

WORKERS OF ALL COUNTRIES, UNITE!

JOHN STRACHEY

**WHY YOU SHOULD BE A
SOCIALIST**

What causes unemployment?

What causes war?

What makes booms and slumps?

What is socialism?

What is capitalism?

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CONTENTS

I. The Secret in the Pay Envelope.....	1
II. How the System Works.....	21
III. What They Get Out of It.....	34
IV. What It Has Done to Us.....	44
V. Why It Stops Working	61
VI. Must We Die For It?.....	77
VII. What Can We Put In Its Place?	91
VIII. "I Have Seen the Future, and It Works"	115
IX. What Would Socialism Be like Here?.....	124
X. How to Get There.....	137

I. THE SECRET IN THE PAY ENVELOPE

What are wages? In Britain today nine out of ten of us live on wages, or are dependent upon someone who is living on wages. For out of a working population of $21\frac{1}{2}$ million, 19 million of us are wage-earners.¹

Wages support nine out of ten of us. But what are wages? What is this sum of money which we find when we look into the pay envelope at the end of the week? This, to be sure, is the money we use to buy food and clothes and fuel and to pay the rent — to live on. But where does it come from? What makes it sometimes get bigger and sometimes smaller? *And what sometimes makes it stop coming altogether?*

When we have found the answers to these questions, we shall be in a position to understand the puzzles of our times. That pay envelope contains, not only our livelihoods, but the secret of

¹ Census of 1931. Figures to the nearest half million. To be more exact, 88.5 per cent of the working population live on wages and salaries (a salary may be defined as a wage paid monthly or quarterly), 11.5 per cent are in the remaining two census categories (see below).

the whole economic system.

Why live on wages? Nine-tenths of us live on wages. But that wasn't always so; nor is it so in many parts of the world today. In fact, never before in the history of Britain has such a high proportion of the population lived on wages. And nowhere else in the world (except Belgium) does such a high proportion do so today. How did we get this way? Why have wages become the essential means of life for nine-tenths of us? How did many of our great-grandparents, and how do a few of our friends today, live, if not by earning wages?

They lived (and live) by working for themselves. They had a few acres of ground and cultivated it. Or they had a handloom and wove cloth on it. Or they had a forge and shod horses in it. A few people (1,273,000 to be exact, or 6 per cent of the working population of Britain) still live like that. They have a one-man shop, or a little garage or a small holding of land. But there are not many of them left. So the rest of us work for wages. (Except those 1,180,000 people (census of 1931 again) who do not necessarily work for themselves, nor for wages, *but for whom we work*; more

about them below, however.)

Why can't we set up for ourselves? Nowadays most people take it for granted that the only way to get a job is to get someone to employ them. And so it is. But why? Why can't everyone who is out of a job just "set up for themselves" in business of some sort? Why can't they start weaving cloth or shoeing horses, or farming land for themselves, as their ancestors did?

Well, you know the answer. They can't get any land to farm; they can't get a forge (and there are precious few horses left to shoe!). They might find an old handloom in some attic, but, if they did, they could only weave cloth at about ten times the cost that the great power-looms of the Lancashire mills can produce it. Every now and then some worker can somehow get hold of a little shop and set up for himself that way.¹ But that isn't easy, and it is getting more and more difficult. Woolworths and Marks and Spencer, and the International, and the other chain stores, are just round the comer.

¹ Over a quarter (27 per cent to be exact) of these 1,200,000 odd "workers on their own account" are one-man shopkeepers. (Census figures.)

No capital? And so it's work for wages for nine out of ten of us. It is work for wages because *the means of work*; the tools of the trade; the raw materials; the land, are out of our reach. We haven't *the capital* to buy these things, without which we cannot set up in business for ourselves.

If these things, the land, mines and factories — the capital of the country — have got out of our reach, where have they got to? They have got into the hands of a smallish class of people, commonly called capitalists. These include the 1,180,000 people of whom I spoke just now as being recorded in the census of 1931 as neither working on their own account nor working for wages. Naturally there are more of them than that, because this is the number of people who do work themselves, by way of management and supervision, even though they employ wage-labour. And many of the people who own capital do not work at all.¹

So the people of this country can be divided up into the above three groups, or classes, accord-

¹ On the other hand this group includes salaried managers, some of whom may have no ownership of capital.

ing to their way of life. There are the 19 million, and their dependants (88.5 per cent), who work for wages. By and large they have no appreciable capital. Then there are the 1,273,000 and their dependants (6.0 per cent), who work for themselves. They have just enough capital to make them independent and able to work for themselves; but they do not have enough capital to be able to live on other people's work. Then there are the 1,180,000 and their dependants (5.5 per cent); and they have enough capital to make other people work for them.

What each lot gets. Another way of dividing up the population is by the size of the incomes which they get. If we do that we shall find that there are three groups in this case also, though they do not exactly correspond to the above three occupational, or class, groups. A careful recent survey was undertaken by Mr. Douglas Jay for his book, *The Socialist Case*. His conclusion is

“...In Great Britain, 17,600,000 out of 20,000,000 persons, or about nine in every ten, are working-class, though not necessarily of course all manual workers; and 12,000,000 of these receive an income scarcely above the subsistence level. Another

small but substantial group, of somewhere about 2,000,000, receive a middle-class or professional-class income ranging from £250 to £1,000. And finally there is a tiny group of 300,000 very rich persons, whose aggregate income makes up a very considerable proportion of the total national income.”¹

By “working-class” Mr. Jay means anyone with an income of less than £250 a year. His middle group of 2 million does not correspond to those who “work on their own account”. But still the same broad conclusion emerges. The nine-tenths of us who have little or no capital get low incomes (all under £5 a week, and about two-thirds near the subsistence level). A middle group, with some capital, but not much, gets a middling income. And a very tiny group at the top gets the really big incomes, and owns the really big blocs of capital.

Who has the capital? Now we shall be told that all this must be very distorted; that everybody

¹ Mr. Jay is reckoning by the number of people with incomes, which was in 1929 about 20 million. As the population was then about 46 million, each income drawer had just over one dependant. The proportions come out the same, of course, whether you put the dependants in or not.

knows that nowadays the ownership of capital “is widely diffused throughout the community”. It just isn’t true. For instance, the death duties figures disclose that four out of five people (excluding minors under twenty-five) die in Britain with property of less than £100.¹ *That standard work, The Distribution of the National Capital, by G. W. Daniels and H. Champion, shows that 6 per cent of the population own 80 per cent of the capital of the country.*

Nor, these authors show, is there any ten-

¹ Moreover, by no means all property is capital. Capital is, roughly speaking, property that carries an income with it. And a great deal of small property — such as a house you are living in, or furniture, carries no income with it, and so is not capital. This does not mean that all the nine-tenths of us who live by working for wages — or even the three-quarters of us who, when we die, have less than £100 of property in all, have *no* capital, or income-bearing property. Many wage-earners have something, say £30 or £40, put by in savings certificates or the Post Office, or the Co-op. or a Building Society, or own the whole, or a part, of the house in which they live. But the point is that they have too little capital to live on; too little capital, that is to say, either to set themselves up in business, or to invest in someone else’s business and live on the interest. And so they still have to work for wages. They are still dependent for their livelihoods on getting someone to employ them.

dency for the distribution to improve. But to be on the safe side let us count *the whole of the middle class*, as defined by Mr. Jay above, in with the capitalists. It is quite wrong to do so, but let us give this huge margin to those who claim that capital is widely distributed. Let us put this class, with its dependants, plus the tiny class of real capitalists — there are only just over 100,000 people with incomes of over £2,000 a year — at 4 million people. It is absolutely safe to say that ownership of appreciable amounts of capital¹ is in Britain today confined to this class of 4 million persons — or under 10 per cent of the population.

*It is into the hands of these 4 million people that the capital of the country has got. And without the use of the capital of the country, without the use of its land, mines and factories, the other 43 million of us cannot get our livings.*²

¹ Of amounts of Capital, that is to say, which even help appreciably to free their owners from the necessity to get someone to employ them.

² It would take too much of the space of this little book to give the detailed figures from which the above estimates are derived. But if anyone doubts them they have only to look up the matter for themselves. The two best and most up-to-date surveys of the situation are G.D.H. and M. Cole's *The Condition of Britain* and Douglas Jay's *The So-*

The Four and the Forty-three. That is why nine-tenths of us now have to live in wages: that is why we have to get someone to employ us before we can work. This is the all-important fact about the present condition of our country. The capital of the country, the factories, mines, railways, land, buildings, docks, machines, ships, shops, stocks or raw materials, and the like, without the use of which we cannot get our livings, has got into the hands of 10 per cent of the people. This makes the other 90 per cent of us dependent upon that 10 per cent. We have to get a job to live, and all the jobs are given out by those who own the capital. We are dependent on these 4 million people to employ us.¹

This is not a fancy picture; this is not a theory;

cialist Case. Both these works draw largely from Colin Clark's two authoritative books, *National Income and Outlay* and *The National Income*.

¹ It is true that an appreciable amount of capital is now in the hands of public authorities. But that does not necessarily mean that those of us who work for public authorities are not working for the 4 million. For in many cases, as in the case of the London Passenger Transport Board, the 4 million own debenture shares in the public authority and have a statutory right to draw dividends from it.

this is not an idea. It is a plain, simple, undeniable fact.

As bad as it sounds. You would not think that this plan of making the 43 million dependent for their very livelihoods on the 4 million was a very good one, at any rate for the 43 million. You would not suppose that it would make our country a very just, decent, free or happy place. It does not. The truth is that the result of all the capital of the country having got into so few hands, is that in Britain today poverty and injustice, the tyranny necessary to maintain poverty and injustice, and the hypocrisy necessary to conceal the tyranny, dominate the land.

It is true that for many years now the British people have waged a steady struggle against these conditions. And they have won many valuable things; they have won the right to vote, to form Trade Unions, and other important rights. *But they have not won back the capital of the country.* Now the economists call the capital of a country its “means of production”. And without the means of production men cannot produce; without the means of production men can only earn their livelihoods by permission. And so, in spite

of their rights, in spite of democracy, in spite of Trade Unions, and in spite of huge technical progress, the mass of the British people have remained dependent; and because they have remained dependent they have remained poor.

The one-third and the two-thirds. You can see how poor they have remained by a calculation made by Mr. O.R. Hobson (a well-known economist, now Financial Editor of the *News Chronicle*), who divided up the British people not as we have, into 4 million (it is an exaggeration) who own the capital of the country, and 43 million who work for them, but into those who have enough coming in to be assessed for income tax, and those who haven't. You are assessed for income tax (you don't necessarily have to pay any) if you make £125 a year or over. In 1932-33, there were 3½ million people who paid income tax. Mr. Hobson allows them each 2½ dependants, and so estimates that there were some 12 million people in this income-tax paying class. Now you may say, roughly, that these 12 million people were relatively all right. Only 4 million of them had any substantial amount of capital. But the other 8 million of them had managed by one

means or another to make their employers pay them well enough to make a comparatively decent living on the whole.

But the total population was 46 million in 1932-33.¹ Therefore 34 million people had not enough income to be assessed for income tax. Now the 12 million, or upper third of the population, got £2,550,000,000 of income, out of a total national income of £3,400,000,000. So the 34 million, or the lower two-thirds of the population, had only £850 million left for them. *And this means, as you can see for yourselves, an income of only £25 a year each, or, for a family of four, £100 a year, or £2 a week.*²

This is what having to depend on wages for a living means to the British people. This is the

¹ 1932-33 was a bad year when people were worse off than usual owing to especially severe unemployment. So these figures undoubtedly exaggerate perceptibly the present (1938) degree of poverty in Britain. But, as you will see, they are so bad that when all possible allowance has been made for the difference between 1933 and 1938, the evidence of want remains overwhelming. And the worst of it is that bad years like 1932-33 come back.

² You can find the figures in detail in Lloyds Bank Monthly Review (which is not a socialist publication) for July 1934.

poverty of two-thirds of the British people. This is what letting all the capital of the country get into the hands of one-tenth of the population has done to us. It has put into the hands of the 4 million the power to keep the mass of the population at this level of want; and they have used that power to the full.

Children and eggs. What does such poverty mean in terms of human suffering and bitterness and want? That I cannot tell you. But you know the difference between a well-nourished and an ill-nourished child. You know the difference in his or her mental and physical development. Well, just about half the children in this country are seriously undernourished.

If you doubt it, look up Sir John Orr's recent official report on *Food, Health and Income* (Macmillan). He will tell you that 13½ million out of the 47 million of us are gravely undernourished. For these 13½ million have less than 6s. per week per head to spend on food. Furthermore, 4½ million of us have less than 4s. a week each to spend on food. *And a quarter of the entire children of the country are in families which can only spend 4s. per person on food.* Hence it seems only too clear that

at least half the children of the country come from families making up the 13¹/₂ million of us who have only 6s. a week each to spend on food.

Now children whose parents can only spend 6s., or even 4s. a week each on their food do not necessarily die. They are merely mentally and physically stunted.

At a recent teachers' conference (Conference of the National Federation of Class Teachers, Sept. 1937) a little incident from the county of Cumberland was described. A group of children were given some eggs to eat; but they did not know how to eat them, never having had them before. Similarly, some children from the town of Barnsley in Yorkshire, on being offered custard, butter and bananas, refused them all, never having tasted them, and not knowing if they would be able to eat them. This was in England in 1937. It is worth remembering that we live in a very rich country which allows half of its children to be brought up in these conditions.¹

¹ We are sometimes told that all this is nothing to worry about because things are, at any rate, much better than they used to be. There is a lot to be said on both sides of that question. But in any case it has never seemed to me a very good advertisement for our economic system to pro-

Concerning a lie. For there is no question but that Britain today is very rich. We are very rich in respect of the actual amount of wealth which we produce; and we are far richer still in respect of the amount of wealth which we have the power to produce. Mr. O.R. Hobson put the national income for 1932-33 at £3,400,000,000. If this was shared out equally it would mean an income of just under £300 a year (£6 a week) for a family of four instead of an average of £100 a year (£2 a week) for two-thirds of us, as in 1932.

Such an exactly equal sharing out of the national income is not possible, and no one proposes it. But it is worth while to make the calculation in order to prove that the constantly repeated assertion that general poverty is inevitable because there is not enough wealth to go round is, simply, a lie.

Already we produce ample to make it unnecessary for any British family to live in want. We produce quite enough to lift every British family out of the bitter, stunting want of a family income

claim that in the past it always produced results even worse than these.

of £2 a week, on to the level of comparative decency and comfort represented by, say, (to be on the safe side) £5 a week. The fact is that the 4 million, the rich, the capitalists, the owners of the means of production, take the £3 a week difference between want and decent comfort from us.

We could have more. All the same it is true that the biggest possibilities of improvement lie not in sharing out the existing total of wealth more evenly, but in increasing that total. As I shall describe, that total could be, ought to be, and will be, shared out far more equally than at present, even though exact, flat equality is not practicable. But it is even more important vastly to increase the national income. And how are we to do that? Why, simply by setting on to useful work the millions who today are either prevented from working at all, or are made to work at useless jobs.

Remember that nowadays between $1\frac{1}{2}$ and 3 million (according to the state of trade at the moment) of the 12 million insured workers of Britain are kept permanently unemployed — producing nothing. If unemployment is as bad amongst the $9\frac{1}{2}$ million uninsured workers, that means that between $2\frac{1}{2}$ and 5 million potential wealth

producers are kept permanently idle. Say (to be on the safe side again)¹ that an average of 3 million wealth producers out of the 21 million, or one worker out of every seven, are kept idle all the time.

Well, for a start, let us put them on to work. Then there are the inestimable number of workers who are made to do (through no fault of their own) fundamentally useless jobs; jobs which, as I shall show below, are really only “made work” — work made necessary only by the extremely peculiar way we arrange our economic life. All these millions of workers, for there *are* millions of them, are available for increasing the national output of real wealth.

How much more? In Britain we have no estimate of what we could produce if we all worked steadily, using our splendidly efficient factories, mines and offices, our fertile land, and the wonderful reserve of skill in our people, to the full, year in and year out, to produce wealth. To make such an es-

¹ Unemployment is on the whole lower amongst the uninsured workers. On the other hand this calculation takes no account of enforced underemployment, short time, etc. etc. And this often is very large.

timate would be quite a possible job; but it would be a big job, needing the services of a hundred or so skilled statisticians for many months. For it involves making estimates of the productive capacity of all the factories, mines, farms and other productive assets of the country. So it would cost a fairly large sum of money. And, naturally, the people who have got the money have not the slightest inclination to have such an estimate made; for they know that it would show up the criminal waste of productive resources caused by our existing system.

In America, however, such an estimate did actually (by a queer accident) get made. It is an authoritative job, and the results were published in a book called the *Report of the National Survey of Potential Product Capacity*.¹

The conclusion is that America could produce enough wealth to give every family of four an income of £915 a year (nearly £20 a week) at 1929 prices! (And in proportion for larger and smaller families,

¹ Prepared under the sponsorship of the New York City Housing Authority and Works Division of the Emergency Relief Bureau, City of New York. Published by William Hodson, Emergency Relief Bureau, and G. Langdon Post, Chairman New York Housing Authority, 1935.

of course.)

Now it may be said that we could not produce as much wealth as that per head in Britain. I'm not so sure about that myself. I think British labour is in some respects quite as productive as American labour. But let us say that a British estimate would show that we could only produce enough to give £500 a year (£10 a week) to every family. Even if this wealth was not distributed exactly equally, more being earned by skilled than by unskilled workers, for example, it would still mean comfort and security for all. As a matter of fact, I can call a very unexpected witness as to the possibility of enormously increasing production in Britain. Mr. Neville Chamberlain, the present Prime Minister, described to the House of Commons (June 23rd, 1933) how "production in these modern conditions could almost at a moment's notice be increased to an almost indefinite extent". I don't go as far as that myself! But the possibility of a very great increase is indisputable.¹

¹ But Mr. Chamberlain's conclusion from the fact that production could so easily be increased was that it would be "absolute folly" to let production "go on unchecked". Absolute folly for whom? Not, surely, for the 34 million who desperately need the things which Mr. Chamberlain tells us

The truth is that whatever way you look at it, you cannot doubt (unless you are too prejudiced to face facts at all) that we could produce enough for all. Then why do we go on living in want? As I implied at the start, it is because nine-tenths of us have to live on wages paid by the other tenth. The secret of our situation lies concealed in the pay envelope. Understand what wages are; what fixes their amount; who pays them, and to whom; and you will have understood everything that matters about our economic system.

we could so easily produce.

II. HOW THE SYSTEM WORKS

Are you a commodity? In the year 1914 the Congress of the United States, in its wisdom, passed the Clayton Act. This Act contains the following declaration:

“The labour of a human being is not a commodity or article of commerce.”

To this declaration the short answer is the rude, crude, but expressive, American phrase, “Oh Yeah?” For under our present economic system a commodity is just precisely what human labour is. A commodity is, briefly, something which is bought and sold. And your labour, and my labour, are, as we both know extremely well, bought and sold every week on the markets of the world; unless, indeed, we cannot find a buyer, in which case it is very much the worse for us.

Now, there is a very real sense in which our work, or more exactly our capacity to work, is our very selves. Human beings can only live by working.¹ In a sense, then, when people buy and sell, not merely the products of their work, but their

¹ Or, of course, by getting other human beings to work for them.

actual, innate, capacity to work, they buy and sell themselves.

Consideration of this fact of the buying and selling of human labour will lead us to an understanding of what wages are. This is the key to the secret in the pay envelope.

Money for nothing? Your wages are, I hope, coming in each week. That means that somebody gives you, say, £2, £3, £4, £5, or whatever it is, each week. But is this money a free gift? No, by Jove, you will say, it is anything but that. But if it is not a gift, it must be an exchange for something. It must be given to you in return for something you have given to your employer. Of course, that is just what wages are. They are a payment in return for something we have given our employers. And that something is, precisely, our capacity, or power, to work for so many hours during the week. Our wages are paid to us in return for the work we have put in during that week. It does not matter what kind of work it may have been, whether we have used our hands or our brains, whether we have driven quill or motorlorry, whether we have hit a typewriter or an anvil, whether we have worked in factory, in of-

fice, in mine or in field. Whatever the kind of work may have been, it — so many hours of it — is what we have given to our employers in return for the money in the pay envelope.

How much? At last we come to the ticklish question of what settles the amount of our wages. How much are we to get in return for so many hours of our work? What, in other words, determines the rate of our wages?

At this point in the argument, there rises one unanimous cry from our employers: “We give you the full value of your work; we pay you what your work is worth, no more and no less.”

Well, we all know better than to answer an employer back. Therefore, for the moment at any rate, let us accept their account of the matter. Let us agree that our employers pay us the full value, no more and no less, of the work which we have done for them.

But what is the value of our work? What determines the appropriate payment for, say, fifty hours a week of weaving, of coal mining, of typewriting, of clerking, of navying or of filling shells, or what you will? Why, the value of fifty hours of labour will be settled in just the same way

as the value of anything else. It will depend on what it costs to produce fifty hours of labour.

Why pay more? That is a curious expression, you will say. What on earth do you mean by talking about what it costs to produce fifty hours of labour? Why, I mean what it costs to keep a man or a woman in a fit state to do fifty hours of labour. In other words, if an employer wants fifty hours of labour done for him in his office or his mine or his factory, he has got to pay enough to produce that fifty hours of labour, or, more exactly, to produce a man or woman capable of performing it.

To be plain, he has got to pay enough for a man or woman who is capable of doing the job to live on, and to produce another man or woman capable of doing the job in the next generation. That is the value of labour. To prove it, look at it from the employer's point of view, and ask this simple question: *Why pay more?* Why pay more than enough to secure a supply of the article required? The article required is fifty hours of work. Such and such a number of shillings per week will enable a man or woman to furnish that number of hours of work. Why pay more?

A shortage of labour? But, you object, am I not looking at the thing in a very one-sided sort of way? What happens if there is a shortage of labour? What happens if there are so many employers, with so much work to offer, in proportion to the number of workers available, that there is a labour shortage? Then, of course, the fact that a given sum, say, 45*s.* a week, is enough to keep a worker and his family on, will not prevent the actual amount which the employer has got to pay from rising much higher. For the employers will begin competing with each other for the limited amount of labour available. The value of labour will still be 45*s.* a week. But that will now be unimportant. For the price of labour will be driven far above its value by the effect of the employers' competition.

Moreover, you will say, is not this very likely to happen? I implied in the last chapter that capital was piling up in the hands of the employers. But capital consists in the factories, mines, offices, shops, railways and all the other means of production listed above. Will there not soon get to be so many of these means of production that there will be not enough workers to keep them all going? Not enough miners to man the mines, not

enough office workers to sit at the desks, not enough factory workers to keep the machines running? Then will not the happy time have come when we can raise our wages indefinitely by making the employers compete for our services?

The catch in it. It is obvious that there must be a catch in it somewhere. Or else this happy state of things would have come about long ago. Capital has been piling up for several hundred years now, and yet, far from there being a labour shortage, unemployment is worse nowadays than it has ever been before! I am writing this chapter at the height of a boom (1937) when unemployment ought to have disappeared altogether; yet there are still almost a million and a half registered unemployed. And in every slump now the figure goes up to two or three million. Not much sign here of a labour shortage forcing the employers to bid up wages!

Well, we all know why it does not happen. It does not happen because of mechanization. Just as fast as capital piles up; just as fast as new factories, mines and docks come into existence, new machines are invented which dispense with labour. There are hundreds of times more means of

production in existence than there were; but these new means of production each employ a hundred times less workers. Therefore the demand for labour does not go up in anything like the proportion that capital accumulates.

This is the simple secret of why that longed-for time when the demand for workers shall be so strong that wages will rise of themselves, seldom or never comes about. On the contrary, what does happen, as we all know only too well, is that there is almost always a pool of millions of unemployed desperately striving for jobs. This means that far from the competition of the employers forcing wages up, the competition of the workers for the available jobs keeps them down to the minimum. And that minimum is just what I have defined above, namely, what will keep a worker and his family in such a condition that he can do his job.

Skilled and Unskilled. Observe the way I have put the matter in that last sentence. The employer has got to pay the worker, no matter how much competition for jobs there may be, not merely enough to keep him alive, but enough to enable him to do the particular job which the employer wants to get done. This is, basically, what ac-

counts for the different level of wages for different jobs. A skilled worker gets considerably higher pay than an unskilled. At bottom, this is because it takes more to produce a skilled worker than an unskilled. For one thing, you have got to educate a skilled worker; he has got to be able not only to read and write, but, in engineering, for instance, to read and understand a complicated blueprint. For most skilled jobs nowadays the worker has got to have his mind as well as his hands developed to a relatively high degree. This means that your skilled worker is a more costly product than your unskilled. Naturally, therefore, the employer has to pay more for him.

What is subsistence? There is another point. In particular countries and at particular times a definite idea grows up amongst us as to what is the minimum standard on which a family can live. Now human beings can live, in the literal sense of keeping alive, by feeding on a handful of rice a day, and sleeping in a one-roomed hovel, as they are forced to do in the East. In such conditions, it is true, they do not live very long, and they cannot do very heavy work; but they can keep alive long enough to breed children to succeed them.

Now even apart from the need of the British employers to get heavier and more skilled work done, British workers cannot in practice be driven down to such coolie standards as these. A fixed idea has grown up in this country as to what is the least people will work for. And British workers literally will starve, as they have done in many great struggles, for many weeks at a time, rather than take less than this minimum amount. Therefore wages in Britain cannot be driven down below a certain partly conventional level. Or rather, it could only be done over a long period and by changing the whole national conception of life.

So you must not think, when I talk of the subsistence wage, that I necessarily mean what will buy just enough bread or rice to keep body and soul together. I mean rather the minimum standard which people will tolerate in this country at the present day. The facts and figures I gave in the first chapter show clearly enough how low that standard is. It involves frightful ill health, from undernourishment, for a substantial proportion of us. But there is no denying that it could be lower still without actually killing people off before they had produced children to succeed them.

The worker's reaction. This idea of the minimum, or subsistence, level of wages being different according to the historical circumstances — the whole traditional way of life — of a country is bound up with the power of workers to prevent wages being driven down to the sheer physical minimum which will keep body and soul together. The idea that there is a minimum below which British workers will not go has only been established by persistent Trade Union and political action. Sometimes, for some workers, Trade Union and political action has kept wages perceptibly above even the traditional minimum which has grown up in their country. This is why Trade Union and political activity on the part of workers is so constant, so intense, and so necessary.

Accordingly, this explanation of the “economic laws”, as they are called, which determine the rate of wages, must on no account be understood as suggesting that wages *must* go down to the subsistence level whatever the workers do, and that, therefore, Trade Union and political activity is useless. Just the opposite. The point is that this explanation shows what will happen to wages *unless* the workers take up Trade Union and political action. It shows that there is a perpetual and very

strong tendency, inherent in the very nature of the present economic system, driving wages down towards the subsistence level. It is precisely the existence of this tendency which provides the necessity for vigorous action on the part of workers to combat it.

Nothing to do with what you produce. Wages, then, unless we interfere vigorously with the way the system works, will always be kept down to the minimum possible level. Rising production of wealth will have no tendency, even, to raise them. Let us above all get this fact clear, for unless we do we can understand nothing more.

*The amount of money in that pay envelope does not depend on how much the worker produces.*¹ It depends, as we have seen, on the actual value of labour, on what is the subsistence level as defined above, or on the capacity or incapacity of the workers, by Trade Union and political activity, to force wages a bit above this level. Neither of these factors has anything to do with how much the worker produces.

¹ The question of piece rates is discussed below, see p. 32.

Let us say, for example, that the worker during his fifty hours of work, which he has sold to his employer in return for his wages, is able, as he easily may be when working with modern methods of production, to turn out goods worth £10 a week. This will not increase in the slightest the cost of producing his fifty hours of labour. It will still be just as cheap as before to keep a working-class family. And there will be still just as many workers wanting jobs. Therefore the worker will still be paid his subsistence wage of £2 or £3 a week, in present-day British conditions, or as much above as his bargaining power can get. The essential point is that the fact that he produces £10 worth of stuff in his week's labour has nothing to do with it. If £3 a week will keep him in a condition to do his job and to rear his family, why should the employer pay more?

Piece Rates. Stop a moment. We have just seen that the level of wages depends on several factors but not in the least on how much the worker produces. If he doubles his production that is no reason why his wages should increase by a single penny.

Now that must sound peculiar to many work-

ers. For an individual worker's wages often appear to depend on how much he produces. This is so, of course, for every worker who is paid by piece rates. But we are not talking of the individual worker's wage, but of the general level of wages. And it is just as true for those of us who are paid piece rates as for those of us who are paid by time, that our wages do not, in the last resort, depend on how much we produce. For though the amount any given worker on piece rates takes home will depend on the amount he produces, *the very piece rates themselves* will have been set by bargaining between the employers and the workers. And it is on these piece rates that the level of wages of all the piece workers will depend. Thus the general level of wages paid on a piece-work basis is found, on examination, to depend on the same factors as wages paid by time, namely, on the subsistence rate for that time and place, and on the workers' bargaining power.

III. WHAT THEY GET OUT OF IT

The surplus. Well, then, look where we have got to. The worker, say, is paid £3 a week (I am taking these figures just for the sake of argument) and adds £10 to the value of the stuff on which he is working. What happens to the £7 difference between what the worker is paid in wages and the amount of value he has added to the new material? That £7 goes to his employers.

It is quite true that these employers cannot keep all of it. All sorts of other people get a whack. Very often, for example, the employers have to pay rent to some landlord who owns, say, the land on which the factory is built, or the land under which the mine is worked. Then again all sorts of merchants and their dependants who buy and sell the goods, and thus, after a fashion, distribute them throughout the country, are able to get a slice of the £7. But in whatever way the £7 difference, or margin, or surplus, between what the workers as a whole produce and what they get, is split up between employers and landlords and merchants, and all the rest of them, this is what all the non-workers (the 4 million as opposed to the 43 million) live on.

This is what we often call profit; but it is really rent, interest and profit. It is everything the worker does not get. It is the surplus, over and above what the 43 million must have in order to live. Now two questions arise here. First what do they (the 4 million) do *for* this surplus, and, second, what do they do *with* it?

What do they do for it? Nothing is dinned into our ears more insistently than that our employers and their friends earn every penny they get. The economists in particular never tire of telling us that the employers, etc., work just as hard as we do. Or, alternatively, if the employers cannot be observed to be working, the economists tell us that they perform unseen services, which it is absolutely necessary for us to recompense with this surplus.

An economist called William Nassau Senior (he was my great-grandfather, as a matter of fact) invented this line of talk almost exactly a hundred years ago. He, and most of the economists of his time, said that the employers and their friends had to be rewarded with rent, interest and profit, in order to induce them, first to accumulate their capital, and then to abstain from spending it all

at once. These valuable citizens “abstained”, said Senior, both from spending their incomes and from selling their existing factories and mines and blueing the money that this would give them, on wine, women and song. A reward, or, as he put it, a wage, for this abstinence must be given to them. If we were so rash as to stop paying them this reward, they would stop saving up part of their income and so accumulating new capital, and might even start selling their existing capital.

But my great-grandfather excepted all inherited capital from this argument, because even he could see that it was rather difficult to claim that we owed a man so many thousand pounds a year for accumulating a capital which he had simply inherited from his father. As time went on inherited capital became such an immensely predominant part of all capital that this exception really destroyed the whole force of “the wages of abstinence” argument, as it was called. (Mr. Wedgwood in his standard work, *The Economics of Inheritance*, has calculated that even before the end of the last century two-thirds of the national capital was inherited. The proportion is clearly higher today — perhaps as high as three-quarters.) So the economists gave up using my great-

grandfather's line of argument, which had served them well enough in its day.

They have the audacity...! Nowadays, the economists at the Universities do not seek to justify rent, interest and profit in this way at all. Some of them have the audacity to say that the very fact that we pay vast sums by way of rent, interest and profit to the people who own the capital of the country proves that these people have earned it! For, say the economists, people are only paid for doing some indispensable service to production. Therefore the capitalists *must* be doing something absolutely indispensable, or else we should not pay them all this money.

This remarkable argument has really nothing to do with the case. The point at issue is simply this: Do the employers and their friends *earn* their vast incomes, or have they managed to get some hold over the rest of us which forces us to pay a tribute to them? Therefore for the economists to say that the fact that these sums are paid proves that they are earned is simply begging the question at issue.

What kind of work do they do? Now, in the case

of the old-fashioned capitalists, who not only owned their works, but managed them themselves, their work was of real use. There are a few of these left, but in this epoch of Joint-Stock Companies, they are a small minority. Such capitalists very likely pay themselves a manager's salary, and this salary they may quite likely earn. But they earn it, not as capitalists, but as managers. And they could be, and in the great majority of cases have been, replaced by a manager earning a salary or wage.

But there is another group of capitalists who undoubtedly work very hard. They go down to their offices in the city, or to their directors' rooms at the factories, or to their bank parlours, and sit there all day. When they come home in the evening they are often tired out. They feel that they have been working tremendously hard; and so, no doubt, many of them have. But the question to ask these gentlemen is this: Has the work which you have been doing been indispensable — or even of any value — to the job of getting wealth produced? And the answer is, no.

For what these capitalists have been working at is the job of laying out their capital to the very best advantage to themselves. They have been

working at using their capital resources in the most profitable way they possibly could. And undoubtedly, if one has got big capital resources to handle, it is a very tiring and anxious job to find exactly the way to use them that will bring in the very most profit to oneself. This is the kind of work which, the economists imply, entitles the capitalists to receive their vast incomes.

The toll-gate owners. I recently saw the answer to this claim put very well by one of the few economists (Mr. Maurice Dobb of Cambridge) who does not play the game of explaining how necessary it is to give our employers the whole vast difference between what we produce and what we get. Dobb put it like this. Let us imagine a country in which all the roads had toll gates across them (although the roads were maintained at public expense as at present). Let us suppose that the toll-gate owners lived by their gates, and when the lorries, the carts and the cars came down the roads, they ran out to their gates and opened and shut them, while collecting substantial fees for doing so. The economists, Dobb suggests, of such a country would certainly say that the toll-gate owners were earning every penny of their in-

comes. They would point to the fact that they were working very hard, going out in all weathers to open and shut their gates, and let the traffic through, on payment of the established fees. All this activity, and the very size of their fees, proved, the economists would say, that these hard-working toll-gate owners were absolutely indispensable; that the country could not carry on at all if it ceased paying large incomes to these deserving citizens. And if anybody asked whether the traffic would not run just as well, or better, if there weren't any toll gates at all, and their owners were made to earn their livings by driving cars and lorries like everyone else, he would be told not to ask impertinent questions.

Here we see that the fact that a man works, and is paid a very big income for that work, does not in the least prove that his work is of the slightest use. It may merely be that the laws have given him a right to levy a toll or tribute out of wealth produced by the workers of his country. It may be that he works very hard levying his toll or tribute. It may be that he spends sleepless, anxious nights devising ways and means by which he can prevent anybody getting out of paying his toll. But that does not mean that if he and his toll were

both swept away, the work of the country would not go on, not merely just as well as before, but far, far better.

What do they do with it? The second question is what do the employers and their friends do *with* the vast sum of rent, interest and profit, which they do *not* earn, but which they *are* paid? There are only two things which they can do with it. They can spend it or they can save it. Let us see what are the consequences, first, of their spending, and then, of their saving. The money which they spend goes to buy all sorts of luxuries. Some of these luxuries are goods like Rolls Royce motor-cars or yachts, or extremely expensive foods and clothing, and the like. Some of them are services, such as keeping two dozen servants, or having a daily facial treatment in a beauty parlour.

If they spend. Now, in either case, what this expenditure really means is that so many hundreds and thousands of workers are kept busy providing these luxury goods and services. That amount of labour has to be diverted from the production of necessaries, such as foodstuffs, clothing, shelter and the like, for the population as a whole. Many

hundreds and thousands of mostly skilled workers are prevented from producing anything useful to the immense majority of us. Their whole time is taken up with ministering in one way or another to the rich. Therefore the rest of us have to provide necessaries, not only for the rich but for this great army of attendants on the rich.

If they save. But a great part of the vast incomes of the rich are not spent, but saved. But what does saving mean? It means reinvestment. It means adding to the total pile of the capital in the hands of the rich. But capital, as we have seen, consists in actual material things, mines, factories, offices, docks, buildings and the like. Therefore investment means not merely depositing pieces of paper in a bank, but actually building new factories, sinking new mines, draining new land, adding to the total quantity of means of production in the country. And this is what happens to a great part of the incomes of the rich.

Some rich people may, of course, be more thrifty than others. Some may be so extravagant that they spend the whole of even quite big incomes. It is impossible, however, for even the most extravagant to spend the incomes which re-

ally rich people receive today. (For example, Sir John Ellerman's estate was valued at £36,000,000 when he recently died. So he must have had an income of nearly £2,000,000 a year — which would take a bit of spending!) Moreover, some rich people are very thrifty. They say of the millionaires of Boston that they live “on the incomes of their incomes”. Far from spending their capital, that is to say, they do not even spend any appreciable part of their annual incomes; they spend only the income produced by the new capital created each year by the reinvestment of their real incomes!

Now many people tell us that in this undoubted fact of the reinvestment of a great part of the capitalists' incomes is to be found the justification of the system. Well, in Chapter IV, we will see whither this vast volume of accumulation, or reinvestment, on the part of the rich is actually taking the world. But first let us look at the human consequences of organizing our economic life in the way that has been described in these three chapters.

IV. WHAT IT HAS DONE TO US

The workers stay workers. Once one understands the way the economic system works, all sorts of things become apparent.

First, the workers will always stay workers, however hard they work.

A tiny number of individuals who start as wage-workers may, by luck or skill, (sometimes, as a matter of fact, by fraud), manage to get out of the position of workers. They may manage to get hold of some of the means of production, set up for themselves, or even begin to employ workers themselves. They may become rich. But the wage-earning class as a class — and in Britain it is a class containing, as we have seen, almost 90 per cent of the population — will always remain in the condition and status of wage-earners.

And this means, as we have also seen, that the great majority of us will remain extremely poor. *This is because the size of the wages which we get has nothing to do with the amount of wealth which we produce.* Thus the fact that modern science is constantly enabling us to produce more and more wealth has no tendency even, under the present system, to increase the amount of wealth which

gets into the hands of 90 per cent of us.

The British wage-workers have, it is true, got a little more wealth into their hands than they had a hundred years ago. But they have done so by means of long-drawn-out and stubborn struggles against the system; they have done so through their Trade Unions and other organizations. What improvements they have got they have won for themselves. Their conditions have improved, not because the system showed any inclination to give them a share in the ever-increasing wealth produced by the nation, but because they fought hard and long against the system.

Many people suppose that the British workers have succeeded by their political and industrial struggles in effecting an important amount of redistribution in their favour. They point to the extensive system of pensions, insurances, Factory Acts, social services, Trade Boards, and Trade Union collective agreements, and the high rates of income and super tax and death duties, which have been imposed upon the rich to pay for these reforms. But it is an illusion that these reforms have effected any redistribution of wealth in favour of the workers. Sir Walter Layton and Mr. Crowther (*An Introduction to the Study of Prices*)

estimate that the wage-earners' share in the national income was 50 per cent in 1860 and 45 per cent in 1901. Mr. Colin Clark computes that the wage-earners' share in the national income was 39.5 per cent in 1911, 42.1 per cent in 1924 and 40.5 per cent in 1935. There is no tendency even to redistribution here. What has happened is that the whole historic struggle of the British workers has just about enabled them to hold their ground against the terrific bias of the system towards keeping the wage-workers on the subsistence level and putting the whole of the ever-growing surplus into the hands of the owners of the means of production. It has taken the whole of the heavy direct taxes, such as death duties and super tax, and the social services by which this money has been distributed to the workers, to enable the workers to maintain their share in the national income. This does not mean that the struggle has not been enormously worthwhile. For unless the workers had waged it their share in the national income would have decreased sharply. Moreover, as the total national income has been an ever-growing one, the fact that the British workers have succeeded in keeping an (almost) constant share of it has meant that the absolute standard of

life of the workers has slowly, and unevenly, but over the last seventy years appreciably, risen.

But the fact that all the reforms that have been carried out; all the modifications in the workings of the system, have only been just sufficient to prevent the workers' share in the national income from falling, is a measure of the strength of the innate tendency of the system to put all surplus wealth into the hands of the rich.

Exploitation. The process described in the last chapter is usually summed up in the word "exploitation". People often suppose that this is a mere term of abuse. They think that when we use this term we mean merely that some men get treated unjustly. But the term exploitation has an exact meaning. It describes precisely the process by which those who own the means of production draw off all the wealth over and above the subsistence level from the 43 million. The 4 million "exploit" the 43 million in the exact sense that they live off their labour. They eat food, wear clothes, and live in houses produced by other men's labour and offer no product of their own labour in exchange. That is exploitation.

The reward of other people's virtue. We must supplement, then, our conclusion that however hard the workers work they will remain workers, and poor workers at that. Hard work will not make the workers any richer, but it *will* make their employers much richer. It does not take any higher wages to keep a sober, industrious worker than a “gay” and feckless one. Hence the immense propaganda in favour of the workers becoming patterns of sobriety, parsimony and thrift. For the exercise of these virtues by the workers would first of all benefit, not them, but their employers.

The wealth of nations is the poverty of the people. Allied with this propaganda for industriousness (you remember the old “produce more” cry?) goes the carefully propagated view that the bad conditions in which they live are all the fault of the workers. It is the slum dwellers, we are told, who make the slums. “If only the workers will become good boys and girls, and stop blaming their employers or the economic system for their conditions, all will go well with them.”

What pernicious nonsense it all is! Of course the slum dwellers do not make the slums. Nor,

for that matter, do the slums, in themselves, make the slum dwellers. Both the slums and their population are made what they are by poverty. And a permanent and scarcely relieved poverty of the people is the inevitable consequence of organizing our economic life in the present fashion.

The poverty of the 43 million wage-earners and their dependants is an indispensable part of our system. As we shall see in the next chapter, the system could not work if this poverty were not maintained; for the system depends on an endless piling up of wealth in the hands of the 4 million. The system is so designed that it will only work if vast wealth is thus concentrated in fewer and fewer hands. Under our existing economic system no matter how rich the nation becomes, its people will remain almost as poor as ever. We now know the true answer to the question which Adam Smith, one of the first great theorists of the system, set out to find. What, he asked, will best promote the wealth of nations? The answer of history is that the wealth of capitalist nations has been built up on the poverty of their peoples. For by the wealth of "the nation" the professors have always meant the wealth of the Capitalist Class within the nation.

About liberty. The second great puzzle which an understanding of the way the thing works enables us to see through is connected with the question of liberty. Now our existing economic system was set up in the name of liberty. Even today many of the employers, and even some of the workers, believe that this system is founded on universal liberty. They believe, and in a way it seems true, that the exploitation which I have described, even if it exists, must be a voluntary exploitation. They believe that the workers, for some reason, must be eager to be exploited. For they believe that everyone is free to refuse to be exploited if they choose.

It is argued that this is a free country. There is nothing to compel any worker to accept wages which, though they are just enough to keep him and his family, represent only a small proportion of the wealth he produces. We live under a system of free contract between employer and employed. The level of wages is a result of a free bargain, it is suggested, between those two parties. If workers think the wage offered is too low, they have only to refuse it.

I do not think it is too much to say that millions of workers themselves are still impressed by

this argument. They cannot see that very much can be wrong with a system which gives them this liberty. They feel that the deplorable conditions which it actually produces must be the result of some unfortunate accident.

The liberty to refuse wages. But what is the nature of the liberty which the 43 million possess? It is, precisely, the liberty to refuse wages. Put this way, one can see the catch in it. The worker is free to refuse the employer's offer. But such a refusal means that he must somehow live without wages. And how can he do that? He cannot, as we saw in the first chapter, set up for himself. He is dependent on those who own the means of production for getting the opportunity to earn, and so to live.

Hence his liberty to refuse to take the terms of employment they offer is almost, though not quite, an illusion. The competition of workers for jobs will always enable employers to force wage rates towards the minimum level. Hence the apparent liberty of the worker to refuse the wages offered conceals a compulsion as real, though not as complete, as if there was a law by which employers were able to force workers to work for them on any terms.

Even this liberty is worth something. But for all that, contemporary liberty is not quite an illusion for the 43 million. For it does enable us to refuse to work on our employer's terms, if we can find some way of living while we are withholding our labour. For example, workers who have had the foresight to join Trade Unions and become organized can find such a way of living while they bargain with their employers. Their Trade Unions offer them strike pay so that they come to possess some degree of real liberty at any rate. It is by the exercise of this liberty on the part of a group of workers that the rate of wages can sometimes be forced up above subsistence level.

If we learn how to make use of them in this way, our contemporary liberties are by no means wholly an illusion. We should soon be convinced of this if ever we lost them. We should soon see that everything depends on this basic liberty to refuse to take the wages offered by the first employer who comes along. For the unfortunate German and Italian workers have lost just this basic liberty. Under German and Italian fascism the worker is compelled to take any offer of wages which the employer makes to him. He has lost, to put it in familiar language, the right to strike. And

certainly that is a far worse condition than that of the British workers, who, especially if they are organized, can put up some sort of argument with their employers.

Moreover, once workers have won a certain power to bargain over their wages, hours and conditions with their employers, they will soon get some political power as well. Once you make the liberty to refuse wages to some extent real, you begin to achieve a certain amount of liberty in every sphere of life.

But all this is done precisely by Trade Union and political interference with the normal workings of the existing economic system. In a word, any liberty which we do manage to get, we get only by interfering with “the laws of the economic system”. Thus, in so far as (and it is predominantly) the laws of our economic system are carried out, liberty for the 43 million of wage-earners and their dependants is a cheat.

Less “liberty” and more life. The proof of all this is that when our contemporary kind of liberty was at its greatest, the oppression of the wage-workers was so terrible as to amount to almost complete slavery. There is far less “liberty”, of this particu-

lar, one-sided kind, in Britain today than there was 120 years ago. There are literally hundreds of things which employers could then do, and which workers could agree to, which are now against the law.

For instance, then you could agree to work sixteen hours a day, and you could start doing so at six years old. Now the law prevents you doing that. When the laws were passed which forbade that, men got up in the House of Commons and said that this was a gross and unpardonable infringement of the liberty of the subject. If, they said, workers agree to work sixteen hours a day, and to begin doing so at six years old, that proves that they like it. For if they did not like it, they would not do it!

Or again, 120 years ago, you could agree to accept your wages in kind from a shop kept by your employer, so that you were cheated by the especially high prices of your employer's shop. This pleasant practice was stopped by what we call the Truck Acts. Again it was said that the Truck Acts were a gross infringement of liberty. Again it was said that if the workers had agreed to buy all their goods at their employers' shops, this proved that they wanted to; that it was a great

shame to prevent them.

And so on and so on. If you were a woman or a child you could work, 120 years ago, for twelve or fourteen hours a day underground, dragging the tubs of coal through the underground passages by means of a harness fastened over your shoulders. And now that liberty has been stopped.

Moreover, limitations on this kind of liberty have today been pushed much further. In some trades the rate of wages is actually regulated by law; and in other important ones, such as coal mining, maximum hours of work are fixed. Altogether, I repeat, there is much less "liberty" of this peculiar kind in this country today than there was in, say, 1820. And there do exist people in this country who never tire of complaining about this and advocating a return to the perfect liberties of that time.

The truth, however, is that the perfect liberties which existed before the factory and social legislation of today was passed, made life into an indescribable torment for large sections of the British people. That torment is the proof that liberty of this kind is a cheat. That torment is proof that the absence, in any country in which the means of production are owned by some 10 per

cent of the people, of laws preventing that 10 per cent from pushing their exploitation of the rest of us to unbearable degrees creates not liberty, but the blackest tyranny.

The kindlier bomb? Experience shows that if the owners have the “liberty” to do what they like with the rest of the people, they have, on the average, no trace of pity or mercy for those whom they employ. When we look out on the world to-day, when we read in our newspapers of the bloody destruction of whole cities; of the ruin of Guernica in Spain, of Nanking and Canton in China; of the bombs falling among the school-children in the playgrounds of Barcelona; as we see on the picture-page actual photographs of the mangled bodies of Chinese or Spanish children, we are apt to think that the world has never been so vile a place as it is now. But I am not sure that we are right in that.

If you read a description of the conditions of life of, for example, the children of Britain 120 years ago, in such unimpeachable books as *The Town Labourer* by Mr. and Mrs. Hammond, you will read of things that make you think that, after all, even the bombing of today is less torturing

than what used to happen then. To be blown to bits is, after all, but the work of a second. But the children of Britain were slowly killed, when the employers' kind of liberty was at its height, by a refined process of torture, under which they were worked for years together, from twelve to sixteen hours a day till, finally worn out at the age of fourteen or so, they died. Perhaps the bombing pilots of today are the kindlier.

I do not know about that. But in any case we cannot congratulate ourselves on much improvement, if we are thinking about the world as a whole. There are plenty of places in the world where the large-scale destruction of children by working them to death still goes on. It goes on in many highly developed countries, as amongst the share croppers in the Southern States of America. And it goes on, on a gigantic scale, under the British flag in India.

They do not care. In any case, such comparisons between then and now are not very important. But it is all-important to realize one hard fact. On the average, men and women of one class feel no sympathy for the sufferings of men and women of another class. I mean by a class, any group of

people who have a particular place in the economic system. For example, those who own the means of production form a class, commonly called the capitalist class. And those who do not own any means of production, and so have to work for wages, form a class, commonly called the working class. Other important classes have existed, for example, the landlord class, and the peasant class; but in Britain today these other classes are quite overshadowed in importance by the capitalist and working classes.

Now the whole history of our country since the present economic system was established, and almost the whole population got divided off into these two classes, leaves us no possibility of doubt that the members of the capitalist class are, on the average, and as a class, indifferent to the fate of the members of the working class. It is evident that the gap which separates these two classes is, except quite exceptionally, unbridgeable by human sympathy. The fact that the members of one class are rich and the members-of the other class are poor; that the one receives quite a different kind of education and lives quite a different kind of life, from the other, is sufficient to cut them off from any real community.

If this were not so, the capitalist class could not have imposed the indescribable conditions which they did impose (and still impose today, wherever the workers have not succeeded in getting laws or Trade Unions to stop them) on the rest of us. I cannot explain why the gulf of class cuts off almost all human sympathy in this way. But it does so.

The exceptions. This is all the more strange in that this is not true of particular individuals coming from the employing class. In every generation there have been quite a number of individuals coming from this class who have cared about the conditions of the other class. Many of them have simply been philanthropists who understood little or nothing of the causes of the suffering of the workers. Lord Shaftesbury, the man who helped the British workers in their struggles to get laws passed taking away the “liberties” described above, is a typical example of such philanthropists.

On a much higher level of comprehension, quite a number of individuals who were born into the employing class, have come to understand, to a greater or lesser degree, what is the cause of the

abominable conditions of the working class, and have sought to root out this cause. Examples of such men in our own country are Robert Owen, the first great English socialist, and, in our own day, Mr. and Mrs. Sidney Webb. Moreover, taking the whole world, some of the greatest men who have fought on the side of the working class, men who have brought them indispensable gifts of scientific understanding — indeed Marx and Engels and Lenin themselves — were born into one or other of the subdivisions of the employing class.

But in each generation it has been a tiny minority of the employing class who have shown that the sufferings and fate of the working class mattered to them. Again and again history proves (and contemporary history is proving it most vividly of all) that, with these individual exceptions, the employing class cares nothing about the conditions which the existing economic system imposes upon the working class. They neither know, nor care to know, what being wage-earners means to men and women. So the lesson of history is that the working class must depend upon its own efforts.

V. WHY IT STOPS WORKING

The difference. We saw that there is a vast difference between what the workers produce and what will keep them. And the whole of this difference goes to the employers and their associates. Moreover it is, if you think of it, a rapidly growing difference. The amount necessary to keep the workers in a state fit to do their jobs, and to rear up families after them, does not alter very much. But the amount of wealth which the workers can produce is continually increasing. New and still newer methods of production are perpetually being introduced, all of which increase our powers to produce wealth.

To put it in technical language, the productivity of labour is constantly rising. One hundred workers do not cost any more to keep than they did ten years ago; but a hundred workers can today produce considerably more than they could ten years ago. And this process has been going on steadily, and ever more rapidly, not for ten years, but for over a hundred years. (The exact rate of increase has varied very much from time to time and place to place. But here are some examples, collected by Mr. Frederick Allen for his recent

book, *Can Capitalism Last?* The productivity of labour in the USA increased between 1922 and 1927 by 3.5 per cent a year; between 1925 and 1929 in Germany it increased by a total of 27.5 per cent or 5 per cent a year; between 1924 and 1930 in Britain it increased by 21 per cent, or 3.2 per cent a year.¹)

It goes to investment. As we saw at the end of Chapter II, a very great part of this vast and rapidly growing difference, or surplus, is reinvested. The employers and their friends may share it out amongst themselves, by dividing it up into rent for the landlords, interest for the investors, fees for the professional men (lawyers, surgeons, accountants, etc. etc.) and profits for the direct employers, and then reinvest it in new businesses. Or, and this is what happens for the most part nowadays, the actual firms which have made the profits may plough them back into extensions of their own businesses. In either case this part of the ever-growing surplus is reinvested. But what does investment mean? It means making new means of

¹ League of Nations, "Course and Phases of the World Economic Depression", and *Statist*, June 21st, 1930. These increases refer to industrial labour.

production, building new factories, constructing new machines, sinking new mines, building new docks, new blocks of offices, new gigantic department stores, and all the rest of it. That is where the main part of the surplus ultimately goes to.

What is the effect of creating all these new means of production? Now the only use to which means of production, be they factories, mines, or what you will, can be put is to produce. To produce what? In the last resort to produce consumers' goods, as the economists call them. To produce, in plain words, clothes, food, motor-cars, houses, furniture, all the kinds of goods we actually use and consume.

So we have come to the conclusion that the system works in such a way that an ever-mounting mass of new means of production, each and all capable of turning out a vastly increased flood of consumers' goods, will be created. And no sooner have these vast new means of production come into existence than they must, if their owners are not to go bankrupt, begin pouring out their flood of new consumers' goods.

Who is to buy them? We now come to a question that cannot be answered. *Who is to buy them?*

Who is to buy this ever-increasing flood of consumers' goods? Not the 43 million of us who depend on wages. For, as we have seen, by and large, and unless we put some very effective pressure on our employers by means of Trade Union or political action, we get no more, on the average, than it is necessary for us to have in order to enable us to do our jobs properly, and bring up our families. (For if some of us manage to get more than this, some get definitely less and are not able to do their jobs or rear their families properly.) Who, then, is to buy the ever-growing flood of consumers' goods coming on to the market?

Who is to buy them? The 4 million who form the class which owns the means of production will do their best. They will spend lavishly; but after all, there are limits to the powers of human consumption. When all is said and done, no man, no matter how rich he is, has more than one little stomach, or can sleep in more than one bed. There are far too few of the rich to carry off the wide stream of consumers' goods which modern methods of production can, and do, turn out. Who is to buy them?

There is no answer. In the last analysis, there is

no answer to this question. It is precisely because our present economic system cannot answer this question that it is going bankrupt before our eyes. This is the ultimate cause of our troubles. This is the cause of those slumps which fling millions of workers out of their jobs, which ruin millions of lives. This is the ultimate factor which prevents our economic system from functioning properly. This is the barrier against which it continually breaks its head.

After each slump it is true there comes a boom. For a time everything seems to go well. Most of us get our jobs again. Production and profits leap up. But no sooner have good times been fairly established than once more the slump comes back. *And it comes back fundamentally because there is no one to buy the flood of commodities which the increased production of good times has thrown on the market.*

The false answer. Our economic system has no answer to this question; but all sorts of false solutions to it have been suggested. And, as we shall see immediately, some of these false solutions do actually provide a temporary remedy for the difficulty. But the trouble is that they only do so at

the cost of producing even worse disasters of another kind; to be precise, they postpone slump, but only by generating war. Let us first examine the false answer.

High wages. This is the plausible solution which is often called the “theory of high wages”. As you can see, nothing is more natural than to suggest that all that needs to be done in order to make our system work properly is that the employers should pay us all higher wages. The question, of course, remains as to whether they will be willing to do this. But, it may be suggested, why should we not elect a government which will force them to pay us higher wages? Will not this put everything right without us having to go through the admittedly big and difficult business of changing the very nature of the economic system? This suggestion is a very natural one. To anyone who has seen that, at bottom, the system will not work because the people have not enough money to buy the goods they produce, the obvious solution seems to be that they should be given some more money by way of increased wages.

Unfortunately, however, *if anything has been proved by the experience of the post-war history of*

America, in particular, it is that this simple theory does not work. If you force employers to raise wages, or even if wages become, because of temporary, accidental forces, appreciably above subsistence level, the system jams; the wheels stop going round, and a slump comes in this way instead of because of insufficient money in the hands of the people.

Wages and profits. The explanation is not far to seek. The trouble about “the philosophy of high wages” is that high wages cut into profits. But, you will object, you have just said that profits, or rather rent, interest and profit taken together, are gigantic. Surely the employers and their associates can afford to give us a little of their huge surplus; surely it will actually be in their own interest to do so, if this is the only way that they can keep the system running?

Yes, profits are gigantic, but then they have to be. For capital is gigantic, too. The total amount of capital in the hands of the employing class now runs into tens of thousands of millions. Don't you see that a gigantic *amount of profit* is absolutely necessary in order to pay even quite a low *rate of profit* on this gigantic accumulation of capital?

Moreover, as we have seen, the system will only work if the capitalists are continually reinvesting their profits in new enterprises of every kind. But they will not do that unless the general rate of profit being earned is high enough to promise them an attractive return. Thus it is not open to the system to get rid of its gigantic surplus by giving it away to the workers, either by means of high wages or any similar device. The very nature of capitalism is such that it will only work if it disposes of its surplus, not by giving it away, but in some *profitable* way. For only if there is a *profitable* end to it will the whole process of accumulation and reinvestment be carried on.

This is the objection to “the philosophy of high wages”. High wages inevitably cut into the rate of profit and stall the system that way. High wages, in other words, are incompatible with the existing economic system. Therefore the system cannot get out of its trouble in this simple attractive way.

A real answer? But there is another answer to the question, who is to buy them? And, in a sense, and for a temporary period, it is a real answer. It is this. “If we cannot get rid of the stuff,” say the

employers, “at home to our own people, because their wages are not high enough to allow them to buy it, let’s get rid of it abroad, let’s export it.”

It is a simple answer, but it leads to extremely complicated results. For it leads to the world being combed for markets. In the first instance, the employers will search the world for markets for consumers’ goods. They will try to get rid of their huge output of food and clothes and furniture and motor-cars and all the rest of it to foreign buyers. But nowadays there are whole industries the function of which is to turn out, not consumers’ goods of this kind, but means of production themselves. There are whole factories whose job it is to equip other factories. There are whole types of machines whose only purpose is to produce other machines. Indeed, the biggest and most important industries today are those which turn out, not consumers’ goods, but capital goods, or means of production — call them what you will.

So very soon it is a question of markets abroad, not only for consumers’ goods, but for the capital goods also, not only for cotton piece goods, coal and the old traditional British exports, but for looms and spindles, lathes, cranes,

machine-tools, blast furnace equipment, power stations, railway goods, and the like.

But these capital goods are very expensive. How is the foreign country going to pay for them? In many cases, the potential market is in some relatively backward, undeveloped country such as India, China or Africa. How are they to pay for this extremely expensive equipment?

General expansion. Now arises a very extraordinary device. The employers and their associates (the 4 million) proceed to lend to their potential customers the money to buy the capital goods with! This is called the export of capital. Therefore the search for markets may be said to proceed in three stages. First you export consumers' goods; then you export capital goods or producers' goods, and then you export the capital itself.

When once you have reached this third stage of exporting the capital itself, the possibility of a fourth stage appears; and that is to invest your capital in producing something in the overseas country itself. You may send your capital out, not merely to pay for capital goods from home, but also to set up an industry abroad, to sink a mine, or plant a rubber plantation, or the like. You may

begin the process of setting up the existing economic system somewhere in Africa or Asia.

The exact stages through which the processes go do not matter so much. The essential thing is that each country is forced to embark on a general, complex process of economic expansion. Each country, when it reaches a certain stage of development, is forced into this process of expansion because it can find no other answer to the basic question — Who is to buy them?

And this process of expansion overseas does provide a temporary answer to the question; it does enable the present economic system to carry on much longer than it otherwise could. But it has extraordinary and, in the end, appalling consequences.

For so far we have looked only at the economics of the process of expansion; it has a political side, and that political side has a very well-known name. It is Imperialism.

Imperialism. This is how Imperialism comes about. When you are at the first stage; when you are simply exporting your consumers' goods, there is no very great temptation to try and annex the country to which you are sending them. But

now see what happens as soon as you get on to the second and third stages, when you are exporting capital goods and the capital to pay for them.

Why then, at once you become frightened for the safety of your capital. Whoever it is you lend it to, whether it is the government of some undeveloped region, or some company which has been organized by the natives of the undeveloped country, or, more likely, by your own capitalists operating there — in any case, you will be frightened that you will lose your money.

Perhaps the government to whom you have lent it will refuse to go on paying the interest? Or perhaps it will get overthrown by a revolution? Or perhaps some other empire will come in and annex the country to which you have lent your money? These worries get even worse when you reach the fourth stage and begin employing native labour in the country to which you have exported your capital. For then your capital has gone permanently overseas; then there is no question of bringing it back. So you need permanent political control in order to ensure its safety.

Moreover, once you have begun actually employing native labour (stage four above) you will need political control of your market for another

reason. You will want to control its government so that it passes laws (such as a hut tax for instance, as in Kenya) which will force the natives to go and work for wages in your new mines or plantations, instead of working for themselves on their own land.

In any case, and whatever stage of the process of expansion you have reached, you will want all the markets of the particular territory for yourself. You will strongly deplore any tendency for the employers of some other empire to come in and export their goods, instead of yours, to it; or to send in their capital instead of yours, and so get the orders for their capital goods, instead of yours; or to set up their mines, rubber plantations or what not, instead of yours. It is for this purpose, above all, that you will want political control of your overseas market. You will want, to be plain, to annex your market; to make it part of your empire; to paint it red on the map.

The world fills up. Now, once again, this is no fancy picture, no figment of the imagination. This is a description of what has happened during the past fifty years, and what is still happening. But nowadays it is happening with a difference.

The world used to be a comparatively empty place. There were plenty of markets for the various empires to annex. There was all Africa ready to be painted the different colours of the various empires. And painted it was. This was not a very peaceful, or a very pretty, process. The natives had to be subdued in quite vicious little wars. But it did not involve any major wars between the empires themselves. But sooner or later (in the first twenty years of this century to be exact) the world got filled up. There were none, or few, eligible markets left unoccupied by one or other of the great empires. There was no room, or at any rate not enough room, left to expand into. The world was all painted one colour or another on the map.

By 1914, to be exact again, the great empires, as they grew and grew, had reached out until almost everywhere their borders touched each other. But they could not stop growing. The basic process of expansion, which I have sketched above, was still going on. The employers could not get rid of their stuff at home; they still needed ever bigger markets abroad.

The empires collide. What was to happen? What happened was the only thing that could happen.

The empires collided. They went on expanding and expanding until they struck each other. The first collision of the empires took place in 1914; they called it "The Great World War". But "The First World War" would, I fear, be a more accurate name for it. For, except in one part of the world, the same process which generated that war is still at work today.

The first collision of the empires resulted in 10 million people being killed, and tens of millions more being wounded or dying of hunger and disease. But the empires are now growing again. They are mopping up the few bits of the world which are still left unannexed. Italy has just mopped up the very last bit of Africa, Abyssinia. Japan is, as I write, trying to mop up the one great bit of the world which was not fully possessed by any one empire, China. The empires are still expanding. They are coming very near to the point of collision. When will the empires collide again, and how many people will die in the second collision?

Such are the final consequences of getting out of the difficulty of "Who is to buy them?" by sending your stuff out of the country to overseas markets. In political language, periodic world

wars are the inevitable consequence of the attempt to solve the dilemma of purchasing power in our present economic system by the imperialist method.

VI. MUST WE DIE FOR IT?

The final result of organizing our economic affairs in the way we do today is to kill ten or so million people every now and then. But people do not like being killed. *Dulce et decorum est pro patria mori* (It is sweet and noble to die for one's country), said the Roman poet, trying to encourage the Roman citizens to fight well in Rome's wars.

But in modern warfare (as, I expect, in all warfare) when you are a tiny, nameless unit in a vast mechanized army, fighting perhaps in some distant land, you do not quite know what for, against you do not know quite whom, dying does not seem so *dulce*.

About patriotism. You may, indeed you should, love your country very dearly. But I suppose that in order to die for a country you must first possess a country to die for. And can it be said that the 43 million of us who do not own any appreciable part of the capital of our country have a country to die for?

The answer to this question seems to me to be "yes and no". We have not got "a stake in the

country”, as the saying goes. We have in a very real sense lost our birthright in our country. For the birthright of every free citizen of a country is the opportunity to live and work for himself and his family. And that freedom can only be given to men who have unrestricted access to means of production which they themselves own, either collectively or individually.

I am bound to say that when I look at the present state of my country, it seems to me that, when we are asked to die for it, we are being asked to die for a country which belongs not to us, but to the 4 million. Indeed, within that 4 million, it belongs, to a very large extent, to a far smaller group of very rich men who really direct and control things. The great industrialists, the great bankers, the great newspaper owners — these are the men who, it seems to me, really own their country. It does not seem to me to be sweet or noble to die for *their* country.

First get your country. All the same, there is a sense in which almost all of us have some stake in the country. If we get any sort of living at all, we derive great benefits from the organized, civilized way of life which we have set up in Britain. Be-

cause of this we feel and, in a sense, are right to feel, that this is *our* country, which we must, and will, defend — which it may be worth dying for.

All this leads towards a very important conclusion. The appeal of patriotism, of devotion and sacrifice to one's country, may be a very high and noble one; but it is also one which can be most shamefully abused. Should we not take special care, when this appeal is being made to us, that we are not being tricked; that it really *is* our country, and not Lord Rothermere's or Lord Beaverbrook's country that we are being asked to die for?

Nobody can deny that, in the world as it is, it may be necessary for men to fight for their country. But we, the 43 million, shall not, in any full or complete sense of the word, have a country to fight for until we see to it that the land, the mines, the machines, the docks, the railways, the factories, and the like, with which we have covered its face, belong to us. For if we don't take care, what we shall be asked to die for will be, not our country, but the cause of keeping the present economic system in existence.

Our reaction. Now, hitherto only a few of the 43

million have grasped all this at all clearly. But, all the same, a great many of the 43 million have reacted to the conditions created by all this. Even though they have not fully understood what causes their troubles, they have grown restive. They have wondered why, amidst all the teeming wealth of the world, they have had to live at very near a subsistence level. Especially in recent years they have wondered why it seemed necessary every now and then to fight and die all over the world, and by the millions at a time.

Gradually the idea has grown up that all this may not be necessary or inevitable. And not only has the idea grown up, but organizations have appeared amongst us, Trade Unions, Co-operative Societies and finally political parties, which have had as their object the changing of all this. These organizations, which amount to what we call a labour movement, have aimed at preventing us having to live in poverty amidst the wealth which we create, and having to die in order that our employers shall be able to sell that wealth to somebody else (for that is what it amounts to).

These organizations, which the people have gradually created, have begun to push for higher wages, have begun to suggest to people that they

need not go out and fight their masters' battles for them. Now so long as the employers do not have to ask any desperate sacrifices from the mass of the population, they can tolerate the existence of such a movement as this. But if a point comes (and this point has come in a large part of the world today) when the employing classes and their empires have periodically to ask of us the ultimate sacrifice of giving our lives for them — why then the existence of movements which make people feel that this sacrifice is unnecessary becomes an intolerable danger to those who wish to maintain the present state of things.

The ruling class of each empire today feels that it simply must be able to depend on its people to die for any cause which their rulers tell them they must die for. Hence the existence of any source whence people can get independent ideas of their own into their heads becomes more and more to be regarded as intolerable.

Fascism. The existence, in a word, of independent, working-class, or popular, organizations and propaganda becomes intolerable to the ruling classes of the empires. For these ruling classes know that at any moment they may have to ask

“their” workers to sacrifice life itself; and if even a doubt that such sacrifice is inevitable has been allowed to rise in people’s minds, they may not make the sacrifice. That is why empire after empire has today determined to stamp out the existence of any source of independent ideas or organization amongst its people. We call this attempt fascism.

Fascism is conscription. The simplest way to describe the consequences of fascism for the mass of the people is to say that fascism means permanent conscription. Fascism does to men, women and children (and it does it in peacetime as well as in war-time) what conscription does to men of military age in war-time.

Fascism takes from us, first of all the right to strike. It not only destroys the Trade Union organizations which alone give wage-workers any bargaining power, but actually makes striking illegal. And, as we saw above, what measure of genuine liberty the 43 million of us possess today, depends, in the last resort, on this single liberty of it being possible for us to withhold our labour. When that goes, everything goes.

You can see that this is no theory, but actual

fact by what has happened to the people in fascist countries. Once a people allows its right to withhold its labour to be taken away from it, its political parties, its co-operative societies, its right to vote — every element of democracy and civil liberty — are all swept away. For the one real power of the wage-workers has been destroyed. Once the right to withhold labour has gone, the rule of those who own the means of production must necessarily become complete and unrestricted.

Fascism, then, is the attempt of the 4 million to stamp out any possibility of resistance to their will. And they have to make this attempt because the needs of their system drive them to demand of us our very lives in war after war in order to conquer markets for them abroad.

They enslave the mind. But fascism does not rely entirely on machine-guns in order to deprive the people of their rights and liberties. It could not do it by machine-guns alone. Perhaps the most important method by which the fascists do their job is the use of the modern technique of propaganda. The fascists attempt to enslave the minds of the people even more than their bodies.

Their most desperate efforts are directed to-

ward preventing us from getting a grasp of the real situation. To this end they invent a whole rigmarole of extraordinary and disgusting ideas. They put down our troubles to every kind of fantastic cause; they invent positively anything in order to prevent us seeing the real cause, namely the ownership of the means of production by a tiny class. They say that it is all due to the existence of a few thousand Jews amongst us; or they say that it is due to the usury laws of the Middle Ages having been abolished; or they invent an extraordinary theory called "the doctrine of blood and soil".

This last theory is a very convenient one for the fascists. It teaches that it is a great mistake to think about anything clearly. All you have to do is to just let yourself be guided by your feelings. As the fascists' main object is to prevent us thinking out our position clearly, and thereby trying to understand what the cause of our trouble is, this is an ideal theory for them.

In order to put over this extraordinary mass of lies, fascists have to wage an organized war on all reason and clear thinking. That is why the German fascists, as soon as they came to power, publicly burned the books of all the best authors

and greatest thinkers in Germany in the public squares of the cities. That is why, ever since, they have been systematically destroying all that is highest and best in German civilization. In the last resort, all civilized, decent ideas are incompatible with fascism. For fascism is the effort (the fascists say this quite frankly) to organize all life as preparation for war.

The chain of consequences. Probably I need not go on describing the frightful state of things which results whenever the fascists are given power in any country. But the point to realize is that fascism is not some extraordinary mania which has hit the world, but is only the logical consequence of doing what is necessary to keep the present economic system going.

We have seen the chain of consequences. The present economic system must keep the mass of the population very poor; but it produces an immense flow of wealth. Therefore it has to find foreign markets as a very condition of its existence. Hence imperialism is born and the world gets cut up into the possessions of the various empires. Since these empires go on expanding, they periodically collide with each other and produce

world wars. Therefore the employing, ruling, class has periodically to call on us all to die to get them markets. Ideas and organizations begin to appear amongst the mass of us tending to make us refuse to live on a subsistence level in a rich world and to die for our masters' markets. Therefore our masters have to make the attempt to crush out the very possibility of a refusal by us to live and die for them. To this end they have to try and destroy all reason and decency in the world.

This is why, every year now, that part of the world in which the present economic system still exists becomes more and more like a madhouse.

Britain and the world. If you look at the world as a whole, all this is clear and undeniable enough. But if you are accustomed to looking only at conditions at home in Britain, all this may seem very much exaggerated. It is perfectly true that the evil consequences of keeping the present economic system in existence have not yet appeared in Britain to the same extent that they have elsewhere.

Taking the capitalist world as a whole, there is no doubt that conditions for the mass of the people are getting worse and worse. That is what we mean when we say that the present economic

system is in decay. Social progress of any sort has become impossible under it. Hours, wages, working conditions, living conditions, for the mass of the population of the majority of the capitalist countries of the world are getting worse. Everything is being sacrificed to the supreme necessity of war making. But this is not yet the case in Britain. Because of very special circumstances (of which the principal one is the possession by our employing class of the biggest and richest empire in the world), a certain amount of social progress is still possible here. That progress only takes place when the mass of us manage to put tremendously strong pressure on our rulers. But when we do, it is sometimes still possible to get improved conditions, better wages, shorter hours of work, etc. etc. Again it is still sometimes possible, in some parts of the country, to get new and better schools built, local housing conditions improved, etc. etc.

The result of all this is that some people sincerely believe that the conditions of the mass of the British people are still steadily improving. I think they forget that, against the undoubted elements of progress which still exist, they have to balance factors in which there has been very grave

deterioration. Against shorter hours and improved social services you have to balance an immense growth in unemployment, and the gigantic increase of insecurity which that means, not only to the unemployed themselves, but to the whole working population. You have to balance also the fact that in whole areas of the country, such as the distressed areas, economic life has almost collapsed. You have to balance the fact that for certain categories of British workers, of which the principal one is the miners, still the biggest single trade in the country, there has been an undeniable and terrible worsening of conditions, including reductions of wages, lengthening of hours and speeding up of work.

The downthrust of the system. This mixture of progress and regression really means that the strong and persistent struggle of the British people for improved conditions of life, which during the past fifty years undoubtedly bore substantial fruit, has now come up against the steady downthrust of an economic system which is fundamentally unsound. The two forces may be about balanced today. We may still manage to make an advance here and there; but we are forced to give

ground at some other place. There is no particular point in trying to estimate exactly whether, on balance, we are now advancing, holding our ground, or being forced into retreat.

The thing to realize is that the downthrust which we are now meeting is no accident, that it is caused by the fundamental rottenness of the system. The thing to realize is that this downthrust must become stronger and stronger so long as we leave our existing system in existence.

If we leave the present system in existence too long, we have only to look abroad in order to see a picture of what will happen to us. There is for us no way out while the land, mines and factories of the country are left in the hands of the 4 million. There is no way out whilst the 43 million are excluded from any independent access to those means of production without which they cannot work and live. As long as we go on running our economic system in this crazy way, so long will the world more and more come to resemble a madhouse. We have not yet gone so far down the slope as our neighbours, but we are bound to be dragged after them. If we leave our present social system in existence too long, we are bound to be dragged into the wars which their

masters and our masters will have to make us wage; we are bound to be crushed by the tyranny which they will have to impose on us in order to get us to fight.

It is our fate to live in one of those epochs in history when a whole way of human life (a “civilization”, as they call it) is going to destruction. History teaches us that once that process has begun there is no way of saving the dying civilization. The only way out is to put a new one in its place. That is what we must, can, and will do.

VII. WHAT CAN WE PUT IN ITS PLACE?

I recently had a debate with a distinguished Roman Catholic priest, Father McNab, O.D. After it, Father McNab told me that he thought that I had only scored one point during the whole affair. And I, though I did not tell him so, did not think that he had scored any points at all! So it was a very satisfactory debate for both of us.

Private property. But that one point of mine arose over the question of property. He said he was in favour of individual, private, property. I said that so was I.

How could that be, he said, seeing that I was a socialist, or communist? I said that I was a socialist, or communist, just because I was in favour of individual, private, property. I said that my main complaint against capitalism was that it had deprived by far the greater part of the British people of any individual, private, property worth talking about. I quoted him those figures about four-fifths of us dying with property worth less than £100.

But, he objected, he had always thought that

socialism meant taking people's private property away from them. "Ah," said I, "that's what you've been taught. What socialism really means is giving nine-tenths of us a chance to get at least ten times as much individual, private, property — ten times as much clothing, houses, gardens, motor-cars, supplies of food, furniture, and the like as we ever get today."

But, he insisted, surely socialism does mean taking private property away from some people? "So it does," said I. "It means taking property in the means of production, as we call it, out of private hands. We propose to do so precisely because that is the only way to put a decent amount of private property of the other sort into people's hands."

The two sorts of property. The point is that there are two quite different sorts of private property. The one sort is private property in the means of production; private property in a factory, or a mine, or in the land. And the other sort is private property in consumers' goods, in food and clothes and furniture, in houses, in motor-cars, in gardens, in labour-saving devices, in access to amusements — in every sort of thing which we actually

use and consume.

Now, it was my contention to Father McNab, and it is my contention to the readers of this book, that endless confusion arises from a failure to distinguish between these two kinds of private property. Yet it ought to be impossible to mix them up. For there is one rule for distinguishing between them. Private property of the first sort, private property in the means of production, carries an income with it; private property of the second sort, private property in consumers' goods, does not carry an income with it.

For instance, if you own £500 worth of shares in the Austin motor-car factory in Birmingham, you will get an income from these shares. But if you own an Austin motorcar, price £500, no one will dream of paying you anything because you own that motor-car. On the contrary, you will have to pay quite a lot in taxation, up-keep and the like for the privilege of owning it. There you have the distinction.

Now you get paid an income if you own shares in the Austin factory because the Austin factory is part of the means of production of the country. You do not get paid an income if you own an Austin motor-car, because a motor-car is

not part of the means of production. It is a consumer's good.

The economic system which is commonly called socialism — and this is the system which we can put in the place of capitalism — involves abolishing the first sort of private property, in order to increase vastly the second sort of private property.

It involves taking the means of production out of the hands of the 4 million private persons, who own them today, and putting them into the hands of the whole population. And the object of doing so is that then, and then only, we, the 43 million, will get, in one way or another, the entire product of these means of production. For that, as you can see from the whole argument of this book, is the one genuine solution of our troubles.

All owned by the state? The first question which will naturally occur to you is this. What is to be done with the means of production, the factories, mines and land of the country, when they have been taken out of the hands of their present owners, the 4 million? Are they all to be put into the hands of the State and run by State officials? That is one of the ideas which a great many people hold about socialism. And the number of different and

baseless ideas (and some of them are held by some socialists themselves) which exist about socialism is gigantic.

No, socialism involves the *public* ownership of all the means of production; but that does not mean that they should all be owned by the State. The very big industries of the country, the railways, for example, should no doubt be owned, directly or indirectly, by the State. There are huge economies to be made by the centralized running of these great national services, of which the distribution of electric power is another good example. But, even in these cases, the actual industry should be run by setting up particular bodies, commissions, "authorities", or public corporations, *as long as the whole of their capital is publicly owned*, for running the industry.

But there are many other industries, of a smaller and more local character, which should be run by the local authorities, the municipalities, the county councils, and the like. Then again there is a vast sphere for co-operation. There is an enormous field, of which a large part at least of retail distribution is the chief example, which should be run by consumers' co-operative societies.

Moreover, as recent experience shows, in a socialist society there is scope for producers' co-operation also. There is a vast field for voluntarily formed groups or associations of workers, who will, as groups, own their means of production and themselves do the work. Agriculture seems to be the main predestined field for this form of organization.

In a word, there are just as many forms; there is just as much variety of industrial and social organization under socialism as under capitalism. Moreover, the forms of public ownership sketched above are really only those under which a socialist community should start out. As the socialist community develops, other and higher forms of public ownership will be developed also. The one essential thing is that all the various forms of socialist organization should involve the public ownership of the means of production.

Hordes of officials? This throws light on one of the old familiar objections to socialism, namely, that it would mean overrunning the country with a horde of officials. If one means by officials, administrators, managers, foremen, and the like, then, of course, a socialist society has to have such

people. But, and this is the point, there are not more, but far, far less of them under socialism than at present. Anybody who is the least familiar with one of our vast British capitalist trusts knows that they are run by a huge bureaucracy of administrators, clerks, managers, under-managers, sales-managers, publicity-managers, personnel-managers, and the like. We are not accustomed to call these people officials, because they are employed by Imperial Chemical Industries, or Unilevers, or Vickers, or some other great firm, instead of by the State. All the same they are, to all intents and purposes, officials. They are officials working on behalf of a group of rich men, instead of working on behalf of the community.

Now socialism, because it brings order into, and thus actually immensely simplifies, industrial and economic organization will need far fewer of these administrators than do the great trusts. The great trusts are often competing with each other, and above all, are desperately trying to sell their products in an already over-stocked market. So they have to spend, literally, more time and energy, and employ more officials, (sales-managers, advertisement men, copy writers, canvassers, etc. etc.) in trying to sell their stuff than in producing

it. As there is not, and never can be, any market problem under socialism; as there can be no difficulty whatever in selling everything you can produce, the whole of this vast sales staff of "officials" can be done away with, and the men and women who compose it put on to useful, productive work.

Profit or planning? One of the familiar catch-phrases of the moment is to say that under capitalism production is carried on for profit, while under socialism it is carried on for use; that socialism is planned production for use. What is meant by this phrase?

Well, we all know what production for profit means. We saw in Chapter II that the way in which wages are bound to be fixed under capitalism means that an ever-growing surplus of wealth goes to the employers and their associates. But what we did not notice was the fact that production is *only* carried on under the existing system if and when such a surplus does go to the owners.

Under socialism, on the contrary, profit ceases to be the regulator of the system. Therefore you have got to arrange some other principles on which to decide what to produce. This alternative

principle of regulation we call planning. There must exist in every socialist society something, which is usually called a planning commission, which will decide year by year what kinds of things, and in what proportions, shall be produced. It has, as it were, to make an estimate of the total needs of the population and then another estimate of the country's total productive resources. Then it must see how best to fit the one to the other; how best to allot skill, labour, machines, buildings, raw materials and the rest between different possible uses.

Is not this a very difficult job, you may say? Yes, indeed it is; but the point is that it is a job which has to be done, and that it doesn't make it any easier to make no attempt to do it. For, under our present system we simply leave the thing to chance. Hence the frightful chaos into which our economic system periodically gets. However badly your planning system works to begin with, it can hardly work as badly as no planning does at present.

Recover the means. Socialism implies, then, the recovery of the means of production by the 90 per cent of us who are today deprived of any owner-

ship of them. I use the term 'recovery' because, as we saw in Chapter I, there was a time when many more of us, at any rate, had some ownership of means of production. In that sense socialism is merely going back to the conditions which existed before the rise of modern capitalism. But we go back to a widely diffused ownership of the means of production in a new way. For, in the meanwhile, during the century and a half of capitalism, the scale of the means of production has grown so enormously that it is no longer practical politics, even if it were desirable, to cut them up again into individual parcels. They have now got to be owned collectively or in common. Under socialism what is divided up amongst the whole people is not the means of production themselves, but their product.

Wages under socialism. The first chapter of this book showed that the secret of our troubles lay in the pay envelope. The trouble lay, we found, in the way wages must always be fixed under the present economic system. How then, are wages fixed under socialism? For wages still exist in a socialist society. But their amount is fixed quite differently.

Today, as we saw, wages, by and large, and with all the qualifications we noticed, are fixed on what the worker can live on, so that he is fit to do his job and rear up a family after him. Therefore the amount of wages has nothing to do with the amount which the worker can produce.

In a socialist society, on the contrary, the general level of wages is directly based on the amount of wealth which the workers can produce. If this year the socialist country in question can produce £X million worth of wealth, then the total wages and allowances (pensions, sick benefits, etc. etc.) can be fixed at £Y million. If next year the country can and does produce £X + 1 million worth of wealth, then that next year wages can and are raised to £Y + 1 million.

Does this mean, you will ask, that the worker gets the full value of what he produces? Yes it does. But it does not mean that he will take out all that value individually by way of his particular wage. The product in a socialist society is in fact distributed in three ways.

A threefold division. In the first place, the worker gets his individual share in his pay envelope. In the second place, he gets what they call a

“social wage”. That is to say, a certain proportion of the value of his product is set aside for creating a supply of those kinds of consumers goods which you cannot conveniently distribute individually. For example, it is set aside for the creation of facilities for recreation on a vast scale, for the provision of gymnasia, playing fields, workers’ clubs and reading rooms.

Then again you cannot, or at any rate should not, distribute that essential consumers’ service, medical attention, individually. So part of the wealth which the worker creates goes into the financing of vast free medical services, hospital facilities, sanatoria, rest homes, and the like. And then again, something must be set aside for social insurances, for maintenance payments, if the worker falls ill, or is injured, and to give him an adequate pension in his old age. And finally a whole class of what are often called “durable goods”, such as roads, for instance, also must be supplied to the people collectively instead of individually. But, as you can see, all this is merely an arrangement by which the workers increase their total receipts of what the economists call “satisfactions” (i.e. goods and services) by taking out those which are suitable collectively rather

than individually.

But then a third part of the wealth which the worker creates has to be set aside for the purpose of making it easier to create wealth in the future. This part has to be set aside, that is to say, first for repairing and maintaining the existing means of production, and secondly for building new and better means of production. And if the socialist country decides that it wants to industrialize itself very rapidly, this may be a very big part, running up as high as a third of what the workers produce. This part is, as we should call it, reinvested in industry.

Socialist investment. But what, you will say, is the difference then between this and the capitalist process of reinvestment? There is this huge difference. In capitalist countries the surplus, over and above what will keep the worker, goes to the capitalists and their friends as their unrestricted private property. They may or may not reinvest some of this surplus in industry.

If they liked, they could spend every penny of it on luxuries, or again simply waste it, by keeping it in bank notes hoarded in a stocking, for example. And no one would have the least right, under

capitalist laws and moral ideas, to object to what they had done. They would have only “done what they liked with their own.”

In a socialist society every penny which is reserved for reinvestment for the purpose of the maintenance and development of the means of production is held in strict trust by the people's own institutions. Then it is all laid out by them, to the very best possible advantage, so that, as soon as the new means of production have been built, they can be used to raise the wages of the people.

In a word, under capitalism it is a toss up whether the rich choose to reinvest the vast wealth which they draw off from us by way of rent, interest and profit. In practice the amount is so large that they have to reinvest a great deal of it, because, do what they will, they cannot spend it. But they reinvest it just according to their own sweet will and entirely with an eye to what will give them the greatest profit. So that often it is reinvested in the production of things which are socially useless, or even harmful.

Under socialism not a penny of what the people decide to reserve for national development is allowed to become the private property of any in-

dividual. It is all held in trust, and reinvested after careful investigation and thought by the planning commission to the very best possible advantage, in order to produce increased wealth in the form of more food, more clothes, more furniture, more houses, more motor-cars and the like, in future years for the people as a whole.

Wages not equal. Now we come to an important question. We have seen that the general level of wages in a socialist society is based on the total wealth produced; that it rises as the total wealth which the country can produce increases. But does this mean that everyone will be paid an equal share of this total; that, in a word, wages will be equal? No, it does not. Under socialism it is still necessary to pay a more skilled worker better than a less skilled worker. It is still necessary to pay the highly skilled fitter in the engineering shop, or the surgeon at the operating table, or the efficient works manager, or the able administrator, more than the unskilled labourer, or than the boy or girl, whose first job it is to sweep out the factory.

Some socialists used to have the idea that it would be possible and desirable to pay exactly equal wages to everybody under socialism. Indeed

it is often said that all socialists always used to propose this, and that when we now say that this is not so, we are simply making excuses for the fact that in the existing socialist society, the Soviet Union, they do not pay equal wages.

But this is not so, as you can easily prove for yourself. You have only got to look up Karl Marx's pronouncements on the subject in a book called *The Critique of the Gotha Programme*, to see that he was perfectly clear that wages could not and should not be equal under socialism.

But, you may say, what about British socialists? Did not they always say that wages would be equal under socialism? No, that is not the case either. I was very interested, for example, in re-reading Robert Blatchford's famous book, *Merrie England*, to come across this passage:

"You will observe that under practical socialism there would be wages paid; and probably the wages of managers would be higher than the wages of workmen; and the wages of artists and doctors and other clever and highly trained men higher than those of weavers or navvies."

Now Blatchford's *Merrie England*, as older readers of this book will well remember, was by far the most famous exposition of socialism pub-

lished in Britain before the war (it sold no less than two million copies). So there is no doubt that in establishing unequal wages the Soviet Union has only done what every socialist who understood socialism always said that socialists would do.

Exploitation, not inequality, is the sin. “But anyhow,” you may say, “even if socialists always did say that this is what they would do, is it right? What improvement is socialism on capitalism if people are still to get unequal pay? Is not this as unjust and unequal as capitalism?”

Stop a minute. What is it that we principally object to under the present economic system? Is what we principally object to that wages are unequal, that people are paid more for skilled than for unskilled work? No, this is not the main thing which we object to. *What we object to is that the highest pay of all is given for no work at all.* What we object to is not inequality of pay between different workers, but the fact that it is not the workers at all, but a class of rich owners, who in many cases do no work at all, who get the really big pay.

What we object to, in other words, is not inequality of pay, but exploitation, or living off the

labour of others. If you are a better workman than I; if you turn out goods worth double what I turn out, you do not exploit me if you are paid double what I am paid. In the present state of economic and social development, I have no complaint against you.

What is wrong is not this sort of inequality. What is wrong is that, at present, you (if you own means of production) may not turn out anything at all, and yet you may be paid, not double, but literally thousands of times, as much as me. That is exploitation; for it means that you are living off my labour. The wealth that you get has got to come from somewhere. It does not grow out of the ground; it comes from my labour and the labour of millions of other workers.

It is exploitation; it is living off the labour of others, that socialism abolishes. A socialist community abolishes exploitation wholly and absolutely, even though it may decide to pay its most skilled workers twice or even ten times as much as its least skilled. For it still pays for work and for nothing else.

Is socialism contrary to human nature? All this throws light on the old accusation that socialism

is contrary to human nature. Well, judge for yourselves. Is it contrary to human nature to pay men strictly in accordance with the value of the work which they do? No work equals no pay; simple unskilled work equals a wage that will keep the man and his family in decency and security. Better, more skilled work equals better pay; and so on. Is such an arrangement as that contrary to human nature? It seems to me that such an arrangement is precisely in accordance with human nature. Far from providing no incentive to work, it seems to me to provide a ten times greater and more scientifically adjusted incentive than does the present system.

“Ah,” someone may object, “but what about the exceptional man, what about the artist, the actor, the especially talented man? What incentive does he have under socialism? What about the inventor?”

Well, what about him? The artist, the writer, the actor, the specially gifted man, is simply regarded under socialism as a specially skilled type of worker. Such a worker can, and does, because of his superior talents, get especially high rewards. Why not? Such a talented worker gives a quite exceptional degree of service to society. Why should

we grudge him a quite exceptional reward? What we grudge are the vast rewards at present given to those who give nothing in return.

And as to the inventor. He, too, can be, and is, rewarded by special fees, prizes and the like, for his inventions. Moreover it is a libel on him, as on the artist, to suppose that he will only use his special talents for the sake of special rewards.

In this connection there is a good story told about an inventor in the existing socialist country, the Soviet Union.¹ On one occasion, a visitor to the Soviet Union was shown by its proud inventor a new gadget for an improved process of refining petroleum. After examining the arrangement of pipes, tubes and taps, the visitor asked the Soviet inventor: "But what do you get out of it?"

The inventor, thinking his explanation had been misunderstood, pointed again to one of the taps and said: "You get oil out of it, here." "Yes, I know that," said the visitor, "but what do *you* get out of it?" "Why," repeated the puzzled inventor, "you get the oil out of it."

And so they went on misunderstanding each

¹ See *Red Virtue* by Ella Winter.

other for quite a time. From the tourist's point of view the purpose of the invention was to get a personal benefit out of it for the inventor. For the Soviet inventor the purpose of the invention was to get oil out of it.

Now, which attitude is true to human nature? I think the answer is that both attitudes are true to parts of human nature. It is natural for an inventor to want to get some personal benefit out of his invention, and in the Soviet Union he does receive a liberal money reward. But it is also part of human nature for an inventor to want his invention to be of genuine benefit to everybody. Socialism, quite simply and naturally, provides satisfaction for both sides of human nature.

Is capitalism contrary to human nature? Whenever I hear this suggestion that socialism is contrary to human nature, I want to ask the opposite question: Is capitalism contrary to human nature? Is it contrary to human nature to give the highest pay to those who do no work at all; to give the lowest pay to those who do the heaviest work? Is it contrary to human nature to pay the 43 million of us who work, so little that we cannot buy enough to keep ourselves in employment? Is it

contrary to human nature to keep several million people permanently idle while they, and many others, lack the very goods that they ought to be producing? Is it contrary to human nature deliberately to destroy food, clothes and many other forms of wealth, in order to render the production of further wealth profitable again? Is it contrary to human nature so to arrange things that the only job on which men can get employment is building armaments with which to kill each other? Is it contrary to human nature to send millions of men out to slaughter each other in order to decide who shall possess the markets of the world? Is all this contrary to human nature? I think it is.

And that is why gradually and confusedly, but yet ever more powerfully, the people of the world are rebelling against an economic system which makes them do such things as these.

Socialism gives us a chance. Socialism is a particular way of organizing the economic life of the world. All the differences between it and capitalism are founded on the fact that, under capitalism, a small group of private persons owns the means of production, while, under socialism, they

are owned by everybody. It is this change in ownership which alone makes it possible to get rid of those scourges, such as under-nourishment, slumps, unemployment, imperialism and war, which afflict the world today. None of these things can be got rid of without this change in the ownership of the means of production, or capital, of the country.

Now socialism is not Utopia. The establishment of a socialist society does not suddenly make people into saints or heroes. They remain imperfect men and women. Therefore all sorts of troubles, of difficulties and of struggles, remain in existence. But the point is this. *Socialism gives us a chance.* What we make of that chance is still our affair. Socialism can only make a job available for everybody and guarantee everybody who is willing to work a decent, living wage with the opportunity to rise to the top of his chosen vocation. Socialism, in a word, can only abolish poverty, war and insecurity, from the face of the earth. It can do no more, but no less, than that. Socialism, in a word, gives everyone the opportunity to found a home and rear up a family in health and security; to accomplish those few, simple, fundamental things by means of which we can alone

fulfil ourselves as human beings, and enjoy a measure of happiness in our short lives.

To give a chance to everyone to fulfil him or herself in this simple, basic way is only, however, the first task of socialism. There is no doubt that, once socialism is established, in any country, and has accomplished its basic task, human life begins to develop very rapidly under the new conditions. Things begin to happen which really do seem like the beginning of one of those stories of the future, which we call Utopias. However, it would be foolish to go on arguing about socialism in the abstract any longer. After all, socialism has now been established in one great country. No discussion of it is of any value which does not deal with the question of what has happened in the Soviet Union.

VIII. "I HAVE SEEN THE FUTURE, AND IT WORKS"

Soon after the establishment of the Soviet Government, a great American writer, Lincoln Steffens, paid Moscow a visit. When he came back he summed up his experience in the phrase: "I have seen the future, and it works."

That is the thing to remember about the Soviet Union. The thing to remember is that it exists. The thing to remember is that for the first time in human history a socialist society has been brought into existence.

That is a fact that you cannot easily get over. You can argue forever as to the merits of this socialist society; but you cannot argue away the fact that it exists. You cannot argue away the fact that 170 million people are doing without capitalists, landlords and employers; that they are living, working, producing their daily bread, marrying, bearing children, rapidly increasing the population, and drastically changing the whole nature of their country, and all without the assistance of a single Russian capitalist.

Nor is it possible to deny, however much you may criticize their present conditions, that they

are incomparably better off now than they were when Russia was capitalist. It is true that it has taken them twenty years to make their community into a socialist one. For the first few years after the revolution of 1917 Russia was only beginning to be a socialist country. For that matter, the structure of this first socialist society is not finally completed even now. But now, in all its main essentials, the Soviet Union is a socialist society. As a result of twenty years of extraordinary effort on the part of the Russian people we now know that a socialist society can be built up. We know that socialism works. We know that the thing can be done. That is the new fact in the history of the world.

What have they got out of it? But, of course, that is only the first fact about the Soviet Union. We all, rightly, want to know, not only whether a socialist economic system can be built up, but also what it is like when it has been built up. We want to know what the Russian people have got out of socialism. What are their conditions of life?

Now here we come to a field of endless argument, discussion and dispute. Literally thousands of books, and millions of newspaper articles, have

been written with the express purpose of persuading us that the Russian people have got nothing good out of socialism; that “really” they are no better off than they would have been if they had left the capital of the country in the hands of the Russian capitalists, and gone on working for them.

It is natural for the people who own the means of production in the rest of the world, and for those who speak for them, to write like this. It is obviously of first-rate importance for them to persuade us that the Russians did themselves no good when they took the means of production from the Russian capitalists. So, when we read their stories of how dreadful everything is in Russia, we are bound to have our suspicions.

Moreover, it is worth while remembering what the Russian workers have undeniably got by way of benefits to themselves. Then we can set these gains against the stories we are told, in case some, at any rate, of them may be true! Now, no one can deny that the Russian workers have got five things out of socialism; and you will agree, I think, these are all of them things which we would very much like to have too.

Five solid things.

1. They have got rid of unemployment. Nobody in Russia need be without a job, ever. Whenever any worker leaves or loses one job, he is absolutely certain to receive, not one, but several offers of employment from factories, mines, offices and farms, etc., which need extra workers. For example, when 15,000 workers were discharged recently on the completion of the building of the Moscow-Volga Canal, each one of them received on an average five offers of new employment. Well, that seems to me worth something.

2. Russian workers work seven hours a day. (No need to tell you that that is worth having.)

3. They all have holidays with pay. (No need to tell you that that is worth having.)

4. They have a complete system of non-contributory social insurance by which they are paid their full wages if they are disabled, either temporarily or permanently, by accident or illness, *and when they retire from old age.*

5. Their rate of wages has slowly, but steadily, risen over the past years, and is now rising faster than ever. It is still below that of many skilled workers in this country, but it is far, far above an-

anything ever known before in Russia.

Well, these are five definite things, each of which, it seems to me, British workers will think worth a good deal. These are advantages which take a bit of balancing.

The real comparison. Then remember that in Russia today they are doing the job which was done in Britain fifty to a hundred years ago. They are laying down the basic industrial equipment of the country. They are building new railways, new power stations, sinking new mines, building new factories everywhere in that vast sub-continent of a place which we call the Soviet Union.

And remember what conditions were like in this country when we were doing that job. The truth is that we did that job largely by means of slowly torturing to death whole generations of women and children. When we, or rather the British capitalists (for it certainly was not the fault of the British workers), were doing that job, British children of six and seven were working fourteen to sixteen hours a day in the mills. British women were underground dragging the coal tubs. Hours of work were, for most of the time, wholly unlimited. There were no insurances, pensions or

other social services whatever. Wages were very low.

Well, in Russia, under socialism, they are managing to do that basic job of industrialization with a seven-hour day; with the labour of children wholly and absolutely prohibited, with women prohibited from unsuitable work; with special arrangements made for women on all suitable work; with no unemployment; with holidays with pay; with the most complete system of social services which the world has ever seen; and with steadily rising rates of wages.

But, it may be suggested, are there not other factors at which socialism is at a disadvantage? I do not think that there are. But let us assume, for the sake of argument, that there are. Even then, what disadvantages of socialism could possibly balance the gains for the overwhelming mass of the population, which I have just set down?

Now all these solid gains of the Russian workers have been made possible by socialism alone. It has only been possible for Russian workers to get these conditions because they took the means of production out of their former masters' hands. Does anyone really mean to say that if the Russian capitalists still owned Russia's industries, the Rus-

sian workers would have a seven-hour day, holidays with pay, constantly rising wages, no unemployment, and a complete system of non-contributory pensions and insurances? It is far more likely that Russia would be going through a period in which the workers' conditions would be similar to those which existed in Britain seventy or eighty years ago.

The fascist countries. And then people have the hardihood to say that they can see no difference between the Soviet Union and the fascist states! It seems to me that only two kinds of people can possibly make so senseless a remark as that. Either they must be people who know nothing about conditions in either the Soviet Union or Germany and Italy; or they must be the sort of people who have never had to earn their own living and, therefore, know nothing about the realities of life.

The truth is, of course, that in Germany and Italy the same capitalist economic system as we have in Britain is in full existence. In both Germany and Italy the means of production, the mines, the factories and the land, are owned by a small class of capitalists and landowners. In both Rome and Berlin there are still stock exchanges

on which the capitalists and their friends buy and sell their shares in one factory or mine for shares in another factory or mine. The existence of such a stock exchange, which is a market on which the ownership of different means of production can be exchanged, is alone enough to prove beyond argument that the capitalist system still exists in those countries. And because the capitalist system still exists there, the fascist countries suffer from the same scourges which afflict us, and which we have discussed in preceding chapters.

In Germany and Italy there are slumps, unemployment, exploitation, long hours, falling wages, under-nourishment (and, for that matter, actual starvation). Indeed, conditions there are far, far worse than they are in this country, because, as I have described above, the workers in fascist countries have lost the one basic liberty on which all our existing rights are based, the liberty to withhold our labour. Next time someone tells us that they can see no difference between socialism or communism, and fascism, or between the Soviet Union and the fascist countries, let us ask them why the fascist countries do not give their workers a seven-hour day, holidays with pay, freedom from unemployment, complete, non-con-

tributory social services and steadily rising wages? There is only one answer to that question. The fascist countries cannot even think of giving their workers these conditions because they have not taken the means of production out of the hands of the capitalists and landlords.

IX. WHAT WOULD SOCIALISM BE LIKE HERE?

“But anyhow,” you may say, “Russia is a long way off, and a very different kind of place from this country. Socialism may work well enough in Russia, but that is no guarantee that it would work here. British conditions are absolutely different.”

It is quite true that British conditions are very different from those of the Soviet Union. But because they are different that does not mean that they are necessarily less favourable for building up a socialist economic system. As a matter of fact, in many respects they are much more favourable.

Where is the money to come from? Anyone who has taken an active part in British political life on the socialist side will often have been asked this question: Where will the money come from? Maybe he has not even been talking about socialism as a new economic system, but merely about some advance towards it, about the nationalization of this or that industry, or the extension of this or that social service.

Where is the money to come from, has asked some sceptical worker? Now at first sight this may

not seem a very sensible question. As we saw in the first chapter of this book, Britain is immensely rich. Enough wealth to give everyone quite a decent standard of life is produced already, and, as Mr. Chamberlain testified, far more wealth could be produced. In that sense there is plenty of money available for enormous immediate improvements and for drastic reorganization.

But I think that a real question lies behind this apparently foolish objection as to where the money is to come from. What people are really getting at with this question is something like this. Can we get on without the present capitalist class? Could we build up and manage a socialist society without the help of the men who run industry today?

The flight of capital. This fear is sometimes expressed in another way. It is suggested that if we even move in the socialist direction, the capitalists will take all their capital away. Now capitalists can, and often do, in order to prevent a progressive government benefiting the workers at their expense, move what is called their money, or liquid capital, out of the country. They transfer all the money they happen to have lying in the bank,

or in stocks and shares which they can sell without much loss, to banks in other countries.

A progressive government that really meant business could perfectly well stop this by what is called Exchange Control. It is quite an elaborate business to establish such control, but it is perfectly possible, and it has been done in several instances. In any event, this flight of money capital is only a weapon against a government which is still, in the main, carrying on the existing economic system. If it is a question of industries actually being taken over, nationalized, and run by the community, then the question of the flight of capital does not arise. For the removal of money capital can only render difficult the carrying on of the present economic system. It cannot hinder the building up of a new economic system. After all, when capitalists move their money capital, bank balances, etc., to another country, they only move bits of paper; and production is not carried on with bits of paper. Production is carried on with mines and factories, machines, railways, and the like. And no capitalist can pick up his factory or his railway and move it over to France or America. The force of gravity is a perfect safeguard against the capitalists moving their real cap-

ital away, and thus preventing us from socializing it.

Who is to run industry? But what they can move, of course, is their skill and administrative ability. It is open to the class which owns and controls the industries of the country to leave the country. So the question really boils down to one of whether the British workers, and those who agree with them from the middle class, can run British industry.

I do not see how there can be any doubt that the answer to that question is Yes. The British workers are extremely capable, literate, well-developed people. Many of them are used to undertaking very responsible work. There is a vast fund of administrative, managerial and technical ability amongst the British working class.

It is really extraordinary that anyone should doubt the ability of the British workers to carry on the productive system. Why, even the Russians, who had incomparably fewer advantages than we have in this respect, were able to do the job in the end. The Russian people were 90 per cent illiterate, had terribly little technical skill, and almost no managerial or administrative expe-

rience. The British workers, who have long managed large-scale Trade Unions and Co-operative Societies, as well as having education and skill, ought not for a moment to doubt their capacity.

Could Britain feed herself? Another of the objections to socialism in this country is expressed in the question, Could Britain feed herself? It is suggested that, unless socialists can prove that Britain could grow, within the British Isles, all the food necessary to sustain the population, socialism is impossible.

Now the short answer to the question: Could Britain feed herself? is, "Yes, but why should she?" It would no doubt be possible for a socialist Britain, using her soil to the very utmost, and concentrating on the production of those kinds of foods which require least space to grow, to feed her entire population. But why on earth should a socialist Britain do anything of the sort? Why should not a socialist Britain get any proportion she desired of her foodstuffs by importing them from abroad, just as she does now?

Socialist foreign trade. I think that the asking of this question is based on an idea that a socialist

society could not carry on any foreign trade, especially if other countries of the world remained capitalist. But we now know that this is a completely mistaken idea; for the one existing socialist society, the Soviet Union, carries on an immense foreign trade with a world, the whole of the rest of which is in capitalist hands.

A socialist country trades with a capitalist one in the following way. The socialist society establishes an exporting organization. This organization sells the characteristic products of the socialist country (in the case of Russia, furs, oil, wheat, timber, etc.) on the markets of the world, at the best price it can get. Then with the gold or foreign currency it thus obtains, it buys the imports which the socialist country needs. In the case of Russia these are machinery, rubber, the services of some skilled technicians, etc. etc.

Well, what on earth is to prevent a socialist Britain doing just the same? A socialist Britain would establish an export organization to sell coal, machinery, textile goods and other characteristic British exports on the markets of the world. Then, with the money thus obtained, it would buy the wheat, butter, meat, raw materials, etc. etc., which form the characteristic British im-

ports.

Wages in the export trades. It is a perfectly straight-forward transaction. We should, however, notice one characteristic of it. A socialist society does not fix the rate of wages in its exporting industries by the price it can get for its exports at any given moment in the world markets. For example, let us say that a socialist Britain found that at a particular moment the world price of coal was very low, because coal-miners over the rest of the world were being grossly sweated. Would this mean that, in order to compete with other coal-producing capitalist countries, it would have to reduce the wages of the British coal-miners to a starvation level?

Of course it would mean nothing of the sort. A socialist Britain would go on paying a proper wage to the British miners and would sell its coal for the best price it could get on the world market.

If this entailed the coal, or any other exporting, trade working at a loss, then the loss would be made up out of the surpluses of other socialized industries working for the home market, or out of general taxation if this was more conven-

ient.

In a word, a socialist country cannot escape being slightly less rich if the price of one of its main exports falls without the price of its main imports falling also. But there is absolutely no need to cast this burden exclusively upon the workers who happen to work in the export trade in question. It is quite easy to arrange that it should be borne evenly by the whole community.

Blockade. But undoubtedly there is another consideration in the minds of most people who raise this objection. What they are thinking of is a refusal on the part of the rest of the world to trade with a socialist Britain.

In the first place, we must remember that this would be quite impossible, as a permanent policy on the part of the rest of the world, however it was organized. The British market is quite as important to the economic life of, for instance, New Zealand, Australia, Canada, Denmark, the Argentine, as their exports are important for us. Vast interests in all these countries would be ruined if their governments refused to trade with us.

“But,” the objector will go on, “what I am thinking of is not a permanent policy, but a war

situation. May not the fleets and air-forces of hostile capitalist states blockade a socialist Britain and starve her into submission?"

Now here, of course, is a real question. It is perfectly true that Britain is dependent on maintaining the flow of trade between herself and the rest of the world. *But this question of blockade has nothing whatever to do with socialism.*

As a matter of fact, the existing capitalist, imperialist Britain is more likely to suffer an attempt to blockade her than is a socialist Britain. We have already had one such attempt to blockade a capitalist Britain, and it very nearly succeeded. In 1917 our German imperialist rivals blockaded us with their submarines and came extremely near success. Nothing can exceed the ferocity of the attacks which rival capitalist empires make upon each other. Hence there is at least as much danger of our being blockaded, and an attempt being made to starve us into submission, if we stay capitalist as if we go socialist.

Naturally, going socialist will not in itself avert the possibility of such an attempt being made. It is irrelevant to it, one way or the other. The only thing which is true is that a socialist Britain, no less and no more than a capitalist Brit-

ain, must, if it exists in a hostile world, take extremely good care to maintain command of the sea and air routes round her. But a socialist Britain would be in a far better position to do this than a capitalist Britain. As the capitalist world is beginning ruefully to recognize, the establishment of a socialist economic system immensely strengthens a country. The Soviet Union is far, far stronger than was the old Czarist Empire. The same thing will be true of a socialist Britain.

What about the world? All this argument is very unreal, however. For it is based on the idea that Britain becoming socialist would leave the rest of the world unchanged. But that is impossible. The abolition of capitalism in Britain would be a world-shaking event. It would mean that a second great country had passed from the capitalist camp into the socialist camp. Such a change in the balance of forces between the two would have immense repercussions upon the rest of the world.

Already, after all, a socialist Britain would not be alone in the world. There already exists, in the shape of the Soviet Union, a first-class socialist power. If there were two such powers in existence in the world, capitalism would be very much on

the defensive. Again one can imagine the immense encouragement which the establishment of socialism in Britain would have on all the anti-capitalist forces in the rest of the world, the effect, for example, it would have on the desperate anti-imperialist struggle, going on, as I am writing this book, in Spain and China.

Who interferes with whom? As a matter of fact, however, it is rather quaint of us to start discussing the question of whether the world would interfere with us if we went socialist. For, at the present moment, the main practical thing for us in Britain to do is to prevent our capitalist Government interfering with other peoples who are actually in the process of going socialist!

The influence of the British Government in both China and Spain is being actively used in the attempt to keep those countries capitalist. Every kind of fascist aggression against them is connived at and condoned by the British Government, precisely for this purpose. In the nineteenth century they used to call the Czarist Russian Government "the policeman of Europe". For Russian troops were always sent to suppress any popular rising which occurred anywhere on the continent. In

our century the reactionary forces are trying to make England play the same part. Our first job is to stop this.

Right the wrongs! In much the same way in home affairs, the thing to do is not to spend endless time trying to scheme out exactly how this or that economic problem will be dealt with in a socialist Britain. We cannot know this in detail until the time comes to do the job. What we have to do is to concentrate on putting an end to the scourges of capitalism.

While taking care to get a grasp of the nature of our ultimate destination, let us set out immediately to right the wrongs which we see in front of us. Let us set out to end the semi-starvation of 13¹/₂ million of the British people; to end unemployment; to get decency and security for every British worker; to end war, injustice and exploitation. We shall find that the righting of these wrongs involves the abolition of capitalism and the construction of a socialist economic system. For there is no useful improvement which does not lead towards socialism. But at the same time the achievement of particular improvements does not lead to socialism along a smooth or easy path.

None of the wrongs of our time will be righted without effort and struggle.

X. HOW TO GET THERE

Who rules? You cannot build up a socialist society without first getting the power to build it. The question of power is the great question of political life.

Who rules in any given community? The answer is, he rules who owns the means of production. This is a fundamental political truth. It is only on the basis of this truth that one can talk sense about politics.

And surely this truth is obvious enough? Put it this way. Imagine a country in which a certain group of men owned the entire water supply. Would not this group of water supply owners rule that country? Could not a child tell you that so long as they managed to hold on to the water supply, they could dictate to the rest of the people? It might be that the rest of the people had the right to elect their rulers. But the owners of the water supply would say, "If you do not elect us, we will cut off the water". Therefore the people's right to elect whom they pleased to rule them would be, in practice, almost worthless.

The position in Britain today is not quite as bad as that, but it is something like it. The 4 mil-

lion own the means of production without the use of which we cannot get our livelihoods. We have a perfect right to refuse to elect a single one of the 4 million to sit in Parliament or form the government. But, if we do, the 4 million begin to cut off the water supply. They begin, to be plain, to refuse to use the means of production or to let us use them. They create what is called a financial crisis, or panic, or slump in which more and more of us become unemployed and destitute. And we remain so until we become good boys and girls again and re-elect the representatives of the 4 million to govern us!

He who owns the means of production rules the country, whatever its constitution may be, until and unless he is actually turned out of that ownership.

The question of violence. In other words, the road to socialism lies through the taking of power out of the hands of the 4 million, and putting it into the hands of the 43 million. Now, this is a much bigger thing to do than simply to change the government of the country. It involves far more than the replacing of a national or conservative government by a Labour government. All the

same, such a change of government is a first step in this direction. That is why all socialists and communists work to change the government.

But we delude ourselves if we think that such a change of government will in itself mean a transfer of power from the 4 to the 43 million. How will that transfer of power be effected? That I cannot tell you. For, in order to do so, I should have to be able to foresee future events.

But, you will ask, do I mean that it must come about by violence? Must there be revolution and civil war? Can we not get socialism without passing through this terrible ordeal?

Now this question of violence is not really a very complex one. But we have allowed ourselves to be confused by the terrific propaganda which our present rulers make on this question. They suggest that socialists and, in particular, communists, are desperate and evil persons who want to use violence for the sake of violence, and will not abide by democratic decisions. Quite simply, all this is a lie. There is nobody outside a lunatic asylum who does not wish to do everything in his power to avoid this country being involved in social violence and civil war. We socialists and communists are absolutely willing to abide by the

democratic system. Indeed, we spend a very great deal of our time defending democracy from the attacks upon it which the fascists and their friends are already making.

But what we do say is this. We cannot pretend to the people of this country that we think that the representatives of the 4 million will abide by democracy, if and when the people have voted, perhaps not even for socialism, but for the righting of certain wrongs which involve disturbance of the 4 million's property rights. They will, to return to the analogy I have just used, cut off the water supply if we do not go on voting for them. They will create a financial panic or slump if a democratic government attempts to enact any serious progressive legislation at all.

Now we say that a democratic government must not yield to such blackmail. Such a government must push on with its progressive program in spite of the sabotage of capital. It must, if necessary, take over industries which the employers are no longer willing to conduct, and thus give the people their employment back again. Nor can we deny that it is possible that the representatives of the 4 million will try to use violence against such a determined democratic government,

which they have failed to scare off by economic sabotage.

In that case, the question of avoiding an actual outbreak of violence will depend on the democratic government acting swiftly enough to prevent the 4 million and their representatives from getting the chance to plunge the country into chaos. We reserve the right, in a word, to meet violence on the part of the reactionaries in the only way that it can be met, namely, by the quick, short, decisive use of force in order to prevent the overthrow of democracy.

In principle there is no more to be said on the subject of violence and non-violence than that. Everybody, of course, hopes that social change will come in the most peaceful way possible. But we cannot allow change to be prevented by the unchallenged violence, first economic and then physical, of the 4 million. For to resign ourselves to the continuance forever of the capitalist system because our present rulers will not allow it to be abolished without violence would be to condemn the world to an endless series of world wars.

The Labour movement. There has grown up within capitalism the nucleus of the organizations

which will succeed it. There have grown up, as a reaction to the conditions imposed on them by capitalism, organizations designed to protect the interests of the wage-earners. These are the Trade Unions, the Co-operative Societies and the working-class political parties. The "Labour movement" which these organizations constitute, represents the instinctive determination of the 43 million to protect themselves, to some extent at any rate, against the absolute rule of the 4 million.

The Trade Unions prevent the employers fixing wage rates, conditions and hours exactly as they please without taking any account of the workers' point of view. The Co-operative Societies make it possible for organized consumers to get a certain amount of their wants satisfied without paying a tribute of profit to the 4 million. The political parties of the working class, by putting pressure on the representatives of the 4 million, extract concessions by way of social services, pensions, insurances and the like for the 43 million. It is out of this Labour movement that the new State which is to represent the interests of the 43 million can be built.

We have lacked knowledge. Now the British

workers have always had a genius for organization. They have built some of the largest Trade Unions, Co-operative Societies and working-class political parties which the world has ever seen. But the British Labour movement has always had one very grave weakness, a weakness so grave that success cannot come until it is removed. The British Labour movement has never been more than semi-conscious of what it was trying to do. It has never seen more than a very little way in front of it. It has worked simply for better wages, shorter hours, more social services and the like without pausing to think out at all clearly what the consequence of getting these things must be.

True, since the war, it has become socialist. It has seen, in general terms, that these concessions cannot be won without, in the end, transforming society from a capitalist to a socialist basis. But the British Labour movement, as a whole, has never yet faced up to what is really involved in getting rid of capitalism and building up socialism. This is because it has lacked a clear enough understanding of the nature of capitalism. It has not understood what it was up against.

Let us get on with the job. The job before any-

one who wants to improve the world today, or for that matter, to prevent it from getting far, far worse than it is, is to help to develop the Labour movement so that it becomes capable of accomplishing the colossal task in front of it. That task is to take the power to rule the country from out of the hands of the representatives of the 4 million, and to exercise that power on behalf of the 43 million. For this is the indispensable first step towards transferring the means of production from the hands of the 4 million to the hands of the 43 million. This is what must be done before capitalism can be abolished and socialism built up.

It is a huge job, but it is the only way we can save either the world or ourselves. It is the only job worth doing in the world today. No one will do this job for us. We have only ourselves to depend upon. Let us get on with it.