

# THE OTHER WAR

Being Chapters by JOHN HILTON,  
F. H. KERR, ALEC LOVEDAY,  
HAROLD MESS, and JOSEPH THORP  
on Some Causes of Class Misunderstanding.

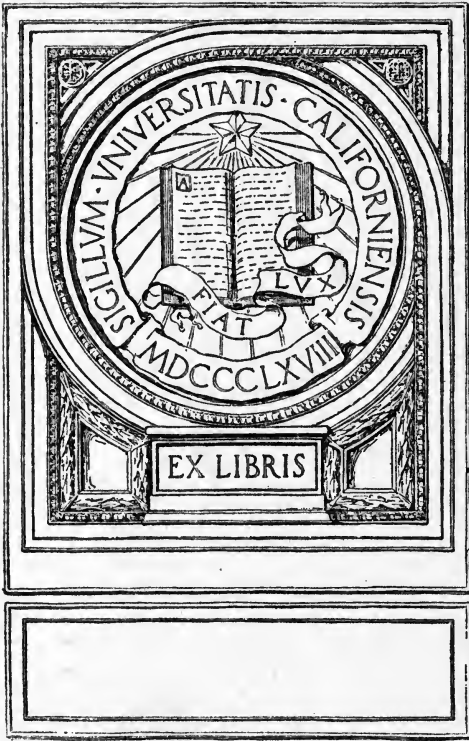
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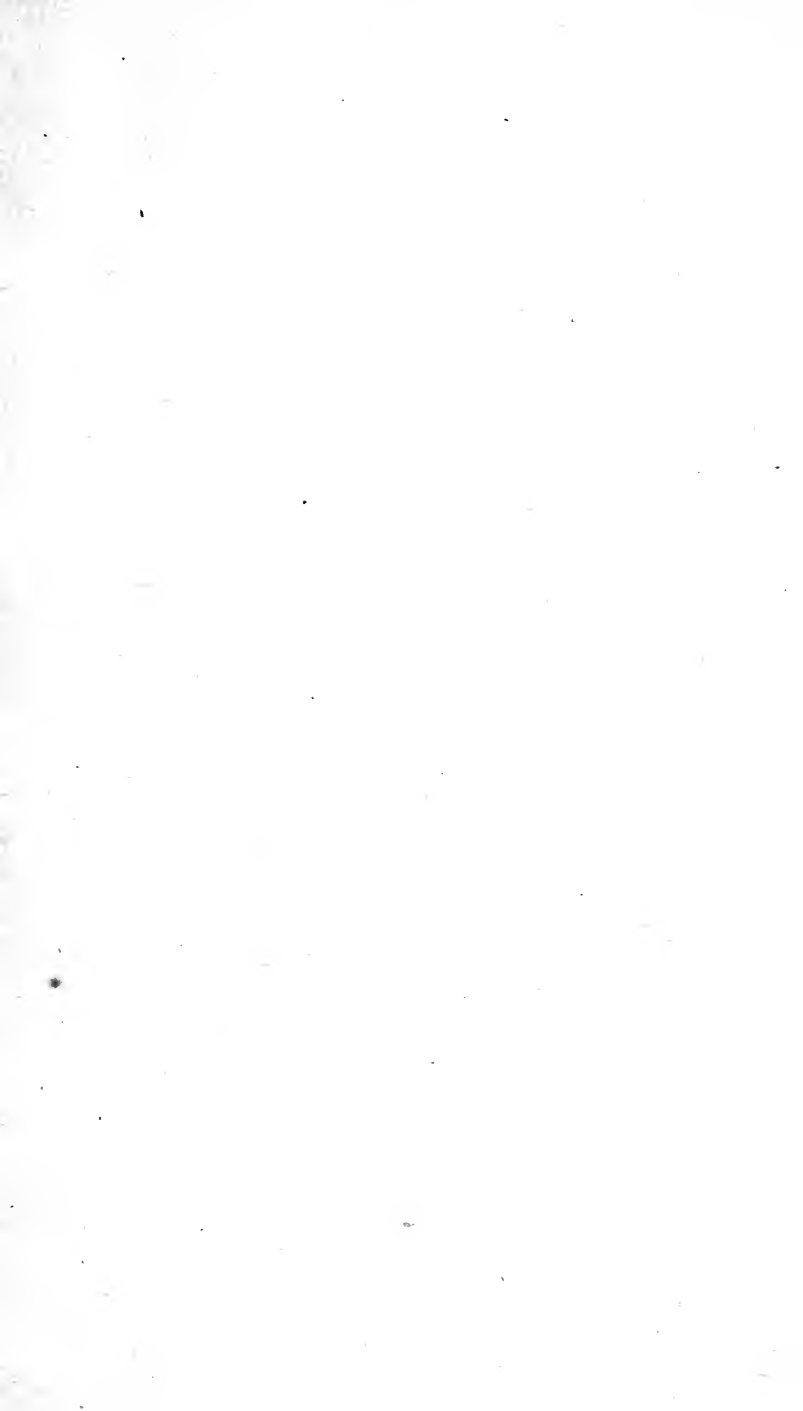
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# CONTENTS

CHAP.	PAGE
I. THE OTHER WAR AND THE TWO NATIONS .. .. . By JOSEPH THORP.	I
II. LABOUR AND INDUSTRY .. .. . By P. H. KERR, M.A.	22
III. COMMON FALLACIES .. .. . By ALEC LOVEDAY, B.A.	42
IV. THE TWO NATIONS .. .. . By H. A. MESS, B.A.	69
V. INDUSTRIAL RECONSTRUCTION .. .. . By JOHN HILTON.	95

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DEDICATED  
TO THE MEMORY OF  
CAPTAIN  
EDWARD VIVIAN BIRCHALL, D.S.O.



## INTRODUCTION.

THIS little book is dedicated with the consent of my collaborators to the memory of a young Englishman whose promise was as great in his own unusual sphere as any of those gifted boys Julian Grenfell, Charles Lister, Rupert Brooke, Dixon Scott, J. L. Johnstone, and a host of unforgettable others. Birchall was in a true sense a type ; a type of that same kind that saw vividly the horror and futility of war and joined the army in the first days of August, 1914, out of a sense of sheer duty, without any illusions about the joy of battle, and certainly without any emotional exaltation. He had always been a keen Territorial officer from the same conception of duty, since his Magdalen days, and he was quite ready. But the whole bent of his mind and heart was towards the works of peace. He had inherited what he thought was a more than sufficient patrimony, and was eager to "give it back again" to the "other fellows" who had made it for him. This sense of debt to the less fortunately placed inspired all his work in the Guilds of Help and the Agenda Club. It was singularly devoted work. I came to know him as men only get to know each other in a difficult job of work.

The failure of the Agenda Club—if it was a failure—was a great disappointment to him. Such qualified success as it achieved was largely

due to him. His work for the Guilds of Help was by no means a failure and will always be remembered by them. If he had lived—but that is too tragically common a phrase on our lips in these dreadful but inspiring days. He lives in his friends, who can repeat from the heart words said recently at one of the gatherings which led to the making of this book: “I feel it’s up to me to work for the rest of my life in order that my friends who have died won’t have died in vain.”

These chapters are written in that mood. They represent the thoughts of men divided on many points of doctrine, religious and political, but united in the conviction that our world must be set free, and that on us who have not been required for military service must fall the burden of to-morrow’s work; and that it will be the greatest tragedy and futility of all if this Great War be followed by another war, more embittered because internecine. It is misunderstanding that lies at the root of most quarrels. These chapters may perhaps set a few people thinking, and thereby help to remove from their minds some of the misunderstanding that hinders a peace-with-honour settlement of the war between Capital and Labour.

J. T.

## CHAPTER I.

# THE OTHER WAR AND THE TWO NATIONS.

**I**N the international sphere two schools are now busy shaping their thoughts and their policy for the period which shall follow the declaration of peace. One is the school of force, the other the school of reason. The one looks to force not merely as the only possible arbitrament in the struggle in which we are engaged, but as the only possible safeguard for the future. Be so strong that your enemy fears you; break him so thoroughly that whatever passion he may have to do you mischief he will, in fact, be powerless. The other school—we are not considering the standpoint of the *absolute* pacifists, or those who find it necessary to take the six-of-one and half-a-dozen of the other view of this quarrel—accepts reluctantly, perhaps, but now frankly, the position that, things having come to such a pass as the actual invasion of Belgium and the rest, the actual threat of domination by force, there was no way out but war. Yet it feels that trial by battle is essentially futile, even if in the given circumstances inevitable, and inevitable only, or chiefly, on account of that “failure of human wisdom” which allowed the situation to become unmanageable. And if they are candid they will allow that not only “militarists” but pacifists were at fault, the one by over-emphasis, the other by under-estimate of

the factors making for violence, and that the two conflicting tendencies helped to make the unmanageable situation. They recognize that victory, victory for essential right against essential wrong is necessary, but see victory at that point when the enemy shall essentially and effectively recognize the fact of defeat. And they think that the reaction of Central European public opinion in defeat will be more effective as a solvent of its aggressive militarism than any pressure from without. This school cannot hope to be popular, because it takes a light-and-dark-grey, rather than a black-and-white view of the underlying issues ; because it is confounded in the hasty popular mind, and perversely linked by the opposing school, with the peace-at-any-price folk, and with those who have persuaded themselves, on ground not clear to the normal mind, that the War is really a device of the capitalists to fasten yet stronger fetters on Labour.

Great events hang on the issues of this conflict of opinions between the two schools of thought, and it is not possible to say which will be the victor. The entrance of the United States into the War, and the wisdom, sanity, and authority in council of its President are of happy augury. But it is neither with the rights and wrongs of the great War nor with the internal conflict of opinion as to its final settlement that these chapters are concerned. They deal rather with that "other war" between Capital and Labour, rich and poor, managing and managed, vocal and tongue-tied, which threatens us when the time comes to pay the heavy reckoning for this.

That other war is always with us in the time we call peace. The assumption in the present War of armaments is that this nation is one. The practice of peace assumes broadly that there are two nations, the managing and the managed, the inheritors and the dispossessed, the served and the servitors. It is a rough unscientific division, of course, but it is near enough to the truth to be understandable. Normally the trouble between the twain is smouldering; on occasion it breaks into flame. It has become the business of a number of embittered and by no means unintelligent men to fan this occasional flame into the steady conflagration of revolution. These men do not always appear to us very wise, or even just; and it seems, indeed, to give an edge to their bitterness that those to whom they preach are not as ready to resent their conditions as the preachers. It is, therefore, a fashion among the comfortable to speak of these zealots as "paid agitators," and so dismiss the matter.

It will be some index of the mood in which the writers of this book have approached their task to say that the attitude of these agitators, though, if the long view be taken, wrong, seems in the actual circumstances the most natural thing in the world. We ask ourselves whether, if we put aside the question of abstract justice which necessitates a long and subtle debate on which much can be said on both sides, and view merely the damnable difference between the potentiality of any average poor citizen's child—the promise in health, in beauty, in education, in work power, in citizenship—and the actuality; the achievement which its environment permits to emerge,

the difference between what is and what might be—we ask ourselves whether we should not also be “agitators” (and as, *pace* Talleyrand, a man must live we should hope to be “paid”). Moreover, being fairly candid souls, we further ask ourselves whether—if instead of being able to take the rather detached point of view of sympathy, distinguishing genuine grievance from envious prejudice, between practical and therefore gradual reform of our vexed world and this passionate wrecking and Utopian haste, we were ourselves in the thick of this struggle against an exasperatingly obstructive environment, with most of the weight of conflict and custom, of officialdom and newspaperdom and Christendom against us—we should not be inclined to hit out rather blindly and to look upon dynamite rather than surgery as the cure for cancer. It is a question each may profitably ask himself.

Candour would seem to give but one answer—we should most of us be for dynamite.

But that answer indicates no solution. Bitterness and violence will never solve anything. Or perhaps it is sounder to distinguish: they will solve nothing so well or so quickly as understanding, as co-operation. If the causes of dispute between the two nations over the fruits of industry are so desperate that nothing but war will solve them—then it must be war, and we must accept the conclusion that in that very event there will be less fruits than ever to divide. But the bitter irony of such a conclusion at the end of Armageddon is enough to give pause to any irreconcilables on either side. Victory in the field will be the hollowest of mockeries if we come back to war at home.

In this other war, then, there is a school of force and a school of reason. But in this other war there is nothing like the case for force that can be made out in the international sphere, unless, indeed, the suggestion that we are a united nation fighting for a united national interest and a sacred supernational cause is a mere illusion contrived by astute statesmen hoodwinking the managed classes.

We do not think that this great idea is an illusion. It seems to us a great and glorious fact, which contains the promise, if its obvious implications be considered seriously and dispassionately, of a better-ordered national life ; which is not to deny that there are strongly entrenched forces making for war.

There is, first of all, the type of labour extremist who wants industrial war, who has worked zealously during the past three years, as before, to play upon class prejudices in every possible way. His work of the past two years needs more excuse than he has been able to present to us for it, but certainly his fundamental attitude is intelligible enough, as is his essential sincerity. This industrial system (he says in effect) is so bad that only complete wrecking of it is any use. And there can be seen signs of an active campaign after the War to exploit all the unavoidable material hardship which this unparalleled catastrophe will bring in its train. He will, he thinks, be able to force the work-people, who are too stupid (he is nothing if not contemptuous, this type) to understand the villainy of the system by which they are exploited, to see how, after being cajoled, used, accepted on terms of fellowship and praised in

the hour of danger, they are to be thrust back "into their place" when the danger is over. He is also able to point triumphantly to the past and ask if any move in the escape of Labour from disabilities which we now all admit were unbearable was ever effected without war or the threat of war.

Of the war makers on the other side you still have the what-they-want-is-discipline school, which becomes on desperate occasions a "put-half-a-dozen-against-the-wall-and-shoot-them" party—a curious commentary on the power of an educated class to understand their less educated fellows. You have the autocratic type of employer who refuses "recognition" of the unions for corporate negotiation and bargaining, which is absolutely nothing more nor less than a ludicrously belated survival of the spirit which so ruthlessly persecuted the first tentative combinations of labour in the time of Francis Place; or the stiff-upper-lipped type, as exemplified in the Welsh coal magnates, on whom a North Country coal-owner commented to the writer recently: "Our impression here of the Welsh coal-owners is that they have rarely considered any proposal of the men, however reasonable, except to say no to it on principle."

It is, of course, only fair to remind ourselves that this temper and these opinions are sincere enough. They are fruits of a frank war doctrine. They are not mere wickedness or greed, but they honestly assume the dog-fight basis of industry. They are less common than they were, for many employers are beginning to see the inevitable waste of this process, quite apart from the



growing social conscience which realizes that the conditions of labour are not satisfactory and that it is "up to" employers to do something about it. But they survive in the general habit of the comfortable classes and their parasites to look upon labour as an unreasonable and dangerous caste. Surely, the only possible hope is to contrive a way whereby the consolidating of labour forces; the full recognition of labour rights as men, not hands; the extension of the benefits of unionism to unorganized labour (the most important aspect of the whole labour question, for, naturally, we hear most of the grievance of the best-organized groups, whose grievances are trivial compared with those of the unorganized); the acceptance of Labour as a new estate of the realm, with more power and more responsibility, are seen by all as a reasonable and satisfactory development, wished for and accepted as such. Not unjustly, now, Labour is criticized as having power without responsibility. The remedy is not to break the power (if that were possible) but to increase the responsibility. Towards this end some arguments in this book are directed.

This big business is everybody's business. There seems to us no other that is more important after the War is over. If the school of reason is to prevail, and there are wise heads both among employers and Labour leaders who form it, it must have the support of an enlightened and instructed public opinion. That opinion is not enlightened and it is singularly ill-instructed. In the press, which in the main tells its readers what its readers wish to hear, these grave matters are being ignored, nor is fair

comment the rule, which, no doubt, goes far to excuse the otherwise unwarrantable bitterness and unfairness of the struggling Labour papers.

It is no use denying that it is an uphill road. The real hope, as cannot be too often repeated for the encouragement of those who often despair because of the slowness of the spread of these generous ideas, and for the possible confusion or conversion of the practical men who are found to "take life as they find it" (incidentally, an absurd thing to do), is that lack of imagination alone is the cause of this slow progress. Lack of imagination is as much a defect of education as of temperament; and education, education by shock, will have come *via* the War as it never came by book and pedagogue in the past comfortable days. A great upheaval may be the chance of revolutionaries who are wreckers. It is also the chance of revolutionaries who are visionaries—so-called till their visions materialize. The bulk of plain men who are neither really hold the balance. To which side will they swing?

The wreckers have a fair chance if helped by the unwisdom of the reactionaries and the callousness of the neutrals whose immediate natural interest and whose traditions put them on the side of Capital.

It is, of course, a perverse and desperately mischievous thing to say, as Labour extremists have been saying, that the War was planned by Capital against Labour, or that Capital is taking advantage of the War to smash the power of Labour. But that some such thing as this last might be the *effect* of the War in the difficult

times that are coming is certainly possible. Another war will be the great chance of the sincerely violent, and will be a fine commentary on the "trench brotherhood," from which many of us honestly expect so much. That brotherhood, that mutual recognition of fine qualities in hitherto sundered classes is, we believe, the foundation of a real, not an illusory hope. But it will bring nothing of itself. It will need thought, work, and, above all, sacrifices, to effect its result in a saner and more just civic life. Sentiment must inspire action or it will remain that poisonous thing sentimentalism. Those who are rather drawn to the side of the under-dog, please note!

From a later chapter the reader will learn something of the political sacrifices which have been made by labour in the War, sacrifices which in the nature of things have not been demanded from any other class.\* The removal of restrictions to production seems to so many to be the mere removal of a perversely foolish and suicidal

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\* "Labour, to judge by its papers, has not been fair enough to allow that, during the War the separation allowances and the increasing amount of well-paid work has put up the family wage and left the dependents of the working-man distinctly better off not only relatively but often absolutely than any but the well off among the professional and salary-earning classes. For though it is true that the individual wage has not increased as much in proportion as the prices of necessary commodities, the family wage is the truer basis of comparison... But what does a candid member of the business or professional classes suppose that the workman makes of the 'profiteering,' even if 60 per cent. (after skilled accountancy has been at work) of the often indecent excess (an indecency felt very keenly by many profiteers themselves) be taken in the form of taxes?"

policy which should never have been possible. It will need conscious effort, some real sympathy on the part of us outsiders and more knowledge of Labour history than most of us possess, to view it as the surrender of a weapon fought for and won by long and difficult effort. The surrender has been made, approved by the very leaders who have most to lose politically by the concession, made in the interests of the nation and opposed (and bitterly opposed) only by those extremists, among leaders or rank and file, to whom the War is merely a "capitalists' war" and no concern of theirs. It will be a supreme folly on our part not to recognize that it has been a generous surrender, of something uniquely prized, and that the weapon is, under pledge, to be restored intact at the end of the War.

The weapon? We are to go back to "the other war" then, to the dog-fight over the proceeds of industry? Is there no more excellent way?

It is the conviction of the group responsible for this book that there is, that peace and co-operation are not merely possible but necessary if we are to survive the already desperate wreck of civilization's richest hopes, and it is their business to advance considerations towards that conclusion. But a chief obstacle to any new view is the elaborate network of misunderstandings which separates the parties, which also will be dealt with in a later chapter, and the too ready acceptance by both sides of the imagery and metaphors which indicate the fact of war. The economists, with their iron laws and their borrowings of metaphors from the

biologists, their "struggles for existence" and "survivals of the fittest," ride us heavily. We are all in the wrong frame of mind towards the business.

The "iron law" of the immediate future will be that if we do not produce more we shall risk the bankruptcy of our civilization. War does not produce, it only destroys. We must provide a way of peace, not as a luxury, as a Utopian experiment, or as a matter of Christian ethics, but as a business necessity. The only way for two forces to obtain full effect is to act together in the same direction. To act in directions that cross gives a resultant greater or less, according as the forces are less or more directly opposed. There is simply no margin now for such a waste of force.

And, of course, this system of getting a meagre resultant out of two forces largely in opposition has been of the essence of our industrial method. To a Martian the thing must appear distinctly comic. Society lives by what it produces (unexceptionable platitude) and contrives a way of production whereby the most potent factor (corporately) in production, that is labour, finds it to its interest or believes it to be to its interest (which is not the same, but comes to the same, thing) to slacken production systematically. Of course it is an easy (and general) assumption that this is mere perversity or stupidity on Labour's part. But it is impossible to resist the conclusion that the way in which in the past piece-rates have been consistently lowered against the men by short-sighted employers, who do not seem to be constitutionally able to face the thought of a workman getting a considerable

increase of earnings, is directly responsible for this mischievous practice. It cannot be too strongly urged that every one of the practices of Labour which we object to and which are in certain aspects objectionable, tyranny such as peaceful picketing, restrictions of functions and output, sympathetic strikes, are not the result of some innate wickedness in the labouring class, but devices roughly shaped to meet some practical menace to their interests from the other side. In this matter of piece-work bitter experience has taught them that the increase of production due to greater skill or mastery (or improvement) of the process is made the excuse for lowering the rate. The man has found himself eventually producing more and being paid the same, the whole increment going to the employer. He feels this is unfair and ca's canny; taking care at the same time, and quite logically, that his fellows shall mark time with him. We call this mere obstructiveness. He sees it as self-defence. Thus\* this vicious game of wits between labour and management is set in operation. Which of us can complain, seeing that we recognize the factor of selfish motive in production, make it

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\* It ought not to be forgotten that part at least of this slackening work policy is due to a mistaken but not ungenerous notion that there is a bag of work definitely limited and that if one does too much another will get too little. This is a fallacy analogous to that which conceives of wealth as a bag of money definitely limited of which if one takes a larger share another must necessarily go short. Wealth is no such static thing; nor is work. But with regard to work, considering our old calm acceptance of the "necessary margin of unemployment," a doctrine too bitter for our modern stomach, we ought not to be surprised at the men's naive version of economic law.

indeed the chief argument against Socialist Utopias that they assume the operation of an idealistic motive contrary to normal human experience? Men will cease to ca' canny when it is made worth their while not to do so—that is the plain fact. There is no need to apologize on behalf of the workers for this attitude of frank selfishness; and there will be no such need till employers who, say, happen to have found a way of cheapening production, spontaneously set to work to see if the business will not allow a better wage.

This is not the place to pursue this complex subject or attempt an answer to the many quite obvious difficulties which it raises; nor to pause to consider the many ways in which Labour individually and corporately, shows itself "difficult." The vision of the workman as a persecuted saint is no truer than that of him as a lazy blackguard. But it would amount to a revolution if we came to realize that it was as true!

The writer is concerned chiefly to bring home to himself and his similarly situated fellows how natural it has become to assume that the working classes are to be blamed for following out to their conclusion ideas that have been forced upon them by circumstance—ideas and conduct based upon them which have their exact counterpart in the operations of Capital. To get as much as possible for as little as possible is an unkind way of putting it; but hardly unfair. Do manufacturers cheapen production to lower the price to the consumer except for the purpose of undercutting a competitor? Both manufacturer and workmen are "out for more money," out to get

as much and give as little as possible. And if it be said that many of the one take a genuine interest in the work itself apart from its reward, that is conspicuously true of many of the other class, at least of such as have work which can in any way be called interesting. But as the work of the manual worker is obviously on the whole profoundly uninteresting and tending to become by excessive specialization always more and more so ; as, moreover, there is little prospect of his being anything other than a wage-earner at a strictly circumscribed wage and with a not very heartening future to look forward to, it is not to be wondered at if zeal in work does not run so generally high in the working as in the managing classes.

There is here no grounds for an indictment against the latter, at least in so far as it is brains which separate management from managed.\*

But we certainly need a very large tolerance of even the most disquieting and seemingly perverse positions taken up by Labour. We certainly need to get rid of our assumptions that Labour is somehow more depraved and ignoble than any other class ; of the conviction that it was somehow destined by divine right as the basis of our comfortable order and that it ought to keep its place without raising so many questions about it. Dare the writer record what a light was thrown upon all this for him by the realization of the supreme platitude that Labour had much the same types of men, much the same

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\* In so far as it is opportunity to develop brains, well that is another and not so satisfactory a story.



fundamental virtues and vices (modified, of course, by environment) as any other class? The words of a wise priest: "Every boy is a gentleman till the age of 8" began this simple illumination. Later, friendships with working-men and acquaintanceship wherever there was any chance of real contact, confirmed it. Any crisis in civil life, such as fire in a mine or this long crisis of the War, confirms it. It is just because of this, just because there is no difference, except in opportunity and training, between this class, so slandered in our thoughts and speech, and any other, that one dares to cherish so great a hope for the future—that out of the two nations, the sacrifices and the inherited troubles of this War shall produce *one*.\*

It is a common enough charge against idealists that sentiment carries them away and that they will not face the hard facts of a world of struggle.

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\* I should like to quote the experience as related to me recently of a distinguished civil servant, who found himself in contact with Labour for the first time in connexion with some arbitration work. "There was nothing to choose in capacity, in broad-mindedness, and in what I may call statesmanship, between the parties on either side of the table. I was amazed. Nothing could have been fairer than the men's representatives; if anything I should say there was more obstinacy on the other side. The whole thing was a revelation to me. I asked — (a distinguished and exceedingly capable Labour man, falsely looked upon as a firebrand), with whom I got into very friendly conversation, if he would mind telling me what his salary was. He did. It was monstrous. He would have been worth four times as much anywhere. The whole thing was a revelation to me." It is the writer's experience that most of the "paid agitators" he has met could double their salaries in any suitable business. The taunt, therefore, is singularly fatuous and mischievous,

The idealism of these pages makes no other demand than that men of goodwill, amateurs of politics, should take the trouble in the national interests to examine this situation of the Labour classes and see if they find it "good enough"—good enough for the workers and good enough for the nation. There can be little doubt of their verdict. As to the cure of present troubles our appeal is not to idealist, but to normal human motive. If men of the trading and professional classes are more industrious than the manual workers it is not on the whole because they love industry for its own sake, but because there is a motive behind their industry, sometimes joy in accomplishment (if accomplishment be worth while), but more often an encouraging horizon, wealth, competence, security, position, power, honour. If, as a fact, manual workers find their work dull and their outlook circumscribed, if they foresee their present disabilities increasing, if they are, in fact, discontented, it is, we "idealists" suggest, little use exhorting them not to be so. The thing is to remove the causes of their discontent, to give them greater inducement to industry. Those inducements are by no means all a matter of "cash" payments. Status, as a thoughtful chapter in this work suggests, is certainly an important point of their claim, the status of men not pawns; full opportunity another; security a third. And it is one of the most wholesome signs (if to benevolent politicians it is the most disconcerting) that British Labour thinkers do not so much want coddling and gifts, which by a natural instinct they recognize as ultimately meaning servitude, as freedom to develop their organizations, to fulfil their own

lives in their own way and widen their unions into powerful self-respecting and respected corporations able to take their full place in the national life. That is the inspiring idea behind those versions of guild socialism which are now being canvassed by the "intellectuals" of Labour. Labour has won the beginnings of such rights in the past by war. The point for us to consider is whether the essence of the Labour claim is not only natural but just, and whether it is not to the national advantage to welcome and to promote the extension of Labour power, Labour solidarity, Labour control of its own conditions, as a step on the road to the emancipation of "Labour" as a caste and its complete fusion in the national life: just as developed nationalism is a necessary step toward, not away from, internationalism. In a word, the question is whether peace is not the way out rather than war. A way out there must be.

One consideration seems paramountly clear. If industry is war, which is much like saying if production means waste, if it is merely a trial of strength between two contending armies, then we have surely no cause for complaint at any of the fighting tactics of Labour. Strikes are on this hypothesis justifiable whenever anything can be got out of them—as are lock-outs. Combinations of labour, such as the recent "triple alliance" of the transport, shipping, and mining industrials, are inevitable; as are cartels and trusts and all the fighting machinery of Capital. Threat will breed threat, stroke counterstroke; till the bitterness and waste of it all becomes so desperate as to be unbearable, and the whole bad business end in violence and destruction.

The faith that will move the mountains of difficulty is the faith that there is no inexorable, destined conflict. We men have ordered or disordered this thing. We ourselves, and no divine decree, have muddled things to this pass. We can mend them. And we have never had a better chance, when both the necessary goodwill and the gravity of the need conspire to aid us in the difficult task.

No one but a charlatan or a detached doctrinaire has a comprehensive solution ready. The sincere thinker can only indicate promising paths, tentative steps.

The first need undoubtedly, and incidentally the best hope, is that this business of the industrial settlement should be recognized as the plain man's business, not a mere problem for politicians; or rather, that we should all be in politics. It is one of democracy's failures that, having power, most of us fail to exercise it, which means that having a grave responsibility most contrive to shirk it, and leave the matter in professional hands, with not the happiest results. The process of taking up this duty of politics must begin with thought and study, not necessarily of a bookish nature, but at least a careful estimate of the facts as they reveal themselves to any who care to observe. A comfortable citizen will begin by asking himself whether there be not, indeed, some real and remediable grievance behind all this unrest. Can it be all just perversity? Frankly, when examined does the position of the manual worker, the casual worker, seem good enough? If certain defects appear in his conduct is there not enough to account for them in his defective opportunity, his absurd

environment, or his insecure conditions,\* without any necessity to have recourse to a theory of his greater wickedness or laziness or drunkenness? Is the fact that John Burns became a Cabinet Minister really sufficient justification for holding (as is often held) that there is equality of opportunity? Is not the State (that is, the citizens of the State collectively) responsible for the appalling waste of her young life—beginning with infant mortality, proceeding with denied chances of education, and ending with blind alley occupations? If a mayor by taking thought, as, notably, at Huddersfield, can reduce the mortality in his city, are not other mayors and other councillors and citizens guilty by implication? Have I a right in ethics (or in sportsmanship) to wear any garment made by sweated labour? Or does the difficulty of tracking down this matter of sweating absolve me from all duty of attempting to do so? Can I, in fact, as a more or less privileged, and, therefore, certainly a more responsible and effective member of society, wash my hands of the results of the inadequate contrivances of that society? Has it ever occurred to me that my

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\* A homely example always helps. The writer happens to have viewed at close quarters structural alterations to a house in a country district. The workmen were the most friendly and intelligent, skilful at their job and certainly industrious. As the work neared its close it dragged so obviously that it was clear deliberate slacking was going on. Close observations confirmed this, and frank questioning in the friendliest way discovered the reason. At the end of this job there was no other in prospect in the neighbourhood. The men were "nursing" it therefore. Who in the world can blame them? Work on that insecure and casual plan is obviously demoralizing. Who, of any class in any kind of job, would dare say he would resist a similar temptation?

citizenship, of a great city or a small, would be a much bigger thing to me, would mean a jollier life, if I could live in that city with a consciousness that I had done my bit towards cleaning it up if there was no one in it whom (if the truth were known) I dare not look in the eye because of the conviction that I owed him for the unnecessary death of his baby daughter, or the denial of a chance to his boy, or the fact that his wife who was a beautiful girl at 18, is now at 28 a withered woman? All these "sentimental" considerations are at the back of this more explicit and scientific problem of industrialism. It is the understanding of the other fellow's point of view that is so important, and the recognition that we are all in this business—that it is "our job" to set it right. It will be settled for good or ill not only in Parliament, at trade-union conferences, or directors' meetings, but in schools, in drawing-rooms, at dinner tables, in railway carriages, in clubs, by common citizens turning the matter over seriously. Perhaps, best hope of all, it is being settled for good on battlefields. Who gives any other report—officers, doctors, nurses, visitors—than that "the men" are, irrespective of class, what those knew who were privileged to understand them before—"splendid." Not one but a dozen subalterns of my acquaintance and "class," whose chiefest desire is to hide their emotions have spoken of this to me with tears in their eyes. Who dare not essay to build a new life out of this knowledge? Who dare be such a fool as to drift back to a peace which shall be no peace but another war if his thought and work can prevent so futile a happening?

And who that has in simple sincerity approved the dedication of five millions of his countrymen to death and worse for the service of England, can dare to withhold the dedication of his own life to the business of remedying the defects and injustices of our social system. The writers of this little book, divided on so many points, are united in this, that they see the problem of the relations of Capital to Labour as the most urgent of the reconstruction problems.

J. T.

## CHAPTER II.

# LABOUR AND INDUSTRY

### I. INDUSTRIAL UNREST.

**T**HE growth of industrial unrest in recent years was a commonplace before the War. The recognition of the fact that industrial unrest is a menace to the national welfare, and that somehow or other its causes must be removed if we are not to drift to disaster, has become hardly less of a commonplace, since the War began. To what causes, therefore, can the trouble be traced?

Modern industrial unrest dates from the industrial revolution. In mediæval days manufacture was chiefly conducted by guilds of skilled craftsmen, who owned the means of production, and who sold the product of their own labour. The capital outlay necessary to conduct manufacture in those days was inconsiderable, and businesses were so small that journeymen and apprentices usually worked together at their trade. Mechanical invention destroyed this system. As the means of production became more elaborate and more organized, the individual craftsman producer disappeared, and the capitalist who had money to construct a factory and to pay many hired workers, and so produce more cheaply than his rival, took his place.

The first effect of the new methods was the rapid widening of the gulf between employer and employed. The employer became more and



more preoccupied with the problem of management, with the mechanical side of building up and managing the industry, with that function of higher direction, which includes initiative, organizing ability, judgment in buying and selling, and on which the successful conduct of large scale industry increasingly depends. And in his preoccupations as a manager he began to lose sight of the human aspect of industry. Business is largely a matter of buying in the cheapest market and selling in the dearest, and early in the days of capitalist production the employer began to treat his now numerous employees not so much as fellow human beings for whose benefit the industry was being conducted equally with his own, but as part of the machinery of industry to be bought for as low wages as possible. On the other hand, the work of the employee became ever more mechanical, and more specialized. He became farther and farther removed from the problems of management, until his main preoccupation became to protect his own conditions of life and to secure higher wages out of the employer, by combination or any other means he could contrive, regardless of the effect on the business as a whole. Thus industry came to be founded not on co-operation between employer and employed for their mutual advantage, but on warfare between them for the division of the product. Each side, struggling for its own hand, became increasingly blind to the point of view and needs of the other, increasingly suspicious and distrustful of the other, and farther and farther away from the only solution of the trouble, the vigorous conduct of industry by all for the benefit of all. From this divorce

between the two partners in industry almost all industrial evils have sprung.

This evil was aggravated by the failure of the community. Up to the middle of the eighteenth century the community had always regarded itself as being responsible for seeing that adequate wages and proper conditions of work were secured to its citizens—*e.g.*, the statute of apprentices. In consequence it was customary for labourers and artisans to appeal to the magistrates to determine what were fair wages and proper conditions of employment, when they regarded the rates paid by employers as too low. But in the early days of the industrial revolution Parliament abdicated its responsibilities. As new machinery was invented, Labour demanded the Parliamentary prohibition of these new methods on the ground that they caused local unemployment, or at least the statutory enforcement of ancient practices which were inconsistent with the new methods and increased output. Parliament, rightly enough, refused to forbid the use of machinery, but, possessed by the *laissez faire* economic doctrines of the day, it went on to abandon altogether its responsibility for safeguarding the conditions and the standards of living of its own citizens, and left the workers to look after themselves as best they could. And, not content with this, when the working classes began to strike and agitate as the only methods left to them of protecting their standards of life, it went on to attack trade-unionism as an illegal combination in restraint of trade. The consequences of this attitude were apparent not only in the evils of the industrial revolution but also in the general acquiescence in the

system of private industrial war which ensued. The community came to regard this state of affairs as natural or at least inevitable, and confined its interference mainly to keeping the ring and seeing that the law was not broken during the continuous quarrels between the two. It seemed to take for granted that all engaged in industry were selfishly striving for themselves, that in this struggle the weak must go to the wall, and that the state was only concerned to see that the contest did not degenerate into violence and bloodshed.

## II. THE LABOUR POINT OF VIEW.

AGAINST this state of affairs the working class have always been in revolt. Having been for nearly two hundred years the bottom dog, they have been far more active in challenging the existing order and suggesting ways out of it than the more fortunate governing classes.

In early days the labour world was mainly concerned with organizing itself into trade unions, partly for sickness and unemployment and other benefit purposes, and partly for the purpose of fighting for higher wages and better conditions of work by collective instead of individual bargaining. But the interests of the labour world have not been confined to organizing the trade-union movement. They have also been centred on the problem of reforming the whole system of conducting industry which came into existence with the industrial revolution. What has made the labour movement a political movement and not a mere industrial movement, what unites it not only in each country but throughout the whole world in

international federations, is the conviction that the capitalist system as it exists to-day is fundamentally immoral and unsound.

At the present moment public opinion in the labour world is concerned with two main problems, first the economic conditions which will prevail immediately after the War, and second how to transform the capitalist industrial system itself. Though they are closely inter-related it is convenient to consider these two aspects of the industrial problem separately.

The main point of view of the labour world is simple and clear. It sets the human value of the individual worker first, and subordinates every other end of national policy to that of increasing the well-being and equalizing and widening the opportunities for every citizen within the State. In its eyes national prosperity must be judged not by banking returns, national wealth, or armaments, but primarily by the conditions and standards of life and work of all the people. Trade, finance, and power are all important in their way, but they are not ends in themselves as they are sometimes loosely taken to be, but means to the true end—the greater happiness and well-being of the whole people. This end the capitalist system in its present form does not achieve. On the one hand the majority of the workers of the British Isles for the last century have been underpaid, underfed, and badly housed. As a result of combination and hard warfare, the skilled artizans have won for themselves a standard of life above the minimum standard of living, but the great bulk of the workers have not. They are always either below the level

of proper subsistence or in danger of falling below it. On the other hand the wealth of the rich has grown fabulously. How immense is the volume of wealth possessed by the few has only been revealed by the War. And all this has been produced out of the profits of industry, or the investment of those profits in developing countries overseas. There is something fundamentally wrong, says Labour, about a system which accumulates wealth in this colossal fashion at one end of the scale while keeping immense numbers of men, women, and children starving at the other. Somehow or other it must be transformed, for it shows no signs of transforming itself. And it must be transformed by revolutionary means if peaceful methods fail, for the one essential thing is that it should not go on.

### III.

So far as Reconstruction is concerned the point of view of Labour is clear. They will endeavour to secure, by every means in their power, that after the War the industrial life of the community shall be built on the foundation of such wages and hours and conditions of work as will enable every worker to maintain a cleanly and comfortable home, and to have leisure sufficient to enable him to continue his education and to help to bring up his children as useful and responsible members of the community. And the practical form in which this principle will probably take shape will be that reconstruction should be based on the maintenance of the highest recent level of real wages, the introduction of a minimum wage

of about 30s. a week, and the establishment of a national normal day based on a forty-eight hour working week, without overtime save in the most exceptional emergencies. With this ideal no public-spirited citizen can possibly disagree. The securing of an adequate minimum standard of life would at one stroke abolish half of the problems of poverty and the slum, and would benefit the children to a degree which only those who have marked the improvement in the appearance and clothing of children all over the country since the War began will realize. And a normal working day is almost a necessary condition for the effective working of our constitution, for otherwise the elector, who in the last resort decides upon the broad policy to be followed in the intricate and momentous political problems of the modern world, cannot fit himself to cast his vote as he should. No greater blessing could come out of the War than that we should build the whole work of Reconstruction upon the foundation of a permanently higher standard of living for all engaged in productive industry, and especially for the lower-paid workers. The real problem is to discover the means by which it can be done.

It is at this point that the Labour world reveals its real weakness. Dogged by that tradition which, as we have seen, inevitably comes from being divorced from any knowledge of or share in responsibility for the problems of industrial management, it has made no real attempt to solve this half of the problem. It is content to leave the Government and the capitalist to find the way, or to recommend such easy but illusory expedients as universal

nationalization, and the conscription of capital, or to point to the vast resources of the community as revealed by the daily expenditure on the War as proof that the beneficent reforms they suggested could easily be carried out and paid for if only the will were there. Some of these ideas have much to recommend them as general principles. Some of them may well be realized after years of those smaller measures which are the foundation of all lasting reform. But they do not meet the practical problem of the situation as it will exist immediately after the War. That practical problem is how to enable industry to find employment for all on the basis of higher wages and shorter hours than were in force before the War.

The solution of this problem would seem to resolve itself down into two things—increased production and the better higher direction of industry. These conditions cannot be created by distributing the accumulated wealth of the rich in the form of higher wages. Not only is most of that wealth not realizable in the form of money, but to distribute capital as working expenses is the shortest road to national suicide. Nor can they be created by diminishing the rate of interest paid in the national staple industries. Excessive profits are often made by monopolies or new industries, which are usually small industries, and capital has often been “watered” in the past. But in the main staples which support the bulk of the industrial population the rate of interest earned in normal times is not excessive nor more than sufficient to enable the industry to obtain those fresh

supplies of capital which are constantly required if it is to keep up to date and survive in the competition with rivals at home or abroad. The real evil is not the rate of interest, but the concentration of excessive quantities of capital in a few hands. And that evil can only be dealt with by the State itself through income taxes, death duties, and other means of limiting or redistributing capital holdings. So far indeed from its being possible to reduce the rate of interest on capital after the War, it will probably rise. For the demand for capital after the War will be immense, the interest rate is largely an international rate, and capital will only be obtainable in a market in which the demand will exceed the supply. Further, about four-fifths of the production of every year is consumed in that year. If, therefore, the general level of consumption is to be raised the level of production must be raised also. The truth is that the standard of production before the War was wholly inadequate. It neither provided adequate pay or adequate employment for labour, nor, despite all appearances, did it, on the whole, pay excessive profits to capital, for these profits were not sufficient to prevent the greater part of the national savings, badly needed at home, from being attracted by the far higher rates of profit obtainable abroad. Hence, whatever the far future may bring forth, the first plank in the practical politics of Reconstruction would seem to be to increase production, so that the annual national dividend may be sufficient both to pay the market rate on capital and to pay high wages as well.

Increased production is a matter both for



employer and employed. It is practically impossible without the co-operation of Labour. The foundation alike of industrial prosperity and national well-being can only be a good day's work for a good day's pay. The continuance of ca' canny, the want of adaptability caused by trade-union regulations, and the general restriction of output, if they continue after the War, will make the payment of high wages impossible. But increased production is no less a matter for the employer. The evils caused by trade-union policy have been duplicated by conservatism and unenterprising management among the captains of industry. If every industry could command the inventive genius, the scientific research, the organizing, manufacturing and selling capacity, the public spirit and the hard work of the Ford motor car company and its employees, there would not be much difficulty about increasing production, and with it wages and dividends, and giving low prices to the consumer as well. Increased output, indeed, means a change in all classes, for it means the growth of the gospel of work. The love of ease, and the belief that happiness lies in having no work to do, was strong in all classes before the War. Even now people assume that it will be possible to go back to pre-war standards. That can never be. Faced by necessity and the example of the Germans, we have begun to see how little we understood what work meant. Work does not mean longer hours, or more fatigue. It means more initiative, and more enterprise, and joy in doing one's work perfectly, however simple it may be, because it is one's own contribution towards the national

well-being. We shall never get the right idea of work until we see that at bottom it is public service which everyone ought to perform, rich and poor alike. We have found something of this spirit during the War. We shall only build a happier world if we retain it afterwards.

But increased output as the result of better work and better management deals with only half the problem. Probably the greatest difficulty of all in the way of maintaining higher standards of living all round is that aspect of the higher direction of industry which is concerned with finding markets. The main reason why the working classes, and especially those who were formerly worst off, are, on the whole, better off than they were before the War, is because the war market for industrial and agricultural products at high prices is practically unlimited, because manufactories can therefore flourish despite high wages, and because the demand for labour is greater than the supply. If the effective demand for goods was unlimited after the War nothing would be easier than to work a revolution in the economic condition of the working classes in a very short space of time. But under present-day conditions the effective demand is not unlimited, and it is this fact which is the governing fact of the whole process of industry. For it is no use producing goods for which no market can be found, or at a cost which involves a loss on every product sold. The President of the Trade Union Congress in his opening address for 1916 rightly said that the most important thing of all from the point of view of Labour was the prevention of unemployment after the War. That is only another

way of saying that the most important thing will be to find markets. They are, indeed, but two aspects of one thing. There can be no real security for the individual worker until there is steady employment at adequate wages. And there can be no steady employment at adequate wages until there is security for steady markets at adequate prices.

Demand, of course, is in essence unlimited. Nobody ever is supplied with all he wants. There are always things which he needs or would like if he could get them. But this demand to-day is not effective, and the most urgent problem of the time is to adjust supply and demand so that there shall not be millions of people anxious for goods and services at the same time as thousands are starving because they can find no work to do. The perfect adjustment of supply and demand, however, is not very easy. It certainly cannot be accomplished by slap-dash expedients. It requires almost infinite research and industry. It involves accurate and continuous investigation into markets, the sources of raw material, the supplies of labour, all over the world. It means the most careful consideration of the balance between consumption and the saving required to create the capital necessary for the renewal and extension of industrial plant and buildings. High wages, for instance, are one of the most important factors in creating and maintaining a large home demand. It means the provision of adequate means of transportation and the intelligent and far-sighted adjustment of railway and steamship rates. It is concerned with national and international fiscal policy. It in-

volves great flexibility and adaptability both in the management and in the working man, so that methods and products may be quickly changed to suit changes in demand and so on. All these matters settle themselves at haphazard to-day under a faulty application of the law of supply and demand. If we are to have really better times it will only be because order has been consciously and intelligently introduced into this chaos of ignorance and competition.

Reconstruction, therefore, on the foundation of better economic conditions of life for the industrial classes depends in part upon better work from the worker and better management from the employer, but still more on the better direction of industry from the point of view of adjusting supply and demand. If we are really to have higher wages and a normal day, not only for our pre-war population but also for the vast numbers of new workers which the War, or high taxation after the War, will force into the labour market, it will never come from measures for taxing the rich, or redistributing accumulated wealth, however desirable and urgent such measures may be on other grounds, it will only be because the difficulties in the way of increasing production and finding markets have been successfully overcome. Every nation lives on its own work and intelligence and on nothing else. The distribution of the product of the national activity may be bad, as it was lamentably bad before the War, and may require root and branch reform. But that cannot alter the fact that unless as a nation we produce in every year enough of the products and services which are necessary to our well-being on a

steadily improving standard of living, the economic evils from which we suffer cannot be removed. Those products and services may be used by the nation itself, or exchanged for others with outside nations, but no scheme for the redistribution of accumulated wealth can give us the economic reconstruction we require unless it is accompanied by first-class work under first-class direction by all citizens.

#### IV.—THE COMMONWEALTH OF INDUSTRY.

But, at bottom, successful Reconstruction depends upon a reconciliation between capital and labour. For progressive industry requires constant initiative, constant improvement of method, an intimate knowledge of conditions in every stage from the production of raw material in one part of the globe to the sale of the finished product in another. This delicate work on which the prosperity not only of the capitalist and the workers, but of the community also depends, cannot be rapidly and efficiently conducted in the midst of intestinal strife. The preliminary to any Reconstruction of our industrial life on a higher economic level is the active co-operation of employer and employed throughout all the complicated processes of buying, manufacture and sale of which modern industry consists.

How is the reconciliation necessary to this co-operation to be effected? Unfortunately there is no simple mechanical method which will produce that reconciliation. It depends, at bottom, upon a fundamental change in the point of view from which industry is regarded. In the first section of this article it was said

that the ultimate causes of industrial unrest were the divorce between employer and employed and the acquiescence of the State in the system of private industrial war. The cure for these evils would seem to have been supplied by the War. As is now patent to everybody, industry is public service, for on it the national well-being depends. And it is by looking at industry from the point of view of its being public service that the solution of the problem comes in sight. For it gives us the key both to the problem of Reconstruction and to that more fundamental question of the permanent relations between capital and labour.

On the one hand, if industry is public service, the main motive of the employer ought not to be private profit. The employer in reality occupies a position of high public trust, for he is responsible for an industry which is not only a source of national supply, but the means whereby a great many citizens and their families gain their living. From the national point of view he is not a successful manager until he conducts the industry in such a way that not only is he able to pay such dividends on capital that he can obtain whatever supplies of fresh capital are required for the conduct or expansion of the industry, but is able to pay wages sufficient to enable everybody employed in it to live as a responsible citizen should. Further, before paying inordinate dividends either to capital or labour he ought to consider whether he ought not to reduce the price of his product to the public. Directly the employer recognizes that he is in essence a public servant, and that, while he is entitled to adequate remuneration and capital

to adequate interest, the well-being of all his employees is, from the national point of view, the most important of the many considerations of which he has to take account, the way to reconciliation will be plain.

On the other hand, the main motive of the employé ought to be to give the best work possible during an adequate working day. He also is a public servant, contributing his mite to the work on which the community lives and entitled to wages and hours which will enable him to acquit himself in other ways as a responsible citizen, provided he works to the utmost of his ability during working hours.

On this basis, and on this basis alone, does it appear possible to effect such a reconciliation between employers and employed that the work of Reconstruction will be undertaken in a spirit of zealous co-operation and not of suspicion and conflict. And on this basis also does it alone seem possible to transform for the better the capitalistic system itself. The Chairman of the Trade Union Congress of 1916 said in his opening address that industrial democracy was the only condition of lasting industrial peace. He did not specify what industrial democracy meant. Democracy in industry, however, carries with it the same implications as it does in government. It means that labour must shoulder the whole responsibility of industry. Industry is one indivisible whole, and in the long run, the final responsibility for it must rest in one set of hands. The capitalist can no more be responsible for one-half of the business and labour for the other than Cabinet and Opposition can each control a separate share of public

administration. Industrial democracy in the true meaning of the word can only mean that the management will be appointed by and responsible to labour, who will thus be responsible not only for interest on the capital it borrows, but for liabilities undertaken, orders given, and for the whole complicated process of buying, producing and selling from start to finish.

As to whether industrial democracy in this sense is practical politics it is difficult to say. From the point of view, however, of immediate practical politics what matters most is the motive with which industry itself is conducted. The purpose of organized industry should be to give, first, ever improving conditions of life and work for all its employés, second, fair remuneration to capital, and third improved products or services, at falling prices to the public. That is conducting industry as a public service, and in industries conducted from this point of view every employé ought to give the best day's work he can. Whether this point of view can become universal in the management of industry without some change in the method of appointing the management seems doubtful. The management to-day is responsible to capital alone. Yet it is not easy to see exactly how it is to be made responsible to the employés and the community as well, though the system of introducing labour representatives on the board of directors is said to have worked well in parts of America. In any case, no good can come from any system which puts impediments in the way of the management itself performing its own duty. The primary functions of the



management must always be to manage the business successfully, otherwise nobody will get a living out of it. The board must therefore always consist mainly of those who understand industrial organization, the intricacies of buying and selling, the money market, and so forth, and it cannot share its authority within its works with any other body. If it does not do its work properly the mode of reform is not to make it more difficult for the management to manage, but to put other and better qualified men into office. But the most important thing is to make the idea of public service the dominant motive throughout industry, for once that is done it will not be difficult to find the precise mode of organization necessary to give it permanent effect.

Once that motive predominates we shall see a second industrial revolution, not less far-reaching, but far more beneficent in its effects, than the first. If all the energy and enterprise and enthusiasm which are put into the business of warfare were applied to increasing the efficiency of industry itself, and heightening the conditions of living of all those engaged in it, the creation and diffusion of wealth would be such that in an astonishingly short space of time the worst and most humiliating of our national problems—unemployment, underfeeding, the slums, and the workhouses—would disappear, and we should have not only a nation of adequately provided families, but ample funds for works of public utility as well.

The greatest single obstacle in the way of a good start towards better days is the accumulated grievances which each has against the other.

The employer, struggling with the immense difficulties of management, of finding markets and reducing costs in order to sell successfully in them, finds himself thwarted and hindered by Labour at every stage. Organized Labour seems to him to be ineradicably unreasonable, unpatriotic, and self-seeking, and utterly regardless of the problem of managing the industries on which the national welfare depends and of which he feels himself the only responsible guardian. Labour, on the other hand, struggling with the problem of living in a country where unemployment has been rife, and low wages prevalent in many trades, tends to regard employers as a class of people of exceptional heartlessness and greed; as men who scruple not to reduce wages or sack employees regardless of the appalling effects in working-class homes, in order that they may make sure of profits for themselves. In consequence it settles down into an attitude of settled hostility, and regards restriction of output, strikes, and all the other practices of which the employer complains, as legitimate methods by which to maintain the standard of life and protect itself against exploitation. This sea of traditional suspicion and ill-will is fed by a daily trickle of new grievances created by bad employers and unscrupulous or ignorant agitators. And thus we get the two sides drawn up in parallel armies, each so suspicious of the other and so set in its belief in the supreme efficacy of force that negotiation is more like the diplomacy of the mailed fist than conference between partners in the same business.

If we are really to reconstruct our country

this world of suspicion and hatred must be left behind. It will do no good to remember who was responsible for the evils in the past, or the long catalogue of mistakes on both sides. The only thing is to set to work to build the future, with better work from one side and better pay from the other as the starting-point. Fortunately the omens are bright. As we become more conscious of the sacrifices and endurance of those who are fighting our battles abroad, so also grows the determination that nothing must be allowed to stand in the way of building up a happier and more equal commonwealth for them to come back to after the War is over. And part of this commonwealth must be the world of industry. We shall never be a happy country so long as there is warfare, even bloodless warfare, in our midst. And we shall never get rid of that warfare until industry itself becomes a commonwealth, conducted with perfect work from all, for the benefit of all.

P. H. K.

## CHAPTER III.

# COMMON FALLACIES.

**I**N the two preceding chapters the character of the class struggle with which this book is concerned and its historical background have been indicated. This struggle is, in part, the heritage of the past ; it is in part the inevitable outcome of the more elemental struggle for existence. Class ignorance and the offspring of ignorance, distrust, render its bitterness possible ; and the distance which lies between the rich and the poor, between the districts in which they live, between the manner in which they reason, between the very language which they speak, render that ignorance natural. That the labourer should fail to realize that he is carrying on a common work for a common aim with a banker or a capitalist whose name even he does not know, can be but small cause of surprise. That both the rich and the poor, so divided in life, so estranged in sympathies, should fail to perceive the community of their interests, and in so failing obliterate the truth by individual structures of economic fallacies, has been perhaps inevitable.

It may be profitable to examine some of these fallacies. For if society is ever to become a homogeneous whole wherein man may cooperate for mutual good and cease to fight only for individual benefit, man must first learn to acquire two things—a will to understand the problem of social betterment, and an understanding of that problem.

We must remember in the first place that all life is struggling and must struggle for its existence ; in the second place that only through co-operation can success in that struggle be won. But co-operation to be efficient must entail division of labour. We increase our power over nature, our competence to obtain what is necessary for existence and what is necessary for enjoyment by allowing those with brains to direct and others to execute, by letting the produce of one climate and the art of one character be exchanged for those of another. We increase our power and our competence, too, by adopting indirect methods of production, by making a plough in order to grow wheat or constructing a machine in order to weave cloth. But if we are to obtain the plough or the machine we must not at once consume all we produce. Somebody must save and wait ; somebody must in other words, produce capital. For that saving and waiting, for devoting part of his time to producing what will not at first bring any enjoyable reward, that somebody must be paid. When co-operation and separation of functions have been begun, when the field has been reaped and the wealth produced, there will arise the question of the division of that wealth among the workers. It is over this problem of the allotment of the harvest that dispute is likely to arise. When society is composed of segregated groups as at the present day one group of labourers will be jealous of the reward of another, and all groups of labourers will be jealous of the reward of capital. For despite all its civilization this society is not so very far removed from the state of a pack of wolves

which hunt together and then fight over their spoils. The struggle for existence is, in fact, and always will be a double one—the struggle of any group of animal life against all other animal life, and the struggle of each individual in each group against every other individual. Is it not conceivable that we might conduct this second struggle not by fighting but by thinking? Is not our knowledge of the facts at present obscured by the existence of this warfare?

*Some capitalists' fallacies considered. Misconception of the relationship between capital and labour. "Labour a commodity." "Capital employs labour."*

Capitalists have, with the outlook of shopkeepers, too often regarded labour as a commodity which should be bought cheap and its produce as a commodity which should be sold dear. Labour, with a longing for independence, has regarded capital as a slave master who allows his slaves to starve. Neither view is correct, for though labour may have a price, and though the causes that determine the amount which will be paid for labour are ultimately the same as those which determine the price of a pair of boots or a tin kettle, wages are not merely the purchase price of labour but also its cost of maintenance and the fund, moreover, from which the labourer must draw every enjoyment and decency of life. Secondly, capital only employs labour in the same sense as labour employs capital. Both co-operate. Each is equally essential to the other. They are as closely allied and as mutually necessary for the efficiency of both as one wing

of a bird is for the efficiency of the other. But capitalists when they are self-complacent and labour when it is discontented, always speak as if capital made work for labour. What really makes work is the absence of riches, not their existence.

“ *Wealth makes work.* ”

So widely held is the fallacy that wealth makes work that even a man of the learning and reputation of Mr. H. J. MacKinder is to be found writing in an otherwise excellent letter to *The Times* as follows: “ You can only tax the rich man’s income. That income is spent wholly on commodities and services, or, in other words, either directly or indirectly almost wholly on wages. The rich man is the loaf giver of those who look to him.” If expenditure on commodities and services goes “ almost wholly ” in wages, then it is true that labour is “ almost ” the sole source of wealth ! But let that pass for the moment. It is a labour fallacy which will be examined later. “ The rich man is the loaf-giver of those who look to him.” The rich man, be it noted, lightly assumes this charitable character by the simple, even enjoyable expedient of expending his wealth. If the rich man spends his wealth by buying what is necessary he benefits himself, and if at the same time he indirectly benefits labour by “ creating employment,” he does so, surely, equally and to no greater extent than the poor man who likewise spends his wealth on necessities. We begin to wonder whether the rich have larger needs than the poor, or the poor so little wealth that they cannot satisfy their needs. But this is

not what Mr. MacKinder means. He is speaking of expenditure as such, not merely on necessities, but on decencies, on comforts, on luxuries, on superfluities.

Let us examine, then, the effect of the expenditure by a rich man of say £10,000 a year on luxuries distributed partly on keeping a large number of personal servants and partly on the direct consumption of luxuries. First, then, we should remember, putting aside moral and physiological considerations, that the value of labour lies in its results, not in its process. Secondly, we may postulate that the value of what is produced by work consists in the happiness or the lack of suffering or the general betterment which it brings about. The result, therefore, of the expenditure of surplus wealth on what is unnecessary is to divert labour employed in this way from the production of what is essential to the production of what is unessential. Let us suppose that the man who spends £10,000 a year on luxury devotes one-tenth of that amount on giving dinners to himself and his friends. Then, all the capital and labour which is occupied in producing the wines and the fruits and the *pâté de fois gras* for his table might instead have been devoted to the production of better clothes or more food for those who have no surplus wealth. It pays the business man better to undertake the task of providing for the comforts of the rich rather than for the necessities of the poor. For those who possess wealth are willing and able to pay high prices for what they buy, whereas were greater quantities of clothes, of food or of cheap furniture produced, the price



of these would fall, and either the business man would have to be content with a lower rate of profits or he would have to pay lower wages to his employes. The indirect employment of labour by luxury expenditure may then, so far as this particular cause is concerned, slightly raise the volume of wage payments. But the time men spend on such work is more often than not time wasted. They are satisfying imaginary wants instead of supplying real needs. When those wants are wholly imaginary, and the rich man is unaware of any additional comfort from an additional employe whom he engages, then there is no compensation for the time and labour thrown away, and the man would be as well occupied in shovelling shingle into the sea. Were all the capital and labour so squandered to be concentrated on the production of goods which are really needed, then the price of these goods would fall and all consumers would be benefited. Were the wealth which is spent on luxury to be saved, then more capital would be created, capital would be more abundant and cheaper, and wages, as will be explained later, might be equivalently higher.

It may be contended, however, that many luxuries do not entail great labour and that the expenditure of wealth thereon cannot materially damage others. Are the effects the same if a man spend £1,000 on a Caxton or a diamond or a motor car? The purchase of the first is simply the transference of a certain amount of wealth from one person to another, for obviously no time or labour could produce a new Caxton. The purchase of the second is damaging to labour if, and only if, the demand for diamonds

create an industry of diamond mining on which capital and labour be expended. The purchase of the motor car has the effects we have already demonstrated. It may be taken, then, almost as an axiom that in the long run luxury is bad for labour and a heavy tax on the whole community exactly in proportion as it diverts labour and capital from doing work which is necessary to doing work which is not. Thus we find on all sides at the present moment appeals that we should economize in our food, in our dress, in travelling; but no sane person would protest against £1,000 being given for an ancient goblet at a Red Cross sale. The goblet possesses value because it is rare or beautiful, not because it has taken labour to produce. The purchaser has cost the community nothing; but has relieved it of possible taxation for the Red Cross. In short, then, the country does not want workmen employed for the sake of employment, but for the sake of the utilities which they produce; it does not want waste but wealth; it does not want feasts for the edification of those who may enjoy the crumbs.

*“ High wages equal high cost of production.”*

Were we to review the misconceptions of the capitalist class as a whole, both concerning the economic structure in general and concerning the labour problem in particular, we should find that the majority and the most important were not economic but philosophic. The main difficulty is the attitude of mind of those who are not wage earners, not their ignorance of the principles of their own business. There are two points, however, which demand attention. Owing, per-

haps, to too close an attention to the details of costs, and a lack of imagination about the real nature of expense, it is often supposed in theory and still more frequently accepted in fact that high wages are identical with high cost of production. Wages do not simply purchase, they also maintain labour, and it is no more economical to underpay labour than to underfeed one's draught horses. Higher wages only become a real additional expense when their increase does not produce any equivalent increase in the efficiency of labour or when their enforced payment does not enliven the employer to the possibilities of economies in other directions. From the time of the first Factory Act until the results of the passing of the Anti-Sweating Act began to become apparent, examples of the ease with which those economies may be made have been as frequent as have been the expostulations on the part of employers of their impossibility and their gloomy forecasts of ruin from reform.

*“ The compensation for high wages or heavy taxation must be high Tariffs.”*

It is difficult to overestimate the importance of this *non-possumus* attitude, and the point will be further discussed in the fourth chapter of this book. But its immediate interest lies in the political and economic agitation to which it sometimes gives rise, demanding as a sort of compensation for high wages or heavy taxation the imposition of tariff duties and special government protection. This is not the place to enter into the threadbare controversy of Tariff Reform and Free Trade. It is, however, worth while

to point out that if protection is desirable when wages are high and taxation heavy, it is desirable quite apart from either of these considerations, and that neither the one nor the other increases the desirability thereof by one iota. We pay for what we import with what we export, and if we import the produce of low paid labour, then our foreign customers must pay for the manufactures and services of high paid labour. We pay for what we import with what we export and if we import the produce of a lightly taxed people, they must buy from us the produce of a heavily taxed people. Unfortunately, we cannot receive without giving.

*Labour Fallacies. "The Work Fund."*

Though the misconceptions of the rich may be rather philosophic than economic, it is difficult to believe that this is the case with those of labour. For the fallacies which render the closer union of the two classes so difficult are fallacies which are to be found every moment hampering labour's administration of their own unions and their own business. The most important of these fallacies both on account of its enormous, tragic cost to the country and on account of the element of truth therein, which makes its elimination so nearly impossible, is what may be called the Labour Fund and Work Fund fallacy; the idea, that is, that there is a certain amount of work to be done or, as it is sometimes put, a certain amount of capital to employ labour, and a certain amount of labour on the other hand to do the work. The argument runs as follows—there is so much work to be done, let us say a house to be built, and

a definite number of builders to do the work. The longer the men take over the work, then, the greater the probability of there being another job by the time the house is finished ; therefore, nobody must hurry. This argument percolates into and leaves its stain on every corner of the industrial world. Men work slow not simply from laziness but from fear and the idea of self-protection ; unions restrict their numbers to limit the supply of labour ; women are excluded from occupations for the same reason ; skilled labour is employed on unskilled work ; a carpenter may not do one job because it is the right of a mechanic, a mechanic may not do another because it is the function of a fitter. Time is wasted, work is wasted, skill is wasted, men are kept idle because it is to the advantage of a particular individual or a particular union. The community is taxed for the benefit of A or B, and it is sometimes solemnly argued that as the community consists of As and Bs the benefit must become generalized. Ultimately, the fallacy is a simple one to explain. It is rooted in and springs from the opinion already referred to that work depends on riches, not riches on work. In reality we can only consume what we first produce, and if we work harder, if we produce more, we shall have more to consume. The idle rich are blamed for their idleness, the lazy poor for their laziness ; but at the same time industry is as strongly condemned as either. Can anything be more obvious than that, if the few are able to obtain a larger share of wealth by restricting the production of wealth, the many must go without ? Not until the present War removed the cream of our industrial population

had we any idea of our latent productive power, and our ignorance was due to the fact that we never dared to seek the knowledge. No one in a primitive society, where men till their fields in common or cultivate their own individual plots, would believe that if some did nothing any would be better off. But, still, it is true that restriction of output or restriction of the labour supply may temporarily benefit sections, and even large sections, of the population; it is true also that were all to work, men and women, as they would work were they employing themselves or cultivating their own land, the rate of money wages for each individual might be lower; and there is a lack of driving force in the still more obvious truth that with greater wealth and hence greater capital, wages would rise again or that, though wages might be lower, what wages would buy would be cheaper. But before any real and lasting solution of the difficulty can be rendered possible these truths must be grasped. Labour must remember that its ultimate object must be the creation of more wealth in which all may share, the utilization of every available atom of energy for that purpose, the saving of time not of work.

*“ Unemployment the result of capitalism.”*

The difficulties of so acting as to bring about these results may be great; but greater prosperity can never be achieved by a policy which runs counter to the production of that which is desired. How great the difficulties are can only be adequately comprehended by those who are aware of the ever present dread of unemployment. If a job means safety, and after the

job is finished there may be starvation, it is natural to think of it as some sacred thing which must be preserved with loving care so long as it can last. Unemployment, it is said, is the result of private capitalism, and capitalism must pay the price. Again this argument lays on the shoulders of the capitalist class the blame for a fact for which they are not responsible and for the horror of which even the present system of economic organization is not wholly to be blamed. The causes of unemployment are many. Perhaps it would not be incorrect to say that the most serious unemployment is really a form of converted famine. Seasons change, and the amount of wealth which land produces differs from year to year. If a crop fails and wheat is dearer, men have less money to spend on other things, and those who were employed on their production are likely to suffer. Beyond this general cause, the occasional insufficiency of nature, industrial unemployment is doubtless intensified by the industrial system obtaining in Western Europe. We should expect to find the percentage of those unable to find work of any kind greater in Birmingham than in a Russian mir. But though it may be due thus in part to the capitalist system, to indirect production, it is not for that reason due to the private ownership of capital. If machines are produced to reap a crop, it is easy enough to overestimate the demand for these machines, and so soon as their overproduction becomes apparent shops will be closed, and men will lose their employment. We must direct our attention to the fact of indirect production, not to that of private owner-

ship. Fashions change, and what may be urgently needed one day may be a glut on the market the next. Methods of production change, and a new invention may render useless the skill of men engaged on some process which a machine may carry out more efficiently. Seasons change, and it may be impossible to find as much work to be done in winter as in summer. Insurance against unemployment is possible; it may even be possible so to organize society that no man or woman shall be in want through lack of work. But to abolish unemployment is not possible.

*The organization of society misconceived.*

In a book which was published shortly before the War, said to be written by 'a working man,'\* is given a description of society as it appears to the labouring classes in the form of a lecture by one builder to his mates. The lecture is accompanied by a practical demonstration with the aid of some squares of bread and a few halfpence:—

“ ‘These pieces of bread,’ says the lecturer, ‘represent the raw materials which exist naturally in and on the earth: . . . they are not made by any human being, but were created by the Great Spirit for the benefit of all’ . . . .

“ ‘Now,’ continues the lecturer, ‘I am a capitalist; or, rather, I represent the landlord and capitalist class. That is to say, all these raw materials belong to me’ . . . .

“ ‘Now you three represent the working class: you have nothing. And for my part, although I have all these raw materials, they are of no use to me; what I need is the things which can be made out of these raw materials by work. But as I am too lazy to work myself, I have invented the money trick to make you work *for* me. But first I must explain that I possess something besides the raw materials. These

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\* ‘The Ragged Trousered Philanthropists,’ by Robert Tressall, pp. 172-4.



three knives represent all the machinery of production : the factories, tools, railways, and so forth, without which the necessaries of life cannot be produced in abundance. And these three coins represent my Money capital.'

"He now proceeded to cut up one of the slices of bread into a number of little square blocks.

"These represent the things which are produced by labour, aided by machinery, from the raw materials. We will suppose that three of these blocks represent a week's work. We will suppose that each of these ha'pennies is a sovereign.

"You say that you are all in need of employment, and as I am a kind hearted capitalist I am going to invest all my money in various industries so as to give you plenty of work. I shall pay each of you one pound per week ; you must each produce three of these square blocks to represent a week's work. For doing this work you will each receive your wages ; the money will be your own to do as you like with, and the things you produce will of course be mine, to do as I like with.'

"The working classes accordingly set to work, and the capitalist class sat down and watched them. As soon as they had finished they passed the nine little blocks of bread to Owen [the lecturer], who placed them on a piece of paper by his side and paid the workers their wages.

"These blocks represent the necessaries of life. You can't live without some of these things, but as they belong to me you will have to buy some of them from me. My price for these blocks is one pound each.'

"As the working classes were in need of the necessaries of life and as they could not eat, drink, or wear the useless money, they were compelled to agree to the kind capitalist's terms. They each bought back and at once consumed one-third of the produce of their labour. The capitalist class also devoured two of the square blocks, and so the net result of the week's work was that the kind capitalist had consumed two pounds' worth of the things produced by the labour of others, and reckoning the squares at their market value of one pound each, he had more than doubled his capital, for he still possessed the three pounds in money and in addition four pounds' worth of goods. As for the working classes, having consumed the pound's worth of necessaries they had bought with their wages, they were again in precisely the same condition as when they started work—they had

nothing....' Well, and wot the bloody 'ell are we to do now?' demanded Philpot."\*

The above quotation represents so nicely the condition of society as seen by large masses of working men that no apology need be made for its length. The picture of society, too, which the lecturer draws is so nearly accurate in detail as to be scarcely a caricature; but the values are wrong and the perspective misleading. He probably understood well enough the parts which capital and labour play respectively in production, was well aware that not all those outside the working classes are capitalists, conceived it even as possible that the value of the men's labour was not more than a pound a week. But the inferences which his audience would draw would be widely different; and if we step outside this microcosm to society as it exists, we shall find a very similar condition of circumstances. It is exactly on these questions of:—

- (1) the stratification of society;
- (2) the origin and distribution of wealth;
- (3) the character and functions of capital;
- (4) the character and functions of money,

that the crudest and most dangerous misconceptions exist.

*"Society has two elements, the capitalist and the labourer."*

Labour has, in fact, a natural inclination unduly to simplify the problem. All who are not labourers, that is in the eyes of the working classes, all who are not dependent on a weekly wage and are not liable to receive a week's notice to quit, they boldly and broadly group

as capitalists. All classes, indeed, are inclined to analyse their own and synthesize other classes; but in this case the error is doubly regrettable, first because it indicates a failure to understand that the whole tendency of recent development has been towards the creation and evolution of a larger and larger class of professional and salaried men whose position in their increasing competition, the comparative fixity of their wages, their liability to unemployment and their dependence on others for their livelihood is approximating more and more to that of the so-called labouring classes, and secondly, because it is exactly among this section of the community that the working classes could find real sympathy and valuable support. It is often said that success in the struggle between capital and labour will be ultimately determined not by the relative strength of either party but by the consumer, and by this is meant that ultimately not the comparative economic strength of these two great contending armies, but the moral force of the population as a whole and more especially of those less personally interested in the struggle will determine the result. If this belief be correct, it is all the more desirable that both parties should realize as soon as may be that a distinct class relatively disinterested and dispassionate exists and possesses real potentialities as mediator.

*The causes of the inequality of the distribution of wealth confused. The two causes.*

The growth of this middle class is, of course, a further proof that capital is accumulating more and more in the hands of relatively few

persons, and the process by which this agglomeration takes place is not so very different from that described in the parable of the pieces of bread. But when objection is taken to this tendency we almost always find abuse hurled with striking impartiality at capital and capitalists alike. The great bulk of the population has, in fact, failed to realize that there are two quite distinct possible causes of the inequality of the distribution of wealth: (1) the first possible cause is that capital, that is existing wealth, not receiving necessarily any undue reward for its use is in the hands of a small fraction of the community, so that if even if wages be adequate as a return for the work done, still the small fraction of the population are rich and the large remainder poor; (2) the second possible cause is that the reward which capital receives is unduly high, with the result, since labour and capital must share in the products of their co-operation, that wages are unduly low. Now it is quite clear that the policy which should be adopted to counteract the former of these alternatives, supposing it were the real cause of distress, would be widely different from that which should be followed to counteract the second. But in practice both the causes and their antidotes are continually confused.

*Each cause a distinct antidote. The first considered.*

Labour, no doubt, had in the first instance no alternative but to combine and improve its bargaining power with capital by controlling the numbers of men applying for any particular job or by threats of strikes. But it is, perhaps,

questionable whether, since the whole body of organized and unorganized labour has come to acquire greater political power, more attention should not have been given to counteracting the first rather than the second cause of the inequality of the distribution of wealth. Let us imagine for a moment that we are in no way concerned with the justice or the injustice, the ultimate desirability or undesirability, of the undertaking, and we shall not find it difficult to show that the limits to the possibility of counteracting the second of the causes mentioned above are by far narrower than those which must be set to the first. In so doing it ought at the same time to become clear what the real character and functions of capital really are. A man may be rich because he possesses exceptional talents or because he is placed in an exceptionally advantageous position or because he inherited exceptionally large quantities of capital. Talents of a high order are always in demand and always reap, and always will reap until the world is very differently organized indeed, special rewards. We cannot distribute Mr. Marconi's brains among the population. But it would not be an impossible thing to distribute the wealth, let us say, of Baron de Forest. There is no theoretical or necessarily practical limit to the possible percentage which death duties may represent of capital left by the deceased. The actual practical limit is this. Capital is, as we have seen, necessary for the conduct of business. Therefore somebody must save it. Now, were all wealth to pass to the State at death, then either the State must save and lend or use as much as the heirs of the dead man would have

saved, or the rest of the population, whose taxation is reduced by an amount equal to what the State acquires by its hundred per cent death duties, must save that sum. But be two points remembered. First, the poor are not made richer by the rich being made poorer. Wages will not rise owing to a prohibition on the inheritance of wealth. Secondly, wages will certainly fall if the people, more lightly taxed in life, spend the additional wealth they thus control and do not create sufficient capital. We can only share in what we produce. Capital is necessary for production. If less is saved, capital will be wanting. With less capital, less will be produced. If less is produced there is less in which to share.

*The second considered.*

The second possible cause of the inequality of the distribution of wealth, it was stated above, was that the reward which capital receives may be unduly high, with the effect that the reward which labour receives is equivalently low. In other words, in the struggle over the distribution of wealth produced from day to day capital may prove the more successful combatant, so that relatively little is left for labour. This is the view which labour, with the constant feeling of insecurity, living, if not always in, almost always amongst poverty, generally adopts. This is the view which almost all strikers and trade unions, before the rise of the Syndicalists with their professed policy of obtaining control over capital itself, tacitly accepted. It may be and doubtless often is true, for a man who employs labour may pay less in wages than the labour is really

worth to him, just as the man who sells milk may charge more for the milk than he should, were he content with a reasonable profit. In such cases, and they occur every day in every town in the country, a strike or threat of strike may be successful in raising wages. But what is often not realized is, first that there is a limit to the success of such a policy, and secondly, that owing to that limit, were this policy to be as successful as it possibly could be, it could never bring about the redistribution of wealth so long as the first cause of inequality existed. The reason is as follows. A man may sell milk unreasonably dear, and we may be able to reduce his price from 6*d.* to, say, 3½*d.*, but if everyone refused to give more than 3*d.* for it, it is quite possible that no one would obtain any milk at all, for the simple reason that it would no longer pay to produce it. It is exactly the same with capital. An interest of 8 per cent, that is a price of £8 per annum for every £100 of capital borrowed, might be excessive and result in the firm which offered it being unable to pay its men adequately. But, on the other hand, were no one to offer more than 4 per cent, then men might be less inclined to save, or they might invest their capital abroad, with the result that firms in this country would be handicapped, unable to produce as much as before and, therefore, have less to divide with labour.

Thus there is a limit to the method of raising wages by reducing the interest paid to capital. Wages may be raised in this way, when the increased wages add to the efficiency of labour, which thus produces more, when they awaken the organizer of business to the possibility of

economies in other directions, when the firm is unusually successful and makes larger profits than it is necessary to pay in interest, or when the firm has deliberately paid labour less than it could. But were every body of men to strike and be successful in raising wages up to the limit of possibility in every case where any of these conditions obtained, though the whole country might be better off and happier, rich and poor would still exist because a few people own much capital and capital must receive some reward.

*The nature and functions of capital.*

Capital must receive some reward because it is not true that labour is the sole source of wealth. If labour were the sole source of wealth, then the population of Reading could manufacture as many biscuits sitting in a neighbouring meadow on the banks of the Thames as they can in Messrs. Huntley & Palmer's factories. It is sometimes said that labour built the factories, therefore produced the capital and, therefore, alone produced the biscuits. Well, if the men of Reading built new factories in the meadow they had chosen without borrowing, this might be true ; but it would only be true because they had themselves become capitalists. For they would have to wait a considerable time while they were making and setting up their plant, before they could manufacture any biscuits, and they would have in the mean time to live on their savings. But it is exactly of this waiting and saving that capital consists.

Labour and capital will inevitably go on fighting and quarrelling until capitalists cease to



regard labour with suspicion as an enemy, and until labour ceases to regard capital rather as a sin than an ally.

*Two fallacies in reference to money. (I.) "Money equals wealth."*

If labour and capital, the organizer of business and the inventor, be the beginning and end of production, what part then does money play and how can it be the cause of distress? There exist two contradictory errors about money, which together are almost universal in their acceptance. The first is that money and wealth are synonymous terms, and that money is the panagathon to the possession of which all aspire; the second is that which appears in the quotation made above, that it is the means by which the rich are able to trick and cheat the poor. Jerusalem is golden; but socialist Utopias are visualized where there shall be no money and hence no poverty. House room and travelling and even food must be free where there is no money wherewith to buy them! The first doctrine is erroneous, because money is not coincident with wealth, nor is it even desired for its own sake. The wealth in the world is as a matter of fact enormously in excess of the money. Were all the landowners in this country, for instance, to attempt to convert their property into cash, they would immediately find that there was not sufficient cash to go round. The quantity of money is small because its use is strictly limited; it is required in the main simply as a token to act as an indication of the right to receive something. When a man is paid two pounds in wages the two pounds are of no

direct use to him. He can only make use of them by handing them on to someone else in exchange for what he can use directly, and the people to whom he pays them will likewise only be able to make use of them by handing them on again. Money, it is true, is wealth, for it is useful in acting thus as a means by which we can exchange things, our services for our food or one object for another. But it is only a tiny fraction of all wealth, and at best a perverse form of wealth of which we only make use by getting rid.

(ii.) “ *Money the cause of poverty.*”

The second doctrine is erroneous because it mistakes an instrument for a cause. The unconscious argument is as follows: payments are made with money; if there were no money there would be no payments; if there were no payments everything would be free. But really we do not pay for things with money, we only pretend to. Wages of farm labourers in Scotland still consist sometimes partly of oatmeal and milk. That oatmeal and milk have been as truly paid for as any which one may purchase in a shop, for the payment is the work done on the farm. So, too, the squares of bread handed over by the “kind capitalist” were obtained really not with the halfpence but with the work done in the first place. Thus is money merely a sign of the power to purchase, and that power may be won by work or by possession of wealth. But the sign does not influence the power. The “kind capitalist” did not gain by the halfpence; the recipients of the halfpence did, for it is more convenient to receive

what is due in money rather than in goods, because it is then possible to buy what is desired instead of obtaining porridge and milk or what it is the practice to accept.

*“ Taxation for the War Loan will decrease the supplies of capital.”*

Left to the end is a problem about which there is such wide-spread misconception that even the late editor of one of the leading financial papers is to be found boldly disputing with some anonymous protagonist, and propounding views about as misleading as any which may be found in the whole range of war literature. The question is that of the supplies of capital after the War and the effects of the taxation for the interest on the war loan on those supplies, and it is one of the foremost importance because there is a very real danger that owing to confusion of thought on the subject, perfectly unjustifiable pessimism may lead employers in good faith to believe that it is impossible after the War to adopt a more generous attitude to labour and thus intensify the labour difficulties. In a letter on July 1 to *The Economist* a writer pointed out that it was erroneous to suppose that saving after the War would be affected by the taxation raised with the object of paying interest on the loan so long as the subscription to that loan was made in this country. Such taxation, it was said, was simply taking from A to give to B. In his editorial footnote, Mr. Hirst replied: (1) that if this was so Germany, who has borrowed almost entirely at home, would be in a far better position than Great Britain and France; and (2) “ that taxation is not taken

from A and handed to B, but is taken both from A and B. B, in fact, has to pay his own interest. If the War goes on long enough, all interest coupons might be taxed not 5s., but 15s. or 20s. in the pound. What about the supplies of capital then ? ”

The discussion was protracted over several weeks, but the foregoing is sufficient to show the nature of the errors which are current. The correspondent was, of course, perfectly correct in his statements. The War does, it is true, diminish the amount of capital available, and there will be a shortage after the conclusion of peace because instead of saving now we are spending. Labour and capital which in normal times would be devoted to building new factories, machines, railways, and all the other paraphernalia of production is concentrated instead on the manufacture of shells, which are themselves destroyed in a moment of time. Machinery and buildings, which in normal times would be conserved, are being worn out without being replaced. Less wealth will, therefore, be produced after the War, and the implements of production will prove in part to be rusty. That and not taxation for the war loan will be the nature of the cause of the shortage of capital, for as was very truly said such taxation is merely taking from A to give to B. If Brown has bought £10,000 worth of War Loan and is owed £500 per annum as interest thereon, then the Government will have to tax the whole community to pay Brown and all the other holders of stock. Brown as a member of the community will naturally be taxed also. Let it be supposed that this levy equals a 5 per cent income-tax.

Then Tom, Dick and Harry, and also Brown, will have 5 per cent less to save. But let it further be supposed that they would all have saved exactly 5 per cent of their income had they been untaxed and now can save nothing. Tom, Dick and Harry, then, do save nothing. Brown loses in taxation what he would before have saved, and receives it back in the form of interest. Therefore, he can save just as much as he would have done had there been no tax, and his position in this respect is unaffected. But in addition he receives all that Tom, Dick and Harry would have saved and is in the fortunate position of being able to save for them. The same holds good whether the taxation be 5 per cent or 10 per cent, or as Mr. Hirst suggests 15s. on every coupon. Brown may have 15s. in the pound taken from him; but since he receives it back again it makes but little difference to him. Some difference it does make for two reasons. The first is that the tax costs something to collect and this cost of collection is a real and definite loss to the community. The second is that a certain time will elapse between the day when the tax is paid to the Government and the day when the Government pays it out again as interest. What Mr. Hirst and so many others confuse is the loss of the capital invested in the War Loan which has been consumed by the expenses of the War, and the cost subsequently to the country of the interest payable. This cost, so long as the loan was raised at home, is not real but fictitious. The country would be no poorer if 6 per cent were paid instead of 5 per cent. If, however, the loan be raised abroad clearly

the supplies of capital will be diminished by the extent of the taxation, for the money so raised would be exported to pay a foreign creditor. So far as Germany has raised her loans at home to a greater extent than this country and France have, she will, doubtless, from this point of view be in a more advantageous position. It should be remembered in this connection that the export of foreign stock is almost identical with borrowing abroad.

Nothing is of greater importance than that after the War the true facts about this payment of interest should be understood, that the country should learn to look with equanimity upon its budget, and that employers should refrain from claiming exemption from their duties or protection for their deficiencies on the plea of the excessive weight of taxation. The wastage of past savings, the worn out plant and the depleted labour supply are what may indeed be regarded with sorrow, and these can only be made good by harder work and less loss from trade disputes.

A. L.

## CHAPTER IV.

# THE TWO NATIONS.

“ ‘Well, society may be in its infancy,’ said Egremont, slightly smiling, ‘but, say what you like, our Queen reigns over the greatest nation that ever existed.’

“ ‘Which nation?’ asked the younger stranger, ‘for she reigns over two.’

“The stranger paused: Egremont was silent, but looked inquiringly.

“ ‘Yes,’ resumed the younger stranger, after a moment’s interval. ‘Two nations; between whom there is no intercourse and no sympathy; who are as ignorant of each other’s habits, thoughts and feelings, as if they were dwellers in different zones, or inhabitants of different planets; who are formed by a different breeding, are fed by a different food, are ordered by different manners, and are not governed by the same laws.’

“ ‘You speak of——,’ said Egremont, hesitatingly.

“ ‘THE RICH AND THE POOR.’ ”—‘Sybil,’ by Lord Beaconsfield, 1845, chap. v.

**D**ISRAELI, in a notable phrase some seventy years ago, said that in England there were two nations—the rich and the poor. What was true in 1845 remains true to-day; indeed, the centrifugal forces of modern industrialism have whirled men still further apart. With the growth of our huge towns there has been a remarkable segregation of the different classes. It is not only London which has its fashionable quarter, its highly respectable suburbs, and its miles of mean streets; though it is in London, on account of the largeness of scale, that the phenomenon is most obvious. As well as the little patches of

squalor which are found under the very shadow of the mansions, in addition to the long stretches of mean streets both north and south, there is in London that enormous compact area, roughly five miles long by three miles broad, which is vaguely called "the East End," and from which practically all the well-to-do have fled.

Of recent years the cheapness and quickness of transit have permitted a further sifting of the population. The skilled mechanic, the small clerk, those whom one might conveniently call the "two pound a week men," have been moving away from the districts in which the worse paid workers and the casual labourers live. So that we have not only the big contrast of West End and East End, but we have also such smaller local contrasts as that of East Ham and West Ham, both in Greater London, the former a district of petty respectability, the latter very largely a slum area.

It is not sufficient, therefore, to say that there are two nations. In a sense there are half a dozen nations. The bank clerk or insurance clerk is not rich, usually the reverse, but he is almost as far from the artisan in his sympathies as the big employer is from both of them. The small shopkeeper is often an employer, but he is also a member of the working classes. There are occupations in which it is considered bad form for a mechanic to be on friendly terms with his labourer. So that while it is broadly true that there is one great gulf, there are also innumerable cracks and crevasses which threaten the structure of society. If, then, we speak of the rich and the poor, of employers and employed, of the opposition of class to class, it is a simplification which



is necessary for the sake of conciseness, and there are many reservations and qualifications which could be made.

Our large scale industrial enterprises associate numbers of men, who are not, as in former days, bound together by many ties besides that of common occupation. Outside the hours of work they may see little or nothing of one another. Employer and employed hurry home to different localities. They are not likely to meet casually. Their society is almost entirely that of their own class. They do not worship together. They read different newspapers. There is no interchange of ideas. It is the exception for a workman to rise to be a member of the employing class or for a member of the employing class to sink to the status of a workman. There is no intermarriage. Years of separation have accentuated little differences and have produced types with different habits, different manners, and a different outlook on life.

They only meet for purposes of business ; and business, unfortunately, is not ideal ground for the cultivation of cordial and generous relationships. Where the industry is conducted on a very large scale they will not meet at all. A man may work for a firm for thirty years and barely know the directors by sight, whilst for them it is quite impossible to know the individual members of the staff. Even where there is theoretically access to the heads of firms for the statement of grievances it is in practice dangerous to use the right because of the displeasure of those in an intermediate position. Discontent may be simmering in the shop or warehouse of which the board-room knows nothing, and it may

be caused by grievances which they would readily remedy if they were aware of them. Employers and employed are virtually unknown to one another unless some acute conflict brings them into contact. When that is so they grope in the dark for one another's motives without any real understanding. Still more ignorant of the workers are those who are, in theory at least, the ultimate employers, that is to say, the great body of shareholders. The figures in the balance sheet do not tell them anything about the condition of the company's employees. A scarcely noticeable fluctuation in the expenses of administration may cover changes which mean a passion of resentment on the part of some or most of those who work for them. It is this anonymity which makes industrial relationships so exasperating; persons quite unknown to one another affect one another's lives profoundly. The standard of life in some suburban home is threatened because a body of industrial workers comes out on strike for some obscure reason, usually mis-stated in the newspapers. The family of some working-man goes short of things it needs that dividends may be kept up. The bitterness against the invisible enemy is all the more acute because mutual explanation is impossible, and even the relief of personal hostility is denied. Each party creates bogies of the other in order to satisfy the imagination; one party conceives the "capitalist," ruthless, bloodless, insatiable, as he appears in the cartoons of the Labour newspapers; the other party talks about the "British working man," who is lazy, thriftless, intemperate, impervious to reason, and a breaker of all engagements.

But even when employers and employed, or at least their representatives, are able to see and speak to one another, they do not really "meet." They talk to one another and they answer one another, but they do not think in the same plane. The background of their minds is very different. Only too often they make no real effort to appreciate the standpoint of the others; and not infrequently they interpret, quite unconsciously, words and phrases in very different senses. To give an example, there have been disputes in a good many trades about the recognition of the unions by the employers. In one unskilled occupation, at least, many of the men understood the term "recognition" in a different sense from the employers. The latter understood by "recognition" a willingness to negotiate with the accredited representatives of the unions; whilst the men, a part of the rank and file, at least, seemed to think that "recognition" meant that trade-unionists only were to be employed. Doubtless the men were wrong in their interpretation, but it was a great pity that bitterness should be accentuated because trouble had not been taken to ensure that both sides understood the terms they used.\*

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\* The following story will give a notion of how easily words may be misunderstood when they are used in a technical sense. A man who had been engaged in fitting up troop-ships at the beginning of the war came to consult a lawyer about a dispute with his employer. The lawyer was staggered to hear his client state that he had worked 104 hours in a week. The explanation was that he was paid double rates for night work, and therefore if he worked a nine-hour night he reckoned that he had "done" eighteen hours. In this case the necessity for careful statement compelled an explanation, but it is easy to see how his expression might have led to misunderstanding.

In their dealings with the working classes the employing classes often use documents and forms of words which irritate because they are only half understood. A shipping firm issued a circular some time ago to those who worked for it, suggesting a guaranteed weekly wage instead of daily engagements and payments. A docker showed it to one of the writers and pointed out a phrase about "payments *pro rata*." "What does *pro rata* mean?" he asked suspiciously. It was explained to him that it meant "in proportion." "Then why couldn't they say so?"

The same feeling of irritation is commonly felt whenever working people have to do with public bodies and with officials. The wives and dependants of sailors and soldiers at the beginning of this War found themselves dealing with State departments, with such impersonal powers as the Regimental Pay Office, the War Office, the Pensions Committee, and receiving formal communications couched in official language. Unless some friendly person or body of persons be interposed the result of such dealings is usually bewilderment tinged with resentment. And where, as in some cases, inquisitive methods are adopted by unwise voluntary workers, there is a mutual feeling of bitterness.

Very generally the working classes suffer because they do not know how to express themselves. A working man often feels a fool because he cannot state a case properly. He is argued down by people who are more clever, or at least more practised, than himself. The workers' position in labour disputes is often very inadequately put before the public. For this, it must

be admitted, the workers are in a large degree to blame, because their suspicions will not let them avail themselves to any considerable extent of the assistance of men who are not of their own class. "Unfortunately for his interests the workman has an inveterate belief in what he calls a 'practical man,' that is, one who is actually working at the trade concerned."\* The trade unions, and the workers generally, would be wise if they sought the co-operation of professional men, such as barristers and journalists, in order to secure that their case was skilfully and adequately presented to the public.

There is much confusion on both sides as to earnings and profits. The general public is not well informed on the subject of remuneration, and it is not to be wondered at in view of the complexity and diversity of method. Men may be paid, for instance, by the hour, by the day, by the week, or by the month; they may be working at time rates or at piece rates; there are overtime payments, bonuses, gratuities, commission, sliding scale payments, board allowances, and a score of other practices, which differ from trade to trade, to be taken into account. Middle-class people guess wildly at working-class earnings. A particularly common mistake is for salaried men, such as civil servants or insurance clerks, to gauge wages by occasional high earnings. They hear of a man taking four or five pounds in a week, and they do not realize that there are many other weeks when he may take little or nothing, and when he may be incurring out-of-pocket expenses in the search for work. The disabilities of the irregular worker in this respect

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\* Webb, 'Industrial Democracy,' p. 181.

are heavier than most middle-class people suppose. Not many men irregularly employed keep a record of their earnings, and where men work for more than one firm it is hard to obtain complete information, but it is probable that the average earnings of those irregularly employed are usually over-estimated by the men themselves, as well as by the general public. And where, as in many occupations, men or women have to hang about for hours on the chance of being employed, the hourly rate is only nominal. A man may be paid tenpence an hour, but if he has to hang about two or three hours for every two or three hours he works, his real hourly rate is only fivepence. That is why Mr. Beveridge calls casual labour an insidious form of sweating. It ought also to be recognized that occasional large earnings do not compensate for times when little or nothing comes in. Three pounds one week and nothing the next week is not an equivalent of thirty shillings a week.

The working classes on their side can only guess at the incomes and budgets of the well-to-do. They have glimpses of their way of life. They see wills in the newspapers (the wills for the most part, be it noted, of the very successful). The main contrast of West End and East End, squalor and magnificence, is obvious; and it is indeed an overwhelming indictment of modern society to which there is no possible reply. But they have no exact figures. The working classes are without certain information as to the finance of the businesses in which they are employed. Men may often be heard discussing how much profit their employers make, and attempting to estimate it by the crudest and

most misleading methods. They do not see the balance sheet of the company, if it be a company, and if they did they would not understand it. For that matter, a good many balance sheets are not meant to be understood. Therefore, there is much guessing, and, as might be imagined, all sorts of important factors are left out of account. It is not only in the relation of employed and employer, but also in such relations as tenant and landlord, purchaser and shop-keeper, that the lack of certain knowledge breeds suspicion. Mr. W. T. Layton pleads for the enforcement by the State of greater publicity in business and the stricter regulation of the finance of public companies,\* and it is a plea which deserves the most careful consideration. The secrecy in which modern competitive industry is carried on is as irritating and mischievous in industrial relations as the secrecy of diplomacy is in international relations. Mr. Layton quotes from an American writer, Mr. Graham Brooks, an illustration of the manner in which conflicts arise between employers and employed which would not have arisen but for this secrecy :—

“In the height of the Knights of Labour ascendancy [writes Mr. Graham Brooks],† I stepped off the train in a New England textile town to inquire about a strike then raging. It was on the slippery slopes of defeat. It was from a trade-unionist I heard at once : ‘We have put our foot in it. We thought the employers were making a 30 per cent. profit and we acted on that, and now we have got perfectly good evidence that they are not making 7 per cent, and we’ve got to get out of it as best we can.’ There have been quite uncounted thousands of such strikes.”

There is the perpetual difficulty of the inability

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\* ‘Capital and Labour,’ by W. T. Layton, M.A., p. 236.

† Ibid.

of those who do different kinds of work to realize the drain upon the energies which the other kind of work involves. Few who have not had the experience can realize how deadening a week of severe physical toil is, and to what an extent it incapacitates a man for hard thinking. Nor do they realize the coarsening effect of dirty work, or the soul-destroying tendency of petty drudgery. On the other hand, the mass of workers do not comprehend either the necessity or the strain of organization and supervision. The fallacy still persists that those who are not directly producing are merely shirkers, a burden to be borne by the workers. Members of the different classes have glimpses of one another's way of life, and glimpses can be very misleading. The chance visitor to Lower Thames Street or to Wapping High Street, or to a score of similar localities, sees able-bodied men lounging up against railings or propping up the walls of public-houses for hours at a stretch. Apparently they are making no effort to obtain work, and the visitor from another world is likely to jump to the conclusion that they do not want work. As a matter of fact these men *must* hang about for hours on the chance of their being required; that is the method by which they obtain employment, a very unsatisfactory method it is true, but not one for which they are responsible or which they can alter at will. Men who have been working night-shifts often loaf about the streets during part of the next day. Mr. Stephen Reynolds in 'Seems So' tells how the longshore fishermen are misjudged by middle-class visitors, and how they resent it:—

“ It is a great grievance amongst them that they are



thought to earn money easily, because, occasionally, they make a good haul in a short time, and because they spend many hours of the day, between whiles, with their hands in their pockets, looking out to sea. If you want to insult such a man, tell him he must have been making a small fortune. The best-meaning people do it.”\*

Mr. Reynolds gives a conversation between some fishermen and a visitor from town; the passage is too long to quote; but we cordially commend it, and the whole book, to those who want to get an understanding of working-class thought and feeling. Or the manual worker may obtain a glimpse of a business man sitting in a comfortable chair in a comfortable office, and making notes in a leisurely way on a piece of paper. He does not realize that this may be “work,” and perhaps work of a very strenuous kind, and fertile in results. He does not know the signs of mental activity, any more than the other man would know the signs and consequences of physical exhaustion.

One of the common complaints of employers about their workpeople is that they do not show sufficient interest in their work. The task is performed mechanically, listlessly, and perfunctorily, under the pressure of constant supervision; and the alertness, adaptability, and vigilance which would make such a difference in cost and result are not to be found. The workers do not put their best into the work. It is the complaint of the shopwalker about Mr. Polly in Mr. Wells’s novel. “As smart a chap as you could have,” said the chief shopwalker, “but no zest. No *Zest!* No *Vim!* What’s the matter with you?” And, indeed, the indifference

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\* ‘Seems So,’ by Reynolds and Woolley, Chapter 17.

of the hireling has been proverbial these two thousand years.

Very few employers can realize what a strong sense of duty it requires, and what an effort of will, for a man to perform with faithfulness prescribed, petty, monotonous duties week after week, year after year, for a wage. The employer is naturally interested in the business. He sees it as a whole; he knows the purpose of every process, the reason for every arrangement. It is his adventure; his income and his reputation will rise or fall with its success or failure. It may be that it is his own creation, in which case he will love it as all men love the children of their brains and wills.

But the employee has no such strong interest, especially where operations are elaborately specialized and wages standardized. The division of labour has increased the product enormously, but it has done much to rob the labourer of the joy of craft. He has no longer the satisfaction of seeing the purpose and the product of his work; he is one of many co-operating to an end, but neither end nor method are sufficiently explained to him. He does not see the business as a whole. He does not share in the adventure. (It is doubtful if he would wish to share in it.) He is not over-concerned about its success or failure. It does not matter much to him whether the profits are a thousand pounds or a million pounds. Provided the business carries on, he will get his wages, and wages are not appreciably higher where fortunes are being made.

On the whole, it is remarkable how much interest and pride men will take in their work,

if only the smallest opportunity be given them. Wise employers will encourage initiative and the expression of personality even at some hazard. Curiosity as to the part of an industry outside a man's immediate purview is not encouraged sufficiently when it exists, nor stimulated sufficiently when it is faint. Too many employers are content to employ "hands" rather than men and women with individualities and idiosyncrasies. We are just discovering that our educational methods have been too repressive in the past. Surely, the same thing is true of our industrial management. In some businesses the details, not only of the methods of work, but of the behaviour of grown men and women are regulated to such an extent that life becomes irksome.

Autocratic methods in commerce and democratic methods in government cannot co-exist indefinitely. A man cannot be a slave for ten hours a day and a free and responsible citizen of a great commonwealth in his spare time. The two things are incompatible: they demand and they foster different temperaments and different qualities. The time must come, and is probably coming soon, when we shall have either more industrial freedom or less political freedom.

Many employers complain bitterly of the waste which goes on through sheer indifference on the part of their employees. Machinery is damaged by careless handling. Lights are left burning and taps are left running. Material is used freely and recklessly.

A manufacturer and maker up of canvas goods was speaking of his experiences recently to one of the writers. He gave as an example of the waste

which exasperates an employer, the manner in which eyelets, twine, and other materials were strewn about the floors of his factory and trampled on. He spoke to the workpeople several times about it, and pointed out that owing to the War some of the materials were exceptionally dear and scarce. He was listened to in silence, but there was no diminution in the waste. At last he decided to make the workpeople pay for material used, giving them a correspondingly higher piece-work rate. The amount of twine swept up fell from 50 or 60 lbs. a week to less than 1 lb. in a very short time, a material consideration at a time when twine was costing 3s. per lb. The number of needles broken through careless use dropped from over 300 per week to under 30.

Very annoying in many factories and warehouses, and notoriously in the transport trades, is the pilfering which goes on. All sorts of articles are taken, sometimes of trifling value, sometimes worth a great deal. If it were a matter of starving men stealing for the sake of their families few would venture to condemn them. And doubtless such cases do occur. But it is abundantly clear that many of the men who pilfer are earning good money. Many petty larcenies seem to be due to the prevalence of a low moral standard. Quite respectable men, who would not themselves steal, take a light view of pilfering. They seem to think that because the men have grievances they are justified in such conduct. "We are robbed all the time, therefore we are justified in robbing"; or, "The employers exploit us, and so why shouldn't we get a bit of our own back?"; or, "It isn't poor

people who will lose by it," are common trains of thought and argument.\*

Such a frame of mind is to be deplored. It is true that the men have very heavy grievances. It is further true, in the view of the writer, that so long as labour is bought and sold, as it is at present, like any other commodity, it will seldom obtain its fair price; those who live by selling their labour have not as much knowledge of the market as those who buy, nor can they afford to hold out for a reserve price. There is rough truth in the saying that labour is "robbed all the time."

One cannot, however, believe that men are therefore justified in helping themselves to the goods they make or handle. The doctrine is anarchic. It is certainly an un-Christian rendering of evil for evil. To put it on lower grounds, it is against the best interests of the men themselves; it saps their character.

The same criticism applies to the doctrine which one sometimes hears of "a bad day's work for a bad day's pay." The effect of doing bad work for any length of time is to make slovenly men who are incapable of strong, concerted action; and it is for this reason mainly that "ca'canny" is looked upon with disfavour by the responsible leaders of strong trade unions. The question of restriction of output is more complicated. It is commonly asserted by employers, and either denied or justified by the workers. There are several good and sound reasons why workpeople should

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\* "The working classes are honest—every one of them; they don't rob as much as they are robbed," said a woman vehemently to one of the writers a little while ago.

not put out what employers call their "best" efforts. There is the everlasting fear that the exceptionally fast worker will be used as a bell-wether and that the pace will be set by him to the detriment of the slower workers. There is the continual suspicion that any increase of output would be followed by a lowering of the piece-rate.\* And there is the instinctive knowledge, which our scientific investigations are now confirming, of the futility of overstrain. The value of the rest-pause is now being insisted upon by all those interested in maintaining output. There is more and more evidence to show that just as eating beyond a certain amount does not add to the nourishment of the body but the reverse, so working beyond a certain rate and time does not increase output, but diminishes it.†

And the worker has also to think of the time when the shadow of age will begin to rest on him. He cannot afford to exhaust his powers prematurely. Old age pensions commence at seventy, trade union and friendly society pensions may start ten years earlier, but at the very best there are likely to be hard years after a man's earning capacity has begun to diminish. The workman knows that if he subjects himself

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\* Cf. 'The Elements of Industrial Management,' by J. Russell Smith (Lippincott, 1916), p. 197: "Working men are not fools, cut the rate on them once and you have made them 'soldierers' for life."

† See 'Fatigue and Efficiency,' by Josephine Goldmark; 'The Question of Fatigue from an Industrial Standpoint' (report to the British Association, 1915); and the Memoranda of the Health of Munition Workers Committee on 'Industrial Fatigue,' 'Sunday Labour,' 'Hours of Work,' and 'Employment of Women.'

to over-strain in his younger days he is trenching upon his capital of strength. For his own sake and for his family's sake he ought not to do it.

Drink is another cause of friction between the classes. Employers complain of the loss and inconvenience due to it; and to it they, and the middle classes generally, attribute a very large part of the misery which they see. It is difficult, indeed impossible, to say how far excessive drinking is due to defects of character and how far to pressure of circumstances; the employing classes put the emphasis on the former, whilst the working classes put it on the latter. Certainly the middle classes are inclined to be Pharisaic in this matter of drink. "They drink!" That is held to account for so many things, for poverty, squalor, inefficiency, unemployment, destitution. Many working men and women join in the condemnation of drinking habits, but their attitude is usually not quite the same. The difference can be noticed in a train or tram where there is a drunken man: the middle-class man shrinks away from the offender and glowers at him, whilst the working man looks on him as one who needs to be humoured and looked after, and seems to understand that something has happened here which might easily happen to any one.

The drink problem is much more complicated than most people think. It is not yet common knowledge outside the medical profession that in a very considerable number of cases drunkenness is sheer disease. Nor are the temptations realized by those who are not exposed to them.

Middle-class people cannot imagine what it is like to live in small over-crowded rooms ; to have no place in which to meet for recreation or for the conduct of business except the public-house ;\* to be exposed at all hours to the weather ; to work at hot, dusty, or noisome occupations ; to tramp from place to place in search of work. They do not make sufficient allowance for the effects of insufficient or unsuitable food. (The working classes are vilely catered for in many districts.) Certainly the middle classes do not realize what strength of character it requires for a working-man to be a teetotaller and to cut himself off from the public-house, which is not only a traditional social centre, but in many cases a kind of informal labour bureau. The teetotal working-man stands to miss jobs, and he can ill afford to do that.

To say this is not to condone drinking. It is much to be desired that the working classes should shake themselves free from a degrading slavery. But it is to state more clearly the immense difficulties against which men have to struggle. The employer who says that his men do not come in on Monday morning because they are a low lot and like to get drunk, is deficient in sympathy and incomplete in his analysis. Cold condemnation of this sort does a great deal to hinder the progress of temperance amongst working people. They are tired of having teetotalism rammed down their throats by people who do not understand their lives, and

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\* Friendly societies and trade-union branches often find it difficult to get suitable accommodation except at a public-house. Church rooms and school-rooms, when obtainable, are usually neither so cheap nor so comfortable.



who are held by them responsible for the hardships of those lives. Moreover, most liquor legislation is felt to be class legislation and is resented as such.

There is therefore a vicious circle. The working classes will not give a fair hearing to the temperance case because they hold it to be a fad of their oppressors, and they regard its advocacy as an adding of insult to injury. The employers, on their side, are prejudiced against the workers because of their drinking habits, and they do not therefore give a proper consideration to their condition and to the crying need for betterment.

The difficulties connected with trade-unionism are too many and too complicated to be discussed in any detail in this chapter ; there is only room for a few words on the general relations between employers and trade unions. The range of attitudes is remarkably wide. There are still employers, and whole industries, whose rule it is (sometimes tacit, sometimes explicit) that employees shall not belong to a trade union. More often indifference is expressed as to membership or non-membership, but employers refuse to recognize the trade union, *i.e.*, they will not negotiate with its officials. At the other end of the scale we get such industries as the textile industry, where employers and employed are alike elaborately organized, and it is taken as a matter of course that there shall be frequent and detailed negotiations between the representatives of both parties.

The right to combine is generally conceded now by public opinion, and those employers who oppose it are fighting rearguard actions. The

resistance which they offer is often stubborn and ruthless, but none the less it is a lost battle. The whole trend of modern social development is against them. The maximum of friction occurs in partly organized trades, where the trade-union leaders are able to stir discontent but are not strong enough to secure the observance of agreements by the men. There are similar difficulties when there is a federation of employers which does not include all their number. There was a very illuminating case in connexion with the London transport dispute of 1912. A master carman was paying less than the rate of wages agreed upon between the employers' association and the trade union. When pressure was brought to bear upon him he simply resigned membership of the association, which could exercise no further authority over him. The men were naturally furious at this evasion of an agreement.

Employers fail to understand trade-unionism because they do not know the feelings out of which it has arisen and from which it derives its strength. They do not realize how weak the individual worker is, and how surely economic forces and the higgling of the market would compel him, if he stood alone, to accept an unduly low wage and unsatisfactory conditions of life. They do not realize, in short, that a bargain "between man and man" is grossly unfair when one of the men has smaller financial reserves, less knowledge of trade conditions, is unaccustomed to negotiate, and is socially an inferior. The last point is important because it means that he must not speak his mind quite freely. It is this disability which is constantly

compelling the working-man to be, or to appear churlish or evasive. The employers complain of the inelasticity of trade-union regulations, and of the men's insistence on them in special circumstances when a temporary departure from them would seem justified. But individual men, or small groups of men, are bound to be stiff in their adherence to rules, and to act according to the letter of them: to do otherwise would be to admit their power to deviate from them at discretion, and they would then be exposed to the resentment (perhaps subconscious) of the employer, if the discretion were not exercised in his favour. A strictly impersonal attitude is their only safeguard.

Trade-unionism is a kind of militarism which cuts across the grain of our industrial life, and unless one remembers constantly its motives and purposes many things which working-men say and do will appear unaccountable. That a firm should provide a pension fund for its employees would seem to most middle-class men an earnest of goodwill and an arrangement which should meet with a cordial welcome. The trade-unionist is not enthusiastic. Men who are looking forward to a pension will be less ready to come out on strike, if a strike be deemed necessary. The employer has a hold of them; they are "tame" men. The same objection applies to profit-sharing schemes; they break up the solidarity of men in the same trade. These are sound reasons from a trade-unionist point of view; but one can quite understand and sympathize with the disappointment of the employer, who is not aware of them, at the coldness with which his well-meant proposals are received.

Trade-union regulations are often felt to be oppressive by employers because they are dictated by an outside body, and nobody likes to have somebody else's will imposed upon him. Moreover, he does not understand the purpose of some of them. The employer should realize that his employees feel just the same about many of the rules which he makes for the conduct of his factory or works. They may be excellent rules, but the employees have not been consulted in their making and they are expected to accept them without demur.

Perhaps the most acute question of all is that of the relations between unionists and non-unionists, and of employers to both. The demand made by trade-unionists, whenever they are strong enough, that non-unionists shall not be employed, raises one of the most difficult of contemporary ethical problems. The difficulty of it is not usually realized by the parties concerned. To the trade-unionist it seems quite obvious that every worker ought to join the union. He knows what a struggle it is to maintain the standard of living; he feels so strongly that it is unjust that men should share in the benefits without sharing in the obligations; and it is always in his thoughts that the presence of even a few non-unionists can be a grave source of weakness. The employers, for their part, do not see why a man should be forced to join a society if he does not want to; they certainly do not see why they should be instruments in the compulsion. Moreover, they say, and quite correctly, that some of the trade unions which put pressure on non-unionists represent actually only a small proportion of those engaged in the

industry ; a few active and forceful men coerce a large number of their fellows who are apathetic, if not at heart opposed to their policy.\* Many employers are honestly indignant at what they consider to be an abominable tyranny. A large section of middle-class opinion, with very little knowledge of the issues involved, pronounces hasty judgment in the same sense.

In this, and in all other matters in dispute, we would plead for a patient examination of the facts, for accurate and courteous statement, and for an attempt to understand the opposite point of view. To do so is not to seek, as some suppose, a vicious industrial peace which would simply mean acquiescence in the *status quo*, or at best, the stereotyping of conditions, which, while they might be an improvement on those obtaining now, would still be far from satisfactory. There has got to be a thorough overhauling of society, and it will involve drastic alterations in industrial relationships. We must look for a series of readjustments amounting to a transformation. The process is likely, it is true, to be both difficult and dangerous, the more so in that many of the necessary changes are so long overdue. But if to go ahead is dangerous, to stand still is sure destruction. It rests with us whether the changes shall be made with the minimum or with the maximum of friction. Those who are contemptuous of talk about reconciliation, because they perceive so clearly how long and how troublesome a road we have to travel, would do well to consider that the distortions due to ill will and ignorance, the

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\* They know, moreover, something of the methods by which refractory individuals are "coaxed."

suspicion which accompanies half-knowledge, the acrimony with which controversy is carried on, the contempt so often manifested for opponents,\* and the policy of pin-pricks, do, in point

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\* It is difficult to see what useful purpose can be served by adopting such a tone as that of the following extract, which is taken from the editorial notes of a prominent shipping journal :

“The makers of a new hell on earth, who are to meet in Birmingham in September as a Trade-Union Congress, have a fairly ambitious programme....

“It will be proposed that membership of a trade union shall be obligatory on all workers; that there shall be a compulsory 48-hour week in every occupation, and a compulsory minimum wage of 1*l.* 10*s.* per week for all adult workers....

“Why should we subsidize laziness and inefficiency by making wages of less than 1*l.* 10*s.* per week illegal?....

“In referring to a deputation which had waited on Mr. Runciman to point out how to tackle the question of freightage and food prices Mr. O’Grady said :—

“‘I think that the Government made the mistake, that all Governments have made, of not taking into their confidence men of experience inside the trade-union movement. It has always been the business men they have appealed to—the men of academic mind. It has always been the type of civil servant, the Toynbee Hall trained men, and never the practical-minded workman, who, through his fitness, has been given positions by his co-workers, who has been consulted....’

“There is no doubt a good deal in what Mr. O’Grady says. The academic lawyer, whether professional or amateur, has not shown proof of being burdened with too much business instinct. Any departmental committee dealing with shipping problems would undoubtedly be strengthened in every sense by the presence of Bill Blowhard, the boiler buster, Jerry Greaser, the Hon. Secretary of the Firemen’s Union, or Samuel Slushtubs, of the Sea-going Cooks’ Society, especially in matters where the Imperial coasting trade or the taxation of imported foodstuffs were concerned. Indeed, what can anybody but self-appointed trade-union leaders know of business?” (*Fairplay*, June 13, 1916).

of fact, serve to prolong the present conditions. They confuse issues, they divert men's attention from their real objective, they squander strength in a petty guerilla warfare which accomplishes nothing. If accusations and counter-accusations were clearly made and answered, if the strongest demands were courteously presented and the most emphatic refusals as courteously made, if there were less sulkiness and less spitefulness, it might, indeed, be found that the different interests were irreconcilable, and there still might be industrial conflicts, but at least men would know where they stood and what the struggle was about, and there would be a better chance of a clear decision being arrived at. But it is extremely probable that in many cases, if claims and grievances could be disentangled from irrelevances, they would be allowed or disallowed by the common judgment of both parties, or at least by the clear sense of the general community.

The loss to the community due to the bitterness of relations between employers and employed must be enormous. The general public thinks mainly of the actual cessation of work in time of strike, but that is really the least part of it. It is the continuous loss through friction which is so serious. After all, whether they like it or not, employers and employed are co-operators in industry, and, whatever may be the future form of society, they will have to co-operate for a long time to come. They have their common interests as well as their conflicting interests. A better understanding between them would almost certainly mean a greatly increased product, out of which many demands could be met without loss to either party.

The great need of the age is for a bolder generosity on the part of men in dealing with their fellow men. Generous thought and generous action will be amply repaid, even in the narrowest economic sense. The economy of high wages, of short hours, and of good conditions generally, is being recognized by the wisest employers. A generous dealing with the claim to better status will equally be found to be a sound course. The workers, on their side, it is to be hoped, will show a largeness of spirit and a sense of responsibility and of proportion which they have sometimes sadly lacked.

In the creation of a new temper lies the best hope of the future, and in this temper alone can the necessary transition be made without catastrophe. In concluding the chapter we would ask our readers to ponder the grave warning of an American sociologist :—

“ Unless plasticity of mind and a sense of social obligation can be installed into our socially fortunate classes, and broadminded and constructive views shall dominate the leaders of our masses, Western civilization is indeed brewing for the world something worse than a French Revolution.”\*

H. E. M.

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\* ‘ The Social Problem,’ by F. A. Ellwood (Macmillan & Co., 1916).



## CHAPTER V.

# INDUSTRIAL RECONSTRUCTION.

**I**N any discussion of industry after the War two things are necessary : one is to forecast as well as we can what industrial conditions are going to be after the War ; the other is to see whether there can be built out of the wreckage of the old order, and the new material of the war regime, a worthier industrial order for the future.

It is impossible to do more than guess at what the industrial situation will be after the War. Much depends on how long the War lasts and what happens between now and then. The present strikes are a symptom of deep-seated resentment and discontent that has for long months been growing in the ranks of labour. It has been aggravated and driven inward to fester more deeply by the policy of suppression. Unless the present troubles are wisely and generously handled discontent will become turbulence. The very materials out of which industry will have to be reconstructed are thus contingent.

But there are some concrete features of the forthcoming situation which can be forecast, and which will play their part. As for the rest, everything will depend upon the mood in which the War leaves us and the ideals that inspire us in the work of Reconstruction. It is of these ideals that I wish mainly to speak.

It is important that attention should be given to the industrial problem now, while yet there is time, for the return from war to peace conditions will present grave dangers, and equally great opportunities. It would be a tragedy if the conclusion of international peace were to bring industrial war in its train; it would be calamity if we were to allow the Reconstruction period to pass without making the utmost of the possibilities it holds.

At the end of the War industry will be in the melting-pot. The good founder does not wait till the metal is ready before preparing his moulds; he prepares them in advance. If the molten elements of industry are to be recast into good and true forms the moulds must be prepared now.

Let us not think that we can leave the industrial problem, as we were wont formerly to do, to settle itself. In the days gone by reform was stifled by a comfortable belief in the permanence of the established order. Stagnation was at any rate safe; change meant risk; and we were not in the mood for risks. But the War has broken bonds of custom. No one will henceforth rest content with things as they are because "they cannot be altered." Change is in the air. The established order is already disestablished. The future cannot be left to shape itself, that way chaos lies. We must consciously direct the process of change towards the establishment of a new and worthier industrial order.

The War has created as well as destroyed; freed as well as bound. It has brought a quickened sense of corporate consciousness. Many

who were accustomed to live to themselves alone are now aware of social sympathies and obligations. There are monstrous exceptions, but they are out of the picture. We think less in terms of ourselves and more in terms of our fellows. Let this new spirit flow undiminished from the waging of war into the re-creating of industry and assuredly the industrial life of the nation will be made worthy the price paid on its behalf.

Just now we see a strange phenomenon. Some 5,000,000 men have been taken out of civil life, many of them out of productive industry. £6,000,000 a day are being spent on the War. Yet the country as a whole, and in particular certain large sections of it, seem more prosperous than ever before. It is an economic miracle. Let us inquire how the miracle has been wrought and what lessons it has to teach.

The widespread abundance of the present, despite the withdrawal of men and the consumption of goods for purposes of war, is due in part to strenuous exertion that cannot be continued indefinitely; in part to the absence of unemployment; in part to the adoption of improved methods; in part to the suspension of expenditure on the upkeep of what I may call the national plant, and on new capital undertakings; in part to borrowing and recalling wealth from abroad; and in part to the curtailed private expenditure of persons of ample means. To some extent it is the abundance of the spendthrift which leads to bankruptcy; but to a far greater extent it is the result of using latent economic powers, and to a still greater extent it is due to what virtually amounts to a redistribution of the national income.

One of the most portentous lessons of the War, I think, has been the demonstration of how much wealth there was available or latent in this nation for any object which could command the united support of the mass of the people. That lesson will not be forgotten, believe me, by those whose pleas for improvements requiring expenditure (education, housing, low wages, &c.) have been hitherto met with a blank *non-possumus*—"the country cannot afford it."

Let me try to sketch briefly the industrial situation that appears likely to prevail after the War. The demobilization of several millions of men and the re-arrangement of the employment of several million munition and substitution workers (men and women) will throw a vast number of workers upon what is called "the labour market"; yet I do not think there will be great unemployment in the years immediately following the War. Civil demands are accumulating which will take the place of war demands. The task will be rather the distribution than the provision of employment, the bringing together of the worker and the work.

Much more serious, in prospect, is the situation in regard to wages—and particularly in regard to the wages of the unorganized badly paid sections of labour. Unless a special effort is made, the total national output (and consequently the national income) will be smaller than before the War. Out of the total national dividend a large slice of wealth will be required for repairs and reconstruction, which will not at once bear consumable fruit. Though labour will be in demand, the demand for capital will

be still greater and a diminished stock of capital will tend to take, in the shape of higher interest, even more than its pre-war share of the national dividend.

Further the payment of the annual charges on the National Debt (which promises to be at least £5,000,000,000 before demobilization is complete) will tend to divert £300,000,000 or £400,000,000 per annum from the non-investing to the investing classes. Those who enjoy then "unearned" incomes will therefore gain. Those who draw no incomes at all from investments—the wage-earning classes—will lose. The scales would appear to be heavily loaded in favour of capital and against labour.

We have further to face the fact that the discontent due to economic conditions will be aggravated by certain features in the general temper and spirit of the nation.

An effort so stupendous as that made during the War is almost invariably followed by a reaction. All history teaches us that unless this energy and self-sacrifice awakened by the great conflict receives a fresh impetus not less potent than that of the War, the removal of the stimulus will be succeeded by a dull and bickering mood. Such moods incline to a breaking up rather than a building up. Industrial warfare will have attractions that are not easily visualized now, the more so in that the War has habituated men to the idea of force as a means of attaining ends and imposing wills.

That must suffice for a lightning sketch of the material factors of the after-war situation. Now what are the measures to be taken to ward off the evils that threaten and to develop the

possibilities that offer. It would be very helpful if everyone, before expressing an opinion on subjects of this kind, were compelled to answer one preliminary question: "What sort of a world do you want?" Were I compelled at pistol-point to answer that question, I should try to explain, among other things, that in the world of my dreams quality of life would count for more than rate of production, the perfecting of the faculties would be sought rather than possessions, adventure would have precedence of security, the capacity to endure trials would be esteemed higher than the power to command comfort, and the generosity of courage would prevail.

That said, I may still contend that the most pressing necessity in the years immediately following the War will be that everyone who can be engaged in the production of utilities (the word excludes fripperies and servilities) without detriment to those ends that are more important than production (this rules out the employment of children, mothers, &c.) should be so engaged, and that every worker, while at work, should give the largest measure of the best service.

The War has shown how high must have been the unrecorded rate of unemployment in the pre-war age, how many of those who were employed must have been producing futilities rather than utilities, and to what an extent the average producer must have kept his productive powers under strict control. These almost suffice to explain "the economic miracle of the War"—that we can abstract four or five million men from civil life, spend six or seven million

pounds a day on war-making, and yet have less destitution than has ever been known. The War has revealed great latent productive power. If we make the most of that revelation after the War there need be no shortage of the means of life.

Only by producing utilities unreservedly and consuming them sparingly shall we be able to provide, after the War, the means of decent subsistence for all, and a sufficient margin for the repair and extension of the means of production and distribution.

To this consideration I would add one other. In levying the enormously heavy taxation that will be necessary for a generation after the War every care should be taken that the contributions demanded are apportioned according to the ability to pay.

One thing more. Any neglect or evasion of the nation's responsibilities toward those who have given themselves to her service in her hour of need would inevitably create a rankling sense of bitterness and injustice that would go far to frustrate all hopes of social re-creation. The nation's honour in that respect is the personal honour of each individual citizen. We must not only be firm that every obligation to the men with the colours is met with the generosity of real gratitude, but also that the pledges given to labour in regard to the restoration of rules, customs, and safeguards; or, if they cannot be restored in the letter, equivalents must be given; also care must be taken that the women who have gone into unfamiliar and emergency employments at their country's call are not left to fend for themselves when the immediate need for their services is past.

Thus far I have dealt only with the bread-and-butter side of industry and with the emergency aspect of the reconstruction task. But industry is much more a social than an economic question, and the task before us is not so much one of warding off dangers that threaten as of laying the foundations of a permanent industrial structure.

The industrial problem goes deep into the springs of human action, and there finds its close counterpart in the War now raging between the nations. The War is being waged against the spirit of coercion, domination and exploitation. What has been overthrown in war will not be tolerated under another guise in peace. We shall not endure the ascendancy of the spirit of coercion, domination and exploitation in industry. The industrial order towards which we must work is one in which that evil spirit is exorcised and replaced by the spirit of cooperation, equality, freedom and mutual aid.

The unrestricted production to which I have referred, the giving by each of the largest measure of the best service, will only come, I believe, as a consequence of this more wholesome spirit. Indeed, if it were secured otherwise I should be on the side of ca' canny.

If you examine carefully the views and suggestions for industrial Reconstruction that are now being put forward from so many quarters you will become aware of two distinct schools of industrial thought and practice. I would like to call one the "technical" view, and the other the "humanist" view of industrial development.



The distinction between them is no mere matter of a preference for this or that means of attaining a common end. It arises out of fundamentally different views as to the position of industry in human life and the adoption of different scales of value with regard to life itself. It is imperative, I think, that those who seek to guide industrial evolution along right lines should make up their minds to which school they belong.

The technical view of industry has production as its supreme goal. It measures progress by acceleration of output. Its watchword is "efficiency." Its method is the specialization of functions, the standardizing of designs, the perfecting of routine. Its industrial order is composed of an oligarchy of employers, a bureaucracy of experts and a proletariat of operators. Its faith is in mind rather than in spirit, in machine and process rather than in man. It measures life by things. The crown of its achievement is high wages and high profits.

In the humanist view, the social aspect of industry looms even larger than the productive. It sees the industrial problem rather as one of men's relations with men than of their relations with things; it regards industry as a phase of the art of living together. It looks on production as a means to an end, not as an end in itself. Its object is the exercise and development of faculties as much as the satisfaction of wants. Its method is the cultivation of intelligence, conscious co-operation, and the extension of facilities for self-expression. It believes in the delegation of responsibility rather than the imposition of authority. It places spirit at

least on an equality with mind. It takes more count of the man than of the machine, and its criterion is fullness of life rather than number of possessions.

While the technical and the humanist views of industry are as opposite as the poles, the industrial order that proceeds from the one is hardly to be distinguished in many respects from that born of the other. The technical ideal does not in practice exclude a consideration of the human element, nor the humanist ideal a full utilization of the technical. Yet there is an irreconcilable difference in the two positions. The difference is the conception as to which is the means and which is the end. It is the old contention as to whether the State exists for the citizens or the citizens for the State.

I fervently hope that in bringing our influence to bear on the course of industrial development we shall lay emphasis on the human aspect of the industrial problem. You may say with Kipling's engineer :—

' What I ha' seen, since ocean steam began

Leaves me no doubt o' the machine—but what about the man ? ”

The industrial problem is at root one of human nature and human spirit ; but the ill-will that has poisoned industrial relations in the past springs in large part from a failure of understanding. It has been assumed too readily that the interests of employers and employed are essentially antagonistic. It has been believed that industry was a game of beggar-my-neighbour, a game in which one side could only gain at the expense of the other.

The belief is as false as it is pernicious. There

are divergent interests between employers and employed, but they are enormously outweighed by the interests that are common to both. Employers and employed have a mutual interest in making industry prosperous and wholesome, a mutual interest in each giving in to the common stock the largest measure of the best service. The law of industry is not conflict but co-operation. Where there is conflict the prize of victory vanishes in the struggle and both sides lose; where there is co-operation the prize increases as the labour proceeds and both sides gain.

Before the War the employer set great store by being "master in his own house." He was the autocrat, his workpeople were his subjects. He might give high wages, lower hours, better conditions; but one thing he would not give—a share in control. Industry was an autocracy tempered by ca' canny and strikes.

That is changing, and must still further change if industry is to take its place as a stable and harmonious element in our civilization. Employers are finding that they can be no longer "masters in their own house"; they must become rather partners with labour in their joint business. High wages and better conditions will not alone satisfy the aspirations of labour. They will not, and they ought not. Man's labour is not a material commodity to be sold to the highest bidder, and there an end. It is a part of his life, and the conditions under which he puts it forth must in some real measure be subject to his direction and control.

With rights will necessarily go duties and responsibilities. Labour has hitherto adopted a

defensive policy. It has for the most part resisted or obstructed industrial improvement. I hope that in the future that policy will be changed ; and that Labour will take the initiative. Labour has hitherto been concerned only for labour as against capital ; henceforth I hope it will be concerned for industry as an organic whole. When Labour on its own initiative aims at producing in advance of anyone else its own suggestions for industrial improvement, discovers for itself possible time-saving methods and devices, and threatens to strike if they are not introduced, takes it upon itself to reprimand managers who are incompetent, insist on wasteful competition between kindred firms ceasing, makes technical education a personal matter, insists on doing good work, whatever any one may say—then Labour will come into its own and a new industrial order will be on its way.

The ideal structure of industry which we should strive to build is one in which the large industrial concerns are so many industrial commonwealths administered by joint councils of employers and employed, in which every staple trade has its national industrial council or parliament composed of representatives of all the functions of industry, and in which the State (having its being in, and its authority from, a general electorate) presides over the whole.

This does not necessarily mean any cut-and-dried scheme of profit-sharing or co-partnership. What it does mean essentially is that the management and the working staff shall realize their community of interest and shall consult regularly together, not for the negative purpose of settling disputes, but for the positive purpose of

promoting the improvement of the industry and the well-being of all engaged in it.

With the coming of the large joint-stock companies, industry has lost its personal touch. The employer who knew his men personally, knew their thoughts and feelings and lives, has gone and is going. The bonds of human personal sympathy have decayed, and in their place has come the dehumanizing cash nexus. I do not see how this change can be reversed in the years immediately before us except by the introduction of a real working partnership between the management and the men.

“The first article of partnership is equality of knowledge.” Secrecy is the father of much evil. Let employers and employed be more open, take each other more into confidence, and a host of difficulties will disappear.

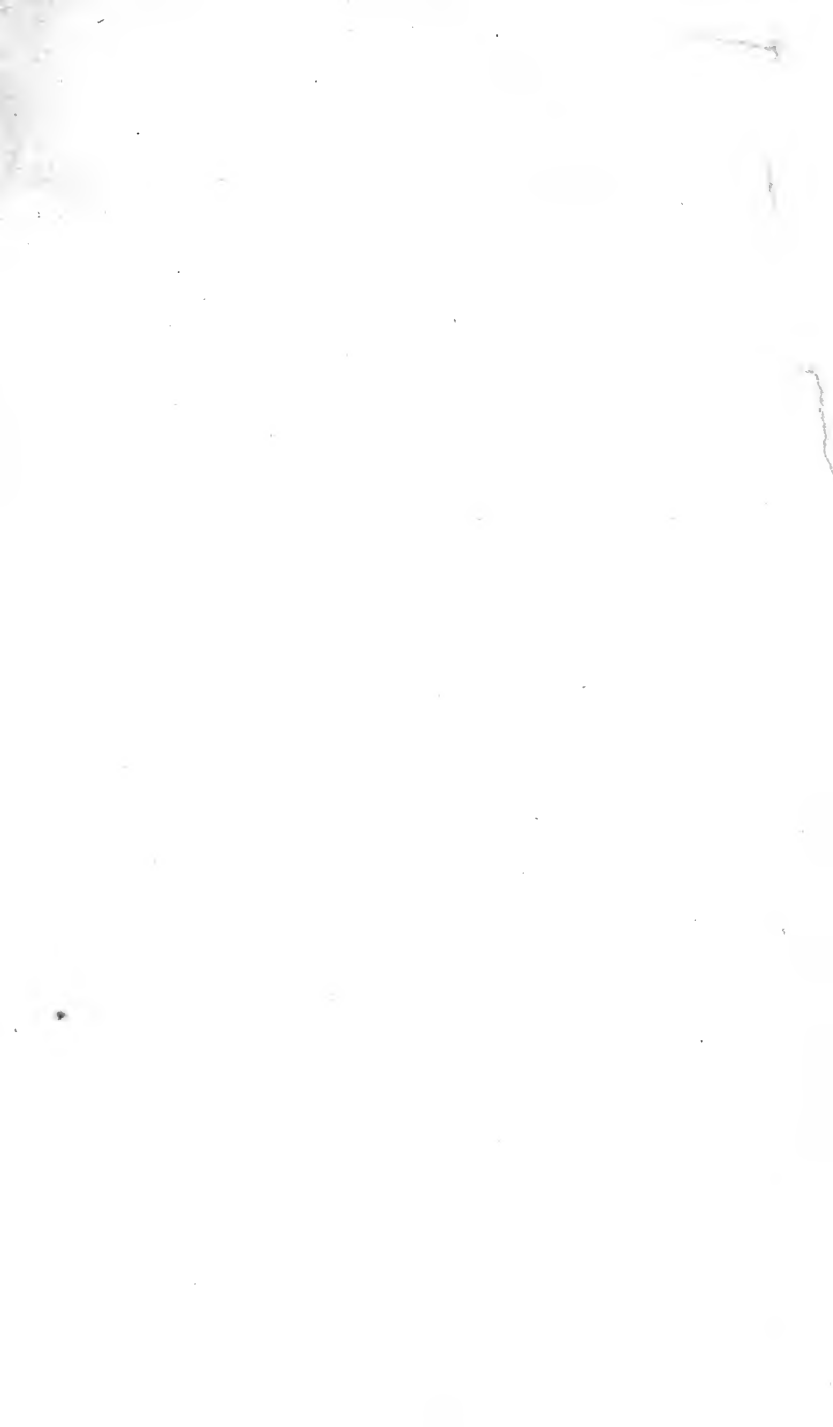
Industrial hostility is much akin to international hostility in that it proceeds largely from fear. Both sides have added to their weapons and defences because each was afraid of the other. I trust that in the days to come the parties to industry will no longer be ranged in mutually suspicious and hostile camps, but that both will lower their defences and come out courageously on to the open ground.

Courage has not lacked in the War : let us not fail in courage in the waging of peace. We want industrialists who will take their courage in both hands and make big experiments.

Looking back upon industry as it was before the War, we see it revealed a “sorry scheme of things entire.” Shall we not shatter it to bits—and then “remould it nearer to the heart’s desire”?

J. H.

PRINTED BY  
J. E. FRANCIS, ATHENEUM PRESS,  
13, BREAM'S BUILDINGS, CHANCERY LANE, E.C.







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