Though few people will be found to deny that the value of education is incalculably great, still fewer advance beyond the stage of paying lip-service to the cause they rate so highly. A superfluity of critics profess to be scandalised by what they are pleased to describe as "the appalling ignorance of the masses," but they fail to move a finger to lift the reproach they complain of. They seem to forget that ignorance is the common heritage of all mankind, that nothing except education can oust it, and that education is not a thing which springs up in a night of its own accord like a mushroom, but a thing which has to be planted and cultivated before it can thrive.

The late Mr. Choate was right in describing education as the chief industry of every nation—and if we neglect to develop that industry no natural ability on which we may be tempted to pride ourselves will enable us to maintain our place in the world.

This is the position. Knowledge cannot be acquired unless facilities for learning are provided, adult men and women are demanding increased opportunities for self-education and the existing machinery for satisfying their cravings is quite inadequate.

Under these circumstances "Industrial Peace" proposes to make an experiment and to provide, according to the means placed at its disposal, certain facilities for study. We anticipate objections. We shall be told that the scale on which our operations must perforce be conducted is too trifling to achieve any substantial result. We answer that half a loaf is better than no bread and that unless some beginning is made there can be no ending. We shall be reminded that a little knowledge is a dangerous thing. We agree and reply that those to whom our proposition applies are already in possession of at least a little knowledge which we intend to amplify. "Mony pickles make a mickle." We shall be accused of exploiting education, with the object of bolstering up the

existing social system, and we shall refute the charge by carrying out our project with absolute fairness. Those entrusted with marking the examination papers will act impartially, and all views, whether capitalistic or socialistic, will receive the same treatment provided that they are relevant and logical. Finally it may be thought that we are commercialising the fountain of learning. If so we can only plead in extenuation of our offence that this scheme of ours only offers prizes, it does not solicit fees.

Our main object will be to induce as large a number of persons as possible to study Political Economy and we address ourselves in the first instance to the teaching profession. Our reasons for selecting Economics and for concentrating upon the school-teacher are as follows. Education may be practical or it may be ornamental. There is much to be said for both types but perhaps the latter has been somewhat favoured in this country at the expense of the former. Dexterity can be acquired at the lathe or at the piano. We prefer the lathe. If a practical science is desired none lends itself so readily as Economics, which is neither more nor less than the study of man in his endeavour to make both ends meet.

Moreover this subject has hitherto been the Cinderella of British curricula, scorned by proud sisters and relegated to the basement, and a desire to redress these slights in some measures inclines us to essay the part of fairy godmother. And there is a third reason. The value of education does not reside exclusively in its function of developing the mind, there is also the question of its specific application to be taken into account. It is easier to apply knowledge when the surroundings are familiar than when they are novel and, as Mr. J. R. Clynes reminds us—"our educational system has not yet reached the point of teaching the mass of the community some of those simple and elementary facts in Political Economy which it would be well for every man and woman in the country to know."

If the maximum reward of educational effort is sought, no field is so promising as the scholastic profession, which, besides having learnt how to learn, may be counted upon to impart its knowledge to the rising generation in ever broadening circles, until perhaps the nation can emerge from that morass in which, according to the critics aforesaid, it is so deeply involved.

So much for the general outline of the considerations upon

which our project is based. Let us explain how we propose to give effect to the scheme.

There are two methods of bringing students into contact with facilities for study. One is the classroom and the other is through the post office. Financial and geographical limitations compel us to adopt the latter alternative.

The first problem to be solved relates to the difficulty of getting into touch, through the post, with potential students. We hope the solution will be found in the good offices of the National Union of Teachers. The second problem relates to the difficulty of providing for the supply of books for the use of those students who may accept our invitation. This touches the root of the matter for, as our main object is to induce as many persons as possible to *read* economics, the whole scheme would collapse unless some method were devised to relieve candidates of the necessity for providing themselves with expensive books. In this dilemma we appealed to the Central Library for Students, with the fortunate result that the hearty co-operation of that organisation has been secured. We are also indebted to the authors of the selected books and pamphlets for their generosity in waiving their royalty rights in respect of books, etc., supplied in pursuance of the scheme. Last, but by no means least, we have to thank the Central Council for Economic Information, which, by providing funds to cover the cost of the prizes and administrative expenses, has turned what would otherwise have remained a nebulous conception into the practical proposition which is described in greater detail on pages 190 and 191 of this issue.





## UNEMPLOYMENT INSURANCE.

### The Tendencies of Reform.

LESS than a year ago the Government passed a great Act to extend the system of compulsory insurance against unemployment. That Act brought twelve million workpeople within the scope of insurance. It made unemployment insurance a reality in the thoughts and the lives of the great majority of wage-earners. Its principles, however, were those of the original Act of ten years ago. Bold and far-reaching as was the Act of 1920, it has not quenched the debate on the principles and methods to be observed in this sort of insurance, and the present crisis of unemployment, though it may seem to call for exceptional and abnormal measures of relief, has quickened the debate on theory.

At present the State, the employer and the wage-earner pay not very unequal contributions into the Unemployment Fund. On behalf of the wage-earners, the Labour Party has steadily condemned the contributory principle. How far "organised Labour" represents "Labour" in this matter is obscure. The vociferous opposition to the contributory principle is probably overdone. Wage-earners would probably not refuse to pay something, provided that another aspect of their view were listened to. They are inclined to claim that the industries in which there is employment for them for all but a small percentage of their time should provide for them during that small percentage also. They regard themselves as just as essential to industry as the other two members of the Trinity that preside over production, viz., shareholders and staff. On the one hand, they hear of reserves accumulated for the stabilising of dividends. They appreciate the practice of making good years pay for bad ones. They think the principle of stabilising dividends by a levy for reserves so good that they wish their wages to be stabilised in this way. On the other hand, they envy members of staff who are not taken on and dismissed at short notice, but enjoy a much more secure status and, so to speak, an all-the-year-round wage. They are aware, moreover, that the employer's contribution to the Unemployment Fund, *when taken as a percentage on his total wage-bill*, is a veritable bagatelle.

This is indeed a natural and attractive way to argue. "My industry from year to year," the wage-earner says to himself,

“suffers 4.9 per cent. of unemployment. This is a small figure as a percentage, but the source of immense worry in prospect, and of considerable suffering when it arrives. When it does come, there ought to be a retaining fee waiting for me. That retaining fee ought to be a reasonable percentage of my average wage. The boss ought to insure himself against this item just as he does against other risks by piling up a reserve. But the boss isn't quite the organiser he ought to be, at least when it comes to considering the comfort and peace of mind of his ‘hands’”. He isn't. The boss, in truth, is usually afraid to lay another burden on industry: though his fear is pardonable in this black month of February. On the other hand, even in this month funds must be found, in one way or another, to tide unemployed men and women through idle weeks. As there is no possibility of avoiding such expenditure, discussion as to the method and the basis of the expenditure may be useful.

In the minds of the unemployed themselves two things are urgent: (i) the amount of the unemployment benefit, and (ii) the conditions attached to it. The two points are connected: for an insurance scheme founded on right principles, on right ways of regarding the wage-earners, on a right determination of their status in industry would inevitably tend to be satisfactory in the amounts of its benefits. No workman can be expected to content himself with a small dole from the State. Even the State-Socialist must feel that as regards unemployment it is his industry and not the State that should be responsible for him. In the eyes of the State he is but No. X, one of millions, and hardly a distinct personality. The State, of course, must take a highly generalised view of men out of work. But an industry could take and ought to take account of specific status and personal circumstances. What a man is worth to an industry when out of work should bear a definite relation to his work for it when work is available for him. If industries or even individual employers could be induced to accept the principle of proportional levy on total wages-bill—well, they would do more thereby to secure social and industrial peace than could be achieved by almost any other piece of organisation. There is no greater evil in working-class life than the fear of unemployment. There is no psychological factor that impedes the smooth movement of work so much as this fear. Much is heard in these days about the right of wage-earners to

"control." On behalf of wage-earners, some sensible and some foolish forms or items of control are agitated hotly in every corner of the country. But whatever may happen to the more ambitious claims to share in control, or to monopolise it, very few wage-earners are satisfied with their status in industry, and every time they think of the evils of unemployment they reflect how weak a foothold they have in the industries to which they give their years and their strength. In face of much preaching about goodwill and co-operation they are inclined to answer: "We will believe your assertions about goodwill when you accord us a real right to draw on industry for a retaining fee; we shall co-operate when you make us feel co-operators and insiders by accepting responsibility for the periods when work is not available for us, instead of turning us adrift as mere hirelings or directing us to the State for a dole." The concession of status and of unemployment insurance benefits adjusted to status would be an unmistakable proof of sincerity.

It would be a burden, of course, on industry. There are burdens and burdens. This burden, however, would bring its reward. In dealing with men from whom you wish willing and effective work much depends—every employer knows it—on psychological factors. To reassure his workmen against a chronic fear, which tempts them daily to "ca' canny," and to conciliate their pride must surely be good business as well as good morals. Our Unemployment Insurance Act is very new. Some may think that it ought to be allowed to stand for a reasonable term of years. But these are the days of reconstruction. It may be long years before the nation is again in the mood to make radical and rapid changes. "Away from the State" is the popular cry. Yes, but towards what? Towards a more intimate and humane and responsible organisation of activities by the localities and the interests that are immediately concerned with them. The State is not a good organiser. But it can send a watchword pealing—the watchword of Organisation. It can point the way. It has already made the idea of unemployment insurance familiar and won it acceptance. The industries must themselves carry the work of insurance farther than the State could, and on better principles.



## THE FACTS OF THE CASE IN DIAGRAM, X.

THE seventeen diagrams which we have published during the last nine months refer exclusively to the United Kingdom. This month we propose to extend our field of enquiry and show how the nation stands when we come to compare British methods and results with those employed and obtained in other countries. There are many reasons why we should make a beginning with the United States, for, besides being our most formidable trade rival in the markets of the world, America is the best example of what may be termed "experimental industry." Starting with traditions very similar to our own, the trade of the United States has developed on novel lines with great rapidity and, on the whole, with surprising success. It behoves us, therefore, to look into the matter with care, not necessarily with a view to slavish imitation, but in a spirit of enquiry, in order that we may investigate our own methods in the light of American experience and modify our industrial practice in accordance with the lessons learned.

Not so very long ago we used to be told that Great Britain possessed what was called "industrial supremacy." The term was conveniently vague, but presumably it was intended to imply that we produced more commodities and enjoyed more wealth than any other nation, but whatever may have been the significance of the phrase, and whatever justification there may once have been for such a boast, the important fact remains that in all material respects which are measurable we cannot now approach the American standard.

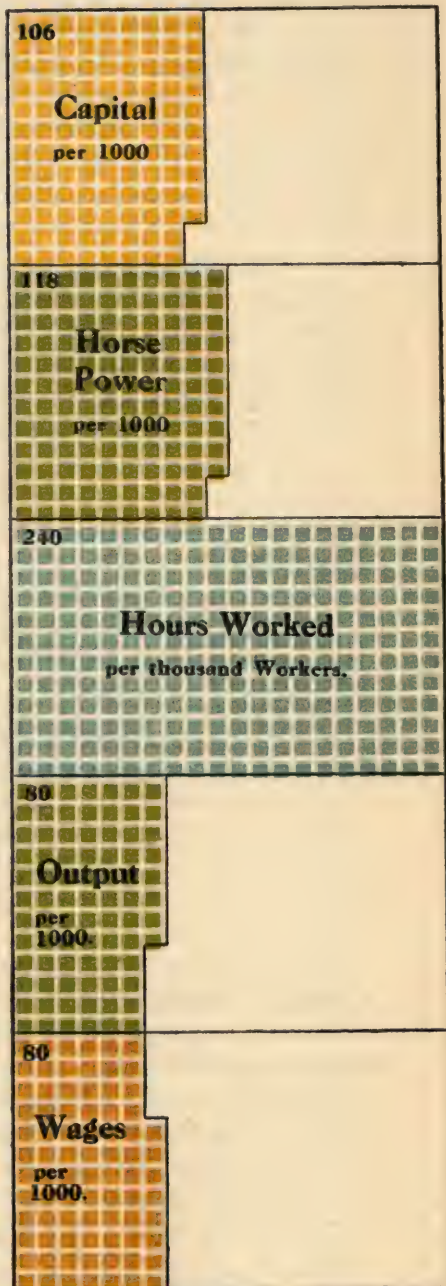
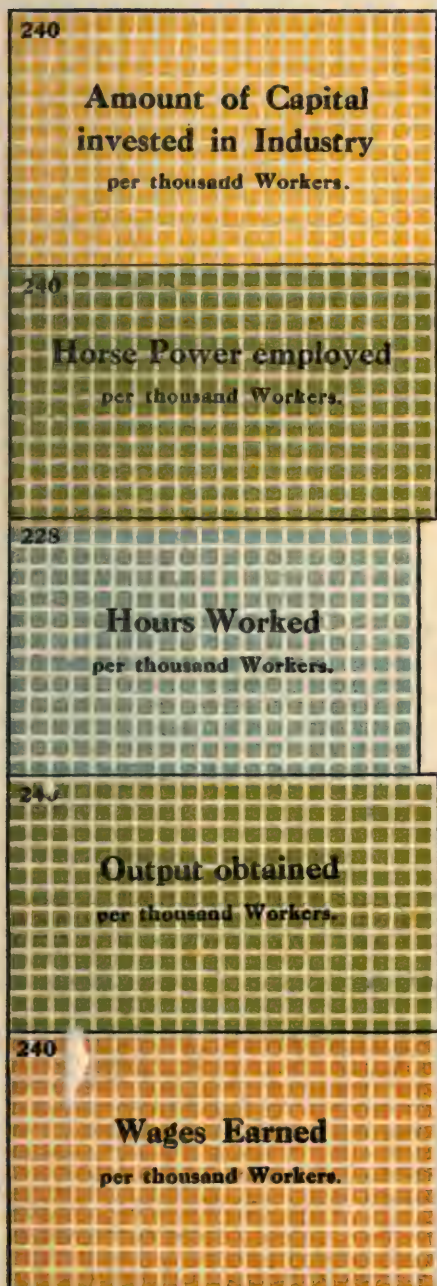
Prior to 1907 we had no means of estimating our industrial position with any degree of accuracy, but the Census of Production taken in that year put an end to the era of industrial fiction and disclosed the actual facts of the situation so far as Great Britain was concerned. By comparing the results then made apparent with similar results revealed by the American Census of Production of 1909, we were able, for the first time, to get a clear idea of the relative productivity of the two countries. It is a little unfortunate that both investigations were not made exactly at the same time, but the difference of two years is not of great importance in any case, and can be allowed for in comparative calculations.

## DIAGRAM No. 18.

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

### America.

### Great Britain.



**THE RELATION OF CAPITAL AND OUTPUT TO  
LABOUR AND WAGES: A COMPARISON.**



Without quoting the precise figures\* it may here be stated that the *private* manufacturing industries of the United States produced in 1909 a volume of goods valued at over 250 per cent. more than the total output of *all* British industries in 1907, notwithstanding the fact that the number of workers who contributed to the American result was only ten per cent. greater than the number who contributed to the total British output. After all adjustments are made it appears that the average production of the American is quite three times as much as that of the British, industrial worker.

If this result were attained at the cost of longer hours, or if the larger output were unaccompanied by a corresponding benefit to the workers in the form of increased wages, the example of America would have no attraction for us, but, as our diagram shows, the hours of labour worked in America were fractionally shorter than in our country, whilst the wages paid in Britain amounted to only one-third of those earned in the United States. It is in the combination of these three factors—output, wages and hours, that the significance of the comparison consists.

Diagram No. 18 differs from its predecessors in not being drawn to a single and comprehensive scale. Obviously there can be no common denominator to which such diverse subjects as are here dealt with can be reduced. The method employed is to adopt an arbitrary number of squares to represent the American total, to convert dollars into pounds sterling, to calculate the British equivalent under the various headings, and then to show comparable results by allotting the appropriate number of squares to each section. Whilst this method does not give aggregates representing the gross amounts of capital invested, horse-power employed, hours worked, output obtained and wages earned, it does give an accurate representation of the relative position as between British and American industry in those respects.

For the purposes of the diagram, the twenty-six industries for which suitable data can be extracted from the British and American Censuses of Production have been selected and the net output per thousand workers per year in those industries has been shown. As the only source from which wages can be paid is net output, it follows that high wages cannot be

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\* For the actual figures see the chapter on British Industrial Inefficiency in J. Ellis Barker's "*Economic Statesmanship*."



expected where the output is low, and when we compare the actual wages paid in the two countries we find that they vary directly as the output varies, that is to say, the average American workman earns as much in one week as the average British workman earns in three.

Coming to the question of the amount of capital invested in manufacturing industries in Great Britain and the United States respectively, we find fifteen hundred millions of pounds in the former category and thirty-six hundred and eighty-six millions of pounds in the latter. Reducing these figures to the amount of capital invested per wage-earner employed we get £246 as against £557. That is to say, the capital per worker is from two to three times as great in the United States as in the United Kingdom, and, as Mr. Ellis Barker remarks, "We cannot, therefore, wonder that output and wages per worker also are from two to three times as great in the United States as in Great Britain."

With regard to the length of working hours there is a lack of sufficient data for accurate comparison. It is generally admitted, however, that the advantage lies with America. We have assessed this advantage at five per cent, which modest figure we have reason to believe is an underestimate.

Our diagram does not take into account the differences in the *type* of machinery used in the two countries because the Censuses of Production are silent on the subject, but we have included engine power as one of the factors that explain the increased output obtained in America as compared with Britain. In the United States the horse-power employed per thousand workers was 2,409 units as against 1,182 units employed in great Britain. Bringing this result into line with the others we get 240 squares for America and 118 for Britain, as shown in the diagram.

Taking all the results together it is impossible to resist the conclusion that if we are to maintain even our present position relative to America, not to mention the prospect of improving upon it, we shall have to employ more capital and more horse-power in our factories before we can begin to compete on anything like equal terms.

## ECONOMY AND EDUCATION.

THE cry for economy is more than a mere "stunt" on the part of interested individuals: it is the response to imperative need. The Brussels financial conference laid stress upon the fact that economic recovery was not to be expected in a State which failed to strike a true balance between public revenue and expenditure. Here we have succeeded in achieving a surplus which, if less than anticipated, will probably be fairly substantial and may be employed in the reduction of war debt. But we are not yet out of the wood, and it behoves us not to halloo. The tax revenue has been reinforced by sums obtained from the sale of surplus stores. The Excess Profits Duty which, for the last four years has contributed so handsomely to the income of the State, is dying a natural death. The depression of trade is bound to be reflected, in due course, in the revenue derived from income taxation. Moreover, it is held that the income tax is already so heavy as to be a serious drag upon individual enterprise, and that the rate of tax should be reduced. The task of finding an adequate and sufficiently regular income is likely to increase in difficulty during the next year or two.

The increase in normal government expenditure since 1914 consists of three obvious factors. The first and most important is the annual charge for pensions and interest on the war debt. The cost in respect of pensions is likely to grow in the immediate future. Fresh claims are made as new consequences of old injuries appear. The debt charge may be regarded as practically constant until interest rates on industrial capital fall sufficiently to justify a conversion scheme similar to that successfully applied by Goschen about forty years ago. The second factor is the cost of new ventures by the State, the creation of new government departments and the extension of those already in existence. The third is the cost of advances in the salaries and wages of public servants due to the rise in the cost of living. Thus the total expenditure of government has increased proportionately more than money has depreciated. If the percentage charges had remained the same the net burden would have been no greater than before. But, in spite of the fact that first, the disbursements of the State in the form of interest payments, salaries, etc., represent income which is itself taxable, and, secondly, the individual costs of most State services have risen less than the extent suggested

by the depreciation of money, the net burden which the nation will be compelled to bear, in providing public revenue for the next few years, is probably not less than twice as heavy as in 1913-14. Most of the additional burden will fall on the shoulders of the relatively rich, and, if not reduced to the practical minimum and wisely distributed, may produce serious injury to trade and, indirectly, to those (the relatively poor) who appear to escape the consequences of the war.

Economy is to be sought through efficiency. To be efficient is to take the long view. Shortsighted economy, which consists of merely reducing immediate costs, and postponing developments, is not worthy of the name of economy. If, however, many who now call themselves economists were in power we should be witnessing the introduction of a cheese-paring policy which, sooner or later, would lead to expenses, far greater than those immediately avoided,

Government departments which perform no valuable functions should be scrapped; those which are inflated should be reduced to their proper size. Effective control of administrative expenses would probably result in more efficient work at reduced costs. At the present time, however, two departments are the object of severe attack, not on the ground that they are overstaffed relatively to the amount of work they do, but on the ground that they are performing functions which, useful though they may be in themselves, the State cannot afford under the present critical conditions. Abolish these costly functions, it is said; reduce immediate costs and let the future take care of itself. These departments are the Ministry of Health and the Board of Education. The work of the former may be a subject of legitimate controversy. We submit that the provision of Education, on the lines of the Act of 1918, and of recent University development, is so necessary that serious curtailment of opportunities during the next few years would constitute extravagance rather than economy. The nation cannot now afford to neglect education as it has done in the past.

Business men recognise the need for scientific research in the sphere of industry. Nor are they slow to admit that the study of pure science in the Universities is frequently of greater ultimate value to industry than more restricted research in industrial laboratories. The needs of University departments of applied science and, in hardly less degree, of pure science, have but to be specified to secure fairly generous



response. The need for commercial training is not yet so clearly admitted, but the changes which have been introduced during the last two decades in the requirements of commerce and business administration are becoming increasingly recognised, and their recognition has called forth a considerable measure of support for schemes of commercial training in Universities and other institutions. We do not believe that the business world would rejoice if the Chancellor of the Exchequer starved Universities requiring funds for development along the lines already indicated.

But we are afraid that education in the broader sense may be allowed to suffer during the next few years. To economise on education of this character would be socially disastrous. The nation, in pursuing such a policy, would be resembling the small employer who is content with a hideous, badly equipped workshop, antiquated tools and obsolete methods of production, yet wonders why he is never far removed from insolvency. We need the spirit of enterprise exhibited by the manufacturer who realises the need for planning well in advance, who is ready to spend money on tools and is content to wait for the results of his initiative and wise speculation. That the benefits of education in day school, continuation school and University may not be immediately realised does not lessen but rather increases the urgency of expenditure in this direction. We have too long been content with the ideals of the nineteenth century. Youths are growing into men who work fewer hours per day than their fathers and 'enjoy' greater leisure.

Leisure, without the instrument for employing it with interest, will become a bore to the individual and a source of danger to the community. This is already recognised by many employers, who are rapidly assuming social responsibilities which were once ignored, and making the factory the centre of organisation of many social and educational activities. We do not fear the attitude of individual employers so much as that of the organisations to which they belong, and which (like trade unions) are frequently more reactionary in their policies than the majority of their members. At a time when investments which do not mature rapidly are cast aside in favour of those which provide quick returns, it is important that we should not withhold investment in Education, which, if it brings profit but slowly, suffers no depreciation and, in due course, repays the capital many times over.

## THE FINANCING OF EXPORTS.

INDUSTRIAL recovery is conditioned by a revival of the export trade. Before the war some of our best customers were the States of Central and Eastern Europe. So great has been the disorganisation and loss produced by the war that most of the European States are no longer able to pay their way. If they are to be restored within a reasonable period to their former economic strength, which will make them good customers of our exporting manufacturers and merchants, some of them must be granted assistance in exactly the same way as were new countries, such as Canada and Argentina, in the days of their infancy. Apart from this fact, exporters to those disorganised countries are now exposed to risks beyond those which accompany trade under normal conditions. First there is the "political" risk due to the unstable character of the Governments. Bolshevism is a real danger in some places, and a Bolshevik Government might repudiate all the obligations of the State or of individual traders to foreign creditors. Secondly, there is a twofold economic risk due to the present abnormal financial and individual conditions. None of the continental States has yet been able to reduce current expenditure within the limits of revenue. Further inflation of currency (reacting on foreign exchange rates) is therefore inevitable; in some cases the currency is practically worthless, in others it may easily become so. Closely connected with this danger is the further danger that the instability of general economic conditions may destroy the solvency of an individual importer who would normally be regarded as above suspicion. The need for restoration and the difficulties connected with medicinal trade constitute the problems which it is hoped to solve by systems of export credits and credit insurance. It is clear that the exporter in this country cannot be expected to carry the above risks himself and at the same time supply Europe with goods at prices within the reach of individual customers.

The first scheme which we may consider for facilitating trade with European countries in need of assistance is that submitted by Ter Meulen to (and, in principle, endorsed by) the Brussels Financial Conference of last summer. This scheme, as amended at Geneva by the Provisional Economic



and Financial Committee appointed by the Council of the League of Nations, is fairly well known. Its essential features and limitations may be illustrated as follows. An English woollen merchant is in a position to enter into a contract for the supply of raw wool to a Polish textile manufacturer, but is unwilling to undertake what appears to him a grave risk of loss without charging a price which the industry could not bear. To enable him to secure the wool at a reasonable price the Polish manufacturer enlists the support of his government. The latter (with the approval of an International Commission set up by the League of Nations) issues an interest-bearing bond—essentially a mortgage bond—upon its own property of specified gold value, and lends it (on agreed terms) to the manufacturer who, in turn, sends it to the English merchant as collateral security for the wool obtained from this country. The Polish Government, moreover, arranges to buy sufficient English money to pay interest on the bond (now held here), and to provide a sinking fund for its redemption and, in general, a reserve for contingencies. (It is already obvious that the scheme assumes that the Polish government is able to purchase English currency.) Suppose the Polish manufacturer receives six months credit from the English exporter of wool. The latter may either wait to be paid on maturity or, if he is in need of cash, draw a bill and discount it at the bank, surrendering to that institution the Polish bonds given as collateral security. If, at maturity, the manufacturer fails to meet the bill, and the government fails to redeem the bond, the property represented by the latter will be administered by the International Commission.

It is a cumbrous method of financing trade. Obviously many months would be needed to bring it into operation, and the need is urgent. Moreover, its scope is deliberately restricted to cover trade in commodities (such as raw materials) essential to industrial reconstruction. It is doubtful whether the importation of food stuffs and other goods for consumption would be approved under the scheme. Clearly it eliminates the chief risks to which the English exporter would otherwise be exposed. Some political risk would remain. If the Government repudiated its obligation it might prevent, as far as possible, the administration of the assets by the International Commission. Even if it adopted a passive attitude it is by no means clear that its assets would be realisable for the payment of an external debt, which, in the last resort, can only be paid



by an excess of exports over imports. It is questionable whether, in a case such as this, the pledging of specific assets materially strengthens the guarantee of a government.

The limitations of the proposed system of export credits, and particularly the urgency of the need for a scheme which can be operated without delay, have led to the consideration of schemes of credit insurance. The essential feature of such schemes is the pooling of the abnormal risks of non-payment and delay of payment between the government, banks and insurance companies. No scheme comparable in definiteness with the Meulen scheme has yet been put forward, but people seem substantially agreed on two points. The first is that the purely political risk should be borne by the government. The second is that if a credit is not promptly met at maturity the banks should unload it upon insurance companies, the latter being, by their very nature, better able to carry a 'lock-up' of capital than the former. If the debtor defaulted presumably the loss would be divided between the two institutions.

Proposals for credit insurance regard the general problem from the point of view of the exporter, who now experiences considerable difficulty in finding markets abroad. An approved scheme would thus be of wider scope than the Meulen scheme and would cover the export of goods which are essential to comfort though they would not necessarily, or quickly, stimulate the exports of the necessitous countries. Consequently the current proposals, shrouded though they are in mist, do recognise that extended credits may be necessary. Reference is made to twelve months' credit, renewable for a further period of six months.

And this is the crux of the problem. How could a country like Poland, ravaged by war, with a population half-starved and ill-clad, be expected, under the Meulen scheme, to be able to buy English sovereigns to secure public bonds deposited by her manufacturers as collateral security for the import of wool? During the war we borrowed, for ourselves and our Allies, approximately a thousand million pounds from the United States. The several loans all mature within the next five or six years. We recognise so clearly the difficulty which would be experienced in meeting the loans at maturity that we are about to negotiate for a long-term loan which will release us from pressing obligations, and enable us to pay at leisure. In the same way we must be prepared to send

essential goods to the devastated countries of Europe and to wait for payment until they have recovered from the effects of the war. Schemes of export credit and credit insurance are of greatest value in respect of those countries which are not thoroughly disorganised by the war and the peace which followed it, but are still sufficiently strong to justify the belief that assistance in the form of credit need only be for a short period. In short, they are mainly applicable where they are least needed, and likely to work most smoothly (if adopted) where they are almost superfluous.

A cautious manufacturer in a highly necessitous State, such as Austria or Poland, is hardly likely to import raw material which must be paid for in a few weeks, or months, unless he has some sort of guarantee that he will be able to buy foreign money at a reasonable price when the time for payment arrives. But such a guarantee is not often to be found; the demand for such money is so abnormal in relation to supply that the rate of exchange with foreign countries fluctuates between wide limits within short periods. Trade is thus highly speculative which once represented stable investment. Hence the growth, in such cases, of the system of barter, and of 'finishing credits,' that is, 'of credits under which a lien in favour of the exporter or a banker is maintained on the raw material in all its different stages and upon the proceeds of the manufactured article.'

Thus we dare not hope that export credits and credit insurance will do much for countries in the position of Austria and Poland. The Commission on Austria recommended that she be granted a long-term loan of £50,000,000 spread over five years. Our Government appears to have rejected the proposal on the ground that such loans should be provided by individuals rather than the Government. But a loan to Austria or Poland would be of a highly speculative character, involving (to be effective as a restorative) interference with internal financial administration. It is not desirable that individuals should bear the risk attaching to speculation of that character. The financing of highly necessitous states is essentially a matter for governments, not for individuals; and is the corollary to the participation of the Government in schemes of export credits and credit insurance for the final restoration of countries such as Italy, France and Germany, which require assistance far less urgently and for far shorter periods.



## THE BUSINESS MAN'S VIEW, IV.

*(These articles consist of a series of extracts from the reports of Company Meetings, grouped to give the reader an opportunity of studying the effects of the many conflicting currents that go to make or mar commercial enterprise. Though these reports, giving as they do only the managers' point of view, cannot be considered to cover the whole field, they may, nevertheless, provide a valuable commentary on a good many aspects of the question as to the ways and means by which the nation does, in fact, secure its livelihood.)*

"THE question which the community has to face is whether the cost of the crisis into which the community has been plunged is to be paid for in money which can be spared or in misery and irreparable human degradation." The above statement is quoted from the report on an unemployment policy submitted by the Joint Committee appointed by the Trade Union Congress and the Labour Party. Elsewhere the report asserts that the Government, instead of treating the maintenance of the unemployed as a national charge, propose to place the whole burden on the workers themselves. Such statements, as dangerous as they are false, form the customary menu offered to readers of *The Daily Herald*. That they should appear amongst the considered statements of such men as Sidney Webb, Arthur Henderson, C. W. Bowerman and Arthur Greenwood, is almost unbelievable.

The first statement is only a variant of the old phrase that "there is plenty of money in the country, all that is wrong is its distribution." The second assumes that if the workers take a share in distributing the hardship of unemployment by working short time, the capitalist and the taxpayer will thereby be relieved of a burden they can and ought to bear. The palliative may not be a remedy, but though they may be ill-able to afford it, unless the working-class as a whole bear some part of each other's burdens, the unemployed are likely to grow and grow in numbers until not merely the capitalist but capital itself is utterly consumed and the country swept bare of reproductive goods.

An analysis of the report on the trading of Messrs. Vickers Limited, during the four years 1916-1920 supplies us with a number of useful commentaries on the vague assumptions that the capitalist goes on, inviolate and triumphant, through all



the vicissitudes of trade, and gives a direct refutation of most of the claims and accusations rife to-day concerning the deliberate determination of the Government and the Capitalist to disorganise and disrupt so that they may "grind the faces of the poor" and "batten on the people."

At the annual meeting of Messrs. Vickers, Limited, it was disclosed that no dividends could be declared on the ordinary shares of the Company, whose total capital was stated at £20,000,000, and that shares for which the original owners had paid as much as 52s. 6d. were now only worth 15s. 6d. in the market. Now, during the war, at any rate, labour found a highly remunerative market particularly in engineering and armament workshops, but the Government made special (and successful) efforts to prevent the capitalist from levying toll on the nation in its hour of need. The total dividends paid to shareholders during the four years amounted to £3,967,112, or, if we add the amounts deducted for income tax, 5½ millions. The wages bill for the corresponding period was 46 millions. Moreover, during the years when labour was earning exceptionally high wages, the owners of capital in the Company received considerably less dividend than their shares had previously earned.

The Chairman, Mr. Douglas Vickers, M.P., showed that for the period under review, up to the end of 1919, four and three-quarter millions had been paid in Excess Profits Duty, considerably more than the amount actually received by the shareholders.

The feelings of the shareholders, who were disappointed at the non-materialisation of an expected dividend, were presumably much the same as those of Labour when an advance of wages is withheld or a reduction threatened, and some voiced their discontent. "The shareholders," it was argued, "put at the disposal of the Directors a large sum of money in the way of premiums on shares, and they had a right to have a return on that money." The Chairman explained the difficulties of the position. High prices of raw materials, high wages and enormous taxes have generally absorbed the liquid cash of the majority of manufacturing concerns. The Government, in settling its account with them, had taken large payments in cash and left them with the buildings erected at the Government's desire to cope with the requirements of the war. The Company had vast sums locked up in this way and whereas, on the one hand, they could not pay

dividends with bricks and mortar, on the other hand, the proper maintenance of the buildings absorbed further monies that might otherwise have been available. A reserve of £3,200,000 was considered necessary to guarantee the stability of the firm under present conditions. Meanwhile, their shares, like those of a great many industrial concerns, had gone down in value. New capital is almost impossible to obtain. "We now find," the Chairman said, "companies of good standing making issues of notes and debentures which the investing public will hardly touch even at prices giving a return fifty per cent greater than would have been expected on Ordinary Shares before the war. Preference Shares find hardly any market at all, and Ordinaries are impossible to issue since the Excess Profits Duty has kept down dividends till they return little more than the new trust securities. *In the impossibility of raising new capital, buying has come, at home, nearly to a standstill.*"

The last sentence, quoted in italics, supplies a significant link connecting the troubles of the capitalist with those of the unemployed. In this case, we have lack of capital clearly resulting in lack of work. Elsewhere in the Report we get the same forces operating in slightly different order to produce a like effect. The chairman explained that the Cunard Company were endeavouring to hold up contracts placed with Messrs. Vickers because the joiners were making demands which they considered excessive. Joiners' work has, of course, a very large influence on the cost of a big liner and the postponement of the work until the wages in the industry are more reasonable would greatly reduce the total cost of the vessels. But the result of the joiners' demands is, in the words of the Chairman, "a check to general trade such as we have not experienced for many years, and the engineering trade is suffering as much as, or more than, any."

The shareholders, being for the most part reasonable men, saw the difficulties of the situation and accepted their share in the general trouble by passing the Company's balance-sheet as it stood.



## FOOD FOR THOUGHT.

It is a sign of the times, and a healthy one, that so many people should be setting their brains to work on the problem of how best to secure peace in industry. It is true that there is no approximation to exact agreement as to the method to be pursued to this end, but new ideas are wont to travel by divers routes, and ultimate conclusions, if they are to be of permanent value, never arrive except through the gateway of compromise. Lord Haldane voices the belief that nothing except education will succeed in eradicating industrial strife and we are not prepared to dispute the efficacy of his proposed remedy. Sir Lynden Macassey attributes the prevalence of unrest to the demise of the spirit of service and undoubtedly he is on one of the right roads. Mr. Austin Hopkinson deplores the decay of the "aristocratic principle" and thinks that the situation can alone be saved by its reincarnation.



Mr. Hopkinson's article in a recent number of the *Nineteenth Century* is written in a style reminiscent of Plato. He propounds the definition of a new motive for industry and would recognise no leadership as good except that which rests on unpaid service for work's sake and for love of humanity. He appeals to employers to relinquish all else and to obey this unselfish motive. He visualises industrial crusaders rising above the materialism of ordinary men and basing their claim to command on moral superiority alone. The theme is attractive, as is a rainbow, but like that celestial phenomenon it belongs, we fear, to the clouds rather than to the earth. How to breed this motive, how to teach and confirm it, how to find enough men who by nature and training will subordinate personal gain to social service, how to build up a new self-denying order in the industrial world? These are the questions that remain unanswered. Mr. Hopkinson suffers from the same sort of optimism that infects all those social reformers who count on a sudden change in the heart of mankind.



Replying to Mr. Hopkinson, in the current number of the same periodical, Mr. James Kidd develops the theme, not indeed without idealism, but in more mundane fashion. He calls for a system that would reconcile Capital and Labour "in a growing consciousness that each and everyone engaged



in industry represent both . . . a system encouraging prudence, effort and adventure by assuring to investor and worker alike their legitimate reward." He believes that such a system is immediately practicable, and that if put into operation by the Trade Union movement it would restore our national prospects with astonishing rapidity. "If, applying their resources and energy to constructive work, the Trade Unions announced their intention of identifying themselves with industry and that by way of investment attended by corresponding representation on the Board of Management, instantly such a confidence and courage would inspire our people that the recovery of our stability would be the dismay of every enemy and the wonder of the world."



We believe that Mr. Kidd's proposition would achieve all that he claims if it could be carried out, but whilst so many Labour leaders maintain their present mood, which is one that seems to prefer even the most abortive form of hostility to the most fruitful form of co-operation, there is but a slender prospect of any constructive policy receiving a hearing on its merits. As long as the fiction obtains credence that the era of capitalism is necessarily the era of exploitation, so long will suspicion bar the path of progress.



The idea that anybody would be permanently better off if there were a drastic redistribution of the national income on an equality basis is responsible for more than half of the hostility and suspicion that embitters and obscures the industrial situation. This is the obsession that must be exorcised before industrial peace can be achieved, this is the bugbear that must be removed before there can be any substantial improvement. The facts of the case have been stated and proved over and over again by responsible statisticians, but the wildest estimates continue to be scattered broadcast by people like Mr. Gerald Gould and Mr. Tom Mann who, with a reckless disregard for both arithmetic and commonsense, encourage expectations that can never be realised. The results that would follow the pooling of all the incomes of the better-off people amongst the poorer have recently been restated by Sir Josiah Stamp. Next month we propose to return to this all important question in more detail.

## 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).*

**Jan.**      The Ministry of Labour records a fall of four points in the  
**1st.**      cost of living during December. (Index figure 165 per cent above July 1914.)

115,000 people received a total weekly wage increase of £28,500; over 4,000 sustained decreases amounting to over £2,000 per week.

99 trade disputes involved the unemployment of 72,000 workpeople, and the loss of 429,000 working days. The percentage of unemployment among trade unionists rose to 6.1, and to 5.8 among the 11,900,000 workpeople who benefit under the Unemployment Insurance Act.

Under the provisions of the Employment of Women, Young Persons and Children Act it is, from to-day, illegal to employ any child under 14 in any industrial undertaking unless the child was already so employed.

Unemployment: The Government is appointing an advisory committee, including representatives of employers and workmen, to investigate unemployment and propose remedies. Meanwhile employers are asked to arrange general part-time work instead of reducing the actual numbers employed.

The French Socialist Party voted in favour of adhesion to the Third (Moscow) International. (Votes for, 3,208; against, 1,022; abstainers, 397.)

**3rd.**      Profiteering Acts: The Sub-Committee appointed to investigate the conduct of the milk trade find that the large combinations of distributors have dealt well and fairly by the public, but that in some districts producer-retailers have charged unnecessarily high prices. It is advocated that all milk should be delivered in bottles, and the Committee consider that this could only be carried out by combination among the distributors, or by allowing the municipalities to distribute the milk.

Unemployment: The new Committee of fifteen, over which Dr. Macnamara will preside, will first investigate Sir Allan Smith's scheme that each trade shall deal, so far as possible, with its own unemployment. The scheme is supported by Mr. Arthur Henderson on behalf of the Labour Party. Sir Robert Horne and a representative body of bankers discussed the question of export credits as a method of dealing with unemployment by promoting trade revival.

An attempt to raid the Town Hall and Public Library at Islington was frustrated by the police. Some twenty arrests were made.

4th. The sub-committee on the reconstruction of the International, appointed by the Labour Party and the Trade Union Congress have definitely condemned the methods of Bolshevism. In a letter to the Communist and Socialist Parties of the world, they state:—“Bolshevism tried to establish, not only over Russia, but over every country in the world, the method of seizing political power by armed force, holding that power by the same means and changing the whole economic structure of society by decree and suppression. . . . An International based upon Moscow principles can never represent more than the smallest and least influential fraction of the Socialist movement . . . we must decline Moscow conditions and Moscow methods.”

The Industrial Court awarded wage advances of 3s. 6d. to 4s. to workers in the chemical industry. The employers contended that the outlook in the industry was bad, and that wages had already advanced more than cost of living. The Court held that, although the outlook is in some respects disquieting, the claim was justified on the ground that rates were unduly low before the war.

Unemployment: The Government's proposal to relieve the incidence of unemployment by a general system of short-time is adversely received by the National Alliance of Employers and Employed, and by the National Labour Party.

6th. Unemployment: The London members of the Parliamentary Committee of the T.U.C. and of the National Executive of the Labour Party have refused to sit on the proposed joint committee to be appointed by the Government to enquire into unemployment. The whole question of unemployment and under-employment in all its aspects, both industrial and political, will be considered at a special Labour Conference on Jan. 11.

7th. The Industrial Court has awarded workers in the Soap and Candle Trades a minimum wage of 73s. for men and 43s. 6d. for women—an advance of 4s. and 2s. 6d., respectively.

10th. All restrictions on the export of coal and supply of bunker coal are removed, subject to inland needs being fully met.

Unemployment: The A.E.U. have voted in favour of an additional levy of 1s. per week per member for 13 weeks. The scheme will provide an extra 5s. to single men out of work, 10s. to married men and 2s. 6d. per child.

The Cotton Reconstruction Board's scheme comes into operation. Under this scheme the totally unemployed men will receive an additional 7s. 6d. per week; women will receive 6s., boys 3s. 9d. and girls 3s. 6d. Several unions in the cotton industry have been compelled to reduce or suspend payment of benefit.



- 11th. The Industrial Court awarded substantial wage increases to the employees of the Army and Navy Co-operative Society. Tramways Industry Court of Inquiry appointed by the Ministry of Labour met. Unemployment: The Labour Party, after a full discussion of the amended terms of reference for the proposed Government Committee of Enquiry on Unemployment, refused to participate in the enquiry and declared their intention of submitting their own proposals for dealing immediately with the situation at a Joint National Conference of the T.U.C. and the Labour Party on January 27th. A definite programme and policy is to be pressed on the Government in the House of Commons.
- Mr. W. H. Stevenson has been appointed to fill the vacancy of Parliamentary Correspondent in the Labour Party's Press and Publicity Department. Mr. Stevenson was formerly a clerk at the Ferndale Collieries, and Chairman of the Rhondda branch of the I.L.P. He is at present on the staff of *The Christian World*.
- 12th. Unemployment: The published correspondence between the Government and the Labour Party regarding the investigation of unemployment shows that the final terms of reference offered by the Government and refused by Labour were:— (i) To consider, report and make recommendations on the causes of the present unemployment. (ii) To report within one month on the schemes now operating for the relief of hardship, and to recommend desirable improvements. (iii) To report within three months on the feasibility of developing supplementary insurance schemes in each industry or group of industries.
- 13th. The action taken by the French Government against the General Confederation of Labour was concluded. The court ordered the dissolution of the Confederation on the ground that it had pursued political and revolutionary aims outside the limits laid down by the Waldeck-Rousseau Act and had tried, by means of revolutionary syndicalism, to force the workers along a road they did not wish to follow.
- 14th. Unemployment: The Labour Exchanges registered 927,000 workers as unemployed. Electrical engineers have called a strike of all municipal employees in Ilford as a protest, it is alleged, against the Council's refusal to accept the National Joint Board's award in the recent dispute. All municipal services are suspended and about 5,000 factory workers are thrown out of work.
- 15th. Unemployment: It has been officially announced that the working week in Government dockyards and other establishments will be reduced by seven hours a week from January

23rd. Woolwich workers passed a resolution to resist the measure.

17th. At the request of the Ministry of Labour, represented by Sir David Shackleton, the Ilford District Council agreed to postpone a resolution dismissing all strikers who had not returned to work by noon on the following day. A delegation was appointed to meet Dr. Macnamara on the 18th.

The Social Democratic Party of Norway have left the official Labour Party and formed a new organisation for all parties who reject the Moscow International.

18th. Electrical Engineers: The National J.I.C. has approved the adoption of a new scheme of wage rates for the manual workers in the industry. The rates will be based on a cost of living figure 150 per cent above pre-war rates and, above that rate, will advance or fall 10 per cent for every fluctuation of 10 points in the cost of living. Should the cost of living fall below 150 per cent, corresponding wage reductions must be mutually agreed upon, or failing agreement, referred to the J.I.C. and the Industrial Court.

19th. Ilford municipal strike was settled, the employers agreeing to adopt the decisions of the J.I.C. for a period of six months, and to set up councils under the presidency of Sir David Shackleton to discuss matters in dispute with both the clerical staff and the manual workers.

20th. Wages and the Cost of Living: The fall in the index number to 165 per cent. above the figure for July 1914 involves the first reduction in wages under the sliding scale agreement in the Wool and Worsted industries in Yorkshire. The reductions range from 2s. to 4s. 6d. and take effect from February 1st.

22nd. Unemployment: Mr. J. H. Thomas, M.P., stated that the N.U.R. had 20,000 unemployed members who were receiving 15s. unemployment pay from the union. It had been decided to impose a compulsory levy on all members to enable the society to pay at least £2 a week to the married, and 25s. to the single men.

24th. Unemployment: the Labour Report states that co-operation with the Government was refused because, having previously refused to give effect to the recommendations of the National Joint Industrial Conference in 1919, and to the report of the Sankey Commission on Coal Mines, there was no guarantee that the Government would put into operation the suggestions of the proposed committee. The causes of the distress are attributed to the Government's post-war policy. Peace abroad, trade credits and the stabilisation of the exchanges are recommended to stimulate foreign markets, a big demand at home to be fostered by maintaining wages, undertaking



public works on a big scale, and distributing unemployment relief at rates not less than 40s. per week for a householder, and 25s. for single men. Pressure on the labour market to be reduced by adopting a universal eight-hour day, abolishing overtime, increasing educational facilities and providing training schemes for men and women, with maintenance during training.

A system of short time came into force in the dockyards, employment will thereby be available for from 4 to 5 thousand unemployed.

25th. Unemployment: the Government have authorised Lord St. David's Committee to increase their grants in assistance of approved works by local authorities to cover 60 per cent of the wages bill of additional unemployed men taken on. The original grant was 30 per cent.

Italy: The Cabinet have approved for introduction to the Chamber Signor Alessio's bill for the control of industry. The bill provides for separate control of the following industries (which will be carried on by the State): metallurgical, textile, building, mining and catering. New industries and concerns employing less than 60 men will be exempted for four years. Employers and workers will each elect a committee of nine to hold office for three years. A workmen's committee has the right of access to all information as to the whole conduct of the business, with the exception only of secret processes. It has power to exercise control for the attainment of the improved industrial education of the workers, better moral and economic conditions, the enforcement of labour laws, and cheaper and better production.

The Committee of the Miners' International Federation now sitting in London resolved to forward to the Supreme Council in Paris a demand that the International Labour Office shall set up an International Control Board for the sharing and exchange of all raw materials indispensable for the restoration of all countries.

26th. The Special Court of Enquiry appointed to investigate the tramwaymen's claim for 12s a week increase in wages was opened. Mr. E. Bevin presented the men's claim. The average wage of a tramwayman is £3 15s. 3d. It is not disputed that wages in the industry have lagged behind the cost of living, but it is contended that the undertakings cannot afford higher wages. Mr. Bevin disputed the legitimacy of the argument and quoted the principle underlying the Trade Boards Act that industries are not worth preserving if they cannot pay a living wage.

The Executive of the Miners' Federation informed Sir Robert Horne that they "cannot acquiesce in any proposal for decontrol until the owners and the miners' representatives



are able to present to the Government a jointly agreed plan for the national control of the industry which will effectively substitute the present arrangements.

27th. Mr. Bevin, speaking again on behalf of the tramwaymen, said that the present unemployment was unacceptable as a plea for not advancing wages just now, because the unemployment was artificial. "It is," he said, "a condition of things brought about by the machinations of financiers to enable them to lower the standard of living."

Unemployment: The Special Conference of the T.U.C. and the Labour Party passed a resolution that every effort should be made during the next month by Labour members of Parliament to get the Government to adopt the measures outlined in the Labour report for the relief of unemployment. A second conference is called for February 23rd to discuss further plans should Parliament refuse to give effect to the recommendations.

29th. The adult miners' wages for February will be at the rate of rs. 9d. a shift less than those paid in January. The fall in the rate of output is attributed mainly to short time due to trade depression.

At a "Unity Conference" held in Leeds, the three sections of British Communists, viz., the Communist Party of Great Britain, the British section of the Third International and the Communist Labour Party, agreed to fuse on the basis of the Moscow statutes.

30th. The National Union of British Fishermen have called a strike at Grimsby. The owners contend that they are losing money on trawling, and must reduce the present poundage paid to the crews on the amount of the catch. The Union replied by demands for higher wages and certain changes in the basis of payment. Both sides refused to submit the claims to arbitration.

## A Correction.

In last month's issue we made a reference in our *Day by Day* notes (entry for December 7th, page 157) to the efforts made by the National Alliance of Employers and Employed to deal with unemployment. The Alliance have since called our attention to the fact that our summarised statement of their first resolution is not quite accurate. Whereas the four weeks qualification for unemployment benefit was originally intended to date from November 8th, 1920, it was finally allowed that the period should date from July 4th. This important alteration in date, which made it possible for every man to qualify during a period of good trade, was secured largely as a result of the intervention of the National Alliance of Employers and Employed and virtually conceded the grace aimed at in their first resolution.

## OUR ECONOMIC SCHEME.

For the purpose of the scheme outlined in our leading article it is proposed to form eight groups of students, each being limited to a membership of one hundred individuals who must be Teachers in Elementary Public Schools. These groups (which will be open on equal terms to men and women) will be arranged as follows:—(1) East of Scotland, (2) West of Scotland, (3) North of England, (4) East of England, (5) West of England, (6) London Area, (7) South of England, (8) Wales.

In the months of February, April and May, 1921, an examination paper will be published in *Industrial Peace*, of which a free copy will be sent to all candidates, who will also receive a selection of the *Oxford Tracts on Economic Subjects*. No entrance fee will be charged, nor will entrants be under any obligation beyond being expected to conform to the rules laid down for the conduct of the competition.

The examiners will award cash prizes to the total value of £1,280—i.e., £160 to each of the eight groups, apportioned as follows, viz., one first prize of fifty pounds, one second prize of thirty pounds, one third prize of twenty pounds, and twelve prizes of five pounds each. In the first instance fifteen prizes of £5 each will be awarded in each group to those candidates who, in the opinion of the examiners, have submitted the best answers to the questions set in the three papers above referred to, preference being given, in cases of doubt, to those who appear, from internal evidence, to have given the most careful study to the books set. The first, second and third prizes (consisting of sums of £45, £25 and £15, respectively, in addition to the sum of £5 already received) will be awarded on the results of a further paper which will be set in August and which will be open only to the fifteen prize winners in each group.

The questions set in the examinations papers will be such as can be adequately answered by candidates having a knowledge of the following:—

(i.) *The Economics of Everyday Life* (Cambridge University Press, Fetter Lane, E.C.) by Sir Henry Penson, M.A., Lecturer in Modern History and Economics at Pembroke College, Oxford.

(ii.) *Social Economics* (Methuen & Co., Essex Street, W.C.) by J. Harry Jones, M.A., Professor of Economics in the University of Leeds and formerly Fellow of the University of Wales.

(iii.) The selection of *Oxford Tracts* already mentioned. We have been fortunate in securing the services of the authors of those books, who, together with Mr. John Murray, M.A., M.P., the Editor of the *Oxford Tracts on Economic Subjects* have consented to act as Examiners.

The Central Library for Students (20, Tavistock Square, London, W.C. 1), will lend copies of the recommended books to those who are unable to purchase them for themselves. No charge will be made for the use of the books, but borrowers must pay cost of postage. Application should be made on the form provided for that purpose.

For the August test a higher standard will be looked for by the examiners, and candidates who aspire to win the larger prizes should read *The Ethics of Citizenship* (Maclehose Jackson & Co., Glasgow) by John Maccunn, LL.D., Emeritus Professor of Philosophy in the University of Liverpool. At least one question on the ground covered by this book will be set in the August paper. This book can also be obtained on loan from the Central Library for Students.

Candidates who wish to enter for the competition must fill in the attached form and post it to

The Secretary,  
Study Scheme,  
c/o *Industrial Peace*,  
20 Magdalen Street, Oxford.

The first hundred applicants in each group will receive the necessary papers by return of post. The writers of applications received too late for inclusion in any group will be notified to that effect by postcard, and their names will be registered in order, as received, so that they may be considered later should opportunity arise.

In submitting their application, candidates need not trouble to specify the particular group in which they wish to compete. This will be decided by the Secretary in accordance with the information contained in the application form.



## "I. P." STUDY SCHEME.

### Paper No. I.

*(Each question must be answered on a separate sheet of paper).*

*Candidates must write their name clearly at the head of each sheet of paper.*

*Answers should be as brief as possible, and no single answer must exceed 750 words.*

*All answers must be received by The Secretary, "I. P." Study Scheme, at 20 Magdalen Street, Oxford, not later than April 30. To facilitate correction, candidates are asked to send in their answers as early as possible.*

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1. Explain fully and give practical illustrations of the statements:— (a) No one is economically independent. (b) All economic life consists of an interchange of services.

2. Discuss briefly the most important considerations connected with (a) the accumulation, (b) the employment, of capital.

How is industry affected when there is a shortage of capital?

3. It is usual to say that the price of an article depends on demand and supply. What is the precise meaning of these two terms in Economics? Show how demand and supply influence one another.

4. Examine the factors on which the geographic distribution of industry depends.

(NOTE.—The first three questions are based on *The Economics of Everyday Life*, the fourth on a knowledge of *Social Economics*.)







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