TERMS OF INDUSTRIAL PEACE

ALEX. RAMSAY

TERMS OF INDUSTRIAL PEACE

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

http://www.archive.org/details/termsofindustria00ramsiala

TERMS OF INDUSTRIAL PEACE

BY

ALEX. RAMSAY

LONDON
CONSTABLE AND COMPANY LTD.
1917

Printed in Great Britain

PREFACE

THE labour question is one of those which in some form or other is constantly, and not always pleasantly, being brought to our notice.

The relations between Capital and Labour, and the effect which they will presently have upon our productive power as an industrial people, have recently been considerably discussed.

In the following pages I have attempted to state the case fairly, as one who has seen both sides of the problem, and to outline a scheme whereby the two contending elements may be brought together. The discussion is brief, and much more could be said, but an engineer who controls labour employed upon munitions is much too busy at the moment to do more than sketch his ideas, even though the subject be of such supreme importance and the problems involved those with which he is daily coming into contact.

In writing this book I have made a very sincere attempt to approach the subject from a strictly neutral standpoint; with the result, doubtless, that I shall be told by some of my labour friends that the proposals do not go far enough, and by some employers that they go much further than is desirable.

The only answer I can make is, that the present position is one leading to a hopeless impasse, and that

unless both sides show reasonableness and an honest desire to make the best of a relationship from which they cannot escape, there is assuredly a time coming when we shall look back down a sordid vista of strife and chaos upon the traditions of a lost industrial supremacy which we shall never again recover.

I have been able to approach the subject neutrally because I have lived as a workman, and know the most intimate conditions of his existence, his hardships, difficulties, and struggles, the uncertainties of his future, his hopes and his aspirations, and the resentment which has entered like iron into his soul because he is denied the chance to take the place in life to which his natural gifts entitle him.

But I have also a knowledge of the complexity of our commercial and industrial organism. I know the anxious problems, undreamt of by labour, which daily confront the management of large industrial enterprises; and inasmuch as the wage-labour system is the only one to which we can look to carry us through the next generation and maintain our individual and national prosperity, I consider it reasonable to ask that men of good sense and understanding should do what they can to make it as just, workable, and mutually profitable as is possible under the difficult circumstances.

I certainly do not think that my proposals are extravagant or impossible. In any case they are based both upon an inside knowledge of the employers' needs, and upon the experience of many years of contact with trade union labour, and a sympathetic understanding of its attitude and ambition. They are prompted by a desire to rescue industrial England from a position of menace and danger, and to see practical

co-operation established between those two classes which will carry in their hands, for good or evil, the future of our race.

The various chapters of this book were written independently and are more or less complete in themselves. There is, in consequence, some slight reiteration, but each of the chapters has a distinct bearing upon the others, and it is hoped that a sequence of argument may be followed throughout the whole.

A. R.

CONTENTS

CHAPTER		PAGE
I.	A General Statement	1
II.	The Growing Power and the Immediate Demands of Labour	9
III.	How Employers can Increase Production	21
IV.	How the Workers can Increase Production	35
V.	The American Example	49
VI.	Education and Environment	62
VII.	The Mind of Labour	74
VIII.	Machinery of Arbitration	86
IX.	The Control of Food Prices	99
X.	The Limitation of Profits	114
XI.	Moral Responsibility	128
	Index	143

TERMS OF INDUSTRIAL PEACE

CHAPTER I

A GENERAL STATEMENT

THE mind of the country is uneasy. Our attention is being directed more and more to the industrial and economic problems which will confront us when the war period is over, and we shall be under the necessity, under serious disadvantages, of resuming the industrial and economic struggle to maintain our hold upon the competitive markets of the world. So many of our trade connections, labour practices, and standards of value have been recently in the melting-pot of change, that we do not yet quite realise what lies ahead. And we are not sure of the attitude and disposition of labour.

As evidence of the national anxiety, we find bodies so widely different in their composition, mental outlook, and material interests as the British Association and the Trade Union Congress, discussing the same problems within a few days of one another. The one asks for more scientific management of production, for greater effort from labour, and a corresponding better recognition of the claims of labour ; the other

formulates demands intended to protect the interests of the worker under any conditions which may arise in the near future.

Neither, however, attempts to prepare any common ground upon which Capital and Labour can meet, upon which their mutual claims can be so adjusted as to secure the advantages of the one without involving the destruction of the other, some sound and safe foundation upon which can be built such a system of co-operation and joint effort as will give hope of permanent settlement to an industrial situation which is daily growing more serious. Yet that is the essence of the problem. If such a solution be not found, it is difficult to see how we can escape industrial and social chaos.

The object of the present work is to consider the relation, in the industrial equation, of the two factors Capital and Labour, and to suggest a means by which the two may be brought into co-operation for their mutual interest and the good of the community.

There is no insuperable obstacle in the path of cordial and profitable agreement. There are many minor considerations which give rise to discussion and friction between them, but these are usually of local application and effect, and a method of dealing with them will be indicated in more detailed consideration of the subject. The main question at issue is that of wages.

Now wage is a relative term. When we come to think of it, the consideration which should chiefly concern a workman is not whether he is taking home two or three pounds per week, but the value of commodities which can be purchased for the sum he earns. There is little advantage gained by increasing the

wages of a workman if the cost of living rise in proportion. But this is exactly what occurs under our present industrial and economic system. The game seems to move in a vicious circle. Workmen demand higher wages and stop work. Industrial districts, and on occasion the whole country, are thrown into strife bordering on civil war. The Press rages, the Pulpit pleads, Parliament threatens, all to little effect. When, finally, one side or the other becomes exhausted, a settlement is reached after serious economic loss. Then the inevitable happens. The shipowners appear to consider that their profits are not enough, the coal-owners seem to believe that their returns are not sufficiently high. The "bulls" get the better of the "bears" on the Stock Exchange, and a few people make fortunes out of foodstuffs. The home growers, always on the alert to take advantage of every upward move of the foreign market, take occasion by the hand. The expenses of the landlords mysteriously increase, and rent has to be raised. The peddling middleman gets his share in all the operations, and in the last state, after a round of unrestricted profit-grabbing, the relative position of employer and employee, so far as the buying-power of wages is concerned, is very little better than it was in the first. And then the agitation begins afresh.

No discussion of this question can, therefore, be complete which does not embrace a consideration of the wealth accruing to elements of our economic system which live and thrive upon those who produce.

Those, too, take a too limited view who look upon profits as an industrial cake over which Capital and Labour may reasonably be expected to fight for the

bigger portion. Such an attitude is entirely wrong. It is necessary to point out that by working together they can increase the size of the cake, and so increase the portion which each may have.

We must ask ourselves, therefore, how profit can be increased. We must ask ourselves why the cost of production is so high in this country, compared with others whose competitors we are in the markets of the world. Cheaper production means more trade or more profit, or both, and more profit of course implies greater ability to pay higher wages. In this respect we in England have immense strides yet to make in the science of production. The time has arrived when employers must become wider awake to the need of improved methods, of keener enterprise, deeper study, and an extensive scientific combination of manufacturing plant and financial interests, in view of the additional labour charges which they will unquestionably be called upon to bear.

And if Capital must strive, Labour must help. What of lost time and the limitation of output? What of the attitude, the evil by-product of environment maybe, as much as natural inclination, of many men who look upon work as a disagreeable necessity, and the time spent in the workshop as an ordeal to be got over on as easy terms as the foreman will tolerate?

What of the undeveloped intelligence due to insufficient education? What of evil social practices State-forbidden in the stress of war because they are calculated to weaken the full effort of the country, but permitted in time of peace?

As a community we have disciplined ourselves for war, and it must be brought home to us that it is

no less necessary to discipline for the serious economic struggle which lies ahead.

There is a solution to all these problems, and an answer to all these questions, if employers will but show discernment and sympathy, and if workmen will agree to abandon their attitude of hostility and suspicion, and promote a willingness to co-operate in the extension of such a system as will make it possible both for Labour to prosper and Capital to get a fair return.

There are of course in the labour movement a not unimportant and growing number who will not consent to make terms with the employing class, who believe that all capital is created by labour and should belong to labour, and that no satisfactory solution will be found to the industrial problem until the State becomes the great and universal employer. With the falsity or otherwise of this belief we are not concerned. It is sufficient to know that the time for such a fundamental economic revolution is not yet, but that in the meanwhile some form of working agreement must be found to save the threatened economic fabric which laborious generations have built up. It is one thing to state a general principle of idealism; it is an entirely different matter radically to change, or even seriously to tamper with a far-reaching, complex and subtle organism of industry and commerce, which touches every phase of our individual, national, and international life, and upon the stability of which our very existence depends. The economic theorist of the socialistic school, has conceptions which carry with them the potentiality to leave their mark upon our future state, but the trade unionist who subscribes to them will be wise to recognise that the

best way to attain their realisation, is to change for the better the conditions which now exist, and that by steady constructive action and reasonable compromise.

There is, too, in the employing class a section who look upon attempts to encourage methods of mediation as a sign of weakness and a mistaken policy. They point out, and reasonably, that the general effect of governmental interference in trades disputes during recent years has been largely inimical to the interests of employers, and that it has now come to be realised as largely true that the arbitrator's method of settling differences is to give the men at least a portion of that which they demand. The result has naturally been a rapid increase in the number of demands, until the arbitration system has come to be what might legitimately be desciibed as an organised method of giving to the workers, from time to time, increase of wages enough to appease them and keep them at work.

Under these conditions many employers would prefer to be free to negotiate directly with their own men, believing that what they sometimes describe as the sentimental method of arbitration is a direct encouragement to Labour to be unreasonable in its demands and actions, whereas the firmness which they themselves would display in negotiation would act as a check upon the ambition of the worker and result in general advantage to Capital.

The employers who take this view forget several things. It must surely be admitted as a statement of fact that industrial peace is more conducive to the interests of masters, men, and of the country too, than industrial war, and that if any effective machinery can be devised for the just maintenance of peace,

the dictates not of sentiment but of common sense and business instinct should stimulate us to discover it. Where the adversaries are equally matched, as are Capital and Labour to-day, strife inevitably involves loss, and prolonged strife means ruin.

It must be admitted, too, on a dispassionate view of the situation, that the use and abuse now made of settlement by arbitration are not inherent in the method, but arise largely because there is no effective machinery in operation to enforce the award given. The arbitrator is under severe disadvantage, because he knows that one party to the difference he is determining will only accept his judgment if it should be reasonably in accordance with its wishes. But if acceptance were enforced by effective penalties, any tendency to take undue advantage of the facilities of settlement offered would disappear, and the suspicion which now surrounds the courts of arbitration would be removed.

Then again it seems somewhat of an anomaly that employers who are continually on the look-out for improved methods, new discoveries, scientific developments, and fresh fields of trade to utilise for the advantage of their business, should be so unwilling to admit that an improvement can also be effected in the basis of the relation between themselves and their workmen. Proposals for the better co-ordination of the human factor are rejected on the ground that industry cannot stand the risk of experimental legislation, whereas as an actual fact, on the material side, experiment is the very breath of industrial life. It seems fair to assume that if the average employer more fully realised how largely his future prosperity depends upon the attitude of labour, if he better

understood the economic and political forces which are at work in our midst, if he studied psychology as he has studied mechanism and financial operations, he would be much more ready to admit the necessity of anticipating the developments of the future and moulding them to satisfactory ends.

Finally, individual employers will have to face the fact that, however they may object to outside interference, settlement by arbitration will become inevitable, and in their own interests desirable, because of the fact that, under the system of direct negotiation, the men will one day be strong enough to enforce their terms. This is a strong assertion, the truth of which may not at first be clear, but a closer examination of the developing power of Labour will make it more apparent. Let us consider the direction of development, and estimate this power.

CHAPTER II

THE GROWING POWER AND THE IMMEDIATE DEMANDS OF LABOUR

IN the struggle between Capital and Labour, the latter, for obvious reasons, is the aggressor. However strained may be the industrial outlook in the future, there can be no successful effort to detract from whatever standard of comfort the workers have now attained, because organised labour has sufficient power, economic and political, effectively to defeat any such movement or tendency.

On the other hand, there is a very strong effort being made to obtain increased wages, to compel shorter hours of labour, and generally to raise the status of the workman in the industrial scale. Such a movement, if it be advanced with a full realisation of the responsibilities it involves, is one to which no exception can be reasonably taken.

But it is necessary to point out that unless Labour shows a disposition, not at present in evidence, to increase effort, to assist heartily in the development of time-saving appliances, and generally to welcome, as a beneficent necessity, all expedients for the realisation of cheap production, any improvement to the economic state of Labour can only be won in the form of an uncompensated addition to the working expenses of the employer, adding nothing to the wealth of the nation or the world.

That is the position with which we are at present faced, and it is one of considerable gravity, because it must be obvious to the most casual observer that we cannot indefinitely go on increasing the cost of production and maintain undisturbed the proportion of export trade which is essential to the welfare of an industrial community. The claims of Labour, just and honourable in the abstract, would appeal with much more striking force to the conscience of the community if they were associated with a disposition to look at both sides of the question, and a broad-minded and statesman-like grasp of the possibility of getting more from industry by giving more to it.

The power of organised Labour is being exercised in two main directions, economic and political. The term "organised" is used advisedly. In comparatively recent times it was customary for the various unions to act independently, without any particular regard for the welfare of the members of other trades organisations. There have been numerous cases in which a certain class of workmen have gone on strike regardless of the fact that their action in stopping work rendered it impossible for many other classes of workmen, not concerned in the particular dispute, to follow their own occupation. A general strike of coal-miners, for example, has the most disastrous effect upon many industries to which the adequate supply of coal is a first essential. When an engineering establishment was forced to close for want of coal it necessarily followed that the employees suffered, with the consequent result that the men in one section of industry probably achieved success at the expense of their fellows in another.

There is, however, a very notable tendency on the

part of the important trade unions to create working understandings with a view to joint action in certain critical events. There is very little doubt that the time is coming, and it may not be far distant, when we shall have in this country something in the nature of a general federation of trade unions, covenanted to a defensive and offensive alliance. When such a combination is attained the economic power of the workers will be enormous.

The hardest blows of Labour will not then be delivered in the form of a general strike, serious as such action would be, because a general strike would mean a complete stoppage not only of industrial processes but of national services, and the chief victims of any such catastrophe would be the workers themselves. The offensive power of a general and national federation of Labour may rather be looked for in connection with individual works or individual districts. If, for any reason, the workers engaged by a particular concern decided to stop work, the stoppage would apply not merely to a section of men employed by them; it would be general and complete. By agreement with the railway workers and the dock labourers the general federation could at any moment cut off the supply of raw material, or prevent the export of finished goods, and could, without doubt for the time being, effectively paralyse the activities of the proscribed company. Or it might be that an industrial area would be selected for a joint and comprehensive demand. In this case the employers in that district would be faced with the option of capitulating on sight or the alternative prospect of a complete loss of output over an indefinite period, a possibility which they could not afford to face without serious mis-

giving. It is unnecessary to note that any success obtained by the men under these conditions would be taken as a precedent for other towns and districts, and the movement would very soon assume a universal character.

Now this situation has not arisen in the past, because, if one department of labour came out on strike, it has generally been possible to carry on production to a certain extent with other classes of labour. The employers, therefore, having only had to deal with sectional disputes, have been in a position to hold out, and the funds of any single union being limited, the duration of the strike has generally been more or less predetermined. But in an anticipation of joint action by the men, in view of the pooling of financial resources by the trade unions, these favourable conditions disappear, and a very different and infinitely more serious situation arises.

Against such an eventuality the employers do not appear to have any effective reply. It is perfectly true that they, too, are combined in a powerful federation, and to some extent support each other. It is conceivable that, should the labour situation become sufficiently serious to justify a desperate resource, the organised employers might decide upon a general lock-out, with the hope of depleting the funds and breaking up the resistance of the men. What would happen in such a case ? The result would be inevitable and complete social anarchy, to the brink of civil war, and the Government of the day, no matter what its composition, would be under the necessity of intervening. The effect of its intervention would be, without doubt, to compel the employers, as the more easily-controllable body, to

yield such terms as would induce the men to resume work.

Alternately, and more probably, the federated employers might raise a fighting fund, out of which employers who suffer from strike effects could be financially compensated. The success of such a scheme could only be partial, because, while it may be possible to compensate for the direct losses incurred during a period of stoppage, it is impossible to estimate or provide for the consequential and sometimes irreparable losses due to the severance of trading connections and the inroads of competitors. It would be found as a rule, that employers would be much more ready to yield, even to what they considered unreasonable demands, than to face the consequences of prolonged stoppage.

Let it be noted, too, that, in addition to their direct influence industrially considered, the workers are making full use of their political power. On future occasions of stress or tension this power will have very real effect. Under its influence the Government of the day may, by legislative enactment, considerably interfere with the hours of work, the standard of wages, and general conditions of employment. There is every reason to suppose that, influenced by the necessity of placating a strong Labour vote, they may impose additional burdens upon the employers. When we recall the various orders which have been issued by the Ministry of Munitions during the period of the war, particularly with regard to the terms upon which women may be employed, we get a somewhat alarming idea of what the workers may achieve by the exercise of their political influence. By the simple expedient of Orders in Council, the Govern-

ment of Great Britain during 1915 and 1916 has done more to raise the status of the woman worker than would have been achieved by ten years of orthodox trade union agitation; and they have established precedents in this regard from which their successors will find it difficult to escape.

The political power of the workers has been a thing of rapid growth. A comparatively few years ago the first Labour member was returned to the House of Commons. His advent was in the nature of a political sensation. His presence was in many quarters looked upon as derogatory to the dignity of Parliament. His pleadings evoked smiles, and his invective derision. But what was then phenomenal is now commonplace. In the present Parliament there are over forty direct representatives of Labour. A few of them are men of marked ability. One is now (1917) a Cabinet Minister. Several others hold executive rank. When they speak, these direct representatives of Labour are listened to with respect, and in the great industrial crises in the recent past, ministers of State have been glad to take counsel with them, to seek their help and act upon their advice. Let us not forget the pregnant fact that they are there in the direct interests of the workers.

Now in the trade unions of the country there are some millions of members. In scores of industrial constituencies the working-class vote largely predominates, and it is fair to assume that as labour propaganda continues to extend, the direct representation of Labour in the House of Commons will grow to be a political power with which employers will have to reckon. If they are wise, employers will recognise in time the strength of the forces with which they may have to contend, and will forsake

the uncompromising attitude, now happily getting old-fashioned, for a more reasonable, sensible, and business-like conception of the incalculable advantages which may be gained by well-conceived terms of agreement and co-operation.

Now it is not suggested here that the workers would benefit by a ruthless exercise of their economic or political power. On the contrary, it is evident to any student of economics that if they attempted to overburden production by excessive charges, the resulting loss of trade would most directly and adversely affect themselves. But it does not necessarily follow, in spite of this fact, that the attempt will not be made. In this connection the immediate demands of the trade unionists, as stated in congress, have an interesting bearing upon what we may assume to be their future attitude.

On September 7th, 1916, a resolution was adopted in the following terms :—

> "That efforts should be made to preserve industrial peace after the war, and that the Parliamentary Committee should be instructed to approach the Government and the Employers' Parliamentary Association with the object of discussing terms that would secure the end in view, for a period of three years, such terms to include the acceptance of the following proposals :—
>
> 1. Membership of a trade union to be compulsory upon all workers.
> 2. Compulsory 48 hour working week in every occupation.
> 3. Compulsory minimum wage of 30/- per week for all adult workers.

4. No reduction of present wages or increase in working hours.
5. Complete recognition by employers of trade unions, and all agreements entered into between the unions and employers' associations.
6. State employment pay for men and women out of work.
7. Settlement by the unions of the condition of women's labour after the war."

These proposals appear to represent the present ambition of the trade union movement. They are ostensibly designed to meet the anticipated conditions which will arise immediately after the war, but those who are acquainted with the labour movement will recognise in them old ideas and doctrines which have been the subject of many years' propaganda and have for long been planks in the permanent platform of the men's organisation. From the workman's point of view the proposals are excellent and desirable—from the employer's, unless some corresponding advantage is offered, they are impossible.

Let us consider what they mean in the present industrial situation. In some districts it is already impossible for a man following a well-organised trade to obtain a situation unless he is a member of the union. When a new man starts in a shop he is asked by the shop steward to produce his card, and if he is unable to do so he is informed that he must either join the union or the men will have him discharged. Should he refuse, the others inform the foreman that they will not work beside him, and the employer, who cannot risk a stoppage of his works for the sake of

one man, even though a principle be involved, has no alternative but to turn him off.

The point of view of the men can be easily understood. They claim that the conditions and privileges which are now enjoyed have been fought for and won by their unions, and that, inasmuch as the advantages are shared alike by all workmen, so ought all workmen to help to pay for and maintain them. It is a logical, and in the abstract a reasonable argument; but so long as the interests of Labour and Capital are unreasonably opposed to one another, the employer cannot be expected to ask, much less compel, his men to join an organisation which will be used against him.

In certain districts in which compulsory trade unionism is in force, this power of the men is wielded in an arbitrary fashion which amounts to tyranny, and no employer, viewing the result, will willingly forge such fetters for himself, to restrict his legitimate movements and hamper his reasonable development.

The Trade Union Congress ask for a working week of not more than 48 hours, to be compulsorily enforced, without any reduction in the present war-standard rate of wages. Well, it is impossible to take a quart out of a pint measure. The men offer no undertaking to do as much work in 48 hours as is done in the present working week. The demand for conditions which will increase the cost of Labour by a high proportion, at a period when every effort will have to be made towards cheaper production to enable us to regain and extend our grip on the world's market, creates a prospect which manufacturers, however sympathetic, will look upon with some misgiving and alarm.

Most employers realise that the case of the unskilled

man on the minimum wage is one which calls for special attention, and the proposed figure of thirty shillings per week would not generally be thought unreasonable if other considerations were not involved. Above the unskilled man is the semi-skilled, and above him again is the skilled. Experience in wages has shown that there is no such thing as a sectional increase. To raise the wage rate of the unskilled man inevitably means in the long run a general increase in wage rates, and here again we are faced with the question of how industry is going to shoulder the burden. There is some hope that it may be borne to mutual advantage if the workers will but realise that they can get more by giving more.

Generally speaking, the employers do not hesitate to recognise and treat with the men's unions, and honourably to observe their undertakings. We do not know of any case where an agreement entered into has been broken by the employing side. Whether the men can say as much is a matter which it may not be profitable to discuss. But in any case the desire of the Trade Union Congress for recognition of the union where the interests of its members are concerned, is one which will be thought by most people to be reasonable and desirable.

When we come to consider the employment of women, the matter is somewhat involved. The aptitude which many women have shown in assimilating mechanical instruction and in handling work hitherto exclusively performed by men, has been a liberal surprise to every employer of labour. Scores of instances can be shown where a woman employed on the same class of work under the same conditions as a man, has turned out more and better work. Women are better time-

keepers, more amenable to discipline, and under certain conditions would certainly be preferred to male labour.

There is, too, the economic aspect of the question. A bus conductor, a lift attendant, a ticket collector, a time-keeper, a stores clerk, produces nothing. If the men previously engaged in these and other occupations can in the future be employed in "useful" work, then obviously the productive power of the country will be increased, and the nation become correspondingly wealthier. The question of woman labour was becoming a serious one before the war. With a depleted manhood it will presently become much more acute, and when some millions of women find it necessary to maintain themselves an opening will have to be found for them somewhere in our industrial system. The provision of this necessary work is a trust which the nation as a whole cannot afford to ignore, and it would appear, therefore, that the demand of the men to determine the conditions of women's work when the war is over, is one which is beyond their scope and power. It is a function of government which must be exercised with a view to the general good of the community.

Under the terms of the Munitions of War Act, 1915, it is determined that :—

> "Any departure during the war from the practice ruling in workshops, shipyards, and other industries prior to the war, shall only be for the period of the war."

This means in effect that where women during the war have been introduced for purpose of dilution they must be discharged at the expiration of the war period unless the Munitions of War Act is amended to make

provision for their further employment. Such a contingency is hardly likely to arise, as it is highly important, to say the least of it, that the Government, having entered into this arrangement, should keep faith with the men.

There appears to be no reason, however, why an employer who wishes, after the war, to extend his plant for rapid production, should not put down a separate department, shall we say for the manufacture of small parts on automatic or repetition machines. Women were customarily employed on this class of work in pre-war days, and the men have no more reasonable ground to claim an exclusive interest in the settling of the conditions of the labour of such women, than they have the right, if it comes to that, to settle their own without reference to the wishes or interests of the employers.

CHAPTER III

HOW EMPLOYERS CAN INCREASE PRODUCTION

WHILE it is true that the distribution of profit is the turning-point of the relation between Capital and Labour, before profit can be distributed it must obviously be earned. It will therefore be useful to review some phases of the manufacturing methods and factory organisation which characterise the majority of the industries of this country. If, by means of more scientific management and concentration of plant, by greater regard to the needs of customers, and by a more profitable understanding of the possibilities of human nature, it is possible to increase our industrial activities, or make them give higher returns, it will be considerably easier to ensure for labour a better reward.

English manufacturers who find their markets largely in South America, in British Colonies and dependencies, in Russia and the Balkans, have in recent years been feeling severely the effects of American and German competition.

American rivalry has been particularly serious because of the wonderful manufacturing facilities of that country, their method of producing in large quantities for a home market and unloading the

surplus abroad at a price which it is difficult for competitors to meet.

This, coupled with the thoroughness with which they study and meet the demands of particular markets, and the excellence of their system for supplying spare parts, makes them formidable rivals. Let us take as an example one of the least important of our markets, but one which furnishes an interesting example—Rhodesia. Ask a Rhodesian farmer what plough he uses and the answer in all probability will be "American." Ask him if it is a better plough than the British and he will tell you, "No; on the contrary it is not so good." But he knows that should any part break in his inferior American machine, it is only necessary for him to wire to a near depot, and a replacement will be sent on by return. In any market, but more particularly in a country of limited manufacturing resources, this is a factor of the highest importance. It is a feature in standardised manufacture which the Americans have developed to a remarkable extent. The keenness which they show in exhausting the possibilities of even the smallest market, is a powerful evidence of the alertness of their selling organisation, and this being, in turn, supported by a product exactly suited to the needs of the customers, and retailed at a low price, it is not difficult to understand why America is a most redoubtable competitor in the trade of the world.

The British manufacturer undoubtedly makes a better machine, with better materials and better workmanship, but in many instances the product is so good that it costs more than the buyer is prepared to pay, if indeed it is not better than he actually needs. Until recent years this country had a very

large business in agricultural machinery, small internal combustion engines, and a similar class of product, with the Argentine Republic. Slowly, but surely, the American has taken possession of it. Territorial propinquity and political exigency may have had a little to do with the change, but undoubtedly the primary reason has been that the Americans produced an article, not nearly so good as the British, but good enough for the needs of the country, and at a price with which our superior manufacture could not possibly compete. A similar tale can be told of the markets of Canada, Australia, South Africa, and, to a growing extent, of Russia.

Another example of American proficiency and penetration is to be found in the motor-car industry. It is credibly reported that the expert organiser who had not a little to do with the development of the "Ford" industry, was at one time in the employment of a British motor manufacturing concern, and that he left them because his employers were afraid to undertake the risk of building a new department, on the ground that an adequate sale could not be obtained for their product. To-day this country, Europe, the world is flooded with American cars. Why is it? They are certainly not better than the British. They are not nearly so good. But they are good enough—and they are cheap. Our motor manufacturers have been extremely accommodating. They are all prepared to alter their standards—at a price. Any special requirement can be met if the figure be paid. They make a variety of powers, shapes, and sizes. The design is excellent, the workmanship and finish superb. They have carried on their building of cars in a pleasant, gentlemanly sort

of way, and as a result will presently need a tariff to keep them from being starved. Well, it cannot be too strongly emphasised that we have done too much building, and too little manufacturing, and that if we cannot learn the lesson of how to produce for the community instead of for the expert we are lost.

Two things, then, seem to be needed, namely, a selling organisation which can find out what people are prepared to buy, and a works organisation which can support it by producing the article required at a price which buyers are prepared to pay. This brings us to another very serious reflection. A man's willingness to buy is governed by many considerations, probably the chief of which is his ability to pay. Many millions of pounds' worth of overseas trade is done yearly with men who have little capital, men who, when they buy a machine, look to pay for it with the profit it earns, or who, when they restock their stores, will pay for the goods when they themselves have sold them. Among such men—and their number is legion—the seller who can offer the longest credit gets the business. British merchants are not fond of credit, and British manufacturers can rarely afford to give it, but a fact which has been more and more unpleasantly brought home to us lately is that our German competitors can, and do, and as a result, get a great deal of trade which otherwise would come to us.

Thousands of illustrations could be given; they are the commonplace of commercial experience. An order is in the market. The British product is the best in the world, and the price is right. Our manufacturer asks for fifty per cent of the value against shipping documents and the balance in six months'

time. His German competitor offers a serviceable article and will take twenty per cent on delivery and the balance spread over a period of three years. The result need not leave us in doubt.

Now the German manufacturer can no more afford to give credit than can the British. But his bank, aided by his Government, can, and so we find the Germans on the very outposts of commercial aggression, able and eager to outbid their British rivals, because they have behind them a banking system which is not a mere private dividend-earning concern, but a designed, a nationally organised, and an invaluable support to the whole economic fabric of the country.

And as with their banking system—so with their railways. The German railway system being State-controlled, it may be confidently assumed that it is operated in the interests of the community, and not with the primary object of earning dividends at any cost to manufacture and industry. German railways are State-organised to promote German prosperity. Where it is found desirable to foster an export trade the freights are graduated low. Careful study is made of the needs of manufacturers, and wherever possible these needs are met, on the principle that the railways exist to help trade and not to profit from it. The result, briefly stated, is that the German manufacturer enjoys many advantages which do not obtain in this country. This subject is one to which Chambers of Commerce and Employers' Associations might direct their attention with much profit to themselves and to our general commercial interests.

Then, too, the German Consular system is an organisation of unique value to the Teutonic merchant.

A German Consulate is a business man's office. A traveller arrives in a new district and wishes to learn the trade possibilities. The Consulate will tell him what he can sell, to whom he can sell it, and the price he will get. He wishes to discover the financial standing of an intending purchaser—the Consulate knows or will find out. If trade can be done in any commodity the Consul gets full particulars, samples, prices, quantities, and forwards them to Germany, where the information is disseminated for the benefit of manufacturers. This commercial intelligence is not usually at the disposal of British houses. A remodelling of our Consular system in the interests of British trade is a task which will be taken in hand without further delay if the Government wish to develop our commercial future.

The German manufacturers' "place in the sun" was getting to be a good big spot when war overtook Europe, and although it is idle at this stage to consider what facilities will remain to them to develop it further when the proposed economic adjustments amongst the Allies have been made, yet there is no reason why we should shut our eyes to the excellence of their trade methods, and refuse to profit by our experience of them in the past. Can we do it?

British manufacturers are entitled to expect more assistance from the Government than they have received heretofore. It is doubtful whether existing departments are elastic enough to undertake the development of a new system of commercial intelligence, advice, and general support. There is much to be said for the appointment of a Ministry of Commerce whose function it would be specially to study the manufacturers' problems, particularly with regard

to those we have already indicated, and to assure for British traders that intelligent and earnest Government support which is needed to enable them to overcome the State-aided competition of foreign rivals.

A Minister of Commerce, too, might reasonably be expected to pay practical attention to the development of commercial education, the application of science and the scientific mind to industrial problems, the fostering of industries of which hitherto our competitors have had a practical monopoly, and to provide a direct channel through which the commercial and industrial interests of the country could make known their needs to the Government of the day.

To ensure that the Government are effectively kept in touch with the problems and needs of manufacturers, and that assistance which can reasonably be expected from the Legislature is adequately given, a strong and energetic Employers' Parliamentary Association must be maintained. Such matters, for example, as the endowment of research, and the direction of higher education towards commercial and business lines, functions which are within the direct responsibility of Parliament, have in the past been shamefully neglected. Parliament generally does only such things as it is pressed to do by outside forces, and if British industry now suffers from past neglect, the employers are largely to blame for failing to exercise their influence in the right direction.

Assuming, however, that we can cheapen our freights, give longer credit, promote a world-wide system of commercial intelligence, effective and complete; assuming that our educational system is remodelled on

lines of more practical utility, and that as a result, the commercial community become as a whole better informed, more alert, less abandoned to mental habits of *laissez-faire*, and keener for a sound, reasoned search for operations which bring results—granted all these, our prosperity is still not assured unless we can produce our goods at a price which will enable us to meet all normal competition in the world's markets. Our manufacturing methods, therefore, cannot be too closely studied, for undoubtedly there is much room for improvement, and a great deal that we can learn from those with whom we have to compete.

It is axiomatic to the manufacturer that if he has a thousand articles to produce he can produce each cheaper than if he has only ten; if he has ten thousand to make he can produce more cheaply still. Yet in a general survey of British industry we are painfully struck by the tremendous number of firms who are manufacturing on a small scale, each having a commercial and works organisation, many overlapping each other and making articles intended for the same purpose but of different design and construction, each with essential works departments, small installations of the same machines, power plants and buildings, and all limited in their operations by the smallness of their plant and capital, the gross result being a multiplication of effort, a dissipation of energy, and the net result general inefficiency.

Let us assume that we are to make a motor-car, and consider the necessary operations. The drawing office staff originate and develop the design. The drawings, when completed, are sent to the works staff, who go carefully over every detail in construction and evolve tools and labour-saving devices for

manufacture. These have to be made in a department specially set aside for the purpose. Patterns are made for the castings, and dies cut for the stampings, the whole scheme costing many thousands of pounds before an attempt is made to build the car as a standard model. The foundry, the smith's shop, the machine-erecting and testing departments, each contribute their quota, and after much work, consideration and anxiety the car is finished and must be sold. Up and down the country offices are opened, and selling staffs appointed; showrooms are rented and large sums spent in advertisement. The "overhead" charges, or charges not actually incurred in the definite act of construction, represent a considerable proportion of the value of the car. If, in the same works, several different sizes and designs are made, these charges are of necessity correspondingly greater.

But ten different firms in the same town, and fifty firms in the country are doing exactly the same thing, all with models probably equally good, and only slightly different in design. Co-operation or combination is imperative. Given standardisation and combined effort, details would be produced in hundreds where they are now produced in tens, the actual cost of manufacture would be reduced at least fifty per cent, and overhead charges—a serious factor—would not be more than a quarter of what they at present represent. Why do the "Ford," "Studebaker," "Overland," and "Maxwell" concerns—to mention only a few—sell so cheaply? There is no mystery! Partly, it is true, because they get returns from their men which the British workman will not give, a circumstance which we shall consider later on. Partly, in truth, because their materials and workmanship

are not so good as ours, but chiefly because their workshop methods are very nearly perfect, a consummation they are able to achieve by having standard models, *and manufacturing in bulk.*

What is true of the motor-car trade is equally true of countless others. Every industrial district in Britain furnishes parallel examples. It is a common thing to find half a dozen works within a few miles of one another, which manufacture an entirely similar class of goods, only slightly different in design, each of which, in consequence, is only able to produce in limited quantities, by inefficient methods, and at an unreasonably high price.

When we leave the field of general survey and come to a more detailed examination of our workshop practices, we see more clearly the defects of our system of production on a "jobbing" basis. Manufacturers in this country are frequently accused, and with a good deal of reason, of not taking full advantage of automatic, semi-automatic, and labour-saving machines. In every section of engineering construction, from the moulding and smiths' shops to the erecting departments, machines are available for producing work hitherto done by skilled men and at a much greater speed. Now British engineers do not go about with their eyes shut; they are quite alive to their own interest, and they are not nearly so conservative in their outlook as is sometimes supposed. No one, for instance, would ever dream of making such things as bolts and nuts on the centre lathe by a skilled turner. They are turned out by automatic machines, at a tremendous speed, in huge quantities, under the supervision of the cheapest form of labour. Engineers would not hesitate to apply the same methods to

countless other operations, and when they fail to do so it is usually because they have not sufficient repetition work to justify the installation of the necessary machinery.

Apart from the question of labour-saving machinery there are other directions in which manufacturers might with advantage turn their attention, not the least of which is the personnel of their staff. The success or otherwise of a firm is largely determined by the capacity of those who run it. Generally speaking, works managers should not concern themselves with too much detail. It is an old truism, too frequently forgotten, that the man who does himself that which he can safely leave to a subordinate, is wasting the time of his employer. A general who is in command of an army does not attempt to kill the enemy with his own hands. His business is to control the killing power of others, to evolve strategy, to settle policy, to anticipate and checkmate the moves of his opponent. A works principal must obviously keep his finger on the pulse of the organisation he controls. He must see to it that his subordinates are well chosen and do their duty. He must provide initiative and driving force, but above all he must think, evolve, create. He cannot fulfil these important functions if his attention be taken up with matters of trivial routine. In his dealings with workmen he must be sympathetic, yet firm. It is necessary that he should understand their point of view, and beyond everything that he establish, and deserve, a reputation for justice and square dealing.

And the foremen—the foremen are the sergeant-majors of the industrial battalions. A cheap foreman is a bad investment. His ability and personality

must be such that he can command the obedience and respect of his workmen. He should be a leader of men. Knowledge, integrity, loyalty, and tactfulness are essential qualifications. Where the discipline of a department is slack, the men careless and work-spoilers, where labour troubles are continually experienced and agitation breeds and thrives, it is highly probable that the root of the trouble is to be found in the weakness or incapacity of the foreman. It is doubtful whether as a nation we pay sufficient attention to the education and development of the class of man suitable to control. He may know his job completely and be well able to direct his men in their mechanical operations, and yet by his tactlessness, brusqueness, and bullying attitude, he may arouse such a feeling of enmity as will kill the efficiency of his department. Workmen are not given to turning the other cheek. On the other hand, a foreman may veer to the other extreme, and by pandering to the men earn their hearty contempt, for men never fail to see, and take advantage of, weakness in those whom they are expected to obey. A foreman must be something of a diplomat ; he must know when to return the gentle answer and when to display the mailed fist.

It would appear that these attributes are somewhat exacting and difficult to find, which makes it the more necessary that employers should devote more attention than heretofore to their discovery. Manufacturers should, in their own interests, be continually on the look-out for young men who have in them the foundation of the necessary qualifications, and having found them should not hesitate to spend money upon their education and training. The invest-

ment would pay for itself manifold, for every works-manager can testify to the tremendous difficulty which is at present experienced in finding men able adequately to fill positions on the works staff.

The considerations of personnel should be carried to the technical departments. The designing sections should be filled by men able and trained to think; alert, enthusiastic, original, and ever on the outlook for better and fresh ideas. And certainly they must be practical. Greater scope should be given them for experiment and research, and every pound spent which does not immediately bring two in return, should not be considered lost. To hold on to standard and approved designs, to let the other man originate and then to copy him so far as possible, may be more immediately profitable, but it is not the way in which great enterprises have been built up. In manufacture of whatever kind, there is no finality. Times change, and ideas with them. Knowledge is ever progressive, and those who can harness knowledge to the shafts of industry, are the people who will lead in the van of industrial prosperity. The fate of progressive industry is largely in the hands of our technical departments, the members of which, in consequence, should be wisely and carefully chosen.

The employers, then, can directly contribute to the hoped-for economic renaissance by compelling Parliament to recognise its duty to the manufacturer, by choosing well their staff, by more progressive policy in design, by a reconstructive analysis of their workshop practices and the abandonment of out-of-date methods, by the introduction, wherever possible, of the best type of labour-saving appliances, and by manufacture in bulk. Such a result would seem to be most easily

obtained by the elimination of useless and costly repetition and competition, by the standardisation of product, and by a combination of capital which will permit of production on a large scale.

It may be argued, of course, that such combinations in the past have proved themselves a doubtful blessing owing to their habit of controlling supplies and compelling their own prices in the home market. But such combinations regarded as producing agents are economically sound. It is the duty of statesmanship to encourage them, and at the same time to see to it that they do not exploit the community for their own gain.

CHAPTER IV

HOW THE WORKERS CAN INCREASE PRODUCTION

WE have considered in a general way the responsibilities of the employers, and must now discuss those of the workmen, and of both conjointly. In the present abnormal situation, Trade Union rules, lines of demarcation, and accepted customs, are of course more or less swept aside. But we are concerned not with the conditions of the present, but with those of the future, for it must be assumed, in the absence of any evidence to the contrary, that a return is contemplated to pre-war practices.

Where it may be necessary in this chapter to criticise the workers, criticism will, we hope, be made with understanding and sympathy, for censure is not the end in view. Those who have lived in a workman's home in an industrial centre, who have experienced the crowding and the squalor, who are acquainted with the tragedies of slack times, when work is scarce and food prices high, those who know what illness and loss of income mean, who have been through the mill and bear its marks upon them, will not be content to repeat the common formulæ about working-class misdemeanours, and to leave the subject

without trying to suggest cause and remedy. But we cannot seek a solution until the facts have been faced, and one of the most urgent is that the workers must be brought to realise that they cannot continue to demand more money and shorter hours, and at the same time withhold their best efforts during the time they are, or should be, at work.

For the sake of convenience we shall consider first the common practice of limiting output. It is no exaggeration to say, that the operation of this system has had disastrous effects upon this country's industrial supremacy. Work in a factory is generally remunerated under one of two methods: The day-work method, under which a worker is paid a fixed sum per week, irrespective of the amount of work he does, or the piecework, under which he is paid a certain amount for a given job, and is supposed to earn as much as he can. Under both of these systems a few of the workmen, generally the officials of the trade union, decide that a certain operation should be performed in a certain length of time, and the standard having been thus arbitrarily fixed, all the other men are expected to conform to it. Now it is scarcely to be expected that any such standard will be the speed of the best workman. Indeed, almost the exact opposite is the case, for, as in too many instances the workers seem to think that their interests are diametrically opposed to the employers', the standard fixed is sufficiently easy to permit the slowest workman to make a good wage, without hustling himself unduly. Two actual illustrations may explain more clearly our meaning. "A" was engaged upon a job exactly similar to that performed by many others

in the same shop. The understanding amongst the men was that piecework earnings should be limited to about fifty per cent beyond time rates. "A" was a good and willing worker. He was anxious, doubtless, to win the extra money which it was easily within his power to make, and so, by a little extra effort, he increased his wages to over double his time rates. As soon as his fellows realised what was happening, he was summoned before his trade union, and fined three pounds for exceeding the standard output upon which the union had determined. "B" and several others were performing the same operation on exactly similar machines. Here again a standard of output had been determined. "B" was a naturally able workman, and particularly energetic. In a single week he turned out exactly three times as much work as any of his fellows. At the end of that time he was visited by a deputation, and threatened with physical violence if he did not moderate his efforts. The employer hearing of the matter transferred him to another works. The first morning he started, a prominent trade unionist waylaid him, and intimated in forceful and descriptive language that his hustling methods were not acceptable to the others, and that if he did not slow up of his own accord means would be found to make him. "A" and "B" belonged to different trade unions, two of the most powerful in the country. This little experience of peaceful persuasion was quite enough for both of them, and their energies are now carefully curbed in accordance with workshop sentiment. Apply the same conditions—as it is fair to do—to practically every works in the country where trade unionists are employed, and a perfectly appalling picture is presented of British industry shackled and

bound by the very men whose livelihood depends upon it.

Now, curiously enough, the workers do not appear to see in their attitude anything unreasonable, or any other than a justifiable measure of self-defence. They feel that they can maintain these destructive conditions, and still go to the employer with a clear conscience, asking for an increase of wages. When the employer points to his additional burdens, and to the increasing difficulties of getting orders in face of foreign competition, the worker smilingly accepts his plaint as a standard piece of bluff, which he has often heard before and never has believed.

But if the logic of facts will not be faced, the logic of circumstance must. A time is soon coming when the supreme effort of worker and employer alike will have to be made, to maintain intact our economic position. Drain the country of wealth and create none, see our fiercest competitor for the world's trade grow richer and stronger, battening upon our needs, creating virtual monopolies in markets from which we are by circumstance debarred ; think of the burden of debts which we and posterity must liquidate, and ask if our position is one which a worker's policy of "ca' canny" will save, or one which calls for anything less than the best that is in us all.

But when workers adopt a particular attitude, they have usually some reasons for so doing, and in this instance the employer himself is not wholly without responsibility. The limitation of output is the worker's reply to what they believe to be the exploiting of piecework. When a job has to be done under the

piecework system, a rate-fixer goes carefully over every detail in the operations and assesses a value to each. He finally offers the workman a price which he considers fair and reasonable. If the price is not acceptable the matter is discussed and an agreement reached, upon which the workman is supposed to proceed and earn as much as possible. In too many instances, where the workman by special effort under this agreement has earned wages which his foreman or rate-fixer has considered unreasonably high, the price for the work has been reduced, and in consequence the whole fruit of the extra effort has passed from the worker to the employer. As a protest against the operation of such practices, the workmen determined that they themselves would limit their earnings, and necessarily, of course, their output. The effect is that the productive power of British factories, in normal times, is certainly not more than seventy-five per cent of what it would be under more sensible and business-like conditions, operating fairly on both sides. The time has gone past when such an anomaly can be maintained, for our competitors are alive to every move in the industrial game, and we cannot hope to win with the dice so heavily loaded against us. But win we must, for our national prosperity is absolutely at stake.

It is not difficult to find a way out of the impasse. But a solution of the problem demands two things, square dealing from the employer, and honesty and good-will from the worker. It is not enough to tell the worker he must not limit output. It is necessary that in the first instance the price should be fixed on such a basis as to do justice to both parties. The existing system operates somewhat as follows:—A

rate-fixer offers a workman a certain sum for a definite piece of work, and on principle the man immediately declares it to be too low. Argument and illustration are of no avail, for the workman conceives it his business to get the highest figure he can. Then one of two things happens. Either the employer requests the man to do the job on a day-work, or time wage basis, in which case the workman does just as little work as his foreman will accept, and valuable machines are being run to give only a fraction of their possible output, or, as is more often the case, the employer agrees to a higher price than he knows to be fair and reasonable for the job. Now it usually happens that new prices are issued for jobs which have not previously been done. It is obvious that when a man is starting on a fresh operation he cannot perform as much work as when he is thoroughly experienced, and if the price is high when he begins, it is unreasonably high when he has settled down and is fully accustomed to his job. The employer thereupon looks round for an opportunity of reducing it. Misunderstanding and recriminations follow, and so the spirit of antagonism is kept alive.

Surely there is a better way of doing business! Why not adopt some such method as this :—Let the workmen appoint one of their number, a fair-minded, reasonable, and honest man, to determine new prices with the rate-fixer. Let him examine the figures, calculations, and estimates. Let him state their special case, if any there be, and having arrived at an agreement, let him, with the power of the union at his back, require the men to accept the price so arranged. Let the employer on his part issue with every new price so fixed, a guarantee that under no

circumstances would it be altered unless the design of the job or the method of production be improved. Some such arrangement would safeguard both parties, and would put an end to a situation which is not only a grave menace to our industrial activities, but a standing reflection upon our industrial statesman ship.

No doubt there will be still found employers who disagree with this proposal, on the ground that it permits the men a voice in the management of the works. They will tell us that they intend to run their works after their own fashion, and that the duty of the workmen is to obey orders. This is hopelessly bad policy, and one fruitful of much trouble to the employer who believes in it. The one thing employers cannot do in these days is to refuse to recognise the views of their employees, or to force them to obey orders to which they strongly object. The men do now interfere in a very real fashion with the works management, in the sense that if they are not satisfied with a price they will not accept it, and that no conditions can be enforced with which they do not more or less agree. If, then, the agreement of the men has to be obtained to carry on a system which is neither just nor profitable to either side, surely there is no loss of dignity contemplated in co-operating with them to evolve a better, and one in which they will share the responsibilities as well as the advantages.

The second charge of serious importance brought against the workers is that of bad time-keeping. The complaint is raised chiefly against certain trades in particular districts; in others there is little room for improvement.

It is a necessary practice in shipbuilding, boiler-making, smithing, steel production, and other kindred trades, to have men working in groups. Three, four, and occasionally a larger number of men work upon the same operation, and the co-ordinated labour of each is necessary in careful combination before it can be performed. When a rivet is put in a ship's hull, it is first heated by one man, who passes it to the holder-up. He in his turn puts it in the hole, and keeps it in place, while two others hammer it down and form the head. Should one or two of these men decide to have a morning off, or a day's holiday, it is impossible for the others to work, and either a substitute must be found or valuable output is delayed. It is unnecessary to point out that delay costs money. A large amount of capital may be sunk in the product so hindered, and capital or over-head charges are increased. It has been a noticeable fact, too, that where bad time-keeping has been most prevalent the agitation for higher wages has been greatest, and when wages have been raised the percentage of lost time has increased.

Moreover, workers as a rule do not lose time in order to follow pursuits calculated to improve their physical or mental capacity. In too many instances the public-house is the centre of attraction until the money is gone. The man returns to work literally bankrupt, and consequently discontented, in a state of nervous irritation and physical inefficiency.

When war broke out, and the need of munitions became so urgent, the Government early realised the seriousness of the position. Every ounce of energy was needed, and every hour was valuable. Fortified by public opinion, they made it an offence under the

Munitions of War Act for a man to lose time without just cause, and the operation of the Act has to a limited extent been successful. With the same end in view, they have regulated and reduced the hours during which intoxicating liquors may be sold, and have granted powers of altogether prohibiting their sale. As palliatives these measures have not been without effect, but the roots of the evil lie deeper. No one who knows anything of the working classes, will believe that, unless their attitude change, they will permit themselves, when the war is over, to be fined for losing time, and even the most ardent temperance reformer will scarcely hope that the present restrictions upon the drink traffic will be maintained. And yet the need will be just the same. War still lies ahead when the great war is over—economic war, hard and bitter—and we cannot hope to work out our social and industrial salvation, if even a section of the workers indulge in practices which vitiate their manhood and seriously hamper their employment.

The remedy must come from within. The trade unions have a duty in the matter of lost time which they cannot ignore. If it has been possible for them in the past to punish a man for doing what they considered to be too much work, it is equally possible for them to punish him when he obviously does too little. If they frankly accept this responsibility, and try to discipline their members with a view to stamping out an abuse which is indefensible from any point of view, the contributory causes will be a good deal easier to remedy. How is it possible for an employer whose workpeople are losing thirty per cent of their time to listen sympathetically to a plea for increased

wages? The more especially when he knows that the more he gives the greater proportion of time his men will remain away. The customary plea of economic hardship due to the increasing cost of the necessities of life becomes under these conditions one of downright hypocrisy, and the feeling engendered in the employers' mind when, to prevent a stoppage an increase of wages has to be given, is one of resentment and reprisal, which certainly does not bring nearer the establishment of the more harmonious relations every right-thinking man wishes to see. We know that there are many extenuating circumstances, hereditary tendencies, early training, educational disadvantages, social environment; but the attitude of the little boy when he prayed "Oh Lord, make me good in spite of myself," is not one which in this case can be considered satisfactory. A body which so frequently seeks to inflict its will upon the nation, is one which must be expected to discipline itself when it can be proved that the habits of a section of it are a drain upon the resources, and a menace to the prosperity of the country.

If the unions feel that a solution of the problem by internal administration is beyond their powers, then they must at least withhold opposition, should the Government of the future promote measures of industrial law or social legislation which will tend to overcome and remove the abuses of which complaint is so reasonably made. It is not suggested that when the war period is over, we should endeavour by law to restrict trade unions in their legitimate function of procuring for their members such remuneration, hours of labour, and general advantage as they may reasonably obtain, but it is suggested, and strongly, that

where production which is essential to national well-being is seriously hampered by practices for which no excuse can be found, and which in addition to being a crime against industry are subversive of the good order of society, they should at least make it their business to encourage the Legislature to develop such restrictive and remedial measures as may be deemed essential.

Unfortunately the present attitude of the man offers little hope of a development in this direction. The time has come when, not only the responsible heads of the various unions, but all who possess influence in their local councils, must take a bold line in the denunciation of those of their members who unnecessarily stay away from work. Otherwise such trade unions will inevitably forfeit the sympathy of many who now wish them well. In the year of Grace, 1917, when the country is fighting for its life, when experience of many bloody fields has taught us that the preservation of our manhood at war depends upon the energies of those in the workshop, when countless homes are being made desolate and countless men broken for life—in the full knowledge that the speed at which we produce the mechanical instruments of warfare is the measure of the speed at which peace will be achieved, workmen have been fined by Munition Tribunals for losing time, and their workmates have immediately subscribed to find the sum ! Is that nothing to you ?

The spirit which encourages the limitation of output and defends the loss of time, is not the spirit which makes for industrial prosperity or industrial peace, nor is it the spirit in which the workers can approach such questions as shorter hours and increased

wages with any hope of having their aspirations supported by employers or the State. Organised trade unionists must cease to act as if they were a body at war with authority. They are not fighting for recognition—it is already theirs. They are not fighting for power—they already possess it. The war has demonstrated, as never before, the value of simple manhood. The whole nation is filled with gratitude to those of her workers who have gone to fight her battles, and to the many who have so nobly supported them at home. The conviction that community and not strife must henceforth exist between Capital and Labour is in the air. The country is in a mood to insist that the legitimate demands of the workers shall be adequately met and guaranteed by the force of law. But nothing will avail if these generous sentiments are not reciprocated, and an honest attempt is not made by the workers to remove abuses which can only do harm to their cause. Let it be recognised that the man who loses time commits a crime against society, for which society will take account. Let such a man lose the benefits of his State insurance. At least let the existing law, which prescribes a moderate penalty for the offence, be continued when, in later days, we are fighting the hardest battle of all, for economic existence. Let his workmates look upon him as a discredit to their union, instead of encouraging him in his course. Let them as a final resource, should he prove obdurate, refuse to have him in their union. In such an atmosphere we venture to think that a practice which in the past has done much to harden the attitude of the employer, to promote friction, loss, and general inefficiency, will soon cease to be a disturbing factor in our industrial relations.

There are many things in our social life, reflecting on the aptitudes, inclinations, and habits of the workers, which have a more or less direct bearing on the problems we have been discussing, and in a later chapter these will undergo a fuller examination. Inadequate education, bad housing conditions, insufficient opportunity for reasonable and necessary recreation, resulting in the formation of social habits which tend to lower the tone of the individual, the lack of cultivation of the civic spirit, and a general disinclination or inability for independent reasoning, have all an effect upon the physique and mentality of the men. But many of the best minds of the country are already engaged upon a study of these subjects, and we greatly mistake the signs of the time if considerable progress is not soon to be made in directions that will lead to their effective solution.

When the employers and workers realise that theirs should be a partnership, in which the contributing elements are foresight, ability, and study on the one side, and willingness, resource, and untiring energy on the other; when they equally appreciate the fact that the greater their mutual effort the greater their mutual profit, and agree that the proceeds of industry should be equitably distributed, they will the sooner appreciate the need of combined resources in dealing with the many subsidiary questions which affect their relations. Such a combination would be one against which no reactionary interest, no group of interests would have the power to disturb, and working together they could soon effect such a regulation of our social and economic organisation as would make it possible for the great working community to develop a healthier, happier, more enlightened manhood, reap

to a fuller extent the fruit of its labour, and at the same time preserve the machinery which, however we may assail it theoretically, must for many generations to come serve to safeguard, control and prosper our economic life.

CHAPTER V

THE AMERICAN EXAMPLE

BEFORE leaving the subject of manufacturing methods and the attitude of employers and workmen in relation thereto, it may be desirable briefly to examine the conditions which operate in the United States of America.

Americans are by common consent the most expert producers in the world, and the keynote of their success is specialisation, standardisation, and production in large quantities.

On the labour side of the question, the American workmen are intelligent, ambitious, strenuous, and willing to work without the hampering restrictions enforced by British trade unions. The result is that, although a complete study is made of the operations upon which they are engaged, wasteful movements eliminated, and speeding-up practised, the men are, nevertheless, generally speaking, able to earn big wages and maintain a high standard of comfort.

The points it is desired to bring out may be better understood if a particular instance is selected for purpose of comparison, because, while generalisation is sometimes necessary, concrete facts and definite results are more convincing.

This illustration is not selected because the particular business dealt with is specially well managed, specially

profitable, or the conditions applicable specially favourable to the argument. It is just a typical example of American organisation, and the methods and results outlined are very generally to be found.

We have a concern employing nine hundred men, with an annual output valued approximately at 3,500,000 dollars. Examine this fact and it will be seen that the yearly output per man employed is, roughly, £805. This fact baldly stated may convey nothing, but compared with the output of English companies making the same product, it means a great deal. A sound British concern, well managed, as we understand the term, has usually an annual output per man employed varying from £250 to £450. The figure is naturally higher where a highly finished article of great value, or a high-priced monopoly, is produced, but such special cases are not typical of the general run of British industry.

The comparison reveals that in the American factory in question, the production per man employed, exceeds by two to three times the output obtained in the average British workshop. It is a fact of tremendous and ominous importance, and one which must inevitably, sooner or later, have a vital effect upon our industrial position.

There are many factors in operation tending to cause this unflattering disparity, but fortunately very few which by intelligent organisation and effort we cannot overcome. The employers and engineers who control American factories have not a greater natural ability, nor have the workmen more mechanical aptitude than our own. Their superiority lies in the fact that their general system of manufacture is very much better, and the energy of their men very much

greater, than anything to which we are accustomed in this country. American manufacturers have, of course, a great initial advantage in the fact that they have a huge home market, in which, by the operation of tariff laws, outside competition is limited. They have, therefore, a guaranteed volume of trade of which they are absolutely assured, and this naturally encourages and permits economical production in bulk. Apart from this, it must be remembered that from an industrial point of view, America is comparatively young, and it is a very much simpler thing to create a new industry, or develop a new business on sound and progressive lines, than to re-model or re-energise old concerns in which one is continually confronted with established prejudices, the vested interests of labour and of commercial and industrial convention. But when we are threatened with a greater success than our own, the best thing to do is to face the fact frankly, and do what we can to learn, copy, and improve upon our competitor.

In the American Company to which attention is being drawn, the Board of Directors is composed of seven persons, namely: President, Vice-President, Treasurer, Sales Manager, Buying Agent, Superintendent, Secretary.

It will be seen at a glance that each of these members is closely identified with, and responsible for a particular section of the business. Each is therefore able to bring to the Board expert counsel and experience.

The President, who is in daily attendance at the works, has no fixed duties. He is the general adviser, who is in constant consultation with the various departments upon questions of principle, matters of policy, and problems of special difficulty. He is the

interested onlooker who, with shrewd judgment, sound business acumen, and sympathetic and helpful disposition, makes it his business to see most of the departmental game, rub down the rough places, and generally push things along.

Vice-President is the American description of the staff member, generally known in this country as the general manager. He is more directly responsible for the effective supervision and co-ordination of the several sections of the organisation. He is the man to whom the shareholders look as the active head of the concern, and the one upon whom the success or otherwise of the business must to a large extent ultimately depend. He is naturally in frequent consultation with the President, and between them policies are evolved, supervision exercised, and necessary advice and instruction given.

The duty of the Treasurer is to control the finance of the company. He is a cashier, accountant, banker. He pays debts and receives moneys, settles terms of credit, deals with the bank, the financial side of the overseas trade, and all those many directions in which financial issues are involved. He studies questions of depreciation of plant, of costing, and of selling prices, and generally relieves the Vice-President of financial worries, which, otherwise, would occupy the greater portion of his time.

The Sales Manager has a recognised position in American companies, and one of considerable importance. He has upon his shoulders the selling organisation for the whole of the company's manufactures. In a very real and comprehensive sense it is "up to him." He instructs and supervises the travellers, and manages the branch houses, which are many.

He must find new markets, and estimate from time to time the requirements and possibilities of existing markets, in order that the necessary saleable product may be prepared beforehand, ready for instant delivery when the order comes. He is to a very large extent responsible for the volume of sales from the factory, and, having such large and definite responsibilities, is a colleague who greatly reduces the anxiety of the Vice-President and leaves him free for his own important managerial work.

The Buying Agent must have a complete knowledge of the best price to pay for all articles purchased. He must gauge the markets for a rise or fall in value, and place contracts for material on the most advantageous terms. He orders his requirements, but his work is not finished until the materials are delivered into the works and ready for use. In the instance now considered he is an alert man, an intelligent thinker, a shrewd anticipator of events, and one who pays sixpence for sevenpennyworth of value.

The Superintendent is the works-manager of the whole plant. He has to make the product in the best and cheapest fashion, and deliver it to time. He buys the best machines and utilises them in the most efficient manner, controls the labour, determines methods, and regulates output. The matters of quality, cost, and volume of production are largely in his hands, and his position is consequently looked upon as one of the first importance.

The duties of the Secretary are those usually associated with such a post. Questions of insurance, transference of shares, the recording of the decisions of the Board, and similar work, come under his control.

It will be observed that each member of this Board

of Directors has a live interest, a definite responsibility, and an expert knowledge, and there is no doubt that such a combination provides a most powerful and effective mainspring to all the operations of the company.

It is particularly noticeable that none of these responsible heads appear to be overwhelmed with work. Practically all their minor duties are delegated to subordinate officials, with the result that the principals have ample time to keep in touch with one another, to give mutual support, develop new ideas in concert, and to initiate fresh lines of aggressive policy. When a specially difficult point arises, the directors have always sufficient time to meet together to discuss the subject at once, and come to a decision straight away. This ready means of conference accounts for the somewhat amazing celerity with which conclusions are reached, and definite results quickly obtained, in the policies of the best American firms.

This factory, in common with all leading American works, does not manufacture a great variety of articles. Its product is strictly standardised, and definitely limited to a stated number of sizes and designs.

Its method of putting work in hand is interesting and instructive. The trade is a seasonal one; that is to say, the bulk of the selling takes place during a certain number of months in the year. During the rest of the year, stock is prepared and stored in readiness for the coming season. At the end of each selling period, the Board of Directors have a special meeting, to consider what lines and quantities will be issued to the Superintendent for production in the factory. The Sales Manager has received, and carefully considered, reports from all the branch

houses, agents, and special experts who are each year sent to gauge the position and prospects of every market with which the firm deals or is hoping to deal. Thus it may be decided that the prospective demand of the following season justifies the manufacture of 500 engines of a certain size, 200 of another, and so on. The decision is put into immediate operation, and work is proceeded with on the agreed basis.

After the Board meeting at which this programme is adopted, the Buying Agent orders all material, the Superintendent issues instructions to all the works departments, a staff member appointed to regulate the progress of work draws up time schedules for each main operation, and the whole factory starts together in unison. The components are manufactured in batches, delivered to the erecting shops in batches, and engines are finished and delivered to the stores in batches. It should be particularly noted, that *the construction of an individual engine or machine is absolutely unknown* anywhere but in the department responsible for it.

It does, of course, happen that modifications to design, resulting from experience, become necessary from time to time. These modifications are considered and adopted before the manufacturing programme is put in hand. But once the machinery of production is started, no alteration of any kind which can by any means interfere with the steady flow of output is permitted, or even entertained. Such a system gives cheap production, cheap production means cheap selling-price, cheap selling-price makes possible a large turnover, and a large turnover promises a big profit. Almost equally important, the result is achieved without the scramble, excessive worry, frantic effort,

and meagre result, of the system of manufacture on the individual or jobbing basis.

Now, people who have goods to sell must make the fact known to the world. Advertising is a science apart, a truth which most Americans recognise. They therefore put their printed matter into the hands of specialists, who produce "snappy" catalogues and interesting descriptions, designed to attract prospective buyers and present to them necessary information in the most attractive form.

To advertise costs money, and bad advertising is expensive. The chances are that better results will be obtained by those who have made a life study of the subject, and who have the ability to dress their information in picturesque garb, than by the dignified efforts of the busy manufacturer, who is usually content to state baldly, hard and unattractive facts, which specially-interested people may occasionally read but more frequently don't.

The American manufacturer is a specialist. What he can obtain with greater advantage from other specialists he buys, and by so doing reaps the benefit of cheaper production and expert knowledge. As with materials, so with ideas. The engineer's job is only to make the article in the best fashion, at the cheapest rate; and he is sensible enough to invite the outside help of the advertising specialist, who has studied the best means of introducing it to possible customers.

But of course a consideration of commercial methods, and of putting work in hand, only deals with half the problem. The product still has to be made. The workshop equipment and arrangements are excellent and complete. The practice of manufacturing in bulk permits the general use of repetition machines

and labour-saving devices. Not only so, but the whole design is carefully analysed from the works-manager's point of view; difficult processes are eliminated, and any part which, by reason of intricate construction, might prove a "bottle neck," is discovered and altered before the works take the problem of manufacture in hand.

The result is a volume of output and a rapidity of construction utterly amazing to the engineer accustomed to the slow, jobbing, dignified, superfine, hand-to-mouth methods of the British manufacturer. Let us take the case of a gang of erectors engaged on internal combustion engines. About forty engines are going through in a batch. The men do not start work until every part is delivered to them from the capacious and well-filled stores, in a suitably-made truck specially designed for the purpose. The men are all on one contract, and each has his particular job to do. No individual workman starts on an engine and carries it to completion. His job may be to fit bearings. He does nothing else. He finishes his work on one engine and passes to another. His mates do likewise, and the resulting repetition of operation on a repetition job, makes the men expert and incredibly speedy. Take, for example, the case of a new motor-car engine designed and put upon the market. The first batch of engines took eighteen hours to put together. The next took six, and finally, as a result of experience, the average time of erection was reduced to four and a half hours, the best result being 3·6.

The rigid rule of manufacture in bulk, repeated operations on a standard job, specialised workmen, simple design, a stores system which cuts out waiting, of carefully thought-out devices for saving labour,

close analysis of every detail in construction, and an all-round enthusiasm for the best results, have largely helped to put the American where he is.

Now the labour factor is naturally, as it is with us, probably the most important of all. The most perfect machine ever conceived will not run if some of its wheels are missing. It will not run half as well as it might if some of its gearing refuses to keep pace and is out of harmony with the rest of the mechanism. The cylinders of a locomotive will not contribute much to the speed of a train if they are driving in opposite directions. And American productivity would never have reached its present stage but for the willing co-operation, energetic support, and general adaptability of the great body of the workmen. The men of the United States work under conditions of surveillance, speeding-up, and analytical watchfulness which the workmen of this country would not tolerate for a moment. But the curious result, and one which our trade unions would do well to ponder, is that they do not suffer in consequence. In general comparison with our own, American workmen reap far greater benefit than do those who hedge themselves in by what has already been described as the vested interests of labour—the crippling restrictions on the productive capacity of the individual, and the general hold-up and hostile policy adopted by English labour, as a matter of principle, against employers.

An American works-superintendent may issue a notice that on a certain day a time study will be made of the machining operations on a certain job. A rate-fixer takes his station beside the workman, observes the speed at which his machine is running, times every motion in the performance of the work.

He is an expert, and a trained observer. He brings a fresh mind to the examination of movements which to the workman have become routine. As a result, he may find that the machine might run a good deal faster. He may discover that too much time is spent in taking out work and resetting, and he may, in consequence, devise some means of handling which will enable the man to give better results without increased physical effort. He may notice that, owing to a peculiar design, operations are entailed which, by a simple alteration, might be entirely eliminated. In other words, by virtue of his opportunity for observation, he is able to cut out useless work, point to short cuts, provide better facilities, and reduce the manufacture to a scientific basis.

If a British works-manager attempted, in these enlightened and progressive days, to enforce the same system, his men would walk out of the place. But why should they? Surely it is no real advantage to a workman to have his machine running at a lower speed than that of which it is capable. But it is a distinct loss to his employer. It is no advantage to a workman to spend his time in movements which could quite easily be done without. But it makes his work more expensive to produce. It is really no benefit to an operator to jog along with antiquated appliances, because an expert mind has not an opportunity to study closely the actual working conditions. But the employer who has not the best facilities at his command is losing trade, and the men are reducing the available employment which is their means of living.

Responsible workmen must seriously consider, that while a "ca' canny" policy may appear to them a

reasonable attitude, that while co-operation with employers in the cheapening of production appears to be no concern of theirs, that while they may consider it legitimate to make their jobs as profitable as possible and yet as easy as possible, their economic well-being nevertheless depends, and entirely depends, upon the hold which our employers may gain and maintain upon the buying markets of the world. If our production costs are high and growing higher, if the volume of our output is diminished by ill-considered and unnecessary action, if we are unable to compete with the forceful and exceedingly penetrating efforts of foreign rivals, our manufacturing community, men and employers alike, will present a sorry spectacle to the satirical gaze of those who started later and beat us at our own job. The man or nation who, in these modern days, sets out to look for a "soft job," has a hard road to travel, and a certainty of dismal failure at the end of it.

The workers are familiar with the phrase "foreign competition," and, as a general rule, look upon it with more or less cynical contempt; as a bogey conjured up by the employers to frighten them into acquiescence with existing conditions. But employers, whose duty it has been to find work for a large establishment, recognise it as a bogey of very real and very alarming significance. Extra effort from labour would, in days to come, minimise the possibility of a devastating sequence of unemployment, and is therefore surely worth while, not only as a national duty but as a profitable investment.

And employers, as well as men, must recognise their responsibility. An attempt will be made to discuss the point in greater detail, but as a general principle

it should be admitted that men cannot be expected to, and most certainly will not increase their energies, unless they reap a corresponding advantage in remuneration. "Muzzle not the ox which grindeth out the corn" is a good moral law, but the proverb in this instance is rather more forceful, for the bearer of the burden is in an excellent position to demonstrate that he will not permit himself to be muzzled.

So let us get together and co-operate. Let us pull the same way, if we wish to win. We should be on the same side, and not playing at tug-of-war. Then Capital would be stronger, Labour more prosperous, and a new vitality would flow through every channel of our national life.

Here are two ploughing teams. One pulls well, in harmony and mutual support, each unit contributing a fair share to the result. The other is restless, fretful, slacking, kicking over the traces, rearing, stopping, and stampeding. One is American and the other is British. Which ploughs the straighter furrow, which the sooner reaches the end of the task? A crude analogy it may be, but one which can be considered with profit.

VI

EDUCATION AND ENVIRONMENT

IN our consideration of the British workman as a producing agent, we cannot afford to ignore the conditions and circumstances which affect his knowledge, capacity, mental quality, his outlook, and physical efficiency.

One of the first things he is taught at school is the trite maxim printed on the top of his copy-book, "Knowledge is power," "Little knowledge is a dangerous thing." And yet he is permitted, nay sometimes required by economic necessity, to leave school at the age when education is just beginning to have some meaning and to leave impressions on his mind. The fact is beyond discussion that a better-educated workman would be a more intelligent workman, more progressive in his ideas, less given to action by impulse, and more reasoned in his judgments; more susceptible to the tendencies of changing times, and more likely to contribute something of value to the development of his craft.

It is estimated that about eighty per cent of the children of workmen leave school at the age of 14 years. A small proportion of these continue their studies in evening classes, and without doubt from this minority are recruited the men who occupy the leading places amongst their fellows. What happens

to the remainder ? School is a thing of the past. The day's work over, they spend their evenings in sport, in street-corner discussions which would make a thinking man shudder, in promenading the street, haunting picture-houses, and frequently music-halls when their means will run to it. They seem to be without ambition, unthinking, undisciplined, taking life as it comes, with a vague determination to get through as easily as they can. What can we hope to make from material so badly trained ? What intellectual qualities can we hope to develop when the mind has not even been stirred to action ? What standard of citizenship can we expect from brains unaccustomed to think ? What kind of manhood shall we present to the future, when youth is allowed to run literally wild, at its most impressionable age ?

At the age of 14 a youth, in a State-aided school, has usually a working knowledge of the three R's and little more. From this point, if he remain at school, he begins to get working knowledge of mathematics which systematically teach him to reason from one point to another, to make deductions from given data, and to develop a proof ; to balance cause and effect. The mental exercise is invaluable, and the mental effect is permanent and cumulative. He becomes acquainted with history, and gets a glimpse of literature. He is introduced to the masterpieces of fiction, his imagination is stirred, and the reading habit established. He becomes interested in science, instructed in natural laws. He realises the value of some knowledge of the occupation he will presently enter, ambition is created, and determination to succeed is fostered —in short, an additional two years' educational training and discipline after the age of fourteen, would

give to industry, in many instances, in the place of a thoughtless and irresponsible boy, a youth with a mind open and prepared for instructive impressions, with a certain measure of responsibility, and a serious outlook on life. Few would deny that the advantage under these circumstances would be great, and least of all those who are accustomed to handling men governed by prejudice, who act first and think afterwards, frequently in despite of their own best interests.

In addition to the increasing of the age at which boys may leave school, much greater facilities should be presented to those who wish to attend evening classes bearing on their occupations. If a youth work nine hours each day at manual labour, he is not usually physically fit in the evening to give the necessary mental effort sufficient to make his studies worth while. We know that there are hundreds of cases in which students of evening classes have, even under these conditions, achieved considerable scholastic distinction; but men who succeed under such physical and mental strain would probably have made a much greater mark if their studies had been a part of their day's work instead of a toilsome supplement to it. Employers, therefore, should be required, and educational authorities should arrange, to provide facilities during the day for the technical training of those lads who wish to further their knowledge of the trades to which they are apprenticed. Many already do so, and have no reason to be dissatisfied with the arrangement.

Amongst the working-men, the objectors to an extended system of education for their sons are numerous. They may be divided into two classes: those who can afford to keep their children at school,

and won't, because they wish to obtain the money which the lads can earn, and those who wish for their sons the best education reasonably possible, but cannot afford to give it. With the former there will be no sympathy. Parents who fail to realise their duty to their children should have the obligation thrust upon them by the State. To the second, assistance should undoubtedly be given. Tuition, and the necessary books and accessories, should first of all be free, and where the earnings of a parent do not reach a pre-determined standard, the son should receive a maintenance allowance which would make it possible for him to remain at school. The cost, no doubt, would be great, but the beneficial results to the State would be greater still. The money spent on education is a national investment, which will repay itself manifold, by developing mind, character, citizenship, technical knowledge, invention, art, science, and industry, and giving us a race of thinking men who will not only carry on the great traditions of our past, but maintain, with surer grasp than ever, our influence and dominion in the four corners of the earth.

An improvement in our standard of education would almost undoubtedly have an automatic effect in removing certain social conditions which now form an impenetrable barrier to the moral and intellectual advancement of our workers. But we cannot wait for the operation of a process so slow in its application. There are social reforms crying aloud for settlement. The housing of the working-classes in large industrial centres, particularly in Scotland, is an offence to common decency, an affront to the first principles of hygiene—a social excrescence. And the fault is not primarily the workers'. In many

districts, it is simply impossible to rent a house, within the compass of a working-man's income, where the most ordinary proprieties of domestic life can be maintained. Thousands of families are living in a single room, tens of thousands in houses of two rooms. Bathrooms are an undreamt-of luxury, the workers' toilet being usually performed in a scullery, very often in the receptacle utilised for the washing of domestic utensils. Sanitary provision is more often placed outside the houses than in, and is the common property of several families. The kitchen in which the food is cooked and eaten is also a bed-room in which four persons are expected to sleep, an arrangement which would cause some embarrassment to those accustomed to less primitive conditions. It is useless to say that a workman should refuse to live in a house of this description. None others are available, and even for such a dwelling he must pay a rent of six or seven shillings per week, with taxation in addition, as high a proportion of his wages as any ordinary workman can afford to give.

In such an environment, where quietness is unusual and privacy unknown, in the stress of family life and domestic activity, the worker is likely to have little opportunity or inclination for instructive reading, or any other pursuit likely to stir his ambition or improve his mind. On the contrary, wearied with his day's work, and denied at home a necessary relaxation, he more often than not repairs to the club or the public-house, where his time is spent with little profit to himself, his family, or his employer.

The drink evil as it affects the worker is one of the most serious import. The sum he spends in liquor is of course a national loss, his efficiency is impaired,

the prosperity, and often the happiness, of his home life is imperilled, and poverty, crime, and destitution are the fruits of over-indulgence. Yet it is difficult to see how the problem can be effectively dealt with without reference to that of housing. There is no doubt whatever that much of the attraction of the public-house lies in its brightness, and the society it provides. Man is gregarious, and while the temperance reformer is no doubt justified in his bitterest denunciation of the drinking habit, his reforming efforts would appeal with more striking force, if he endeavoured to seek and advocate a practical antidote to the admitted evil. Workmen have many interests in common which they wish to discuss, and it is not a bit of use telling them not to drink if the only place in which they can meet together is the public-house. Give a man a house in which it is possible to live with some degree of comfort, and to which he can ask a friend in the evening, give him clubrooms in which he can have games and wholesome social intercourse, make such institutes centres of interesting instruction and profitable discussion, and, having provided a need essential to his leisure hours, smash the drink trade with all the force and energy at your command.

The problem would appear to be one primarily for the Government and Municipal authorities. In many industrial districts, house rents are inflated because of exorbitant ground rents charged by the landowners. Where building land is required, the measure of value is determined by the urgency of the demand. This is a business arrangement with which we would not quarrel if the contracting parties were free agents. But workmen's houses must be adjacent to works, and when a firm, by brain, energy, and

capital, builds up a business to which workmen are attracted, it is difficult to discover the moral right of the ground landlord, who contributes nothing, to increase enormously the price of his surrounding property. A Corporation, seriously embarrassed by housing difficulties, devised a scheme of arterial tramways leading to the suburbs, where ground was cheap and available for building purposes. The system naturally cost the ratepayers many thousands of pounds. But curiously enough, when the cars reached the outskirts of the town, land which hitherto had only an agricultural value, immediately became so expensive to buy that the price of a building plot materially affected the cost of the house and the rent at which it could be let. The taxes of the ratepayers therefore, were, in effect, partly paid into the pockets of those who happened to possess the land necessary to the community. Such instances are numerous enough to be commonplace, and the solution of the housing problem would be materially simplified if the Government decreed that land essential to the common good should be purchasable at a reasonable figure which they themselves would determine.

It is no uncommon thing to find workmen, even in ordinary times, advertising for a house, and offering a sum of money to the one who will give them the key. Such a circumstance of course indicates an extreme shortage of housing accommodation, resulting naturally in high rents for poor dwellings. Corporations should be encouraged, nay, indeed, required to overcome such a condition by undertaking building schemes on their own account. In supplying the deficiency they would bring down rents, and at the same time reap for themselves, the workers and

indirectly the employers, profits which are now enjoyed by jerry-builders and speculative landlords. It is perfectly evident that nothing short of State regulation of the price of land, and Municipal building on a large scale, can effectively remedy a state of affairs which is a menace to health, a danger to morality, and a barrier to all social advancement.

The importance of providing suitable means by which the worker can pleasantly and instructively spend his leisure hours cannot be over-emphasised. We have already pointed out that the street corner is frequently the rendezvous of our youth, and from the street they graduate, by an almost inevitable process, to the public-house. Moreover, modern methods of production tend more and more in the direction of mechanical operation by the worker. A man is on the same job day after day and week after week, and unless some counteracting influence comes into play, the monotony of his labour engenders that "fed-up" spirit, which is so great a breeding ground of discontent and rebellion. The expression of the workers' mental condition is seen in the frantic enthusiasm of a working-class football crowd, keenly critical, fiercely partisan, boisterously demonstrative, as if the pent-up feelings of a week were finding a sudden, necessary, and noisy outlet. Comparatively speaking, the effect is good. But it is also seen in the existence of the furtive, demoralising, widespread habit of gambling. Workmen will risk their job, to find opportunities of comparing notes regarding the latest tip. They will risk the prosperity of their home to find money for a "flutter." Every workshop of any importance has its bookmaker's tout and its system of credit betting, the deadly tentacles of which

reach out and embrace even the boys, who club together and with their pennies have a joint gamble. The practice is by no means confined to any one class, but those who have intimate knowledge of the facts will agree that the habit would be less prevalent amongst the working people if they were provided with other more attractive, wholesome, and recreative interests.

Unfortunately the workman's institute is a concern not likely to pay a large dividend in cash, and with our customary inability to see virtue in anything which does not give a quick return, no one is anxious to adopt the unprofitable baby. But psychologists, sociologists, and even employers who have recognised that their workpeople have a human side, do not require to be convinced of the need. A few feeble and tentative efforts, generally inspired by private interest, have been made to meet it in certain localities, but nothing less than a big comprehensive scheme, parented by public authority and recognised as an integral part of our industrial organisation, can adequately meet the case. Municipal authorities exercise their powers to build public libraries—most excellent institutions—but the man who has been tied to a bench or a machine during the day, and who naturally seeks the companionship of his fellows, has no inclination in the evening to enter a building in which the word "silence" greets him whichever way he turns. Why, then, should not the Municipal authorities exercise their powers to provide buildings in which those who wish may, for a nominal sum, meet for social intercourse and recreation, mental and physical relaxation, without the dangerous, degrading, and anti-social influences which permeate such meeting-

places as do now exist? We admit that those to whom profit is god and loss destiny, will have to revitalise a moribund imagination before such a proposal will commend itself, but the time is coming when many prejudices will be shaken up, standards of value reviewed, and the responsibilities of authority for the welfare of those whom authority represents considerably and desirably extended. You cannot for ever stop the flow of running water, but you can deflect its course. Seriously consider the existing streams of social tendency, and it will be seen that while restrictive measures in some directions are essential, fresh channels must certainly be opened in others.

The restrictive measure of which we speak must above all include the drink traffic. Industrial efficiency, national production, our capacity to develop on competitive lines and accommodate ourselves to the varying conditions of world trade, has no greater foe. The temperance reformer sees in it the cause of poverty, crime, family distress, social degeneration. These we also see, but we are primarily concerned for the moment with its immediate effect upon our ability to produce those things which contribute to the wealth of the country. Fortunately our examination of the facts need not be elaborate, for the opinion of those best able to judge has already been effectively expressed. When the present war broke out, and it became apparent that our man power would be fully taxed, that nothing short of the absolute maximum of our production would give us the gigantic supply of munitions we required, the realisation came home with irresistible force that one of the chief obstacles in the way was the facility offered to men of spending time in the public-house when they ought to be at

work, and in the effect which drink had upon the willingness, the energy, and efficiency of the worker. In the public interest, therefore, the hours during which drink could be sold were considerably curtailed, and undoubtedly far-reaching benefit has resulted from the restriction. Before these measures came into effect, lost time, idle machines, work hindered, contracts delayed, careless, uninterested, dilatory workmen, were the daily problem of works-managers in certain areas. In view of the unmistakable evidence we now possess any powers which will limit temptation or restrict facility to drink should obviously be exercised, even in peace times, for the good of our national industry. Vested interests will threaten, the workers themselves will protest, but responsible authority should recognise that the after-war position of this country, in a commercial sense, will be one which will demand every bit as strenuous an effort as is even now being made—and should take measures accordingly. Every man has a duty to himself, his family, and his country. Whether we be at war, or whether we enjoy peace, he cannot fulfil that duty by drinking while he should be at work, and there is no possible ground, that we can see, why the present arrangements which have proved so beneficial to the national well-being, should not be continued, and made a permanent part of our social organisation.

Improve the standard of national intelligence, develop the national mind, enlarge the outlook of the worker, inspire him with fresh ambition, enthuse him with fresh hopes, give him a glimpse of positions which he may attain, and make it possible for him to begin to climb, by first of all giving him an education which will form a substantial groundwork upon which

he can build. Remove the blighting influence of environment, inevitable to the conditions in which he is at present housed, and give him a dwelling in which he can live with comfort and a certain measure of refinement. Supply a means by which his natural craving for fellowship and recreation can be satisfied, away from the body-and-soul-destroying influences of the public-house. Having offered that which is for his good, rigidly suppress, in the public interest, that which will do him harm. Thus you will breed a new race of men, upon whom the industrial and civic responsibilities of the country may be safely placed, and in whose hands our national future will be secure.

CHAPTER VII

THE MIND OF LABOUR

IT must be agreed that it is infinitely preferable that industrial difference should be settled by arbitration, rather than by the enforced surrender of one side or other through financial exhaustion. It must be equally agreed that if the Government are ever to be armed with sufficient power to enforce the adoption of such a method of settlement, they will have to get the agreement of the workers to the fashioning of the means. In the present state of the mind of labour this will be by no means easy, and at first sight would almost seem to be impossible. It is a simple statement of fact, that the great body of labour views with a deep and sinister distrust our employing and ruling classes, and no step towards a more rational method of determining differences can be made until this distrust has been removed and some degree of confidence restored. The causes are many, and somewhat involved, but it would appear that the best means of discovering the men's point of view, and the tendency of working-class opinion, would be to consider the mental attitude of those who largely help to form that opinion. This we must seek in the official circles of local trade union branches, in the socialistic groups which attach themselves to the trade union movement, and in the distinctive, class-apart

position which Labour candidates for Municipal and Parliamentary honours feel they must necessarily adopt, in order to advance their claim for recognition.

In the years immediately preceding the outbreak of war, agitation followed upon agitation, strike followed upon strike, with such alarming frequency that the public mind was continually directed to the "Labour crisis," and speculations were many as to whether the new movement amongst Labour portended the disintegration of the old system of relationship between employer and employed, and the first-fruits of the revolutionary, anti-capitalist, worker-over-all doctrine so assiduously preached in the past decade. It was painfully evident that a new spirit had risen, a spirit of impatience, resentment, intolerance of restraint, of complete dissatisfaction with existing conditions, and determination to effect changes of a radical nature in the remuneration of labour and hours of work. These symptoms had been observed before, but only in isolated cases and by spasmodic eruptions. Nothing so general in effect, so intense in nature, so passionate in its incidence had been previously experienced, and the Government, employers, and unbiassed observers alike, were for the time non-plussed in their attempts to appreciate and state in terms exactly what it meant.

The attitude of the Labour movement may be better understood if we recall its history. Consider, in the first place, that trade unionism for twenty years had been fighting a twofold battle, for strength of numbers on the one hand, and recognition by employers on the other. In the earlier days of the movement, it was by no means enthusiastically supported by the workers themselves. But a group here and a group

there, strong in purpose, persevering, tenacious, frequently victimised by employers, full of confident determination, though seeing little for their sacrifices, gradually succeeded in propagating their beliefs, in organising men in individual workshops and trade districts, until in time they became so strong that they were able to make trade unionism a condition of employment, and even in a limited measure to dictate terms to the master. During the period when the movement was developing strength, it will be readily understood that the trade union agitator was an individual by no means popular with employers, who undoubtedly, in countless cases, exercised the most arbitrary measures to repress him and make it difficult for him to earn a living. In places where the movement was weak and the number of trade unionists in a particular shop were not a controlling factor, the employer frequently refused to recognise it, and did his best to oppose it. He played a somewhat autocratic and not very far-seeing rôle with such success that the Labour movement grew in enmity, and developed to full stature in a spirit of bitter opposition to the employing class. When it reached the position in which it was able to negotiate with the employer on something like level terms, a trial of strength was to be expected, and it came. The manner of its coming was rather violent, and the dislocation correspondingly great. The workers came pushing at a door which would not yield. They came in gradually increasing numbers, but still the resistance on the other side was too great. They came, at last, in overwhelming numbers —the door burst open, and in their haste they were precipitated inside. In other words, trade unionism had for many years to fight hard for its existence;

it had to fight harder still before most employers would recognise the movement, and become willing parties to joint bargaining. It is not surprising, in view of this troubled history, that when power came to the men they should use it with more zeal than discretion, with more persistence than consideration.

Coupled with these facts, the country had had a long spell of considerable prosperity. Work was plentiful, wages were, comparatively speaking, good, unemployment was rare, and under these conditions workmen with no serious responsibilities of their own, became restless and discontented. It might be supposed that the contrary should be the case, but those who are acquainted with workshop conditions will agree that, generally speaking, the men who earn most, lose most time, that those whose wages are highest are the most independent, and occasionally unreasonable in their attitude, that the men whose piecework prices permit of the biggest average of earnings are those with whom it is most difficult to negotiate. From which it may be gathered that, just as the workers must be educated rightly to use their new-found power, so, too, must they be instructed rightly to use their prosperity whenever and however it comes.

There is nothing in all this that is difficult to understand, and it is taking an unjustifiably serious view of the Labour situation to suggest that the workers generally are saturated with revolutionary tendencies, and are members of a gigantic conspiracy to overthrow the existing order of society. Doubtless Labour crises will come again, but their possibility will be considerably minimised if those who rule, and those who employ, will but recognise in the Labour movement a force which must be definitely reckoned with

in our scheme of industry, and will allocate to Labour a more clearly defined share of the profits of production.

The men who lead the local councils of the trade union body, are, as a rule, the workmen of most alert intelligence, capacity for speech, and dominant personality. They originate policies, initiate programmes, discuss grievances, interview employers, and generally indicate to the great body of workmen, who are perfectly content blindly to follow, the way in which they should go. Where men are untrained in the exercise of authority, responsibility of this kind is apt to carry them away and distort their sense of proportion, and we need not be surprised that an anxiety to find trouble, interference fruitful of much friction, and a general disposition to make mountain out of molehill, are the all too common failings of those in whose hands the local representation of Labour rests. But to denounce them as firebrands, whose ambition it is to smash Capital and make Labour tyrannically supreme, is a mistake, only made by those not fully acquainted with the subject. They are simply hard-headed workmen, imbued with the feelings of their class, who believe that the recompense of Labour is not commensurate with the value of the services rendered, and who are determined, with a perfect right, to do what they can to improve the status of those they represent. To come to terms with such men should not be difficult.

There is, however, another element with appreciable influence on the situation, which will be much more difficult to reconcile—the Socialist. The Socialist ideal does not permeate the ranks of Labour to anything like the extent commonly supposed, but it is a growing force, growing in adherents, in intellectual

capacity, in constructive ability, and in effective practical importance, because of the high proportion of thinking workmen who subscribe to its doctrine. The appeal of the movement propagates amongst Labour with telling effect, because it presents a prospect of a definite and desirable goal, to be achieved by the application of specific means. Our present investigation is not concerned with the truth or otherwise of the Socialist argument, but it is necessary to consider it, in order to gauge its effect on the mind of Labour, and consequently on the relation which it may be possible, by statesman-like reform, to establish between the employer and the employed.

Considered from the Labour point of view, the trade union movement is less effective than it otherwise would be, because it has no vision of an ultimate result to be attained. The orthodox trade unionist lives for the present, and anticipates only the immediate future. His object is to secure the highest wages, the shortest hours, and the most comfortable working conditions he can obtain. He fights his battle, therefore, from day to day and month to month, vigorously it is true, but always recognising that the employer or the capitalist has a definite place in the scheme of things, and making, unconsciously perhaps, allowances accordingly. The Socialist, on the other hand, looks upon the employer, or capitalist, as entirely unnecessary, as a tax upon labour, an evil to be abolished, as an obstacle in the path of the worker on his road to the highest well-being. Believing as he does that the workmen should be their own employers, he is much more bitter in his attacks on the existing order, stronger in his argument because he has an alternative to propose, and much less ready

to entertain proposals which will tend to establish industrial peace and so strengthen a system which he conceives to be entirely wrong.

The Socialist claims that all capital is created by Labour, and should therefore be owned by Labour; that profits are created by Labour, and should be returned to Labour; that private enterprise should be abolished, and the State become the universal employer. He paints a roseate picture of garden cities in which no social evil exists, of leisured hours, of manhood full-grown in moral and intellectual qualities, of freedom from the carking cares of poverty and physical want, of strife abolished and brotherhood reigning supreme. As a vision of idealism it is superb. As an economic possibility it will bear discussion. As an appeal to workmen, hard-worked, badly-housed, dependent on the accident of health and strength for the means of life, it possesses an allurement which may be destined radically to change Labour ideas and aims. To a considerable extent because of socialistic propaganda, Labour is in a questioning mood, and the time has come when employers and the ruling classes will have to make some attempt to face problems which can no longer be ignored or forced into the background.

We have already mentioned the question of education, housing, and inadequate facilities for recreation. The additional problems of unemployment, of maintenance during periods of ill-health, the care of the child life, of slumdom, the profligating extravagance of certain classes whose mode of life is an insult to those who earn their daily bread, are a few of the many other directions in which attention must be turned. These questions are not presented on the higher grounds of morality or sentiment. As a plain

business proposition, it is surely advisable to make some effort to remove conditions which, without exaggeration, and to say the least of them, are embittering the soul of the working people and promoting that frame of mind which will make impossible the establishment of the harmonious relations that are essential to our industrial and national prosperity. If the issue be not faced to-day, Labour will one day force it, and in the forcing process will be seen the bitterest feud which Capital has yet encountered. The strength of the Socialist's plea rests on the existence of the evils we have indicated, and as he himself fully realises, the force of his contentions will probably decrease in proportion as social ills are abolished. He means business. At present he is only circling round the fringe of the Labour movement, but he is getting inside and presently will be an influence very seriously to consider.

That influence would not be feared if criticism were directed in a reasonable way, with a due regard to the stability of the present-day industrial and social organisation. But the Socialist, in the pursuit of his ideal, is rather apt to forget that the complex organism known as modern society, is the slow and tortuous development of centuries of progress, the laboured building of countless generations. Good or bad, ill-balanced and incomplete as it obviously is, such a growth, the roots of which reach out and embrace every individual and every nation, is not lightly to be torn up until something better, something fully considered, well devised, and generally acceptable, can be substituted in its place. To destroy is easy; to rebuild is the work of genius, and time is the biggest factor in the plan.

The Socialist section of the trade union movement, composed chiefly of the younger members, intensely earnest, extremely impatient, of considerable ability, but irreconcilably bitter and Ishmaelitish in their disposition, constitutes probably the chief anxiety of those men of understanding and goodwill who honestly believe that a just and equitable balance, sufficiently effective to meet our immediate needs, and paving the way for those beneficial reforms which are bound to come, can be struck between the men who work and those who control their labour. But if these social critics see that a genuine effort is being made to understand and remove legitimate grievances, that the tendency of national development is in the direction of raising the status of the so-called lower ranks of society, that employers are willing, and the State eager, to adjust on a fair basis the relative value of those who earn and those who receive profits, it is not too much to suppose that even they may stay their destructive criticism, and lend a hand in the building of the higher order. In any case, their appeals would reach working-class ears much less sympathetic than they are to-day, their incitement to strife would be less forceful, because less necessary, and those storms of passion which in the past have swept through the ranks of Labour be much less likely to recur.

The advent of the Labour candidate for Municipal and Parliamentary honours has become a recognised feature of our local and national life. He runs of course in opposition to the representatives of the orthodox political parties, on the ground that neither of them adequately represents the interests of the working-classes. It is considered that a parliament composed largely of lawyers and employers of labour

must, under whatever name it appears, be largely conservative in its instincts, protective of vested interests, and generally disinclined to promote legislation which may improve the welfare of the masses at the expense of the pockets of their own caste. The Labour candidate must obviously advance his own claims by telling his hearers of the impossibility of justice being meted out unless they delegate members of their own class to represent them in the councils of the nation. He points to social evils with which little attempt has been made to deal, to the continual triumph of particular interests which are inimical to the well-being of the community, to the strenuous opposition offered to the most modest proposals of reform, and generally seeks to teach the lesson that those in whose hands power now rests are using it for the protection and advancement of their own good and the keeping in subjection of the great body of the people. These arguments and charges are the commonplace of every political campaign. Some of them are true, some may be partly true. One may be permitted to comment that criticism is so easy, and the work of rebuilding society so difficult, that it may well be wondered whether those who so easily evolve word pictures, would find it just as easy to translate speech into definite action. But that is not the point. The principal concern is, that in the pursuit of political aims the leaders of Labour seem to take up the position, and endeavour to persuade their followers, that they are a class apart. They teach that the employer is their natural enemy, that war exists between them and must continue to exist, that industrial reforms will not be realised until they have been wrested by the exercise

of political power, and that the only way to achieve this end is to dominate the House of Commons by their own kind. It is impossible to deny the right of working-men to send to Parliament whom they wish. It is claimed on many hands that a larger representation of Labour there would speed up the wheels of progress, and it probably would. But let it not be forgotten that Labour is not the nation, that theirs is not the only interest to be considered, and that, in any event, many a day must pass, and many a change take place, before their dreamed-of domination can be attained. In the meantime, the effect of such teaching as has been indicated is to widen the breach already existing, and make more difficult the cause of peace and good understanding.

Labour leaders, in the exercise of their primary calling, which is to control their unions and negotiate with employers, are not usually found to be unreasonable men. They have in most instances a capacity to see both sides of the question, and many a disastrous stoppage of work in the past would have been prevented if their counsel had been taken, and not overruled by an irresponsible and hot-headed element in the rank and file. But they are paid servants, and in theirs, as in other walks of life, the man who pays the piper must, sometimes at least, be allowed to call the tune. Let them see, however, a general disposition to deal with the social conditions they attack. Let the social anomalies which no one can defend be seriously tackled. Let an honest attempt be made to give them a voice in political life in keeping with the large numbers for whom they speak. Above all, demonstrate a willingness to define in more exact terms the conditions under which Labour shall be

remunerated for the work it does, and there is every reason to suppose that their destructive criticism would be turned to constructive suggestion, and that they would show a willing readiness to keep the industrial peace, and so help to strengthen and consolidate our national and international economic interests.

CHAPTER VIII

MACHINERY OF ARBITRATION

A STRIKE or a lock-out being a serious economic loss to workmen and employers alike, and to the country in general, effective machinery should be devised, in the interests of all concerned, to effect a just settlement of industrial disputes without recourse to a stoppage of work. It has previously been shown that when a section of men, or a particular trade, ceases work, many thousands of other workers not immediately concerned in the dispute may be thrown out of employment and suffer loss, because of the interdependence of one trade upon another. But owing to the fact that on the one hand employers of labour are now organising into a general federation, and that on the other there is a notable tendency amongst trade unions to amalgamate, or at least to provide for joint action in certain circumstances, it is not inconceivable that, under these new conditions, the country may one day be faced with something in the nature of a general stoppage, a position which would be fraught with the gravest danger to society, and would resemble in its operation, civil war. Let us suppose that the Trade Union Congress, representing the great bulk of the workers in the country, determine that a certain demand be made concerning the restriction of the hours of labour, and that this

demand is taken up and prosecuted with ruthless determination by the individual unions acting together. The Employers' Federation would probably determine that the demand could not be granted, and a trial of strength on a gigantic scale might ensue. Such an eventuality, distinctly within the bounds of possibility, would mean industrial and social chaos. It can only be prevented by the establishment, before it is too late, of a system of arbitration, acceptable to both sides, local and national in its application, and supported by the force of law. A provision of this kind, made under the Munitions of War Act, 1914, is in operation in England to-day and intended to cover the war period. But while, for the time being, it is, in a limited measure, effective, the existing machinery is entirely inadequate to deal with such situations as may be expected to arise when the war is over. Workmen are at present considerably restrained in their actions by the knowledge that upon their continuance at work depends the safety of their sons and brothers at the front. When this consideration ceases to apply, the Committee of Production, which usually adjudicates on industrial differences, will be powerless to exercise any real influence upon the situation. True, the Committee would always keep the peace if they gave the workmen all they asked, or even what they were prepared willingly to accept. But the time would probably come when employers would refuse to recognise as a satisfactory tribunal, a body which had not the power to enforce the acceptance of its awards. When disputes have arisen in the past the Government have not been particularly successful in their attempts to exercise authority, and with the growth of the workers' political power and

the joint action of trade unions, they are less likely than ever to possess any real industrial control, unless they arm themselves with more effective weapons than they now possess. It is easy to place a law upon the Statute Book. When a hundred thousand persons break that law, it is more difficult to enforce it. The same Government which placed a penal law upon the Statute Book was the first to recognise its uselessness. When war broke out there were withdrawn from the great coal-mining industry nearly 300,000 men. To some extent, inexperienced labour was introduced to fill the vacancies, but the net result was a serious shortage in the coal produced for home consumption and export. The Prime Minister of the country, head of the Government, and chief executive authority of the British Empire, thereupon summoned a conference representative of the miners and their employers, which met on October 26th, 1916. He pointed out to them that there was a deficiency in the output of coal of 15,000,000 tons per year below the amount absolutely essential if we were to provide for the needs of home and for export. He also pointed out that the absenteeism of workers from the pits represented ten per cent of the possible coal output, and only five per cent of it could be accounted for by sickness, injury, and unavoidable causes. If the remaining five per cent of time lost for causes within the control of the men were made up, the total deficiency in our coal output would be recovered, and the country placed in an immensely stronger position by having exports with which to pay for the goods we were forced to buy from neutral nations. He appealed to the men to use every influence they possessed to get their fellow-workmen to put in

full time, and so achieve the desired result. But his Government had previously made a law to forbid the losing of time, and prescribed penalties. The fact therefore that he found it necessary to call the men together, and beg of them to obey the law, was surely a plain indication that the law itself was meaningless, and could not be put into operation even at a time when the whole force of public opinion was demanding the supreme effort.

Now let us make quite sure that the Government of the country, representing the nation, have a moral right to prohibit the stoppage of work, and upon what conditions. It would appear at first sight that a body of men who contract to work for an employer under certain conditions, have a perfect right, as free agents, to break the contract and withhold their labour, if these conditions are not fulfilled, or if they become dissatisfied with them. Such a contention would be a just and reasonable one if the effect of such stoppage was confined to those immediately concerned. But when a body of men, members of a community, take action which is subversive to the general good of the community, which causes universal distress and serious national loss, the matter becomes one in which the Government, as the trustee of the whole of the people, may with a perfect right intervene, and say that they cannot permit one body of citizens to prosecute their interests at the expense of the remainder. But the only condition upon which they can exercise such prohibition, is that they see to it that the discontented section have their case fully investigated, and that strict justice is done by the establishment of a fair balance between the reward of Labour and the recompense of Capital. Freedom

exercised without regard to consequence is anarchy; the price of freedom must be justice.

Take a concrete case. The railwaymen, in the first instance, are the servants of a company of shareholders. In a much greater, fuller, and more important sense, they are the servants of the nation. A railway strike is a national calamity. It paralyses industry and creates practically universal unemployment, with consequent hardship and suffering to tens of thousands who have no part or share in its causes. It is therefore an immediate concern of the Government to declare that a catastrophe which is obviously against the public interest must not be permitted to take place. But in so doing they must equally see to it that the interests of the railway workers are not in consequence jeopardised and that long hours, low wages, and known hardships, are not supported and maintained by the arm of the State. This consummation can only be effected by the promotion of a scheme, the outlines of which we shall later on consider, which will regulate the return which shareholders may receive from invested capital. The workers of the country, organised together, have political power of such magnitude, they represent such a high proportion of the man power of the community, that no Government would be strong enough to put into effect a law forcing the workers to abandon their most valuable weapon, the strike, excepting on such terms as would ensure that the profits of our industrial system were distributed in such manner as to guarantee to the men the terms of Labour which, in other circumstances, they might obtain for themselves, or which may reasonably be given with due regard to other interests involved.

Assuming this essential condition fulfilled, we may with some hope of developing a workable scheme, consider how the Government may arm themselves to deal with rebellious sections of workmen who might still take action contrary to law and justice. If a thousand men in a particular area, or ten thousand men in a particular trade, stop work, it is impossible to take them to a police court and fine them, or send them to prison for their offence. Such are the penalties detailed in the Munitions of War Act, 1914, but the provision is merely the expression of a pious opinion, the uselessness of which would be exposed on the first occasion when circumstance demanded its application. To deal with the individual man in an industrial crisis is impracticable. But to deal with his trade union is possible. Unions have funds. The money required to maintain men on strike is not kept in the office of the general secretary, but is invested in stock easily within reach of the Government. If they decreed that for every day each man remained away from work, a penalty should be extracted from this money invested, they would exercise an effective weapon which can really be applied. They could by this means assist trade union leaders to maintain discipline among the rank and file, and to curb those violent ebullitions of temper and manifestations of restlessness which periodically break out into stoppages wholly unjustifiable and unnecessary. Such a measure would be simple in its application, effective in its results and, as a last resort, just. But, as already indicated, it could only be made law by general consent, and as the penal clause of a definite, equitable, and comprehensive agreement regulating the distribution of the profits of industry.

In order that settlement by arbitration should become a recognised part of our industrial organisation, accepted as the usual and natural method of discussing differences and removing grievances, it should begin with the individual man in the individual workshop. Under existing conditions a man, or body of men in a workshop consider that they labour under a disadvantage. They take their trouble to the works-manager, who may remove it or point out that in his opinion they have no cause for complaint. In the latter eventuality the men may send for the district representative of their trade union, who will come and rediscuss the matter on their behalf. The grievance may be real and the employer still refuse to recognise it ; it may be fancied, in which case it is unreasonable to expect him to take action. In either event, the men remain dissatisfied, and although the matter is not of sufficient importance immediately to lead to serious courses, the seed of discontent is sown. It grows ; it has a cumulative effect ; and the result sooner or later is distinctly detrimental to the relations between the men and the master, promoting a state of mind which looks for trouble and usually succeeds in finding it. Such cases could be met if the workers appointed one of their number, a responsible, able, serious-minded man, to negotiate with the works-manager, or other official detailed for the purpose, these minor differences which so constantly arise. These two, who in course of time would get to understand and appreciate one another, would usually be able to find a way out of the difficulty. But if this were impossible, a third person possessing an expert knowledge of shop processes and customs, and previously agreed upon, should be called in to give a

binding judgment upon the point at issue. The nature of the difference which this Works Labour Board might be called upon to decide, could be strictly defined, and would only appertain to individual complaints, or matters entirely local to the establishment concerned, questions of policy or larger principle being relegated to a body of wider power and more representative character.

The second class of difference most usually found, is that which concerns the whole of the men following a trade in some particular town or district. Industrial areas are usually well-defined, such as the Clyde, the Tyne, Sheffield, Birmingham, and so on, and the establishment of arbitration tribunals, with sufficient local knowledge to deal with cases in these respective areas, could be easily arranged. The conditions in each are slightly different, such as the nature of work performed, the standard of wages, and the cost of living, and it does not usually happen that demands are put forward affecting all of them together. In each of these areas, too, the interests of the men are usually represented by an official known as their district delegate, so that the already existing lines of demarcation lend themselves very well to the formation of District Arbitration Boards. As the questions likely to come before such a board would be of more serious import and far-reaching nature, the members should be well chosen, from men who have a knowledge of trade conditions and are known for their public spirit, for after all the object of arbitration is to secure just settlement and not to achieve victories. The members might be four in number, one appointed by the men, one by the employers, with a chairman and other adviser nominated by the Board of Trade. Two

neutral members are advisedly suggested, because it is fair to assume that the representatives of employers and men cannot help more or less approaching a question at issue from the point of view of their own side. If, of course, either of these representatives was sufficiently broad-minded, on evidence offered, to decide against himself, so much the better. But the tendencies of human nature cannot be overlooked, and in the event of disagreement it is not desirable that the decision of the court should be left in the hands of a single individual arbitrator, whose information may not be complete and whose judgment might be at fault. If the two neutral members agreed in their conclusions, the decision of the tribunal would carry much greater weight, and would be much more likely to give satisfaction. It is possible that they might not agree, in which case the Board of Trade would appoint a third arbitrator, who need not hear the case, but would study the evidence given, and his judgment would be binding on the parties. If the consideration of the dispute were carried to this stage, justice would have had every chance. The decision would have been made by at least two neutral persons, while the presence on the board of representatives of both men and employers, would have ensured that the two sides of the case had been adequately presented, and a just hearing given. A tribunal so composed could be trusted to deal with conditions in individual works, with questions concerning wages in particular trades, hours of labour, piecework, or other dispute, affecting any body of workers in the area under their jurisdiction.

But disputes may arise so general in their application that they would be outside the scope of a local or

district tribunal. To deal with these, a national body on the lines of the existing Committee of Production, must be created. A railway dispute for example, a general agitation of the coal-miners, a demand from the dockers and transport workers' unions, affecting practically every port in the country, must obviously be the concern of an arbitration board of high standing, national character, and powerful influence. This board would of course be the most important one of all, and its usefulness and effect would be largely determined by its capacity. Unbiassed opinion, judicial and dispassionate temperament, knowledge of industry and commerce, producing power, markets, familiarity with social conditions of the workers, tact, sympathy, forcefulness, are some of the qualities essential to its members. No man could render greater service to his country than to foster industrial expansion and commercial supremacy abroad, and facilitate social development at home, by removing the shackles on our productive efficiency and maintaining industrial peace. For this reason, if for none other, the best administrators we possess should be allocated to the duty. Employers as a rule, especially those controlling large corporations, are men of affairs, shrewd, determined, powerful. Trade union leaders usually possess strong force of character, tenacity, ability. They are backed by weighty political influence, supported, and sometimes pushed, by the class feeling and swift-moving passion of their members. To maintain an equitable and mutually satisfactory balance between those two interests will provide sufficient scope for the most fertile judicial brains we can produce. The solution of the problem calls for statesmanship in its most exacting form, and is quite beyond the scope

of the estimable lawyer or the amiable peer whom the Government usually appoint for the purpose.

The success of the proposed system would admittedly depend upon two things—the measure of sympathy with which it was initiated and the class of man who was appointed to administer it.

It may be regarded as generally true that employers look to the future with something of misgiving. They feel that the situation with regard to Labour is distinctly uncertain, and that the prospect of trouble is more than possible. If they believed that any system of negotiation could be devised which they could support without fear of their interests being unfairly prejudiced, and which would ensure the continuity of output, there is very little doubt that they would be only too glad to give it their approval.

If, on the other hand, it can be shown that strikes cause national economic loss which we cannot afford and which we must forbid, if we ensure that real safeguards are given to the workers that their legitimate aspirations need not be surrendered even if they yield up the strike weapon, if we may believe their assurance that they have the welfare of industry at heart, the logic of events will impress upon them the necessity of a more reasonable and profitable method of prosecuting their claims.

It is unfortunate that in the past, we have never looked upon arbitration as desirable in itself. When Capital and Labour have been in the thick of a fight, it has frequently been accepted as a suitable means of effecting a compromise, and giving one side or the other a graceful opportunity to climb down. It has not been looked upon as a system having a definite position in our industrial organisation, with

the result that the means taken to make it really attractive on the grounds of equity and simplicity, to find men whose judgment would be founded on intimate knowledge and regarded with respect, have been totally inadequate to the great interests involved. If, however, it were made clear that arbitration was compulsory, the necessity would at once become evident of finding for the exercise of such responsible authority the best brains and the most trusted personalities we possess. The industrial arbitrator would assume a dignity undreamt of at present, and both sides would soon learn to accept his ruling without demur. There are many men suitable for the discharge of such responsibilities, and they can easily be found once we decide that our national welfare demands their services.

Let us at least make some serious attempt to grapple with the subject. Let us get away from our customary method of recognising that there are differences to placate only when they have plunged us into the throes of civil strife. Let it no longer be said that we have the genius to rule diverse races in far-flung empires but cannot keep the peace at home, that we can reconcile peoples once hostile and bitter but cannot find a means of bringing together our own, whose blood is one and best interests the same. If a man have a difference with his neighbour the law does not permit him to settle it by physical violence, if a man is a creditor of his neighbour he cannot take forcible possession of his neighbour's goods until he has the law's authority. Such methods belong to savage days; social unity under them would be impossible, and if every man were a ruler unto himself civilisation would crumble and fall to pieces.

How much less, therefore, can we longer permit corporations of employers or trade union bodies, which after all are only multiplications of the individual, to carry their disputes to the point of war, to perpetuate the spirit which sets one class at the throat of another, and, by unwise resistance on the one hand and unreasonable and intemperate action on the other, breed and let loose those passions which strike at the foundation of our social order and raise clouds of menace for our future?

CHAPTER IX

THE CONTROL OF FOOD PRICES

IT is not an uncommon thing to see two dogs fighting for a bone. One is in possession and the other thinks he ought to have a share. To settle the matter they resort to the accepted manner of finding out which is the stronger, and while so busily engaged, a third sneaks in and makes away with the booty.

The employer is the workman's banker. When food prices get high, rents dearer, and the cost of living increases, the inevitable result is an appeal to the employer for more wages. Sometimes they are conceded, sometimes there is a fight. But the curious thing is, that neither party seems to have devoted any serious attention to the question of why the price of commodities rises and the demand for more money is so made necessary. Letters are written to the newspapers, generally by well-meaning persons of little influence, questions are occasionally asked in Parliament; now and again a committee is appointed to report on the subject, and dutifully conforms to time-honoured tradition by providing excuse for delaying criticism, and by decently burying the agitation with well-sounding phrases which mean nothing and leave the situation exactly where it was. In the meantime the people most vitally concerned, and who really have the power to get things altered—the employers and

the workers—are so obsessed by the necessity of watching one another, and countering each other's moves, that they entirely fail to see the most obvious game of which they are both victims. If, instead of quarrelling with each other, they gathered round a table in a friendly conference, and the employer suggested, "Let us, as a matter not only of public but industrial policy, see what can be done to stop unnecessary increases in the price of the necessities of life, a condition of things which needlessly takes from you money that I have to find," and if he could convince his hearers that there was a strong case for the regulation of prices, as there certainly is; there is very little doubt that the tremendous influence of labour, backed by the enormous power of the employing class, could soon find a satisfactory solution—in half the time taken by a Royal Commission to discuss its procedure. The workers might of course retort, "An excellent idea, but it occurs to us that those who are getting away with the profits from inflated prices, are the employers themselves." Let us examine this charge so commonly made.

The profits from the sale of foodstuffs must obviously go to those engaged in the industries of growing, transporting, and merchanting those necessities of life. Let us compare the amount of capital invested in these trades with that laid up in the great industries of general engineering, shipbuilding, steel-making, the woollen and kindred trades, coal-mining, the great ramifications of municipal and national enterprise where labour is employed. It will be at once discovered that any financial interests the members of the employing class may have in those occupations which produce and distribute food, are infinitesimally

small compared with the great financial interests which are locked up in other manufacturing enterprises, out of which money, to pay for food and create profits for those who deal in it, must be found. It would appear, therefore, that the impression which generally obtains amongst the workers, that the price-of-food problem is not likely to be seriously tackled, because employers are financially interested in food supplies, is based on false premises, and is entirely unjustified by the facts.

After nearly three years of war the question of food prices has become somewhat obscured by the restriction of supplies and the decrease of merchant tonnage. But in the earlier days the result of an uncontrolled system of selling was seen in all its nakedness. The war conditions did not differ materially, in principle, from the peace conditions, but the suddenly increased demand showed up with startling effect the devious ways by which prices are artificially maintained. No one, however biassed, viewing that result, could honestly say that the employers were in any sense responsible for, or in any way benefited from, the prices which ruled, and, indeed, so obvious is the exact contrary the case, that the subject need not be laboured.

An employer with 10,000 persons on his pay roll, found his working expenses increased by half a million pounds per annum due to the change in the standard of wages—yet the workers were no better off. In view of this undoubted fact, it is absurd to suggest that the employer could have any sympathy for the farmer, British or American, who undoubtedly scooped large profits out of our war needs. Nor can it be supposed that he has any special regard for the Transatlantic Shipping Companies, whose cargoes

represented fortunes; with the exchange jobber, the merchant, or even the retailer, all of whom have reaped the benefit of the increased and unjustifiable charges upon production.

Surely, then, the workmen will realise that in this matter the employers, generally, have clean hands, and will cease to foster prejudice, calculated to embitter feeling, to widen breaches, and to preclude the possibility of such joint action as may radically influence the position.

And surely the employers, too, will wake up and realise how easily they are being exploited; will lift their eyes sufficiently long from their immediate occupation to see that the world does not end with the four walls of their own factory. War work pays well. Wages increase, and the Government pay more for munitions. Perfectly simple, and so far satisfactory. But war work will come to an end. Whether the war standard of wages will come down is highly problematical, and the probability is that, because of their want of outlook, because of the limited view that it is their business to make shells and that of the Government to run the country, because, in short, of their lack of public spirit, employers will find themselves presently shouldered with responsibilities which they will be much less willing, and much less able than at present, to bear.

The nation as a whole is alive to the importance of this question. The Trade Union Congress have passed resolutions on the subject of food prices, local trades councils have agitated, Labour Members of Parliament have pressed the question in the House of Commons. The whole working-class movement is deeply stirred, intensely critical, ready for strong

action, very bitter, and yet feeling absolutely impotent.

Employers' associations, representing those who, if they only knew it, are equally affected, have done nothing, and, indeed, expressed no opinion. If they continue their present attitude of detachment, they will have missed the finest opportunity they ever had of effecting a rapprochement on a subject of mutual concern with the workers, whose interests are so immediately bound up with their own and who have in their hands the tremendous issues of industrial peace or war.

It is of course very difficult in the middle of a great war, to examine the subject without prejudice, because of the exceptionally abnormal situation which exists. Yet if machinery can be devised to meet a position so extreme, there would seem to be less reason why such machinery should not operate to greater advantage in normal times, when we have much larger markets and much greater freedom of action.

It is not the present intention to discuss remedial measures in detail. The broad principle may, however, be stated, that no satisfactory solution for the problem can be found outside State action. It is a matter for governmental control, by business men who have large and practical experience, men who are not the partisans of politics on the one hand, or the stereotyped, circumscribed, slow-thinking, and slow-moving civil servant on the other.

The Ministry of Munitions has admittedly done excellent work, to mobilise the industries of the country for the production of the instruments and weapons of warfare. Many criticisms can undoubtedly be made regarding particular points in administration, but the

main achievement nevertheless stands to the credit of the department that it has evolved reasonable order out of chaos, enormously developed our manufacturing resources, fostered useful production, forbidden useless effort, and distributed to the best advantage the resources at our disposal. It was created in haste, to meet a grave national danger, and it has admirably succeeded in its purpose. As an effective Governmental department it stands preeminent, and chiefly because those who initiated it, and who controlled it at its inception, had the practical common sense to gather round them business men of wide experience, who had an expert knowledge of the branches they undertook to manage. Thus we find the section devoted to the manufacture of steel, which regulates quantities and allocates supplies, directed by one of the leading steelmakers of the country. We find the machine-tool section, whose business it is to secure the full output from every available machine in our possession, to buy others, and act as a clearing-house for the new tools imported and manufactured, under the superintendence of the head of our leading firm of machine-tool makers. We find the transport section controlled by a man with a life experience in a leading position in the motor-car trade.

Is it too much to expect that another Government department, profiting by the example quoted, may one day show a similar prescience, and take similar action in connection with the scarcely less important question of the supply and control of food products and other necessities of life, which form the starting-point of all industrial and national activities?

The President of the Board of Trade, in the House of Commons on the 23rd November, 1916, indicated

that certain feeble and belated steps were about to be taken in this direction. He foreshadowed the intention of the Board of Trade and the Government, to take action to reduce the consumption of certain commodities and to regulate the supply of others, with the object, not so much of bringing down prices, as to prevent them going higher, and to ensure that our transport facilities should be eased as much as possible, by the limiting of luxurious consumption.

He stated that a food controller would be appointed to study and take charge of the whole problem. Maximum prices would be fixed for foodstuffs entirely under our own control, the milling of pure white flour was to be forbidden, the waste of sugar in the manufacture of luxurious confectionery was to be stopped, and so on.*

Only a week later, another and equally serious situation arose, in an entirely different sphere. There had been a characteristic display of friction between the miners and mineowners in the South Wales coalfield. The parties to the dispute were old, bitter, and irreconcilable antagonists. Owing to a fresh development of the hostile spirit which has made this coalfield a byword in the country, it was threatened that the production of coal would cease on a given date. Such a possibility was not even to be thought of. The Navy depended on Welsh coal to keep it going. The country depended on the Navy to keep it safe. A stoppage of this coal supply would have represented the most decisive victory our enemies had won in the war, and to prevent such a catastrophe the Government decided upon a bold step.

* We have since seen something of the effects of food control, and however much it may be criticised, it has certainly protected us from many very serious evils.

Under the Defence of the Realm Act, by the simple procedure of issuing an Order in Council, they took possession of the whole of the mines, 625 in number, in the coalfield. The officials of the companies and the miners were ordered to proceed as usual, subject to instructions which might later be issued to them.

So far as the working of the mines was concerned, there was no appreciable difference; but there was one change of considerable importance, that as controlled establishments, the actions of the owners of these mines were now under the direct supervision of the Government, and the men, instead of negotiating differences with their ancient enemies, were now negotiating with the State.

In both the instances quoted, it is really very difficult to see why the Government did not take action sooner. The sequence of events is so obvious, that it is difficult to understand why they let matters drift until it could finally be said that, after the fashion of Governments, they refused initiative and yielded only to *force majeure.*

This, however, is not the point it is desired to emphasise in these parallel instances. The immediate concern is to show that, when a position of national danger arose, in the supply of foodstuffs or other necessary commodity, nothing short of State interference and control was considered sufficient to meet the situation, and to suggest also that those measures which are effective for the protection of the community from exploitation during time of war may be still more effective for the same purpose if applied during the more leisured and orderly times of peace.

It is not here suggested that the State should

become the universal controller and provider. It is not even suggested that our existing governing system is capable of running more national concerns than it has at present on its hands. But it does appear, as a shining truth illumined in the midst of the dark vicissitudes of war with a brightness from which it will be difficult to escape later on, that certain services essential to the whole community can best serve its interests if directed by the community.

It must be admitted at once that until some generations have passed, the scope of State action must be limited. We must evolve the necessary reform through generations during which economic truths are studied and understood, till men think and reason for themselves instead of imbibing partisan and distorted views from the gutter Press. We must attain an age in which the great body of citizens will have assumed sufficient mental status to take upon themselves the responsibility of the management of the country, and in which our system of government, and the quality of government departments, will have so radically changed as to ensure that only business men without selfish interest, and good citizens with a single aim for the well-being of the country, shall direct and control our national destiny.

The profit arising from private enterprise is a wonderful incentive to production and to trade. It is an incentive which, for the present, the country cannot afford to do without, because our prosperity depends upon our being able to maintain our position in the competitive markets of the world. Profit, competition, commercialism, may be, and often are, terms of anathema to the economic theorist. But those who understand the traditions of existing government

departments on the one hand, and have observed the slow conservative psychology of the average British citizen on the other, will agree that for the present, they represent the only system which will serve.

Facts must be faced, however unpalatable they may be. Government enterprises, with the two fighting services of course excepted, are notoriously slack. The Government servant is removed from competitive influence, and being safe, it may be supposed that he acts on the principle that he may as well be comfortable. He seems to be a victim of some fungus growth, which hampers direct action, evolves complicated and laborious procedure, breeds inertia. Government engineering establishments, for example, are well known to be slow, costly, and inefficient, the refuge of antiquated methods and harbours of ancient prejudice. If forced to compete against firms who work for profit, they could not exist a month. Some facts, then, have to be discovered, and some changes made, before the Government workshop system could be profitably extended.

Workmen, too, have not shown that because they work for the State they are more enterprising, energetic, enthusiastic, or conciliatory. On the contrary, it is frequently considered that a good mechanic, reared in, and accustomed to a Government shop, is a good man spoilt. He has too many vested interests, too leisured an outlook, and far too little conception of the speed which would be expected from him in a privately-owned works. In a word, we have not yet reached the stage when one who wishes his country well, viewing the activities of foreign rivals, would look forward hopefully to anything in the nature of

an immediate general extension of the system of industrial nationalisation.

It is not to be inferred from this that such a system is considered theoretically undesirable. The nationalisation of the means of production and supply is a magnificent ideal. But just as it is useless and ludicrous to order a man's suit for a small boy, so is it impossible to expect the ideal State to be organised and controlled by those who are only, as yet, beginning to realise to what lengths they have to develop before they can become worthy of it. The State is not an abstract entity. It is a living, pulsing organisation of men and women. It is no better, and no worse, it is no more capable, unselfish, or intelligent than those who compose it. He will for the moment render greater service to this country, who will work for the social, moral, and spiritual development of his fellows, rather than thrust upon them responsibilities which they are at present quite unfit to carry. Let those who form the community, themselves evolve towards the ideal, and the ideal conditions in the ordering of communal service will automatically follow. Such tendencies are already in evidence. Let them be clearly understood, anticipated if possible, and the birth of the new State made easy by adequate preparation, by recognition of the responsibilities involved, and by the appreciation of those new duties, obligations, and undertakings, which must be the part of every man and woman thereof.

But it is not desirable to lose sight of the fact, that, as men make conditions, so do conditions make men, and the evolution of the ideal citizens would be materially helped if reasonable measures, which can be safely taken and easily controlled, were established

straight away. These measures undoubtedly include the national supervision of certain services essential to the lives and the right development of the people, and the organisation by the Government of machinery which will have a controlling effect upon food prices.

As coal has been previously mentioned, the question of the coal mines may be first considered. We have in the mining industry a factor of chronic unrest in the industrial world, and there is not the least evidence that under normal conditions it will cease to be a disturbing element. The men have it written on their very soul that the mineowners have made, and are making, exorbitant and unjust profits out of their labour and the needs of the community. The public themselves have the same feeling, which is not unfounded on facts, and there therefore exists between the two sides a deeply-ingrained animosity, a bitterly hostile and belligerent spirit. The perpetuation of this spirit means constant uneasiness in the industrial world, and frequent flashes of flaming passion, resulting in stoppages and recurring crises. The Government have already shown that State action can be taken. The means and information are at their hand. They can calculate exactly what it costs a mineowner to produce his coal. They can easily say what selling price would yield him a reasonable return on his invested capital. They can, and ought to fix this price, and, having determined the profit, should also determine from time to time the adequate remuneration of the miners. The obvious effects of such action would be to protect the public, and the coal consumers in other industries, and to eliminate that element of distrust and jealousy between man and master, which will otherwise be fatal to the establishment of

industrial peace and to our economic and social development.

As with the mineowners, so with the shipowners. A large proportion of our foodstuffs, has, of necessity, to come from overseas, and the cost is to a considerable extent affected by the freight rates charged, and the profits made, by those whose business it is to carry it. If the shipowners complain of a growing and most powerful body of opinion advocating interference with the free practice of their trade, they will find the explanation of it if they examine their books, and take note of the high and entirely unreasonable sums they have made out of the transport of the very necessities of life of the people.

We may not yet be in a position to take possession of the mercantile marine. The management may be too involved, until we have had more experience of national ownership. But we are in a position to estimate exactly the cost of freight between point and point, and we are, therefore, in a position to tell the shipowner exactly what he may charge. Let this power be assumed, and without doubt the result would be a cheapening of food, the effect of which would be immediately felt by the worker and automatically reflected upon his employer.

During the war period the Government have been dealing in sugar, to the advantage of the consumer at home. There appears to be no reason why they should not continue the practice in normal times, and why they should not also extend it so as to deal in wheat and other commodities. The large buyer has many advantages—advantages in price, in the smashing of corners, and the option of supplies. Intelligent State action in our buying markets, supplemented by

reasonable freightage to this country, would have a beneficial result, tending to solve many problems and make more easy the solution of others.

The position has been stated most moderately. No revolution is contemplated, in fact no change at all difficult to accomplish. No speculative experiment is advocated, no action suggested which could be termed unjust under any moral law or business rule. But the result would be incalculably beneficial to the general standard of comfort, and consequently to the relations between Labour and Capital.

The action of farmers, merchants, and others, who have been withholding and hoarding stock for a rise in price, taking advantage of every condition thrust upon us by the war needs of the country to extract the uttermost farthing from the pockets of those who must have food, is an example of unscrupulous usury for which no defence can be found. But their attitude is a customary one, and operates in normal times even as now. The only difference is that the sufferings of the country to-day have given them an unparalleled opportunity to prey upon society. We cannot abolish them, but we can control them. Either by direct legislation, or by large operations on the market, we can fix selling prices, and as soon as Labour becomes convinced of the possibility of such action, there is very little doubt that the Government will have no alternative but to take the necessary protective steps.

For all such Government control give us business men, men of brains, men of energy, men of experience. Limited companies can buy willing, able, and honest service. How much easier should it be for those who can appeal to the patriotism of the individual and the pride of the citizens. Where the welfare of the

country is at stake, surely the best of her sons will be found ready to do their part, to fashion new lines of development, and initiate new schemes of corporate action. Let the Government lead the way! Let employers and workmen, thinking together, acting together, give them their powerful support, and for Capital and Labour a day will dawn with great possibilities of mutual tolerance, mutual support, and better understanding, the first-fruits of a larger system of co-operation and harmonious relation.

CHAPTER X

THE LIMITATION OF PROFITS

IT is increasingly evident that under the present system of collective bargaining the struggle between Capital and Labour will become more intense, more unreasoning, more fruitful of stoppages of work, more disastrous to the well-being of the country.

The workers believe that the employer forms an impersonal element in a machine-like system, whose sole function it is to make as much profit as possible out of the largest number of men who can conveniently be employed. The workman believes himself to be regarded simply as a cog in a chain of wheels, a unit in a factory organisation, with a money value and none other. He believes that, when he ceases to have a value as a part of the productive machine, he will be sent away, and replaced by another who can do the work he cannot any longer perform.

It is true that the old personal touch between employer and employed has to a very large extent, and of necessity, disappeared. The result is seen in the establishment of practices which we have already discussed ; the limitation of output, and the formation of that class feeling which is expressed in undisguised antagonism and unqualified determination to make

the best terms possible regardless of the consequences. In other words, just as the worker conceives that the employer is bent upon extracting as much labour as he can at the lowest cost, so the men seem determined to do a strictly limited amount of work for the largest sum they can obtain.

It seems fairly obvious, to the observer who looks ahead, that such contending must sooner or later bring our industrial fabric to the point of collapse, because of its inevitably crippling effect upon the productive efficiency of the country. The strongest structure will not for ever withstand the strain of disruptive forces, the more especially as, in this instance, the trade we have built up, and upon which our prosperity depends, is already seriously assailed by our foreign rivals.

There are, of course, optimists who persuade themselves that the present system of haggle and barter may somehow or other carry us through, and that, just as our national difficulties have in the past seemed to sort themselves out, so again will the bridge present itself when the river has to be crossed. There are others who believe that, after all, the trade unions, when the crisis comes, will be impressed by the necessity of giving greater output for higher wages, and that in this way the ultimate position will right itself.

The obvious comment upon such an outlook is that optimism grounded on loose thinking, incomplete information, and a refusal to face facts, has landed us unprepared into the greatest catastrophe in the history of our nation. It is useless to complain, but let us beware that it does not suffer us to drift unknowingly into another no less serious.

The trade unions, in the face of loss of trade due

to costly production, may one day see the need of stimulating effort, but no sign of such a realisation at present exists. Before such an attitude can materialise the whole philosophy of labour, which in the past has been to make the available amount of work spin out and spread out as far as possible, will have to be radically changed. But even if such a psychological miracle should happen, the problem does not end there.

The present attitude of Labour (and one not unreasonable from their point of view) is to demand from Capital what it considers to be a fair share of the profits of production. But unfortunately the balance of profit in different trades and different areas, varies enormously, and as a consequence the value of a share, or apportionment, which may be considered adequate in one trade or district, may be altogether greater than industry is able to stand in others, and vice versa.

In this connection it will be instructive to refer again to the South Wales coalfield. In November, 1916, the miners agitated for an increase of wages, in spite of the fact that a time-agreement governing wages, was then in existence. They based their claim entirely on the ground that, in their opinion, the mineowners were making exorbitant profits, of which they considered they were entitled to a share. It was not contended that their wages were inadequate, or that, in comparison with other mining areas, the standard of earnings was not high. They simply claimed that, with a definite production-cost and a definite selling price, the available margin of profit was being unreasonably distributed. As a result of their threats, and of Government intervention, they were granted an

additional fifteen per cent on prices. Now the mining industry of South Wales, dealing in a high grade of coal, used largely for our own and foreign naval purposes, is of a highly prosperous character. The area is a centre of disaffection, strife, and constant storm. But it must be noted that eddies are constantly circulating outwards from the storm-centre, and any wage movement there, has an inevitably contagious effect upon other mining areas which are not nearly so well able to bear the burdens which Welsh coal-owners can quite easily carry—unless, as must of course happen, the price of domestic supplies, and coal for industrial purposes, is raised to a figure which is a serious imposition on consumers. The playing-off of one district against another is a constant feature of wage bargaining, and the fact that such a thing is possible operates alike to the disadvantage of employer and employed. As an example by no means hypothetical, let us consider the case of a company manufacturing a highly specialised munition, largely in demand by the Government. This concern, in order to attract workmen, offered wages greatly in excess of those previously operating in the district. The result was that other employers, in order to keep their men, had in a large measure to follow suit, and the entire cost of production in that area, in consequence, materially increased. And so the system operates. Employers manufacturing highly profitable articles, who possess monopolies, or who can obtain high-priced Government contracts, may be in a position and frequently exercise their power, to bid-up for Labour, and this entirely upsets the wage conditions governing the locality.

At first sight this would appear to be distinctly

to the advantage of the workmen. But on consideration it will be seen that a standard of earnings so created must inevitably react on those many hundreds of other employers who produce articles which must be sold not under monopoly but in the competitive markets of the world. The resulting danger is that our volume of trade may be jeopardised, owing to the high cost of production, unless other and compensating circumstances can be introduced.

Moreover, just as it is difficult for manufacturers engaged in competitive overseas trade, upon the extent of which, after all, our national prosperity very largely depends, to keep pace with the wages paid by the powerful and wealthy corporations who are maintained by Government funds, and who from an economic point of view do no really useful work, so it is difficult to define the consequences resulting from the position that men employed by ordinary traders should work under less beneficial conditions than those employed by the great Government contractors. The work of a miner in Fifeshire is no less arduous and disagreeable than that of one in South Wales. The shipbuilder on the Clyde would find it difficult to explain why he should receive higher wages than a shipbuilder in Cowes. The engineer engaged on small-arm manufacture in Birmingham, is really no more skilled than another engaged on farmers' internal combustion engines in Halifax. The builder of a gun-carriage has no more expert knowledge than the builder of a motor-car. Nevertheless, we find in different areas, men of the same class, engaged on different kinds of work, receiving rates of wages which show considerable disproportion. This fact has a considerable influence in determining the nature,

scope, and far-extending effect of wage agitations, and cannot be lost sight of in a broad survey of the situation.

It would appear, therefore, that any solution of the problem, to be satisfactory, must embrace industry in bulk and apply to the country as a whole. It would appear, too, that if anything like standardisation of Labour conditions is to be maintained, some counter-balancing influence in the nature, not of standardisation but of limitation of exorbitant profits, must be created; for it will be very generally found upon examination that specially large profits in one trade can only be obtained at the expense of the community on the one hand, or of interrelated trades on the other.

There are certain industries which may be described as "protected," owing to the fact that they are not open to free competition. That of mining has been mentioned, and may again be considered. The mining of coal must obviously be in the hands of a limited number of people, owing to the fact that coal is a natural resource, at the disposal only of those who own the ground under which it lies. The mineowner is, therefore, in a specially advantageous position in that, being the possessor of a commodity the supply of which is limited and therefore largely under control, he is more or less enabled to demand his own price, within such wide limits as public opinion will permit. That he has not failed to exercise such power will be seen upon examination of colliery balance-sheets, but the point to which it is desired that special attention should be directed is that his profits can only be derived from consumers, to wit the householder and the general manufacturer.

Then we come to the steelmaker, who produces

another of the basic elements upon which our shipbuilding and general engineering industries depend. One of his first necessities is coal, and the price at which he can purchase his fuel is one of the considerations which determines the producing price of steel. An unreasonable price paid for coal is consequently reflected in the price charged for steel.

But the steelmakers of the country are also members of a protected trade, in the sense that only those who can dispose of a very large amount of capital may enter into it. They too, with very few exceptions, are members of a ring which regulates the selling prices which consumers have no alternative but to pay.

Steelmaking is an exceedingly prosperous undertaking, but an unreasonable price paid for steel is immediately reflected in those countless numbers of trades which are dependent on steel as their raw material.

And so the interrelation and interdependence of one trade to another goes right through our economic system. Unreasonable profits made in one branch of industry can only be obtained at the expense of linked-up branches of trade, and are ultimately extracted from the pocket of the universal consumer, namely the great body of the people.

In view of our dependence on foreign trade, this is really an important consideration. The volume of overseas business done must obviously to an appreciable extent depend upon the price at which we are prepared to sell. Our selling price, on the other hand, depends a good deal upon the cost of raw materials, and there is no shadow of doubt that, if we were able to supply to manufacturers raw materials at a cheaper rate, we should be in a much stronger position to

meet competition, and the volume of our trade would enormously increase. Increased foreign trade implies not only more work at home but the enhancement of our national purchasing power abroad, with a consequently greater volume of imported goods, cheaper prices, and general prosperity.

Now if these contentions be true, there is certainly a case, even from the employers' point of view, for the regulation of the selling price of certain commodities. No doubt the control of a few of the basic industries upon which the great bulk of the country depends for raw materials would be an undertaking of extreme simplicity, and would certainly have a far-reaching effect for good upon our economic future. Unfortunately, however, such limited action does not meet the position with which we are faced.

The point of view of Labour is gradually crystallising into a determination, not yet fully appreciated by the men themselves but none the less inevitable, that of the profits of production a certain proportion shall belong to the workers. The proposition seems a reasonable one, so reasonable and sensible, in fact, that it is only a question of time before the principle will be firmly established.

Let employers therefore get this fact firmly before them, and examine the problems arising from it. Those who have experience of local wage negotiations know that the workers are now as keenly alive to the contents of the company balance-sheet as is the largest shareholder. When profits rise, the feeling begins to materialise that the time has come for another increase of wages. If a firm, or a district, are doing badly, the men as a rule are not unreasonable or overforceful in their demands. The most casual observer must

be impressed by the fact, that the realisation is coming to the men of their definite value in the profit-making machine, and when that realisation is complete the next stage will be to state in terms the standard of value. The whole trend of Socialist and trade union propaganda is in this direction, and the influence of war conditions, with the compulsory wage enactments of the Ministry of Munitions, is providing a powerful stimulus towards it.

The chief concern of Labour leaders is to advance the interests of Labour. They are very human. Power is not only being conceded them; it is being thrust upon them. With power will come ambition, and the cry of yesterday for a "fair wage," will to-morrow become the demand for a fair share of profits.

If, as is proposed, the right of the men to strike is taken from them under effective penalty, their demand for an equitable proportion of profits will have a moral force which cannot be ignored.

But unless some other circumstance came into effect, limiting the profits which individual concerns may make, and so controlling the proportion which would accrue to the workers employed therein, the results would be so disastrously divergent, that the new conditions would be worse than the old.

Armament firms, for example, are not engaged in normal times upon competitive work. Their numbers are strictly limited, and they have a joint understanding regarding selling prices. To all practical purposes they fix their own profits, and they are considerable. They are in a position to pay, and, generally speaking, do pay high wages. They are financially able to meet, and doubtless will, from time to time, accede to fresh demands. If the men insisted upon

being paid on the basis of profits earned, then their wage rates would reach a very substantial figure.

Again, mineowners, steelmakers, and others engaged in privileged occupations, are largely able to control the market, and are correspondingly prosperous. They can, and will, pay high wages, if sufficiently pressed to do so. If the men employed by them insisted upon payment by ratio of profit earned, their wages, too, would be extremely high.

Manufacturers of monopoly articles such as water-tube boilers, which are fitted into ships, Corporation power stations, and necessary industrial concerns, are able to demand their own price and make enormous profits. If their workmen were paid according to profits earned they would receive sums which would disturb the whole Labour market throughout their neighbourhood.

It is obvious that, under any system which might be described as localised distribution of profits, the men employed by prosperous concerns would be the most prosperous workmen, and vice versa. A situation of this kind would give rise to anomalies such as would lead to constant discontent and strife, for assuredly the manufacturer whose living had to be earned in face of the competition of the world could in no sense keep the wage pace set by his more fortunate brethren.

It must be admitted, on the other hand, that to evolve a national scheme of profit sharing, which necessitates a national limitation of maximum profit, bristles with difficulties and pitfalls. But its advantages would be many, the necessity may soon become imperative, and the more freely the matter is discussed the more easily will the problem be solved.

Under the stress of war there is a strong inducement to sweep aside superficial difficulties, real or assumed, and innovations which in time of peace would have been described as academic, unpractical, impossible, revolutionary, and the serious proposal of which would have raised a cry of indignation to the high heavens, have been accepted without question as desirable and expedient.

One of the principles thus suddenly established has been the limitation of excess profits. Controlled establishments are now permitted to earn a limited percentage of profit, over and above the average earned during three years previous to the outbreak of war. Concerns not controlled are, for some inscrutable reason, permitted to earn a higher proportion. But the point of special interest lies in the fact that a system of control *has* worked, and *is* working, and it will be impossible ever again to say that no Government can regulate the disposal of profit earned.

The measure in question is, and can only be, one of war-time expediency, but in view of the fact that it does to a certain extent meet the rapidly developing demand of Labour for a definite adjustment of the rival claims of employer and employed, it is fair to assume that it contains in it the seed from which a scheme more effective and more applicable to normal conditions will germinate.

The existing arrangement must be modified, for various reasons. In the first place we must recognise that the prospect of profit is a most powerful incentive to energy, enthusiasm, and initiative in business development, and this incentive must not be removed. It may be true that many of the epoch-making discoveries of science have originated in the restless

mind of disinterested genius, which created without thought of recompense. But the machinery age, and the multiplication of mechanical arts, which in a well-ordered community should make life easier and richer, have only been attained by the constant study, continual striving, fierce energy, and the analytical attention to the minutiæ of detail, which find their greatest stimulus in the desire for wealth. The philosophy of hustle may not be the best one, but, unfortunately, all industrial peoples subscribe to it, and we have no choice but to maintain our position in the struggle.

Then, again, we must take notice of the case of those who are engaged in developing a business from small to great dimensions. Our industrial records are full of instances of men who, by special insight, industry, and ability have built up large works and trading interests in a comparatively short space of time. By so doing they have increased our national productivity, our exports, and our standing abroad, and have rendered national service of the first importance. A system of limitation of maximum profit, must, therefore, take care not to discourage the legitimate expansion of works and trading connections.

There are also the multitudinous number of men who are engaged in business with a small capital, and who, by means of specially acute supervision, personal connection, or rapid turnover, are able to make an income which represents a high percentage of profit on the capital invested. Arbitrary taxation of an extreme nature would drive such men out of existence.

There are the tens of thousands who do not produce, but are sale agents, wholesalemen, and retailers. Any regulation of the profit permitted to be earned on invested capital would doubtless in their

cases be impossible to control, and where possible, would probably operate to their disaster.

It appears desirable, therefore, to deal with the situation under two heads :—the individual, the little business men, the retailers on the one hand ; and the public companies of reasonable size on the other.

In connection with the latter, it might be decreed that no company with an invested capital of £50,000 and over should pay a higher dividend than a specified figure—but with an important provision. If the profits earned exceeded the sum necessary to pay this dividend, fifty per cent of the surplus might be retained by the company for the express purpose of extending plant and buildings, or for any other project directly connected with the development of the productive power of the concern. The sums so spent should be looked upon as additional capital, and should accrue to the shareholders in proportion to their holdings. The remaining fifty per cent, or surplus profit, would absolutely revert to the State.

The primary advantages of such a scheme would be that limitation is effected, inasmuch as beyond a certain figure which could be regarded as a reasonable return to Capital, the State would immediately benefit, and that there would be a direct and powerful incentive for public companies to spend their profits upon the development of their productive capacity. Such a result would mean more work, it would mean that we should be in a stronger position as an industrial nation, and the production of larger quantities would have a marked and beneficial effect in reducing prices to the consumer. In other words, instead of the surplus profits being distributed as dividend, they would be partly expended on bricks and mortar, machinery

and tools, to the indirect but very material advantage of the workers and the country, and would partly contribute to the State for the reduction of taxation and the better development of social service.

Incomes derived from sources other than investment in public companies could quite easily be regulated by a well-considered system of graduated income-tax, which would ensure that each contributed his reasonable quota to the common good, and which, at the same time, would make it possible for the man with a small business not only to live but to develop.

To make it impossible to pay unreasonable dividends is one of the surest ways of making it possible to pay reasonable wages. To take away from the supplier of raw material and the shipper of finished product, the inducement to charge exorbitant rates and freights, is one of the surest ways of increasing the prosperity of the general manufacturer. To increase our product, and lessen the price at which we can produce, is the most certain way in which to develop overseas trade, and promote the interests, men and masters alike, of that large bulk of our industrial community whose prosperity depends upon it.

CHAPTER XI

MORAL RESPONSIBILITY

IN our attempts to show the desirability, and the necessity of placing the relations of Capital and Labour upon a mutually just, satisfactory, and harmonious footing, we have considered the matter purely from a business point of view. But there is another and a higher aspect of the question which no good man, and certainly no good citizen, can ignore—that is the moral responsibility of the individual, in relation to his fellow-citizens and his country.

If the time came when there were no circumstances to suggest the possibility, or justify the existence, of industrial war, the dawn would break on such a day as this land of ours has never seen. A day in which would be seen the development of a bigger and a better race ; of men full grown, not only in physical but in moral and spiritual qualities, the love of justice in their hearts, the passion for social righteousness in their souls, and a new vision, the fruit of knowledge and understanding, in their eyes.

But that time is emphatically not yet. A very different scene fills the picture. The glory of Britain, mistress of the sea, arbiter of nations, ruler of dominions, is wonderful to behold. The sordidness of Britain, with its poverty and crime, its squalid

misery, ill-spent wealth, wasteful and extravagant selfishness, is pitiful to contemplate.

The traditions of this great and mighty Power have not been betrayed by the present generation, which has spilled its best blood, and spent its utmost treasure, for a cause it deemed to be the right. This nation has reached a height of sacrifice without parallel in our story. But the fruit will turn to dust and ashes unless out of the welter of blood and suffering we can evolve a better and a nobler homeland for those who have helped to pay the price.

Such a consummation is not beyond hope; but its possibility rests largely upon the elimination of contending elements and on peace at home. Let us take care, before it is too late, that the soul of the nation is not lost in companies' balance-sheets and district rates of wages. Let the employer realise that he is a citizen as well as a profiteer. Let the workman recognise that, as his status improves, his responsibilities increase. Let both take counsel as to the best means by which social iniquity can be abolished, social injustice removed, and the reform of indefensible evils, which are a menace to our national life and a disgrace to our national management, will receive an impetus which will do much to compass their removal.

The war period has, on the whole, revealed a remarkable co-operation and community of interests between all classes of our people. Faced by a common danger, threatened by a common enemy, our own differences have for the time been largely swept aside, and we have shown a common front. We have reason to be proud of such a result. Is it too much to hope that a similar spirit may be exercised when our social readjustment has to be made, and millions of men come

home to enjoy the advantages of the land for which they have been fighting? Many pregnant questions will be asked then, many difficult situations will arise. Many conditions previously endured will become intolerable to those who have realised the supreme worth and dignity of their manhood. Many moral debts have been contracted by the nation, and will have to be liquidated if internal peace is to be maintained.

Unity in the present crisis can be understood. We should be a remarkable people if we could witness the greatest conflagration, the most tremendous social and economic catastrophe the world has ever seen, without being supremely influenced by the appalling spectacle.

We should be poor patriots if we could contemplate the danger to our world-influence and national prestige, without having our souls stirred and our energies roused to see what we can do to strengthen our Motherland against her foes.

We should be poor citizens if we refused to subordinate our personal interests and inclinations to the good of the community of which we are members, and for the sake of the millions of men who are fighting our battles on foreign soil. But the truest patriot, and the best citizen, is he who, in addition to giving his greatest effort now, will look ahead, anticipate, and, so far as possible direct the conditions which will arise when the war is over and the world resumes a more normal course.

A country which has given the lives of its sons by many thousands, and has poured out its wealth like water for a cause which is not its own, a country which has been stirred to its depths by the noble attributes

of patriotism and sacrifice, a country which has realised as never before that its destiny depends on the muscle, brain, and heart of its ordinary manhood, has learned so many lessons, that it can never again entirely revert to the social relations and conditions to which it has been accustomed.

But what are the new conditions to be? How are they to be achieved? Are they still to mean war between contending interests, or may we look to find a spirit of willing co-operation in a common cause? The choosing time will soon come, and upon the answer to these questions will hang probably greater issues than are even now being faced.

As we look ahead, the outstanding protagonists in the field of vision are Capital and Labour. Working together in a common cause there is nothing they cannot achieve in the directing of national affairs, in the extension of industrial enterprise, in the creation and effective distribution of material prosperity, in the removal of festering, vitiating, and demoralising sores from the body politic, in the establishment of a purer, more enlightened, and morally-elevated citizenship.

Striving against each other, they must of necessity weaken one another, sow seeds of national discord and international weakness. They must obviously undermine the economic basis upon which our whole prosperity as an industrial and trading people depends. They must turn back for generations the deep tide of national feeling which is rushing forward to embrace the opportunity of redressing legitimate class grievances and advancing working-class interests. The memory of the present supreme sacrifice of manhood will become a hollow mockery if ever again it may

be said, that we can agree, unite, strive, and succeed in the black arts of war, which kill, devastate, and spread red ruin, but cannot evolve the simpler means of preserving the resources of our country, ennobling our manhood, establishing justice, and leading our people in the ways of prosperity and peace.

The social tragedy of the past has been that Capital and Labour have met only to fight. The feelings they had in common were those of mutual suspicion and distrust. They have proceeded on the understanding that their aims were fundamentally antagonistic, a conclusion which, however it may have operated in practice, is so economically false in principle, that it needs no refutation. They have sought, on the one side to preserve, and on the other to create selfish vested interests, and as a consequence have dragged each other into a position which is a source of danger and weakness and can only lead eventually to industrial collapse and national insolvency. The hope of our future lies in the possibility that Capital and Labour may meet to reconstruct, that they may find and recognise a mutual inclination to further each other's reasonable aspirations, that they may conceive in the fact of their common citizenship a joint responsibility to act together for the truest welfare of the country, and that by co-operation, sympathy, and just dealing they may establish those harmonious relations which the well-wisher of both recognises as not only possible but essential.

An attempt has been made to indicate various means by which they can get together, but it is possible to suggest yet another.

The leaders of the trade union movement in the country, have, almost without exception—and to their

eternal credit be it said—exhibited a passion for social reform. To be a social reformer does not necessarily mean that one is allied to a particular creed. There are evils crying out in our very midst, evils which every good man, be he employer or workman, be he high-caste Tory or red-flag Socialist, should desire to see removed. To attack such evils is not only a duty but a privilege, an obligation placed upon us by the laws of God and the needs of our fellow-men. We say without hesitation that if, without prejudice to their own particular causes, employer and worker, manager and trade union leader, in the sphere of their own town and district, animated by the same spirit of altruism, inspired by the same zeal to render civic and national service, were to come together, and scheme and struggle for some holy cause in which their interests do not conflict, they would later find that spirit permeate their more immediate and business relations, and make easy the solution of their difficulties.

And why should they not? Is the trade union leader the only man who desires to improve the conditions of child-life in slums, to improve housing, to better education, to stamp out vice, gambling, and immorality? Is the State better for such social ills? Does the employer approve of them? If not, let him work hand in hand, *on the spot,* as a good man and a good citizen with his humbler servants who have already set the example.

Such suggested fraternising will no doubt be characterised as a little far-fetched and idealistic. Well, God help the country which loses its idealism! and God help the ruling class which forces the common people to work out their own salvation. The wheels

of progress cannot be stayed, and they who seek to resist must suffer themselves to be destroyed.

Moreover, these social problems are also business problems, and the employer who takes a long view will be the first to recognise their bearing upon his more immediate concerns. Consider the reeking dens of slumdom and the children who are bred in them. If, by reasoned action, we can turn into honest men those who in normal circumstances would by every tendency and chance, develop into criminals and wasters, surely our duty and our interest is clear. The problem is not so difficult as it seems, and the solution will be highly profitable to the country. If we can rear healthy men instead of physical weaklings, good citizens in place of moral outcasts, industrious workmen instead of corner-men and unprofitable casuals, surely the effort is worth while.

In every large city in our land there are tens of thousands of children, born of parents who are not themselves physically fit, suckled by drink-sodden mothers, half starved, ill-clad, surrounded by every form of sordidness, vice, and misery. There are children whose lamentable fate, physical and moral, is sealed on the threshold of their lives, whose infant memories are a horror, whose playground is a mean street, to whom education is a misfortune to be avoided if possible, whose degraded ambition is to excel in practices which eventually lead to prison.

What is to be said for the business instinct of those who can view with unconcern this enormous waste of such potential man-power ? What for the humanity of those who refuse to take a hand in the work of blotting out such a stain upon our civilisation ? The child-life of the country is the rock foundation upon

which we may build our future, and if it can be made more healthy and more wholesome no expense is too great and no effort unjustified which will attain this end.

The method of preservation has already been indicated. There are in existence certain institutions for the rearing of destitute children. Here they are taken in hand from the tenderest age, reared in a pure atmosphere of honesty and discipline, educated in useful arts and the duty of citizenship, and finally, for convenience' sake, placed in the Navy, the mercantile marine, or sent to do good and valuable work in our colonies overseas. It is no exaggeration to say that, but for the admirable activities of those engaged in this great work, the many hundreds who annually leave those institutions for useful occupations would otherwise have grown to be criminals and wastrels, a danger to society and a charge upon the country.

No praise is too great for these children's homes. But the cold hand of charity is upon them. The system should be adopted, extended, fostered by the State, not as an act of charity but as an act of justice, not only as a measure of humanity but as a sound investment in human life. Human life is the most precious asset we possess, and to see it deliberately and avoidably wasted, because of ignorance, indifference, and lack of sympathy, is an outrage upon civilisation and ordinary morality.

The objection has been, and will be urged, that such State action would simply play the game of unscrupulous parents, and relieve them of the responsibility which is naturally theirs. There is an easy remedy. If parents are, or should become, in a position to pay for the maintenance of their children, force them to do so, and prescribe penalties if they

fail. If they fail in their natural duty to their offspring, and the State finds it necessary to intervene, punish them, commandeer their earnings, force them to work in labour colonies if no other means will suffice, do what you like with them, but save the children from degradation and sin, and give them that simple chance to "make good" which is surely the birthright of every human soul. The argument that children must be left to suffer, that their lives must be wasted, and that they must be projected into crime, because they have the misfortune to be born of dissolute parents, is surely the most brutal and fiendish contention the devil ever invented for his henchmen. There is a strong probability that, working together for the emancipation of the children, the representatives of Capital and Labour would also find emancipation for themselves.

Apart from the children of the lowest strata of society, there is much other useful work still to be done. It is unnecessary to rediscuss the general question of education, but the cases of those who suffer from physical disability, particularly in relation to phthisic troubles, afford ample scope for joint interest and joint effort. The medical inspection of school children, the clinic, the home visitation, are excellent so far as they go, but educational authorities generally do not seem sufficiently awake to the fact that there are tens of thousands of children who cannot receive education in the orthodox fashion, and for whom no suitable provision is made.

Take the case of crippled or of mentally deficient children. A few authorities, who are conscious of their responsibilities, have provided specially trained teachers and specially equipped class-rooms. They

convey the children to school, and take them home again in the evenings, providing a midday meal. The economic value of the education given to these children may not be very striking, but if the child be permanently crippled, the fact that it is able to read and write, and to interest its own maimed life, has a tremendous bearing on the future of the sufferer and those to whom it belongs. It is one of those things which, from a humanitarian point of view, are well worth doing. The hands of harassed parents are freed during the day. The child is taught to exercise its imagination, to be self-helpful so far as possible, and is given the means by which in future days it may be able to find some interest and amusement.

Take the case of phthisical children. No more pitiful sight can be imagined, than that of a boy or girl under the hand of that fell disease. Treated in its incipient stage something may be done to effect a cure. The child obviously cannot be educated in an ordinary school, where the work would be too laborious, and in which the danger of infection to other children would be too great. But the case can be adequately met by the provision of open-air schools, where the curriculum can be suitably graded, where the children can be properly nourished, and in which their lives can be spent in the only way that will make possible their recovery. Where the case is too serious even for treatment in an open-air school, then assuredly the advantages of sanatoria should be properly utilised. Remedial disease in children should not in any decent society be permitted to exist, and the fact that it does still exist in serious proportion is a strong call to action for all good citizens, be they of the employing or the working class.

Then take the question of civic government. The workers are making a deliberate and well-understood effort to obtain as strong an influence as possible in Corporations and Councils. It is for the good of the community that they should. We find them the champions of free and better education, of improved housing conditions, of such necessary conveniences as public baths and open playgrounds, all of which make for the comfort and individual improvement of those whom they represent.

But have employers no interest in the good government of the town or district in which their works are situated? Does their responsibility end with the payment of their rates? Are they too busy, too much interested in the material things of their everyday life, in the improvement of their product, or power to produce, in the extension of their trading influence, to find time for the exercise of public spirit? These are things to which too much attention certainly cannot be paid, but the most important factor in production after all is the human factor. Let us ask ourselves, whether, if works-manager and trade union leaders were to meet round the council table with common aims and sympathies, were to share their opinions, encourage each other's enthusiasms, support one another in the development of well-conceived and necessary measures, it would not promote a better knowledge and understanding which would react upon and beneficially affect their industrial relations? It surely would, and the wise employer will seize his opportunity while it exists.

A new society is being moulded, and if, by default, it be cast from the workers' pattern, the employer must not complain if he is dissatisfied with the design.

Let the two classes get together! Let them honestly try to understand each other's point of view. Let them do something to mould circumstance, instead of having necessity thrust upon them. Let them realise that there are greater interests at stake than their own, wider questions at issue than those which come into a mere personal outlook. Above all, let them recognise that now is the moment when the exercise of tolerance, sympathy, goodwill, justice, and, let it be said, generous consideration—for both sides need it—will do much to influence the birth of the new industrial democracy, and through it, and by it, shape our national destiny.

The appeal will not be made in vain to the man who is big enough to look beyond the barrier which surrounds his little self, to the fields and the labour of promise which open out to every willing worker.

There is no one born into the world who has not a place and an influence. Everyone has a work to perform which, if neglected by him, will never be done by any other. It may be great and it may be small, but in the eternal reckoning it counts. To which side is that influence to be turned? To the protection of personal interest only? To the propagation of strife? To the glorifying of modern hedonism? To the perpetuation of conditions which are an offence to every moral and social law? To the raising aloft of Mammon and the abasement of humanity? To the creation of material things and the crushing of spiritual?

The treasure of the world is mankind. Its most precious jewels are happy and prosperous human lives. The man who by precept, example, and willing service, is able to leave the world a little better than he found it, is the only man who can truly claim to have fulfilled

a useful destiny. If we could impress this fact upon our national consciousness, if we could inspire our manhood with this high ideal, if we could, in the year of grace 1917, grasp the elements of the social relationship which the wisest man and the greatest teacher proclaimed nearly two thousand years ago, we should find our most momentous problems and our most menacing difficulties pale into comparative insignificance.

If we could give to the manhood of our land, rich and poor, employer and employed, a holy vision of the duty they owe to each other and to their country, if we could fan into a flame that spark of altruism and sacrifice which the war has kindled in our midst, if we could perpetuate and carry into the common walks of life the present spirit of national unity and the desire to present to the world a common front, there are no problems, industrial or social, for which an equitable, just, and satisfactory solution could not be found.

Surely the possibility is not beyond us, and surely the effort is worth while! When this war is over another will begin, a war in which our economic existence, already seriously undermined, will be at stake. A war in which our brains, our energy, our utmost power, our unity, will again be called forth, if we are to succeed. The nation which is torn by internal discord; which refuses to exercise its full power to produce; which permits the clashing of economic interests which can so easily be adjusted; which blindly seeks on either side to dominate by power, irrespective of right or justice; which knowingly permits itself to drift into industrial chaos and social strife, with its soul hidebound in selfishness,

and its moral sense blunted to all the attributes of communal goodness—that nation will irrevocably, inevitably fail. It will have been the framer of its own fatal destiny, and it will be worthy of its doom.

INDEX

Common ground needed, 2

WAGES—

Natural history of, 2–3
Better work means better wages, 4–5
State employment ideals, 5
Autocracy or mediation, 6–7

PRODUCTION—

Increased production for increased wages, 9

STRIKES—

Labour increasing power of, 10–14
The strike methods of the future, 11
The employers' possible reply, 12–13
Government interference in workers' interests, 13
Labour, organised workers' demands, 15–16
Hours of labour, the 48-hour week, 17
Minimum wage, 18
Women labour after the war, 19–20
America's industrial success, 21–24
America's manufactures good enough and more saleable, 22
German State-aided enterprise, 24–25
Germany's industrial success, 25–26
Consular systems. Germany's place in the sun, 26
Government aids to industry, 27
Production in bulk and jobbing methods, 28
Motor-cars, examples of standardisation, 29–30
Works staff, choose scientifically, 31–33
Workers' disadvantage, 35
Limitation of output, 36–39
Ca' canny, its cause and cure, 39–41
Bad time, its evils and remedy, 42–45
Hostility in industry. An appeal to workers, 45–48

AMERICAN METHODS—

Industrial output, 49–50
A model directorate, 51–54
Business methods at work, 55–57
Specialised manufacture in bulk, 56–59
British industrial conservatism, 59–61

EDUCATION—

The school-leaving age, 63–64
Facilities for technical instruction needed, 64–65
Housing abuses, 65–66
Drinking evils. The antidote of the public house, 66–67
Housing a matter of national concern, 67–68
Drink, the cause for curtailment, 71–73
Labour unrest, the story of Trade Unionism, 75–78
Socialism, one disturbing doctrine of, 79–80

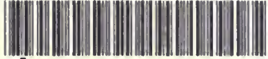
EDUCATION (*cont.*)—
Social legislation the antidote, 80–81
Labour claims and Nation's welfare, 82–85
Arbitration instead of strikes, 86–98
Arbitration must be compulsory, 87
Government must prevent strikes, 89
Paralysing effect of strikes, 90
Penalise trade union funds, 91
Settlement of disputes, present unsatisfactory methods, 92
Arbitration Board, how it would work, 93–96
Outlook viewed with misgiving, 96–98

FOOD PRICES—
How they affect wages, 101–102
No remedy but State action, 103–105
Defence of Realm Act and industrial crises, 105–106
State control not conducive to enterprise, 107–109
Coal profits a cause of animosity, 110
Control of mercantile marine, 111
Sugar an example of Government food control, 111
Food profiteers, 100, 112
Government control of industry, need of business men, 112

PROFITS—
Limitation of profits, 114–127
Profits and wages, 116–119
Wages and profits, 116–119
Unequal profits and labour demands, 116
Interdependence of trades, 119–121
Protected industries' high profits, 119–123
Profit and wages must be standardised, 119
High profits cause unrest, 121–122
Profit sharing, 123
Proposals must be moderate, 124–126
A suggested scheme, 126
Dividends affect wages, 127
Citizenship, employers and workmen equally responsible, 128–130
War in industry means ruin, 131
Capital and labour should meet to reconstruct, not to fight, 132
Social service a means of peace, 133
Social problems are business problems, 134
Social sores crying for remedy, 134–136
Mankind the treasure of the world, 139–141

PRINTED BY WILLIAM BRENDON AND SON, LTD., PLYMOUTH

HD
8390
R3


UC SOUTHERN REGIONAL LIBRARY FACILITY
A 000 719 569 6