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EQUALITY



By R. H. Tawney

THE AGRARIAN PROBLEM IN THE SIXTEENTH CENTURY
Longmans, Green & Co. 1912

THE ACQUISITIVE SOCIETY
G. Bell & Sons. 1921

A DISCOURSE UPON USURY, BY THOMAS WILSON
G. Bell & Sons. 1925

RELIGION AND THE RISE OF CAPITALISM
John Murray. 1926

LAND AND LABOUR IN CHINA
Allen & Unwin. 1932

SOCIAL HISTORY AND LITERATURE
Cambridge University Press. 1949

THE ATTACK AND OTHER PAPERS
Allen & Unwin. 1952.

With A. E. Bland and P. A. Brown

ENGLISH ECONOMIC HISTORY: SELECT DOCUMENTS
G. Bell & Sons. 1914

With Eileen Power

TUDOR ECONOMIC DOCUMENTS
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R. H. TAWNEY

EQUALITY

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TO

SIDNEY AND BEATRICE WEBB

with Gratitude and Affection

PREFACE TO 1951 EDITION

OVER twenty years have elapsed since the delivery of the lectures on which *Equality* is based, and twelve since the appearance of its third edition. The author is informed that the work, which has long been out of print, remains in demand; and its publishers have been good enough to express the wish that it should again be made available. The present volume is the result.

Its first six chapters are re-printed, with a few minor corrections, from the last revised edition of 1938. The reader will realise that the England depicted in them is that, not of 1951, but of the years which the locust devoured between the great depression and the tragic farce of Munich. The last decade has seen a change in the distribution of pecuniary income; an increase and steeper graduation of taxation; and a considerable expansion of collective provision for common needs. A new concluding chapter has, therefore, been added, which, without attempting a detailed examination of these developments, touches briefly on those aspects of them which are specially relevant to the subject of this book. The figures presented in it are neither original nor up-to-date, but they may appropriately be compared with those contained in chapters II and IV. The tendencies revealed by them have not escaped the reproach that liberty and culture are the fruits of inequality, and must wither with its decline. Culture, like the Kingdom of Heaven, "cometh not by observation"; and the writer, though conscious of the inadequacy of his references to that subject, has resisted the temptation to amplify them. He has permitted himself, however, a few additional words on the less rarified topic of the relations between equality and freedom.

A discourse on social policy is not the mere irrelevance which, in the present international climate, it might, at first sight, appear. Like earlier wars of religion, the credal conflicts of our day will find varying issues in different regions; but, if

Europe survives, societies convinced that liberty and justice are equally indispensable to civilisation will survive as part of her. The experience of a people which regards these great abstractions, not as antagonists, but as allies, and which has endeavoured, during six not too easy years, to serve the cause of both, is not barren of lessons which may profitably be pondered.

"If," wrote *The Times* on July 1, 1940, "we speak of democracy, we do not mean a democracy which maintains the right to vote, but forgets the right to live and work. If we speak of freedom, we do not mean a rugged individualism which excludes social organisation and economic planning. If we speak of equality, we do not mean a political equality nullified by social and economic privilege. If we speak of economic reconstruction, we think less of maximum production (though that too will be required) than of equitable distribution." The crisis which for a moment set Saul also among the prophets has passed; but the truths revealed by it have not ceased to be true. The mentality which turns from the common inconveniences and shared deprivations of the post-war world to sigh for the exclusive felicities and securely guarded flesh-pots of the days before the deluge still, at times, emits nostalgic flickers. Neither old régimes nor new are without their disadvantages. A dispassionate verdict on their respective merits is most likely to be reached if the second are seen against the background of the first, and the consequences of both are considered together.

R. H. TAWNEY

PREFACE TO 1938 EDITION

AN author who complies with a request to re-publish an old work after the lapse of eight years is fortunate if he does not wish to re-write it from beginning to end. I have not re-written *Equality;* nevertheless, the present edition differs substantially from its predecessors. The introductory chapter, and certain other passages, have been omitted as no longer relevant. A new final chapter on problems which, when the book was composed, were still in the future, has been substituted for the brief concluding paragraphs of the preceding editions. Some pages have been added on other aspects of the subject which experience or reflection has set in a new light. Figures, when necessary, have been brought up to date.

Apart from these changes, the general argument of the book, like the realities with which it deals, remains unaltered. In its analysis of the ravages of the disease of inequality, and its account of the remedies by which—would the patient consent to take them—his malady could be cured, it errs throughout on the side of under-statement. Truth, however presented, does not always persuade; but her persuasiveness suffers less from sobriety than from exaggeration. One point, however, may legitimately be underlined. It is still sometimes suggested that what Professor Pigou, in his latest work, calls "the glaring inequalities of fortune and opportunity which deface our present civilisation"[1] are beneficial, irremediable, or both together. Innocent laymen are disposed to believe that these monstrosities, though morally repulsive, are economically advantageous, and that, even were they not, the practical difficulties of abolishing them are too great to be overcome. Both opinions, it may be said with some confidence, are mere superstitions, for which no shadow of convincing evidence has as yet been adduced. If the time ever existed when absurdities of the kind could invoke on their side the conclusions of economic science, that time is now over. The burden of proof rests to-day, not on the critics of the economic and social

inequalities examined in the following pages, but on their defenders.

Institutions which enable a tiny class, amounting to less than two per cent. of the population of Great Britain, to take year by year nearly one quarter of the nation's annual output of wealth[2] may appeal to the emotions of wonder, reverence and awe. One cannot argue with the choice of a soul; and, if men like that kind of dog, then that is the kind of dog they like. But, whatever the sentimental reactions such phenomena evoke, one fact about them is not open to dispute. It is that, so far from being an economic asset, they are an economic liability of alarming dimensions. They involve, in the first place, a perpetual misdirection of limited resources to the production or upkeep of costly futilities, when what the nation requires for its welfare is more and better food, more and better houses, more and better schools. They mean, in the second place, that, for lack of these simple necessities, the human energies which are the source of all wealth are, in the case of the majority of the population, systematically under-developed from birth to maturity. They result, in the third place, in the creation of a jungle of vested interests, which stubbornly resist all attempts to reconstruct on juster and more rational lines the economic system inherited from the age before 1914, in the belief that reconstruction will diminish their profits. They produce, in the fourth place, a perpetual class-struggle, which, though not always obtrusive, is always active below the surface, and which is fatal to the mobilisation of co-operative effort. Whatever the ends which these features of our society may serve, economic efficiency is certainly not among them. To prize as an economic advantage the arrangements which produce them is not realism, but romance. It is to wear as a talisman a mill-stone round one's neck.

The attitude which, while admitting that capricious inequalities are a grave national disaster, shudders in tremulous apprehension at the insuperable obstacles impeding the path of humanity and commonsense is equally remote from practical realities. The truth is that, as far as the mere technique of the

matter is concerned, the course to be steered is pretty well charted. In the ages when property was widely distributed, and when the greater part of it consisted of land, equipment and tools employed by their owners for the purposes of production, the transmission of wealth by inheritance was a useful institution. It ensured that the next generation stepped into the assets of the last, and that the work of the world was carried on without interruption. To-day, when three-quarters or more of the nation leave less than £100 at death, and nearly two-thirds of the aggregate wealth is owned by about one per cent.[3] of it, inheritance is on the way to become little more than a device by which a small minority of rich men bequeath to their heirs a right to free quarters at the expense of their fellow-countrymen. The limitations imposed on that right during the past half-century were greeted, when first introduced, with the usual cries of alarm; and the alarm, as is not less usual, has been proved by experience to be mere hysteria. It is perfectly practicable, by extending those limitations and accelerating their application, to reduce the influence of inheritance—at present a strong poison—to negligible dimensions.

No one seriously supposes, again, that the steps already taken to make health and education somewhat less of a class monopoly than till recently they were have been anything but wholly beneficial. In the light of the incidence of disease between different classes, and of the crushing educational disabilities of the great majority of children, no one ought to suppose that our task in those matters has been more than begun. There is no question, in this field, of good intentions being paralysed by uncertainty as to the nature of the measures required. Experts may differ on points of detail; but there is sufficient agreement on the major issues of policy to keep administrators busy, were their hands untied, for the next fifteen years. With the knowledge now at our command, we can ensure, if we please, that the whole of the rising generation, irrespective of income or social position, grows up in an environment equally conducive to health, enjoys equal opportunities of developing its powers by education, has equal access,

according to ability, to all careers, and is equally secure against being crushed by the contingencies of life. What prevents effective action is, in the main, neither ignorance nor lack of resources. It is the temper which found its classical expression in the golden sentence of Sir George May and his colleagues, to the effect that, "since the standard of education, elementary and secondary, that is being given to a child of poor parents, is already in very many cases superior to that which the middle-class parent is providing for his own child, we feel that it is time to pause in this policy of expansion."[4] That naïve idealisation of social class as the final and infallible criterion of public expediency is not confined to the particular topic to which those words refer. As long as that attitude persists—as long as powerful classes, instead of welcoming the extension to all their fellow-countrymen of necessaries and amenities long enjoyed by themselves, fume and splutter at the mere thought that their advantages may be shared—civilisation in England must be regarded as skin-deep.

If, finally, in the days when the great industry was getting onto its feet, the dictatorship of the capitalist was an unavoidable evil, it is clearly to-day as unnecessary as it is mischievous. The conduct of great undertakings requires, no doubt, capacities of an unusual order, which is one reason why those who direct them ought not to be recruited, as they often are at present, by nepotism and personal influence. It is not, however, an unfathomable mystery, which no one but the Titans at any moment engaged in it can hope to master. The British nation is not without experience in matters of government and administration. To suggest that it is unable to mobilise the intelligence to conduct in the general interest services necessary to its welfare, and to make a better job of them than bankers, mine-owners and mill-owners have made since 1918, is to bring against it a charge of imbecility which its history, whatever the shadows upon it, does little to justify. Given, in short, the will to make an end of economic inequality and industrial autocracy, the technical and administrative difficulties involved present no insoluble problem. We may not

succeed in establishing a parity of pecuniary incomes, nor is it important to do so. We can certainly, if we please, wind up for good and all the whole odious business of class advantages and class disabilities, which are the characteristic and ruinous vices of our existing social system.

We can do so, given the will. But that, of course, is the crux of the matter. When this book first appeared, a reviewer remarked that its subject, though possibly of speculative interest, was without practical importance. Cultured sophists said the same in the Rome of the Gracchi, when the republic was on the eve of the half-century of civil wars which finally destroyed it. Seen in historical perspective, the attempt to combine the equality of civil and political rights, which is of the essence of democracy, with the inequality of economic and social opportunities, which is of the essence of capitalism, is still in its first youth. There is sufficient experience, however, to suggest that the result represents, at best, a transitional arrangement. As the mass of the population becomes conscious of the powers which democracy confers, they naturally use them to press their demands. In proportion as they use them, democracy itself wears a different, and less innocuous, guise in the eyes of classes who formerly regarded it with indifference. The fatalism which foresees in Great Britain the inevitable clash of irreconcilable opponents, which has destroyed political civilisation in Germany and Italy, is clearly out of place. So also, however, is the light-hearted optimism which assumes that, because so precarious an equipoise has maintained itself for half a century, it can be relied on with confidence to maintain itself for ever. It may well be the case that democracy and capitalism, which at moments in their youth were allies, cannot live together, once both have come of age. When that contingency arises, it is necessary to choose between them.

The issue depends, not on the impersonal forces beloved by sciolists, but on the convictions of common men and their courage in acting on them. Whatever conclusions may be drawn from the history of the last decade, one, at least, is indisputable. It is that democracy is unstable as a political

system, as long as it remains a political system and nothing more, instead of being, as it should be, not only a form of government, but a type of society, and a manner of life which is in harmony with that type. To make it a type of society requires an advance along two lines. It involves, in the first place, the resolute elimination of all forms of special privilege, which favour some groups and depress others, whether their source be differences of environment, of education, or of pecuniary income. It involves, in the second place, the conversion of economic power, now often an irresponsible tyrant, into the servant of society, working within clearly defined limits, and accountable for its action to a public authority.

Since to take these next steps is within our own power, we have less to fear from shocks from without than from nervelessness within. If, in this country, democracy falls, it will fall, not through any fortuitous combination of unfriendly circumstances, but from the insincerity of some of its professed defenders, and the timidity of the remainder. It will fall because, when there was still time to make it unassailable, public spirit was too weak, and class egotism too strong, for the opportunity to be seized. If it stands, it will stand, not because it has hitherto stood, but because ordinary men and women were determined that it should, and threw themselves with energy into broadening its foundations. To broaden its foundations means, in the conditions of to-day, to destroy plutocracy and to set in its place an equalitarian society. It is in the hope that this book may make some small contribution to that cause that it is now republished.

R. H. TAWNEY

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CHAPTER I

THE RELIGION OF INEQUALITY

DISCOURSING some sixty years ago on the text, "Choose equality and flee greed", Matthew Arnold observed that in England inequality is almost a religion. He remarked on the incompatibility of that attitude with the spirit of humanity, and sense of the dignity of man as man, which are the marks of a truly civilised society. "On the one side, in fact, inequality harms by pampering; on the other by vulgarizing and depressing. A system founded on it is against nature, and, in the long run, breaks down".[1]

Much has changed since Arnold wrote, and not least what he called the Religion of Inequality. The temper which evoked his criticism, the temper which regarded violent contrasts between the circumstances and opportunities of different classes with respectful enthusiasm, as a phenomenon, not merely inevitable, but admirable and exhilarating, if by no means extinct, is no longer vociferous. Few politicians to-day would dwell, with Mr. Lowe, on the English tradition of inequality as a pearl beyond price, to be jealously guarded against the profane. Few educationalists would seek, with Thring, the founder of the Headmasters' Conference and one of the most influential figures in the educational world of his day, to assuage the apprehension felt by the rich at the extension of education by arguing that "the law of labour" compels the majority of children to work for wages at the age of ten, and that "it is not possible that a class which is compelled to leave off training at ten years of age can oust, by superior intelligence, a class which is able to spend four years more in acquiring skill". Few political thinkers would find, with Bagehot, the secret of English political institutions in the fact that they have been created by a "deferential people"; or write, as Erskine May wrote in his *Democracy in Europe*, of the demoralization of French society, and the paralysis of the French intellect, by

the attachment of France to the bloodstained chimera of social equality; or declare, with the melancholy assurance of Lecky, that liberty and equality are irreconcilable enemies, of which the latter can triumph only at the expense of the former. When Taine published his *Notes sur l'Angleterre* in 1872, he could describe it, by contrast with France, as still haunted by the ghost of the feudal spirit, a country governed by 100,000 to 120,000 families with an income of £1,000 a year and upwards, in which "the lord provides for the needs of his dependent, and the dependent is proud of his lord". It is improbable that, if he analysed the English scene to-day, even the relentless exigencies of historical antithesis would lead him to regard it as gilded with quite the same halo of haughty benevolence and submissive gratitude.[2]

Institutions which have died as creeds sometimes continue, nevertheless, to survive as habits. If the cult of inequality as a principle and an ideal has declined with the decline of the aristocratic society of which it was the accompaniment, it is less certain, perhaps, that the loss of its sentimental credentials has so far impaired its practical influence as to empty Arnold's words of all their significance. It is true, no doubt, that, were he writing to-day, his emphasis and illustrations would be different. No doubt he would be less impressed by inequality as a source of torpor and stagnation, and more by inequality as a cause of active irritation, inefficiency and confusion. No doubt he would say less of great landed estates, and more of finance; less of the territorial aristocracy and the social system represented by it, and more of fortunes which, however interesting their origin, are not associated with historic names; less of the effects of entail and settlement in preventing the wider distribution of property in land, and more of the economic forces, in his day unforeseen, which have led to a progressive concentration of the control of capital; less of the English reverence for birth, and more of the English worship of money and economic power. But, if he could be induced to study the statistical evidence accumulated since he wrote, it is probable that he would hail it as an unanticipated con-

firmation of conclusions to which, unaided by the apparatus of science, he had found his way, and, while noting with interest the inequalities which had fallen, would feel even greater astonishment at those which had survived. Observing the heightened tension between political democracy and a social system marked by sharp disparities of circumstance and education, and of the opportunities which circumstance and education confer, he would find, it may be suspected, in the history of the two generations since his essay appeared a more impressive proof of the justice of his diagnosis than it falls to the lot of most prophets to receive. "A system founded on inequality is against nature, and, in the long run, breaks down."

Men are rarely conscious of the quality of the air they breathe. It is natural that a later generation of Englishmen, if they admit that such criticisms may not have been without significance for the age to which they were addressed, should deny, nevertheless, that they are relevant to their own. On a question of the kind, where the sentiments of all of us are involved, we are none of us reliable witnesses. The course of wisdom, therefore, is to consult observers belonging to other nations, who are accustomed to a social climate and tradition different from our own, and who are less practised, perhaps, in the art of not letting the left side of their brain know what the right side thinks.

Anthropologists who study the institutions of primitive peoples are accustomed to devote some part of their work to a description of the curious ritual, by which, among such peoples, the gradations of the social hierarchy are preserved and emphasized. They draw a picture of the ceremonial distinctions which shelter the chiefs and their families from contact with the common herd of inferior men; of the *karakia*, the spells and incantations, by which they call down prosperity and provide employment for their followers; of the *mana*, the prerogatives of sovereignty and jurisdiction, whose infringement will cause pestilence or famine to smite the community; of the *tapus* which are designed, therefore, to protect the *mana* from

being outraged by the profane. The centre of the system, they inform us, is the sanctity of class, which has a significance at once economic and religious, and the conviction that prosperity will be blighted and morality undermined if that sanctity is impaired. And this system, it seems, is so venerable and all-pervading, so hallowed by tradition and permeated with pious emotion, that not only does it seem inconceivable to its adherents that any other system should exist, but, until attention is called to it by the irreverent curiosity of strangers, they are often not even conscious of the fact of its existence.

Not all communities are so fortunate as to become the subject of sociological investigation. The world is large and anthropologists are few, and the problems of Melanesia and Malaya are so absorbing, that it is natural that science should not yet have found time to turn the full blaze of its searchlight upon Europe. But, though visitors to England do not pretend to have explored the mysteries of *mana* and *karakia*, they sometimes use expressions whose meaning appears to be not wholly remote from that attaching to those formidable words.

They are interested in education, and comment, with Professor Clarke, now Principal of the Institute of Education in London, on the "class-saturated thinking" which persists in calling a certain kind of secondary school elementary, and deplore "the deep and historical social cleavage that runs right through English education to this day", and ask with dismay: "Is English education to escape from the toils of religious sectarianism only to find itself involved in a much more pervasive and far-reaching conflict of social sectarianism?" They inquire into English industrial conditions, and express bewilderment, with an American investigator, at the survival into the opening years of the present century of the doctrine that a certain wage is "enough for a workman", a doctrine now, doubtless, less powerful than it was, but to which even recent comparisons of the economic outlook of America and England still continue to draw attention. They analyse the historical elements in English cultural life, and argue, with Herr Dibelius, that it has been impoverished because the

tradition of a single group—*das Gentlemanideal*—has imposed itself on the rest as a national ideal, so that "England alone, of all modern peoples, has allowed its ethical outlook to be prescribed by a single type of human being", and that "the Englishman's social ethic is less deep and exacting than that of other civilized nations because it deliberately includes only a fraction of the common human ideal". They discuss the psychology of contemporary politics, and find, like Herr Wertheimer, that it is marked, "more than in any other country, by a strong element of what might be called proletarian snobbery", which inspires the British working class with a "tenderly wistful interest in the vacuous doings of the upper ten thousand". They attempt, like M. André Siegfried, a synthetic study of modern England, and are surprised to notice that even in the army, where it might be supposed that personal qualities were all-important, the English tradition, like that of pre-war Germany, and unlike that of France and the British Dominions, still prefers that the commissioned ranks should be recruited from what is sometimes described as "the officer class", as though the capacity for leadership were an attribute, not of individual human beings, but of some particular social stratum. They return, like visitors from Australia and New Zealand, to renew association with their spiritual ancestry, and complain that England is not one nation, but two, and that, if they are at home in the one, they have little opportunity of mixing with the other, because, except in the world of public affairs, the circles are still largely self-contained and rarely intersect.[3]

Such observers contrast what seems to them, rightly or wrongly, the element of stratification in English social arrangements with the tradition of equality which is the glory of France, where the spirit of an age when the word "aristocrat" was a term of abuse is not wholly forgotten, or with the easy-going democracy of the younger British communities, which have no aristocracy to remember. They come to the conclusion that Englishmen are born with *la mentalité hiérarchique*, and that England, though politically a democracy, is still liable

to be plagued, in her social and economic life, by the mischievous ghost of an obsolete tradition of class superiority and class subordination. They find in the sharpness of English social divisions, and in the habit of mind which regards them as natural and inevitable, a quality which strikes them, according to their varying temperaments, as amusing or barbarous, or grotesque.

Here are these people, they say, who, more than any other nation, need a common culture, for, more than any other, they depend on an economic system which at every turn involves mutual understanding and continuous co-operation, and who, more than any other, possess, as a result of their history, the materials by which such a common culture might be inspired. Yet, so far from desiring it, there is nothing, it seems, which they desire less. They spend their energies in making it impossible, in behaving like the public schoolboys of the universe. *Das Gentlemanideal* has them by the throat; they frisk politely into obsolescence on the playing-fields of Eton. It is all very characteristic, and traditional, and picturesque. But it is neither good business nor good manners. It is out of tune with the realities of to-day. What a magnificent past Great Britain has had!

It is mainly, of course, though by no means exclusively, of the strata which till recently set the tone of social life and national policy that such critics are thinking. Nor, though everyone will sympathize with their dissent from the diagnosis, is it easy for them to dissent from it convincingly; for, if the picture is a caricature, it is a caricature which, in their unguarded moments, they draw of themselves. One of the regrettable, if diverting, effects of extreme inequality is its tendency to weaken the capacity for impartial judgment. It pads the lives of its beneficiaries with a soft down of consideration, while relieving them of the vulgar necessity of justifying their pretensions, and secures that, if they fall, they fall on cushions. It disposes them, on the one hand, to take for granted themselves and their own advantages, as though there were nothing in the latter which could possibly need explana-

tion, and, on the other hand, to be critical of claims to similar advantages advanced by their neighbours who do not yet possess them. It causes them, in short, to apply different standards to different sections of the community, as if it were uncertain whether all of them are human in the same sense as themselves.

Mr. H. G. Wells writes that what is called the class war is an old habit of the governing classes.[4] The temper which he describes, though no longer so aggressive and self-confident as in the past, is by no means extinct. It continues to find expression in an attitude which deplores in one breath the recurrence of class struggles, and the danger to prosperity caused by class agitation and the intrusion of class interests into politics, and defends in the next, in all innocence and good faith, arrangements, such as those involving, for example, educational inequality, which, whatever their merits, are certainly themselves a cause of class divisions. It seems natural to those who slip into that mood of tranquil inhumanity that working-class children should go to the mill at an age when the children of the well-to-do are just beginning the serious business of education; and that employers, as the history of coal reveals, should be the sole judges of the manner of conducting an industry on which the welfare of several hundred thousand families depends; and that, while property-owners are paid compensation for disturbance, workmen should be dismissed without appeal on the word of a foreman; and that different sections of the community should be distinguished, not merely by differences of income, but by different standards of security, of culture, and even of health. When they are considering the provision to be made for unemployed wage-earners, they are apt to think it shocking that some men should be able to live without work, even though they have worked all their lives and are anxious to continue working. But, when they are repelling attacks upon property, they sometimes seem to think it monstrous that other men should not, even though they may never have worked seriously at all. Without any consciousness of inconsistency they will write to *The Times*,

deploring in the first sentence the wickedness of some sections of the community in pressing for increased expenditure upon the social services which benefit them and their children, and urging in the next the importance of so reducing taxation that other sections may have more to spend on themselves. As long as they are sure that they are masters of the situation and will hold what they have, they are all kindness and condescension. Only question their credentials, however, and the lamb becomes a lion, which bares its teeth, and lashes its tail, and roars in every accent of grief and indignation, and will gobble up a whole bench of bishops, with the Archbishop of Canterbury at their head, if it imagines, as it imagined during the crisis of 1926, that the bishops are a party to laying hands upon its bone.

Swift remarks that mankind may judge what Heaven thinks of riches by observing those upon whom it has been pleased to bestow them. Those who apply that maxim will be disposed, perhaps, to agree with Arnold's contention that great inequalities, whatever other advantages they may possess, are likely, at all events, to be injurious to the rich. But the temper which regards such inequalities with indulgence is not at all confined to the rich, and the belief that it is confined to them, as though all that is needed, for a different spirit to prevail, were some external change in the machinery of society, is the politician's illusion.

Clearly, such a change is required, and, clearly, it is coming. Everyone who is not blind realizes, indeed, that, if the issue between individualism and socialism is merely a matter of the structure and mechanism of industry, then it has, in large measure, already been decided. Everyone sees that the characteristic of the phase on which the economic system is now entering will, as far as the larger and more essential undertakings are concerned, be some form of unified direction under public control. But then, if that is all that the issue means, though technically interesting, it is not of any great moment, except to specialists. Organization is important, but it is important as a means, not as an end in itself; and, while the means are debated with much zeal and ingenuity, the end,

unfortunately, sometimes seems to be forgotten. So the question which is fundamental, the question whether the new organization, whatever its form and title, will be more favourable than the old to a spirit of humanity and freedom in social relations, and deserves, therefore, that efforts should be made to establish it, is the object of less general concern and less serious consideration than the secondary, though important, problem, which relates to the procedure of its establishment and the technique of its administration.

It is rarely considered, and more rarely finds overt expression in the world of public affairs. The reason is simple. An indifference to inequality, as the foreign observers remark, is less the mark of particular classes than a national characteristic. It is not a political question dividing parties, but a common temper and habit of mind which throws a bridge between them. Hence even those groups which are committed by their creed to measures for mitigating its more repulsive consequences rarely push their dislike of it to the point of affirming that the abolition of needless inequalities is their primary objective, by the approach to which their success is to be judged, and to the attainment of which other interests are to be subordinated. When the press assails them with the sparkling epigram that they desire, not merely to make the poor richer, but to make the rich poorer, instead of replying, as they should, that, being sensible men, they desire both, since the extremes both of riches and poverty are degrading and anti-social, they are apt to take refuge in gestures of deprecation. They make war on destitution, but they sometimes turn, it seems, a blind eye on privilege.

The truth is that, in this matter, judged by Arnold's standard, we are all barbarians, and that no section or class is in a position to throw stones at another. Certainly a professional man, like the writer of these pages, is not.

> High Heaven rejects the lore
> Of nicely calculated less and more:

and how, when he accepts an income five times as large as

that of the average working-class family, can he cavil at his neighbours merely because their consciences allow them to accept one twenty, or thirty, or fifty times as large? Certainly the mass of the wage-earners themselves, in spite of the immense advance which they have achieved since Arnold wrote, are but little better entitled to adopt a pose of righteous indignation.

What the working-class movement stands for is obviously the ideal of social justice and solidarity, as a corrective to the exaggerated emphasis on individual advancement through the acquisition of wealth. It is a faith in the possibility of a society in which a higher value will be set on human beings, and a lower value on money and economic power, when money and power do not serve human ends. But that movement is liable, like all of us, to fall at times below itself, and to forget its mission. When it does so, what it is apt to desire is not a social order of a different kind, in which money and economic power will no longer be the criterion of achievement, but a social order of the same kind, in which money and economic power will be somewhat differently distributed.

Its characteristic fault is not, as is sometimes alleged, that the spirit behind it is one of querulous discontent. It is, on the contrary, that a considerable number among those to whom it appeals are too easily contented—too ready to forget fundamental issues and to allow themselves to be bought off with an advance in wages, too willing to accept the moral premises of their masters, even when they dispute the economic conclusions which their masters draw from them, too distrustful of themselves and too much disposed to believe that the minority which has exercised authority in the past possesses a *mana*, a mysterious wisdom, and can wield a *karakia*, a magical influence bringing prosperity or misfortune.[5] Their sentiment is just, but their action is timid, because it lacks a strong root of independent conviction to nourish and sustain it. If leaders, their bearing not infrequently recalls, less the tribune, than the courtier: they pay salaams of exaggerated amplitude to established proprieties, as though delighted and overawed by the privilege of saluting them. If followers, they

are liable, with more excuse, to behave on occasion in a manner at once docile and irritable, as men who alternately touch their hats and grumble at the wickedness of those to whom they touch them.

Heaven takes, to paraphrase Homer, half the virtue from a man, when, if he behaves like a man, he may lose his job; and it is not for one who has not experienced the wage-earners' insecurity to be critical of the wage-earners' patience. But it would be better, nevertheless, both for them and for the nation as a whole, if they were more continuously alive, not only to their economic interests, but to their dignity as human beings. As it is, though they resent poverty and unemployment, and the physical miseries of a proletariat, they do not always resent, as they should, the moral humiliation which gross contrasts of wealth and economic power necessarily produce. While they will starve for a year to resist a reduction in wages, they still often accept quite tamely an organization of industry under which a dozen gentlemen, who are not conspicuously wiser than their neighbours, determine the conditions of life and work for several thousand families; and an organization of finance which enables a handful of bankers to raise and lower the economic temperature of a whole community; and an organization of justice which makes it difficult, as Sir Edward Parry has shown,[6] for a poor man to face the cost of obtaining it; and an organization of education which still makes higher education inaccessible to the great majority of working-class children, as though such children had, like anthropoid apes, fewer convolutions in their brains than the children of the well-to-do.

They denounce, and rightly, the injustices of capitalism; but they do not always realize that capitalism is maintained, not only by capitalists, but by those who, like some of themselves, would be capitalists if they could, and that the injustices survive, not merely because the rich exploit the poor, but because, in their hearts, too many of the poor admire the rich. They know and complain that they are tyrannized over by the power of money. But they do not yet see that what makes

money the tyrant of society is largely their own reverence for it. They do not sufficiently realize that, if they were as determined to maintain their dignity as they are, quite rightly, to maintain their wages, they would produce a world in which their material miseries would become less unmanageable, since they would no longer be under a kind of nervous tutelage on the part of the minority, and the determination of their economic destinies would rest in their own hands.

Thus inequality, as Arnold remarked, does not only result in pampering one class; it results also in depressing another. But what does all this mean except that the tradition of inequality is, so to say, a complex—a cluster of ideas at the back of men's minds, whose influence they do not like to admit, but which, nevertheless, determines all the time their outlook on society, and their practical conduct, and the direction of their policy? And what can their denial of that influence convey except that the particular forms of inequality which are general and respectable, and the particular arrangement of classes to which they are accustomed, so far from being an unimportant detail, like the wigs of judges, or the uniform of postmen and privy councillors, seem to them so obviously something which all right-thinking people should accept as inevitable that, until the question is raised, they are hardly conscious of them? And what can the result of such an attitude be except to inflame and aggravate occasions of friction which are, on other grounds, already numerous enough, and, since class divisions are evidently far-reaching in their effects, to cause it to be believed that class struggles, instead of being, what they are, a barbarous reality, which can be ended, and ended only, by abolishing its economic causes, are permanent, inevitable or even exhilarating.

The foreign critics, therefore, can console themselves with the reflection that they have not, after all, aimed so wide of the mark. But to those who cannot regard the fate of their fellow-countrymen with the detachment of foreigners, these proofs of their predilection for worshipping images are less consoling. They will observe that the ritual of the cult is even

more surprising than the albs and chasubles and aumbries, which so shocked the late Lord Brentford and the House of Commons a few years ago. They will note that its own devotees do not seem to find in it a source of unmixed gratification, since it keeps them in a condition of morbid irritation with each other, so that, however urgent the need for decisive action may be, such action is impossible, because, as has repeatedly been seen in the twenty years since 1918, defence and attack neutralize each other, as in trench warfare, and the balance of forces produces a state of paralysis. They will reflect that such a paralysis, which is the natural result of a divided will, is less noticeable in nations where classes are less sharply divided, and that, since a united will can no longer to-day be secured, as it was secured in the past, by restricting political power to the classes endowed with social power and opportunity, the time may have come, perhaps, to increase the degree in which the latter, as well as the former, are a common possession. They will ask, in short, whether one condition of grappling more effectively with the economic difficulties of the nation—not to mention its intellectual and moral deficiencies—may not be, in the words of Arnold, to "choose equality".

Psychologists tell us that the way to overcome a complex is not to suppress it, but to treat it frankly, and uncover its foundations. What a community requires, as the word itself suggests, is a common culture, because, without it, it is not a community at all. And evidently it requires it in a special degree at a moment like the present, when circumstances confront it with the necessity of giving a new orientation to its economic life, because it is in such circumstances that the need for co-operation, and for the mutual confidence and tolerance upon which co-operation depends, is particularly pressing. But a common culture cannot be created merely by desiring it. It must rest upon practical foundations of social organization. It is incompatible with the existence of sharp contrasts between the economic standards and educational opportunities of different classes, for such contrasts have as

their result, not a common culture, but servility or resentment, on the one hand, and patronage or arrogance, on the other. It involves, in short, a large measure of economic equality—not necessarily in the sense of an identical level of pecuniary incomes, but of equality of environment, of access to education and the means of civilization, of security and independence, and of the social consideration which equality in these matters usually carries with it.

And who does not know that to approach the question of economic equality is to enter a region haunted, not, indeed, "by hobgoblins, satyrs, and dragons of the pit", yet by a host of hardly less formidable terrors—"doleful voices and rushings to and fro", and the giant with a grim and surly voice, who shows pilgrims the skulls of those whom he has already despatched, and threatens to tear them also in pieces, and who, unlike Bunyan's giant, does not even fall into fits on sunshiny days, since in his territory the sun does not shine, and, even if it did, he would be protected against the weaknesses that beset mere theological ogres by the inflexible iron of his economic principles? Who does not recognize, when the words are mentioned, that there is an immediate stiffening against them in the minds of the great mass of his fellow-countrymen, and that, while in France and Scandinavia, and even in parts of the United States, there is, at least, an initial sympathy for the conception, and a disposition to be proud of such economic equality as exists, in England the instinctive feeling is one, not of sympathy, but of apprehension and repulsion, as though economic equality were a matter upon which it were not in good taste to touch? And who does not feel that, as a consequence of this attitude, Englishmen approach the subject with minds that are rarely more than half open? They do not welcome the idea, and then consider whether, and by what means, the difficulties in the way of its realization, which are serious enough, can be overcome. They recite the difficulties with melancholy, and sometimes with exultant, satisfaction, because on quite other grounds—grounds of history, and social nervousness, and a traditional belief that advantages which

are shared cease to be advantages at all, as though, when everybody is somebody, nobody will be anybody—they are determined to reject the idea.

So, when the question is raised whether some attempt to establish greater economic equality may not be desirable, there is a sound of what Bunyan called "doleful voices and rushings to and fro". They rear, and snort, and paw the air, and affirm with one accord that the suggestion is at once wicked and impracticable. Lord Birkenhead, for example, declared that the idea that men are equal is "a poisonous doctrine", and wrung his hands at the thought of the "glittering prizes" of life being diminished in value; and Mr. Garvin, with his eye for the dangers of the moment, and the temptations to which his fellow-countrymen are most prone to succumb, warns us against the spirit that seeks the dead level and ignores the inequality of human endowments; and Sir Ernest Benn writes that economic equality is "a scientific impossibility", because Professor Pareto has shown, he says, that "if the logarithms of income sizes be charted on a horizontal scale, and the logarithms of the number of persons having an income of a particular size or over be charted on a vertical scale, then the resulting observational points will lie approximately along a straight line", and that, if only this were more generally known, the poor, like the wicked, would cease from troubling. A great industrialist, like Sir Herbert Austin, and a distinguished minister of religion, like Dean Inge, rehearse, in their different ways, the same lesson. The former implores us to "cease teaching that all men are equal and entitled to an equal share of the common wealth", and "enrich the men who make sacrifices justifying enrichment", and "leave the others in their contentment, rather than try to mould material that was never intended to withstand the fires of refinement". The latter complains, in an address at Oxford—with a view, perhaps, to mitigating the class feeling which he rightly deplores—that "the Government is taking the pick of the working classes and educating them at the expense of the ratepayers to enable them to take the bread out of the mouths of

the sons of professional men". This deplorable procedure, he argues, cannot fail to be injurious to the nation as a whole, since it injures "the upper middle classes", who are "the cream of the community".[7]

When he hears this comminatory chorus directed against the idea of equality by men of such eminence, the first impulse of the layman is to exclaim with Moses, "Would God that all the Lord's people were prophets!" He wishes that he himself, and all his fellow-countrymen, were capable of charting logarithms on horizontal and vertical scales in the manner of Sir Ernest Benn, and of escaping with confidence the dead-level of mediocrity so justly deprecated by Mr. Garvin, and of being moved by the righteous indignation which fills Dean Inge when he contemplates those vessels of wrath, the working classes. But he knows, to his dismay, that these gifts have been denied to ordinary men, and that it would, indeed, be a kind of presumption for ordinary men to desire them, for to do so would be to aspire to an impious and unattainable equality with their betters. So he is bewildered and confounded by the perversity of the universe; he is oppressed by the weight of all this unintelligible world. If only the mass of mankind were more intelligent, they would realize how unintelligent their pretensions are. But they are condemned, it seems, to be unaware of their inferiority by the very fact of their inferiority itself.

When an argument leads to an *impasse*, it is advisable to re-examine the premises from which it started. It is possible that the dilemma is not, after all, quite so hopeless as at first sight it appears to be. Rightly understood, Pareto's law is a suggestive generalization; and the biological differences between different individuals are a phenomenon of great interest and significance; and Dean Inge is, doubtless, more than justified in thinking that the working classes, like all other classes, are no better than they should be, and in telling them so with the apostolic fervour which he so abundantly commands. It is the natural disposition of clever and learned people to attack the

difficult and recondite aspects of topics which are under discussion, because to such people the other aspects seem too obvious and elementary to deserve attention. The more difficult aspects of human relations, however, though doubtless the most interesting to nimble minds, are not always the most important. There are other ways than that of the eagle in the air and the serpent on the rock, which baffled the author of the Book of Proverbs. There are other sides of the truth about mankind and its behaviour than those which are revealed by biological investigation, or expressed in the logarithms which delight the leisure of Sir Ernest Benn.

It is these simpler and more elementary considerations that have been in the minds of those who have thought that a society was most likely to enjoy happiness and good will, and to turn both its human and material resources to the best account, if it cultivated as far as possible an equalitarian temper, and sought by its institutions to increase equality. It is obvious, indeed, that, as things are to-day, no redistribution of wealth would bring general affluence, and that statisticians are within their rights in making merry with the idea that the equalization of incomes would make everyone rich. But, though riches are a good, they are not, nevertheless, the only good; and because greater production, which is concerned with the commodities to be consumed, is clearly important, it does not follow that greater equality, which is concerned with the relations between the human beings who consume them, is not important also. It is obvious, again, that the word "Equality" possesses more than one meaning, and that the controversies surrounding it arise partly, at least, because the same term is employed with different connotations. Thus it may either purport to state a fact, or convey the expression of an ethical judgment. On the one hand, it may affirm that men are, on the whole, very similar in their natural endowments of character and intelligence. On the other hand, it may assert that, while they differ profoundly as individuals in capacity and character, they are equally entitled as human beings to consideration and respect, and that the well-being of a society

is likely to be increased if it so plans its organization that, whether their powers are great or small, all its members may be equally enabled to make the best of such powers as they possess.

If made in the first sense, the assertion of human equality is clearly untenable. It is a piece of mythology against which irresistible evidence has been accumulated by biologists and psychologists. In the light of the data presented—to mention only two recent examples—in such works as Dr. Burt's admirable studies of the distribution of educational abilities among school-children, or the Report of the Mental Deficiency Committee,[8] the fact that, quite apart from differences of environment and opportunity, individuals differ widely in their natural endowments, and in their capacity to develop them by education, is not open to question. There is some reason for holding, for instance, that, while eighty per cent. of children at the age of ten fall within a range of about three mental years, the most backward may have a mental age of five, while the most gifted may have one of as much as fifteen.

The acceptance of that conclusion, nevertheless, makes a smaller breach in equalitarian doctrines than is sometimes supposed, for such doctrines have rarely been based on a denial of it. It is true, of course, that the psychological and political theory of the age between 1750 and 1850—the theory, for example, of thinkers so different as Helvétius and Adam Smith at the beginning of the period, and Mill and Proudhon at the end of it—greatly underestimated the significance of inherited qualities, and greatly overestimated the plasticity of human nature. It may be doubted, however, whether it was quite that order of ideas which inspired the historical affirmations of human equality, even in the age when such ideas were still in fashion.

It is difficult for even the most sanguine of assemblies to retain for more than one meeting the belief that Providence has bestowed an equal measure of intelligence upon all its members. When the Americans declared it to be a self-evident truth that all men are created equal, they were thinking less

of the admirable racial qualities of the inhabitants of the New World than of their political and economic relations with the Old, and would have remained unconvinced that those relations should continue even in the face of proofs of biological inferiority. When the French, who a century and a half ago preached the equalitarian idea with the same fervent conviction as is shown to-day by the rulers of Russia in denouncing it, set that idea side by side with liberty and fraternity as the motto of a new world, they did not mean that all men are equally intelligent or equally virtuous, any more than that they are equally tall or equally fat, but that the unity of their national life should no longer be torn to pieces by obsolete property rights and meaningless juristic distinctions. When Arnold, who was an inspector of schools as well as a poet, and who, whatever his failings, was not prone to demagogy, wrote "choose equality", he did not suggest, it may be suspected, that all children appeared to him to be equally clever, but that a nation acts unwisely in stressing heavily distinctions based on birth or money.

Few men have been more acutely sensitive than Mill to the importance of encouraging the widest possible diversities of mind and taste. In arguing that "the best state for human nature is that in which, while no one is poor, no one desires to be richer", and urging that social policy should be directed to increasing equality, he did not intend to convey that it should suppress varieties of individual genius and character, but that it was only in a society marked by a large measure of economic equality that such varieties were likely to find their full expression and due meed of appreciation.[9] Theologians have not, as a rule, been disposed to ignore the fact that there are diversities of gifts and degree above degree. When they tell us that all men are equal in the eyes of God, what they mean, it is to be presumed, is what Jeremy Taylor meant, when he wrote, in a book to-day too little read, that "if a man be exalted by reason of any excellence in his soul, he may please to remember that all souls are equal, and their differing operations are because their instrument is in better tune, their body is more

healthful or better tempered; which is no more praise to him than it is that he was born in Italy". It is the truth expressed in the parable of the prodigal son—the truth that it is absurd and degrading for men to make much of their intellectual and moral superiority to each other, and still more of their superiority in the arts which bring wealth and power, because, judged by their place in any universal scheme, they are all infinitely great or infinitely small. And, when observers from the Dominions, or from foreign countries, are struck by inequality as one of the special and outstanding characteristics of English social life, they do not mean that in other countries differences of personal quality are less important than in England. They mean, on the contrary, that they are more important, and that in England they tend to be obscured or obliterated behind differences of property and income, and the whole elaborate façade of a society that, compared with their own, seems stratified and hierarchical.

The equality which all these thinkers emphasize as desirable is not equality of capacity or attainment, but of circumstances, institutions, and manner of life. The inequality which they deplore is not inequality of personal gifts, but of the social and economic environment. They are concerned, not with a biological phenomenon, but with a spiritual relation and the conduct to be based on it. Their view, in short, is that, because men are men, social institutions—property rights, and the organization of industry, and the system of public health and education—should be planned, as far as is possible, to emphasize and strengthen, not the class differences which divide, but the common humanity which unites, them.

Such a view of the life which is proper to human beings may, of course, be criticized, as it often has been. But to suppose that it can be criticized effectively by pointing to the width of the intellectual and moral differences which distinguish individuals from each other is a solecism, an *ignoratio elenchi*. It is true, of course, that such differences are important, and that the advance of psychology has enabled them to be measured with a new precision, with results which are valuable in making

possible both a closer adaptation of educational methods to individual needs and a more intelligent selection of varying aptitudes for different tasks. But to recognize a specific difference is one thing; to pass a general judgment of superiority or inferiority, still more to favour the first and neglect the second, is quite another.[10] The nightingale, it has been remarked, was placed in the fourth class at the fowl show. Which of a number of varying individuals is to be judged superior to the rest depends upon the criterion which is applied, and the criterion is a matter of ethical judgment. That judgment will, if it is prudent, be tentative and provisional, since men's estimates of the relative desirability of initiative, decision, common sense, imagination, humility and sympathy appear, unfortunately, to differ, and the failures and fools—the Socrates and St. Francis —of one age are the sages and saints of another. Society would not be the worse, perhaps, if idiots like Dostoievsky's were somewhat less uncommon, and the condemnation passed on those who offend one of these little ones was not limited to offenders against children whose mental ratio is in excess of eighty-five.

It is true, again, that human beings have, except as regards certain elementary, though still sadly neglected, matters of health and development, different requirements, and that these different requirements can be met satisfactorily only by varying forms of provision. But equality of provision is not identity of provision. It is to be achieved, not by treating different needs in the same way, but by devoting equal care to ensuring that they are met in the different ways most appropriate to them, as is done by a doctor who prescribes different regimens for different constitutions, or a teacher who develops different types of intelligence by different curricula. The more anxiously, indeed, a society endeavours to secure equality of consideration for all its members, the greater will be the differentiation of treatment which, when once their common human needs have been met, it accords to the special needs of different groups and individuals among them.

It is true, finally, that some men are inferior to others in

respect of their intellectual endowments, and it is possible—though the truth of the possibility has not yet been satisfactorily established—that the same is true of certain classes.[11] It does not, however, follow from this fact that such individuals or classes should receive less consideration than others, or should be treated as inferior in respect of such matters as legal status, or health, or economic arrangements, which are within the control of the community.

It may, of course, be deemed expedient so to treat them. It may be thought advisable, as Aristotle argued, to maintain the institution of slavery on the ground that some men are fit only to be living tools; or, as was customary in a comparatively recent past, to apply to the insane a severity not used towards the sane; or, as is sometimes urged to-day, to spend less liberally on the education of the slow than on that of the intelligent; or, in accordance with the practice of all ages, to show less respect for the poor than for the rich. But, in order to establish an inference, a major premise is necessary as well as a minor; and, if such discrimination on the part of society is desirable, its desirability must be shown by some other argument than the fact of inequality of intelligence and character. To convert a phenomenon, however interesting, into a principle, however respectable, is an error of logic. It is the confusion of a judgment of fact with a judgment of value—a confusion like that which was satirized by Montesquieu when he wrote, in his ironical defence of slavery: "The creatures in question are black from head to foot, and their noses are so flat that it is almost impossible to pity them. It is not to be supposed that God, an all-wise Being, can have lodged a soul—still less a good soul—in a body completely black".

Everyone recognizes the absurdity of such an argument when it is applied to matters within his personal knowledge and professional competence. Everyone realizes that, in order to justify inequalities of circumstance or opportunity by reference to differences of personal quality, it is necessary, as Professor Ginsberg observes, to show that the differences in question are relevant to the inequalities.[12] Everyone now sees,

for example, that it is not a valid argument against women's suffrage to urge, as used to be urged not so long ago, that women are physically weaker than men, since physical strength is not relevant to the question of the ability to exercise the franchise, or a valid argument in favour of slavery that some men are less intelligent than others, since it is not certain that slavery is the most suitable penalty for lack of intelligence.

Not everyone, however, is so quick to detect the fallacy when it is expressed in general terms. It is still possible, for example, for one eminent statesman to ridicule the demand for a diminution of economic inequalities on the ground that every mother knows that her children are not equal, without reflecting whether it is the habit of mothers to lavish care on the strong and neglect the delicate; and for another to dismiss the suggestion that greater economic equality is desirable, for the reason, apparently, that men are naturally unequal. It is probable, however, that the first does not think that the fact that some children are born with good digestions, and others with bad, is a reason for supplying good food to the former and bad food to the latter, rather than for giving to both food which is equal in quality but different in kind, and that the second does not suppose that the natural inequality of men makes legal equality a contemptible principle. On the contrary, when ministers of the Crown responsible for the administration of justice to the nation, they both took for granted the desirability and existence, at any rate on paper, of legal equality. Yet in the eighteenth century statesmen of equal eminence in France and Germany, and in the nineteenth century influential thinkers in Russia and the United States, and, indeed, the ruling classes of Europe almost everywhere at a not very distant period, all were disposed to think that, since men are naturally unequal, the admission of a general equality of legal status would be the end of civilization.

Our modern statesmen do not agree with that view, for, thanks to the struggles of the past, they have inherited a tradition of legal equality, and, fortified by that tradition, they see that the fact that men are naturally unequal is not

relevant to the question whether they should or should not be treated as equal before the law. But they have not inherited a tradition of economic equality, for that tradition has still to be created. Hence they do not see that the existence of differences of personal capacity and attainment is as irrelevant to the question whether it is desirable that the social environment and economic organization should be made more conducive to equality as it is to the question of equality before the law, which itself, as we have said, seemed just as monstrous a doctrine to conservative thinkers in the past as the suggestion of greater economic equality seems to them to-day.

And Sir Ernest Benn, who says that economic equality is a scientific impossibility, is quite unconscious, apparently, of the ambiguities of his doctrine. He ignores the obvious fact that, in some economic matters of the first importance—protection by the police against violence and theft, and the use of the roads, and the supply of water, and the provision of sewers, and access to a minimum of education and medical attendance, all of which were once dependent on the ability of individuals to pay for them—all members of civilized communities are now secured equality irrespective of their personal attainments and individual economic resources. He fails to see that the only question is whether that movement shall be carried forward, or rather, since in fact it is carried forward year by year, how quickly society will decide to establish complete environmental equality in respect of the external conditions of health, and education, and economic security. So he behaves like the countryman who, on being for the first time introduced to a giraffe at a circus, exclaimed indignantly, "There ain't no such animal." He says that equality is a scientific impossibility, and draws a sharp line between the natural and, as he thinks, the healthy state of things, under which each individual provides all his requirements for himself, and the unnatural and morbid condition, under which the community, consisting of himself and his fellows, provides some of them for him.

Such a line, however, is quite arbitrary, quite fanciful and

artificial. Many services are supplied by collective effort to-day which in the recent past were supplied by individual effort or not supplied at all, and many more, it may be suspected, will be so supplied in the future. At any moment there are some needs which almost everyone is agreed should be satisfied on equalitarian principles, and others which they are agreed should be met by individuals who purchase what their incomes enable them to pay for, and others, again, about the most suitable provision for which opinions differ. Society has not been prevented from seeking to establish equality in respect of the first by the fear that in so doing it may be perpetrating a scientific impossibility. Nor ought it to be prevented from moving towards equality in respect of the second and third, if experience suggests that greater equality in these matters also would contribute to greater efficiency and to more general happiness.

"But", it will be said, "you are forgetting Pareto's law, and the logarithms, and the observational points. These are hard realities. No ingenious sophistry will enable you to make light of *them.*" It is wrong, as we all know, to speak disrespectfully of the equator; and if the equator, which is a simple idea, deserves to be approached in a spirit of deference, how much more is such deference incumbent on those who venture within the awful ambit of economic law? There is, however, as St. Paul says, one glory of the sun and another glory of the moon; there are powers celestial and powers terrestrial; there are laws and laws. There are scientific laws which state the invariable relations between phenomena, and there are juristic laws which state how men should conduct themselves, and there are laws which are neither juristic nor, in the full sense, scientific, though they belong, no doubt, to the same category as the latter. Such laws neither state invariable relations nor prescribe conduct, but describe how, on the whole, under given historical and legal conditions, and when influenced by particular conventions and ideas, particular groups of men do, as a rule, tend to behave.

It is evident that, as economists have often reminded us,

many economic laws are of the third class, not of the first or second. They indicate the manner in which, given certain historical conditions, and a certain form of social organization, and certain juristic institutions, production tends to be conducted and wealth to be distributed. They are not the less instructive and useful on that account, to those, at least, who know how to interpret them. But those who, though successful and rich, are not fully alive to the pitfalls which yawn for the unwary, and who are delighted when they hear of a law which jumps, as it seems to them, with their own instinctive preference for success and riches, sometimes find in economic laws a source of intellectual confusion, which it is distressing to all persons of humanity, and in particular, it may be suspected, to economists, to contemplate. They snatch at elaborate formulae in order to demonstrate that the particular social arrangements that they have been accustomed to admire are the product of uncontrollable forces, with which society can tamper only at its peril. They run to the fashionable nostrum of the moment, in order to shuffle off their responsibilities upon some economic automaton. Like a drunkard who pleads an alcoholic diathesis as an excuse for drinking, they appeal to economic laws, the majority of which are merely a description of the manner in which, in a certain environment and in given circumstances, men tend to behave, as a proof that it is impossible for them to alter their behaviour.

How men in given circumstances tend to behave, and how, as a consequence, wealth tends in such circumstances to be distributed, are subjects about which valuable and illuminating, if necessarily tentative, generalizations have been produced by economists. But their behaviour, as economists have often told us, is relative to their circumstances; and the distribution of wealth depends, not wholly, indeed, but largely, on their institutions; and the character of their institutions is determined, not by immutable economic laws, but by the values, preferences, interests and ideals which rule at any moment in a given society.

These values and preferences are not something fixed and

unalterable. On the contrary, they have changed repeatedly in the past, and are changing to-day; and the distribution of wealth has changed, and is changing, with them. It was of one kind in the France of the old régime, where a large part of the wealth produced was absorbed by the privileged orders, and quite another in France after the Revolution, where wealth previously paid in taxation and feudal dues was retained by the peasantry. It is of one kind in Denmark to-day and of another kind in England. Thanks largely to changes in fiscal policy and to the development of the social services, which Sir Ernest Benn finds so distasteful, it is different in the England of 1937 from what it was in the England of 1857, and, if experience may be trusted, it will be different again in the England of 1957. To suppose, as he supposes, that it must necessarily be wrong to aim at greater economic equality, because Pareto suggested that, under certain conditions, and leaving the effects of inheritance, fiscal policy, and social services out of account, the curve of distribution in several different countries and ages tended, as he thought, to conform to a certain shape, is a pardonable error, but an error none the less. It implies a misunderstanding of the nature of economic laws in general, and of Pareto's law in particular, at which no one, it is probable, would have been more amused than Pareto himself, and which, indeed, he expressly repudiated in a subsequent work.[13] It is to believe in economic Fundamentalism, with the New Testament left out, and the Books of Leviticus and Deuteronomy inflated to unconscionable proportions by the addition of new and appalling chapters. It is to dance naked, and roll on the ground, and cut oneself with knives, in honour of the mysteries of Mumbo-Jumbo.

Mumbo-Jumbo is a great god, who, if he is given his head, is disposed to claim, not only economics, but the whole world, as his kingdom, and who is subtle enough to deceive even the elect; so that Sir Ernest Benn is to be pitied, rather than blamed, for yielding to his seductions, and for feeling the same kind of reverence for Mumbo-Jumboism as was inspired in Kant by the spectacle of the starry heavens and by the moral

law. But the power of Mumbo-Jumbo, like that of some other spirits, depends on the presence of an initial will to believe in the minds of his votaries, and can, if only they are not terrified when he sends forth his thunders and his lightnings—the hail of his logarithms and the whirlwind of his economic laws—be overcome. If, when he tells them that a certain course will result in the heavens falling, they summon up the resolution to pursue it all the same, they will find that, in a surprising number of cases, though they may have succeeded in improving the earth, the heavens, nevertheless, remain much where they were. And, when his prophets are so much alarmed by the symptoms of increasing equality, and by the demand for its still further increase, that they declare that equality is a scientific impossibility, they ought not, indeed, to be treated unkindly, or hewn in pieces before the Lord, like the prophets of an earlier Mumbo-Jumbo; but they should be asked to undergo, for the sake both of themselves and of their neighbours, what to nimble minds, with a gift for quick and sweeping generalization, is sometimes a hardly less painful discipline. They should be asked to study the facts. The facts, they will find, show that the distribution of wealth in a community depends partly, at least, upon its organization and institutions —its system of property rights, its economic structure, its social and financial policy—and that it is possible for it to give these matters a bias either towards greater equality or towards greater inequality, because different communities, at different times, have done, in fact, both the one and the other.

Perhaps, therefore, the remote Victorian thinkers, like Arnold and Mill, who dealt lightly with Mumbo-Jumbo, and who commended equality to their fellow-countrymen as one source of peace and happiness, were not speaking so unadvisedly as at first sight might appear. They did not deny that men have unequal gifts, or suggest that all of them are capable of earning, as the author of *The Confessions of a Capitalist* tells us that he earns,[14] £10,000 a year, or of making a brilliant show when their natural endowments are rigorously sifted and appraised with exactitude. What they were concerned to

emphasize is something more elementary and commonplace. It is the fact that, in spite of their varying characters and capacities, men possess in their common humanity a quality which is worth cultivating, and that a community is most likely to make the most of that quality if it takes it into account in planning its economic organization and social institutions—if it stresses lightly differences of wealth and birth and social position, and establishes on firm foundations institutions which meet common needs, and are a source of common enlightenment and common enjoyment. The individual differences of which so much is made, they would have said, will always survive, and they are to be welcomed, not regretted. But their existence is no reason for not seeking to establish the largest possible measure of equality of environment, and circumstance, and opportunity. On the contrary, it is a reason for redoubling our efforts to establish it, in order to ensure that these diversities of gifts may come to fruition.

It is true, indeed, that even such equality, though the conditions on which it depends are largely within human control, will continue to elude us. The important thing, however, is not that it should be completely attained, but that it should be sincerely sought. What matters to the health of society is the objective towards which its face is set, and to suggest that it is immaterial in which direction it moves, because, whatever the direction, the goal must always elude it, is not scientific, but irrational. It is like using the impossibility of absolute cleanliness as a pretext for rolling in a manure heap, or denying the importance of honesty because no one can be wholly honest.

It may well be the case that capricious inequalities are in some measure inevitable, in the sense that, like crime and disease, they are a malady which the most rigorous precautions cannot wholly overcome. But, when crime is known as crime, and disease as disease, the ravages of both are circumscribed by the mere fact that they are recognized for what they are, and described by their proper names, not by flattering euphemisms. And a society which is convinced that inequality is an evil

need not be alarmed because the evil is one which cannot wholly be subdued. In recognizing the poison it will have armed itself with an antidote. It will have deprived inequality of its sting by stripping it of its esteem.

CHAPTER II

INEQUALITY AND SOCIAL STRUCTURE

So to criticize inequality and to desire equality is not, as is sometimes suggested, to cherish the romantic illusion that men are equal in character and intelligence. It is to hold that, while their natural endowments differ profoundly, it is the mark of a civilized society to aim at eliminating such inequalities as have their source, not in individual differences, but in its own organisation, and that individual differences, which are a source of social energy, are more likely to ripen and find expression if social inequalities are, as far as practicable, diminished. And the obstacle to the progress of equality is something simpler and more potent than finds expression in the familiar truism that men vary in their mental and moral, as well as in their physical, characteristics, important and valuable though that truism is as a reminder that different individuals require different types of provision. It is the habit of mind which thinks it, not regrettable, but natural and desirable, that different sections of a community should be distinguished from each other by sharp differences of economic status, of environment, of education and culture and habit of life. It is the temper which regards with approval the social institutions and economic arrangements by which such differences are emphasized and enhanced, and feels distrust and apprehension at all attempts to diminish them.

The institutions and policies in which that temper has found expression are infinite in number. At one time it has coloured the relations between the sexes; at another, those between religions; at a third, those between members of different races. But in communities no longer divided by religion or race, and in which men and women are treated as political and economic equals, the divisions which remain are, nevertheless, not insignificant. The practical form which they most commonly assume—the most conspicuous external

symptom of difference of economic status and social position—is, of course, a graduated system of social classes, and it is by softening or obliterating, not individual differences, but class gradations, that the historical movements directed towards diminishing inequality have attempted to attain their objective. It is, therefore, by considering the class system that light upon the problem of inequality is, in the first place at least, to be sought, and it is by their attitude to the relations between classes that the equalitarian temper and philosophy are distinguished from their opposite.

A society which values equality will attach a high degree of significance to differences of character and intelligence between different individuals, and a low degree of significance to economic and social differences between different groups. It will endeavour, in shaping its policy and organization, to encourage the former and to neutralize and suppress the latter, and will regard it as vulgar and childish to emphasize them when, unfortunately, they still exist. A society which is in love with inequality will take such differences seriously, and will allow them to overflow from the regions, such as economic life, where they have their origin, and from which it is difficult wholly to expel them, till they become a kind of morbid obsession, colouring the whole world of social relations.

(i)

THE MEANING OF CLASS

The idea of "class", most candid observers will admit, is among the most powerful of social categories. Its significance is sometimes denied on the ground that, as Professor Carr-Saunders and Mr. Caradog Jones remark in their valuable book, a group described as a class may "upon many an issue be divided against itself".[1] But this is to confuse the fact of class with the consciousness of class, which is a different phenomenon. The fact creates the consciousness, not the

consciousness the fact. The former may exist without the latter, and a group may be marked by common characteristics, and occupy a distinctive position *vis-à-vis* other groups, without, except at moments of exceptional tension, being aware that it does so.

While, however, class is a powerful category, it is also an ambiguous one, and it is not surprising that there should be wide differences in the interpretations placed upon it both by sociologists and by laymen. War, the institution of private property, biological characteristics, the division of labour, have all been adduced to explain the facts of class formation and class differentiation. The diversity of doctrines is natural, since the facts themselves are diverse. Clearly, there are societies in which the position and relations of the groups composing them have been determined ultimately by the effect of conquest. Clearly, the rules under which property is held and transmitted have played a large part in fixing the conditions by which different groups are distinguished from each other. Clearly, there are circumstances in which the biological characteristics of different groups are a relevant consideration. Clearly, the emergence of new social groups is a natural accompaniment of the differentiation of economic functions—of the breaking up, for example, of a relatively simple and undifferentiated society into a multitude of specialized crafts and professions, each with its different economic *métier*, its different training and outlook and habit of life, which has been the most obvious consequence of the transition of large parts of Europe from the predominantly agricultural civilization of two centuries ago to the predominantly industrial civilization of to-day.

These different factors have, however, varying degrees of importance in different ages, different communities, and different connections. In western Europe, for example, the imposition of one race upon another by military force was of great importance during some earlier periods of its history, but in recent centuries has played but little part in modifying its social structure. Certain groups are marked, it seems, by

different biological characteristics. Such characteristics require, however, the lapse of considerable periods to produce their result, while marked alterations in social structure may take place in the course of a single lifetime. It is difficult to suppose that the broad changes in social classification which have occurred in the immediate past—the profound modification of class relations, for example, which was the result of the French Revolution, or the rise of new types of class system and the obliteration of the old, which has everywhere accompanied the development of the great industry, or the more recent growth of a *nouvelle couche sociale* of technicians, managers, scientific experts, professional administrators, and public servants—are most appropriately interpreted as a biological phenomenon.

Nor, important though economic forces have been, can the gradations of classes be explained, as is sometimes suggested, purely as a case of economic specialization. It may be true, indeed, that the most useful conception of a class is that which regards it as a social group with a strong tinge of community of economic interest. But, while classes are social groups, not all social groups, even when they have common economic interests, can be described as classes. "Classes", observed Lord Bryce, in writing of the United States of a generation ago, "are in America by no means the same thing as in the greater nations of Europe. One must not, for political purposes, divide them as upper and lower, richer and poorer, but rather according to the occupations they respectively follow."[2] His distinction between occupational and social divisions still retains its significance. Stockbrokers, barristers and doctors, miners, railwaymen and cotton-spinners represent half a dozen professions; but they are not normally regarded as constituting half a dozen classes. Postmen, bricklayers and engineers pursue sharply contrasted occupations, and often have divergent economic interests; but they are not distinguished from each other by the differences of economic status, environment, education, and opportunity, which are associated in common opinion with differences between classes. A community which

is marked by a low degree of economic differentiation may yet possess a class system of which the lines are sharply drawn and rigidly defined, as was the case, for example, in many parts of the agricultural Europe of the eighteenth century. It may be marked by a high degree of economic differentiation, and yet appear, when judged by English standards, to be comparatively classless, as is the case, for example, with some British Dominions.

The conception of class is, therefore, at once more fundamental and more elusive than that of the division between different types of occupation. It is elusive because it is comprehensive. It relates, not to this or that specific characteristic of a group, but to a totality of conditions by which several sides of life are affected. The classification will vary, no doubt, with the purpose for which it is made, and with the points which accordingly are selected for emphasis. Conventional usage, which is concerned, not with the details of the social structure, but with its broad outlines and salient features, makes a rough division of individuals according to their resources and manner of life, the amount of their income and the source from which it is derived, their ownership of property or their connection with those who own it, the security or insecurity of their economic position, the degree to which they belong by tradition, education and association to social strata which are accustomed, even on a humble scale, to exercise direction, or, on the other hand, to those whose normal lot is to be directed by others. It draws its class lines, in short, with reference partly to consumption, partly to production; partly by standards of expenditure, partly by the position which different individuals occupy in the economic system. Though its criteria change from generation to generation, and are obviously changing to-day with surprising rapidity, its general tendency is clear. It sets at one end of the scale those who can spend much, or who have what is called an independent income, because they are dependent for it on persons other than themselves, and at the other end those who can spend little and live by manual labour. It places at a point between

the two those who can spend more than the second but less than the first, and who owns a little property or stand near to those who own it.

Thus conventional usage has ignored, in its rough way, the details, and has emphasized the hinges, the nodal points, the main watersheds. And in so doing, it has come nearer, with all its crudity, to grasping certain significant sides of the reality than have those who would see in the idea of class merely the social expression of the division of labour between groups engaged in different types of economic activity. For, though differences of class and differences of occupation may often have sprung from a common source, they acquire, once established, a vitality and momentum of their own, and often flow in distinct, or even divergent, channels. The essence of the latter is difference of economic function: they are an organ of co-operation through the division of labour. The essence of the former is difference of status and power: they have normally been, in some measure at least, the expression of varying degrees of authority and subordination. Class systems, in fact, in the historical forms which they most commonly have assumed, have usually been associated—hence, indeed, the invidious suggestion which the word sometimes conveys—with differences, not merely of economic *métier*, but of social position, so that different groups have been distinguished from each other, not only, like different professions, by the nature of the service they render, but in status, in influence, and sometimes in consideration and respect. Even to-day, indeed, though somewhat less regularly than in the past, class tends to determine occupation rather than occupation class.

Public opinion has in all ages been struck by this feature in social organization, and has used terms of varying degrees of appropriateness to distinguish the upper strata from the lower, describing them sometimes as the beautiful and good, sometimes as the fat men, sometimes as the twiceborn, or the sons of gods and heroes, sometimes merely, in nations attached to virtue rather than beauty, as the best people. Such expressions are not terms of precision, but they indicate a

phenomenon which has attracted attention, and which has certainly deserved it. The note of most societies has been, in short, not merely vertical differentiation, as between partners with varying tasks in a common enterprise, but also what, for want of a better term, may be called horizontal stratification, as between those who occupy a position of special advantage and those who do not.

The degree to which such horizontal divisions obtain varies widely in the same community at different times, and in different communities at the same time. They are more marked in most parts of Europe than in America and the British Dominions, in the east of America than in the west, in England than in France; and they were obviously more marked in the England of half a century ago than they are in that of to-day. Being in constant motion, they are not easily photographed, and they are hardly described before the description is out of date. But such divisions exist to some extent, it will be agreed, in most societies, and, wherever they exist to a considerable extent, they are liable, it will also be agreed, to be a focus of irritation. Accepted in the past with placid indifference, they resemble, under modern political and economic conditions, a sensitive nerve which vibrates when touched, a tooth which, once it has started aching, must be soothed or extracted before it can be forgotten, and attention paid to the serious business of life. It is possible that they possess certain advantages; it is certain that they possess also certain grave disadvantages. The advantages—if such there are—are most likely to be enjoyed, and the disadvantages removed, if their main features, at any rate, are, in the first place, neither denounced, nor applauded, but understood.

(ii)

THE ECONOMIC AND SOCIAL CONTOURS

Income, economists tell us, may be regarded from either of two points of view. It may be interpreted as a product or as a dividend, as a stream of goods in process of creation, or as a stream of goods in process of consumption. And classes, which rest upon economic foundations, have two different aspects, which correspond to these different aspects of the national income. They may be regarded, on the one hand, as composed of a series of economic groups, holding different positions in the productive system, and, as employer and employed, capitalist and wage-earner, landlord, farmer, and labourer, discharging different, if occasionally somewhat attenuated, functions within it. They may be regarded, on the other hand, as a series of social groups, distinguished from each other by different standards of expenditure and consumption, and varying in their income, their environment, their education, their social status and family connections, their leisure and their amusements.

When attention is turned upon the organization of industry and the relations of the various interests engaged in it—their disputes, their agreements, their attempts to establish more effective co-operation or their failure to achieve it—it is naturally the first aspect of the class system which springs into prominence. Society is regarded as an economic mechanism, the main elements in whose structure correspond to different classes. In discussions of the traditions, habits and manner of life by which different classes are characterized—the social institutions which they have created, the types of schools which they attend, the varying environments in which they live—the feature which attracts attention is naturally the second. Society then presents itself, not as a productive machine, but as an organism composed of groups with varying standards of life and culture. The class system takes off its overalls or office coat, and wears the costume appropriate to hours of ease.

Before goods can be consumed goods must be produced. It is obvious that these two aspects of social organization are closely connected, as obverse and reverse, or flower and root. The material fabric of civilization is always crumbling and always being renewed; the wealth which renews it is hewn daily in the gloom of the mine and fashioned unceasingly in the glare of the forge. Both the hierarchy of the world of leisure, therefore, and the hierarchy of the world of productive effort, have their common foundation in the character and organization of the economic system. But, while they have a common foundation, the lines of the one are not a mere replica of those of the other. They correspond, but they do not coincide; in England, indeed, they coincide less closely than in younger communities, such as the United States, where the action of economic forces on the structure of society encounters fewer breakwaters built by tradition, and is therefore more simple, immediate, and direct. The social fabric is stretched upon an economic framework, and its contours follow the outlines of the skeleton which supports it. But it is not strained so taut as to be free from superfluous folds and ornamental puckers. Moulded, as it was, on the different structure of the past, it has not always adjusted itself with nicety to the angles of the present. It contains elements, therefore, which, like the rudimentary organs of the human body, or the decorative appendages of the British Constitution, have survived after their function has disappeared and their meaning been forgotten.

England is peculiar in being marked to a greater degree than most other communities, not by a single set of class relations, but by two, of which one is the product of the last century of economic development, and the other, though transformed by that development and softened by the social policy of the democratic era, contains, nevertheless, a large infusion of elements which descend from the quite different type of society that existed before the rise of the great industry. It is the combination of both—the blend of a crude plutocratic reality with the sentimental aroma of an aristocratic legend—

which gives the English class system its peculiar toughness and cohesion. It is at once as businesslike as Manchester and as gentlemanly as Eton; if its hands can be as rough as those of Esau, its voice is as mellifluous as that of Jacob. It is a god with two faces and a thousand tongues, and, while each supports its fellow, they speak in different accents and appeal to different emotions. Revolutionary logic, which is nothing if not rational, addresses its shattering syllogisms to the one, only to be answered in terms of polite evasion by the other. It appeals to obvious economic grievances, and is baffled by the complexities of a society in which the tumultuous impulses of economic self-interest are blunted and muffled by the sedate admonitions of social respectability.

Regarded as an economic engine, the structure of English society is simpler than that of some more primitive communities. In spite of the complexity of its detailed organization, its main lines are drawn not by customary or juristic distinctions, which are often capricious, but by the economic logic of a system directed towards a single objective, the attainment of which, or the failure to attain it, can be tested by the arithmetical criterion of profit or loss. Its most obvious feature is also its most characteristic. It is the separation of the groups which organize, direct and own the material apparatus of industry from those which perform its routine work, and the consequent numerical preponderance of the wage-earning population over all other sections of the community.

Such a separation and such a preponderance, on the scale on which they exist at present, are a novel phenomenon. Till a comparatively recent period in the history of most European countries, while political power was far more highly centralized than it is to-day, a high degree of economic centralization was, apart from certain peculiar undertakings, the exception. The legal and social cleavage which divided different classes, the noble from the *roturier*, the lord from the peasant, was often profound. But the control of the processes of economic life tended, of course with numerous exceptions, to be dispersed in the hands of large numbers of peasant farmers and small

masters, who, subject to the discharge of their personal or financial obligations towards their superiors, conducted much of the humble routine of their economic affairs at their own discretion. Labour, property and enterprise were, to some considerable degree, not separated, but intertwined. Economic initiative and direction were fragmentary and decentralized. Conducted, not by mass attacks, but by individual skirmishes, the struggle with nature was ineffective because it was uncoordinated. The organization of economic life, with its numerous tiny centres of energy, and its absence of staff-work and system, resembled that, not of an army, but of a guerrilla band. In the picture drawn in the well-known estimate of Gregory King, or in the more reliable statistics of the Prussian Census, which even in 1843 showed only seventy-six workpeople to every hundred masters, pre-industrial society appears, compared with our own, like a collection of fishing-smacks beside a battle fleet.

Over the greater part of the world, such, or something like it, is still the normal type of economic structure. But the organization and class relations of industrial societies are obviously different. Their note is the magnitude of the group dependent on wages, compared with those which are interested in the ownership of property and the direction of economic enterprise. Statisticians have attempted to measure the degree of "Proletarianisation" in different countries. They have produced tables in which they are graded according to the percentage which the wage-earners and humbler salaried officials form the total occupied population, from Russia, with 12 to 14 per cent. of wage workers till a decade or so ago, Greece with 21, Bulgaria with 23, and France with 48, to the United States with 70 per cent., Australia with 71, Belgium and the Netherlands each with 73, and Great Britain with 78.[3] The materials for such investigations are defective, and accurate results are not to be expected. What is significant, however, is the broad difference of type in the economic structure of communities at the two ends of the scale. At the one extreme there are those in which the wage-earners form a minority

scattered up and down the interstices of a society composed predominantly of small property-owners; at the other extreme there are those in which the wage-earners form half, two-thirds, or even three-quarters of the whole occupied population.

Of these two types of organization it is obviously the second which is characteristic of England. Not only is she the country where the urban and industrial workers form the largest proportion of the total population, but her agricultural system itself, with its dependence on large numbers of landless agricultural labourers, approaches more closely to the industrial pattern than is the case in most other communities. The broad lines of her economic structure are revealed by the Census, according to which 5·5 per cent. of the occupied population were in 1931 employers or managers, 76·6 per cent. employed, 11·8 per cent. unemployed, and 6·0 per cent. workers on their own account. Professor Bowley and Sir Josiah Stamp, adopting a different classification, estimated that, in 1924, 76 per cent. of the occupied population were wage-earners, 14 per cent. salaried, 6 per cent. independent workers, and 4 per cent. employers, farmers, or engaged in professions.[4] With the growing concentration of industry, the proportion of salaried workers tends, it is probable, to increase, and of employers to diminish; the independent producers are numerically insignificant; while the small master with two or three journeymen, who is still so conspicuous a figure in most continental countries, does not play a large part in most British industries, with the exception of agriculture, building, retail shopkeeping, and certain minor handicrafts.

In the striking predominance of the wage-working population the United Kingdom resembles the United States, Australia, and Belgium, and is sharply contrasted, not only with communities, like Denmark, where agriculture is overwhelmingly the largest occupation, but with the countries possessing important manufacturing industries, like France, and, to a less extent, Germany. Apart, indeed, from mining, metallurgy, and textiles, the economic structure of France is of a different pattern from that of England. For, while England

has been the country of political stability and economic revolution, France is the classical land of political revolution and economic stability. She has known how to make the best both of the present and of the past. She has grafted the great industry on to her traditional social organization, without, as yet, seriously undermining the latter.

Thus, in French agriculture, in 1921, the labourers and farm-servants were actually fewer than the independent cultivators, the *chefs d'exploitation*, numbering 2,834,127 as against 5,219,464, while approximately three-quarters of the latter were peasant proprietors.[5] In French industry, when a census was taken in 1906, 20 per cent. of the occupied population were independent producers—*travailleurs isolés*—neither working for others nor employing them, while 42 per cent. of her workers in manufacturing industry were employed in establishments with not more than twenty employees, and only 22 per cent. in establishments with more than a hundred. In England the proportion of farm-land cultivated by occupying owners more than trebled between 1913 and 1927, rising from 10·7 per cent. at the first date to over 36 per cent. at the second. But she is still unique in the degree to which, not only her urban, but her rural population consists of wage-earners; and, whereas in France the small producer has held his own, not only in agriculture, but also in a considerable number of industries, in England, to an extent unknown elsewhere, he has lost his footing, not only in industry, but in agriculture. To a greater extent than is true of any other nation her happiness, her efficiency, her culture and civilization, depend upon the condition of the wage-earning population.

This army of wage-earners, which forms over three-quarters of the nation, includes, of course, individuals of widely diverse incomes, economic positions, social conditions, personal interests and habits, types of culture, political opinions, and religious creeds. It is a class only when regarded from a limited economic angle, only in the sense that its members depend for their livelihood on the wage contract. But, though the economic side of life is not the only side, it has, nevertheless, an impor-

tance of its own, and the numerical preponderance of the wage-workers is obviously the first characteristic of the structure of English society, when it is regarded in its economic aspect, as an organization for the production of wealth.

There is also, however, a second characteristic, which is not necessarily, indeed, associated with the first, but which, in England at least, accompanies it. It is the remarkable degree to which the wage-earning section of the population tends to be distinct from the section which owns property. The wage-earning class might, of course, be in receipt of income from sources other than wages. It might combine work for wages with the ownership of property, and supplement its earnings by interest on investments, as many professional workers in fact do, or as the peasant in certain countries supplements income from property by intermittent work for wages. And to some extent, indeed, this is the case. Weekly wage-earners own a considerable volume of property in the form of individual, and, still more, of collective, savings, such as savings bank deposits, shares in building societies, money to their account in health, unemployment and life insurance funds, and in the funds of trade unions, co-operative societies, and friendly societies.

In the aggregate, however, the amount thus owned, when set in relation to the number of adult wage-earners and to the property owned by other sections of the community, is impressive by its smallness rather than by its magnitude. To say that, except for their household goods and personal belongings, a large body of Englishmen are almost propertyless, and that an appreciable proportion of them—for example, the not inconsiderable number of miners who have been obliged to mortgage such property as they possess—probably do not own wealth to the value of the kit that they took into battle at Paschendaele or on the Somme, has a displeasing air of rhetorical exaggeration. But, when the evidence advanced by statisticians is considered, it is difficult to resist the conclusion that in England the ownership of property is—to say the least—somewhat highly concentrated.

Sir Josiah Stamp has given figures from which it appears that in 1919 about two-thirds of the aggregate wealth of the nation was held by just under 400,000 persons, or less than 1 per cent. of the population, and one-third of it by as few as 36,000, or less than 1 per 1,000. According to Professor Clay, 64 per cent. of the wealth was in 1920–1 in the hands of 1·6 per cent. of the persons holding property, which means (since such persons form roughly one-half of the population) that rather less than two-thirds of the wealth was owned by ·8 per cent. of the population. The figures of estates subject to the death duties do not suggest that a tendency to the wider distribution of property has been operative since that date. In 1934–35, for example, 6·6 per cent. of the owners of dutiable estates owned 66·3 per cent. of the property, and 36·4 per cent. of the property was actually owned by only 1 per cent. of them. The figure which Professor Clay gave for the capital owned in 1920–1 by 13,500,000 persons with less than £100 was £912,000,000 or 7·6 of the aggregate wealth; while Professor Carr-Saunders and Mr. Caradog Jones suggested £1,375,000,000 as a "very rough estimate" of the accumulated savings of small investors in 1925. A more recent calculation puts such savings as £1,731,000,000 in 1934, inclusive of savings certificates, and £1,338,000,000 exclusive of them. International comparisons are full of pitfalls, but the figures adduced by Professor Clay, and by Mr. Wedgwood in his admirable book, *The Economics of Inheritance*, suggest that the inequality in the distribution of property is somewhat greater in England than in France and Ireland, and considerably greater than in Australia.[6]

It is clear, therefore, that, even when allowance is made for deficiencies and ambiguities in the statistical evidence, the earnings of the three-quarters to four-fifths of the population who live by wages are only to a small extent supplemented by receipts from property. While the distribution of income is less unequal than that of wealth, this concentration of property gives a peculiar and distinctive stamp to the social structure of England, which differentiates it sharply from that of some

other communities. Marriage, Mr. Chesterton has somewhere observed, would not be regarded as a national institution if, while a small minority of the population were polygamous, the majority did not marry at all; and property can hardly be said to be a national institution in England, in the sense in which it was a national institution in some earlier ages, or as it is a national institution in some other countries to-day. Where conditions are such that two-thirds of the wealth is owned by approximately one per cent. of the population, the ownership of the property is more properly regarded as the badge of a class than as the attribute of a society.

A famous theory has suggested that the progressive concentration of ownership in the hands of a diminishing number of owners is a tendency inherent in capitalist civilization. The generalization was prompted by the contrast between the distribution of property in England in the early days of the great industry and that obtaining in the contemporary peasant societies of the Continent, where the great industry had hardly as yet got on to its feet, and it has not been confirmed by the subsequent course of economic history. While the difference between the character and significance of property in these two types of community is not less impressive than it was, it is a difference between two phases of economic development, not, as Marx is usually understood to have suggested, between the earlier and later stages of the same phase. So far from diminishing, as he seems to have anticipated would be the case, the number of property-owners in England has tended, if anything, to increase in the course of the last half-century. Though still astonishingly small, it is probably larger to-day than at any time since he wrote.

But, of course, the distinction between the majority, who are mainly dependent on wages, and the minority, who are largely concerned with proprietary interests, is not the only significant line of division in the economic system. There is also the familiar division between the directed and the directors; between those who receive orders and those from whom orders proceed; between the privates and the non-commissioned

officers of the industrial army and those who initiate its operations, determine its objective and methods, and are responsible for the strategy and tactics on which the economic destiny of the mass of mankind depends. Since the control of industrial enterprise belongs in law to the ordinary shareholder, and in practice to the entrepreneurs who command the use of his savings and act on his behalf, the proprietary classes, either personally or through their agents, take, as seems to them expedient, the decisions upon which the organization and conduct of industry depend, and, within the limits prescribed by law or established by voluntary agreement, are responsible for their action to no superior authority. The wage-earners act under their direction; have access to the equipment, plant, and machinery, without which they cannot support themselves, on condition of complying with the rules laid down, subject to the intervention of the State and of trade unions, by their employers; and work—and not infrequently live—under conditions which, consciously or unconsciously, the latter have determined. Hence the third characteristic of the economic structure of industrial societies is the sharpness of the division between the upper and lower grades of the economic hierarchy. In the concentration of authority which springs from the separation of the functions of initiative and control on the one hand, and of execution on the other, such societies resemble a pyramid with steeply sloping sides and an acute apex.

In the course of the last two generations that concentration of authority has passed into a new and more sensational stage. In the infancy of the great industry its significance was veiled by the multitude of small undertakings and the absence of combination between them, by the general belief that, with luck and perseverance, any able man could fight his way to the top, and by the fact that, since the employer was normally an individual, not a company, the relations between management and wage-earners, if often harsher than to-day, were also less remote and impersonal. In certain branches of industry and in certain communities such conditions still

survive, but the current has obviously been flowing for two generations in the opposite direction. It is sometimes suggested that the growth of joint-stock enterprise, by increasing the number of small investors, has broadened the basis of industrial government. But, if joint-stock enterprise has done something to diffuse ownership, it has centralized control. The growth in the size of the business unit necessarily accelerates the process by which ever larger bodies of wage-earners are brigaded under the direction of a comparatively small staff of entrepreneurs. The movement towards combination and amalgamation, which is advancing so rapidly to-day in Great Britain, does the same. The emergence, side by side with questions of wages and working conditions, of questions of status and control is one symptom of the more definite horizontal cleavage which that centralization of economic command has tended to produce.

So, when English society is considered as a series of groups engaged in production, the salient characteristic of its class structure is the division between the majority who work for wages, but who do not own or direct, and the minority who own the material apparatus of industry and determine industrial organization and policy. Society is not merely, however, an economic mechanism in which different groups combine for the purpose of production; it is also a system of social groups with varying standards of expenditure and habits of life, and different positions, not only on an economic, but on a social scale. It has, therefore, a social, as well as an economic, pattern. And, though the first is moulded upon the second, it has also a character and logic of its own, which finds expression in distinctive forms of organization and give rise to separate and peculiar problems.

Regarded from the standpoint, not of the production of wealth, but of its use and consumption, the predominant characteristic of the English social system is simple. It is its hierarchical quality, and the connection of that quality with differences of wealth. All forms of social organization are

hierarchical, in the sense that they imply gradations of responsibility and power, which vary from individual to individual according to his place in the system. But these gradations may be based on differences of function and office, may relate only to those aspects of life which are relevant to such differences, and may be compatible with the easy movement of individuals, according to their capacity, from one point on the scale to another. Or they may have their source in differences of birth, or wealth, or social position, may embrace all sides of life, including the satisfaction of the elementary human needs which are common to men as men, and may correspond to distinctions, not of capacity, but of circumstance and opportunity.

It is possible to conceive a community in which the necessary diversity of economic functions existed side by side with a large measure of economic and social equality. In such a community, while the occupations and incomes of individuals varied, they would live, nevertheless, in much the same environment, would enjoy similar standards of health and education, would find different positions, according to their varying abilities, equally accessible to them, would intermarry freely with each other, would be equally immune from the more degrading forms of poverty, and equally secure against economic oppression. But the historical structure and spirit of English society are of a different character. It has inherited and preserved a tradition of differentiation, not merely by economic function, but by wealth and status, and that tradition, though obviously weakened during the last two generations, has left a deep imprint both on its practical organization and on its temper and habits of thought. Thus not only is it, like all social systems, a pyramid, but it is a pyramid the successive tiers of which tend to correspond only to a small degree with differences of character and ability, and to a high degree with differences of social class. Not only is it a hierarchy, but it is a hierarchy whose gradations embrace those aspects of life where discrimination is inappropriate, because it ignores the common element in human requirements, as well as those

where, because it is related to varying levels of human capacity, it is appropriate and necessary. It is marked, in short, by sharp differences, not only of economic status and economic power, but of pecuniary income, of circumstances, and of opportunity.

The distribution of pecuniary income in Great Britain has often been analysed. Professor Bowley has estimated that, in 1910, just over 1 per cent. of the population took 30 per cent., and 5½ per cent. took 44 per cent., of the national income, leaving 70 per cent. of the income to 98·9 per cent. of the population, and 56 per cent. of the income to 94½ per cent. of the population. Sir Josiah Stamp has stated that in 1919 "one-twelfth of the gross total income was received by about one-480th of the people and one-half by approximately one-ninth to one-tenth of the people". Later investigations show much the same result. "Speaking of the years 1929 or 1935", writes Mr. Colin Clark, "we can say that one-tenth of the whole working population, with incomes over £250, took 42 per cent. of the whole total of personal incomes, or just over one-half if we allow for the fact that the greater part of the non-personal incomes, in the form of undistributed company profits and such, accrued for the benefit of the rich. A small class, comprising 1½ per cent. of the population, with 'four-figure' incomes and upwards, took 23 per cent. of the whole total of personal incomes."[7] The average income per person in the richest class, with incomes of over £10,000 each, was actually over 220 times that per person in the poorest class, embracing 11,800 receivers of incomes of under £125.

Income, it will be noted, is somewhat less unequally distributed than capital; but the steepness of the slope which such figures reveal is, it will be agreed, extraordinary. Pecuniary income, however, is not the only factor which requires to be taken into account in considering the gradations of the class system. For the distribution of income, as set out by the statisticians, may be subsequently altered by taxation and by expenditure on social services, and thus a high degree of inequality of pecuniary income may co-exist, as far, at least,

as certain sides of life are concerned, with a considerable measure of practical equality. Such practical equality—though, thanks to such measures, slightly less remote than it was—is still very far, nevertheless, from having been approached. Hence, not only are there the oft-cited disparities of financial resources, which are susceptible of statistical measurement, but, what is more fundamental, education, health, the opportunities for personal culture and even decency, and sometimes, it would seem, life itself, tend to be meted out on a graduated scale. The destiny of the individual is decided, to an extent which is somewhat less, indeed, than in the past, but which remains revolting, not by his personal quality, but by his place in the social system, by his position as a member of this stratum or of that.

These contrasts of circumstances are more powerful as an instrument of social stratification even than the difference of income of which they are the consequence. Most infants, high medical authorities inform us, are born healthy, but of the children—predominantly, of course, the children of wage-earners—who enter the elementary schools at the age of five, no less than one-fifth are found to be suffering from physical defects which cripple their development and sow the seeds of illness in later years. When their formal education begins, they find in the elementary schools, with all the immense improvement that has taken place in those schools in the course of the last generation, conditions of accommodation, equipment and staffing which would not be tolerated for an instant in the schools attended by the well-to-do, and which are excluded, indeed, from grant-aided secondary schools by the regulations of the Board of Education. While the provision for the earlier stages of education is defective in quality, the provision for the later stages is defective in quantity. Educational considerations —considerations of the conditions most likely to promote the growth of human beings in physique and intelligence—dictate, as has often been pointed out, that all normal children shall pass from primary education to some form of secondary education. But the proportion of children leaving the elemen-

tary schools who enter what have hitherto been known as secondary schools is, in England and Wales as a whole, less than one-seventh, and in some areas less than one-tenth, while some three-quarters of them have hitherto entered full-time wage-earning employment at the age of fourteen.

Thus, even in childhood, different strata of the population are distinguished by sharp contrasts of environment, of health, and of physical well-being. A small minority enjoy conditions which are favourable to health, and receive prolonged and careful nurture, and are encouraged to regard themselves as belonging to a social group which will exercise responsibility and direction. The great majority are exposed to conditions in which health, if not impossible, is necessarily precarious, and end their education just at the age when their powers are beginning to develop, and are still sometimes encouraged to believe that the qualities most desirable in common men are docility, and a respect for their betters, and a habit of submission. As the rising generation steps year by year into industry, it enters a world where these social contrasts are reinforced by economic contracts—by the differences of security and economic power which distinguish those who own property and control the industrial machine from those who are dependent on their daily labour and execute the routine work of the economic system. But the social contrasts continue, and are, indeed, intensified. In spite of the poets, there are no such inveterate respecters of persons as disease and death, and the disparities find expression in the difference between the liability to disease and death of impoverished and well-to-do areas—in the fact, for example, that in the less densely populated parts of Manchester the death-rate a decade ago was 10·5 per 1,000, and in the more densely populated parts, 16, and that in a poor district of Glasgow it was approximately twice what it was where poverty was less. More recent investigations underline the same point. It has been shown—to quote only one example—that in Stockton-on-Tees the standardised death-rate during the years 1931–34 was 11·5 per 1,000 for the better-off families, and more than twice as much—26 per

1,000—for the poorest.[8] The poor, it seems, are beloved by the gods, if not by their fellow-mortals. They are awarded exceptional opportunities of dying young.

A stratified class system appears, therefore, to have as its second characteristic the contrast described in the familiar phrase of Disraeli, the contrast not only between different levels of pecuniary income, but between different standards of physical well-being and different opportunities for mental development and civilization. And it has, in addition, a third symptom, which is little less significant than these, and which is more conspicuous, perhaps, in England than in some other countries, for example the United States, where inequality of income is hardly less pronounced. It is the general, and, till recently, the almost unquestioning, acceptance of habits and institutions, which vest in particular classes a special degree of public influence and an exceptional measure of economic opportunity.

The association of political leadership with birth and wealth is a commonplace of English history; but it is not always realized how little that association was weakened after the advent of what is usually regarded as the age of democracy. Professor Laski, in his instructive analysis of the personnel of British Cabinets between 1801 and 1924, has shown that, for nearly two generations after the Act of 1867 had enfranchised the urban working classes, the greater part of the business of government continued, nevertheless, to be conducted by a small group of owners of great properties, who were enabled by their economic advantages and social connections to step into the exercise of political power with a facility impossible to ordinary men. Of 69 Ministers who held office between 1885 and 1905, 40 were the sons of nobility, 52 were educated at Oxford and Cambridge, and 46 were educated at public schools; while, even between 1906 and 1916, 25 out of 51 Ministers were sons of nobility.[9] To turn from these figures to the prognostications of catastrophic social changes advanced in 1832 and 1867 is to receive a lesson in the vanity of political prophecies. Of all the institutions changed by the advent of

political democracy, the traditional system of government by a small knot of rich families was for half a century that which changed the least. They heard the rumblings of the democratic tumbril, but, like the patient East,

> They let the legions thunder past,
> And plunged in thought again,

or, if not in thought, in whatever substitute for it they found more congenial.

The political phenomenon described by Professor Laski is to-day no longer so conspicuous as it was. But the forces which for long made political leadership so largely dependent upon the peculiar opportunities opened by birth and wealth have left their mark, as was to be expected, upon other departments of English life. They have tended to produce, in them also, a similar, though somewhat less noticeable, restriction of leadership to particular classes, with special opportunities and connections, which is only gradually being undermined by the wider educational provision that has been made since 1902.

"If one could not be Eton and Oxford," writes Mr. Algernon Cecil of the middle of last century, "one did well in in those days to be Harrow and Cambridge". The evidence presented by Mr. Nightingale, who has made a statistical analysis of the social antecedents of the personnel of the Foreign Office and Diplomatic Service between 1851 and 1929, suggests that his statement is true of a more recent period. Sixty per cent. of it, he shows, has been drawn from the eleven most exclusive public schools, while, of the remaining forty per cent., well over one-half attended the lesser public schools, received a military or naval education, or were educated privately or abroad. "The unchallengeable conclusion that emerges . . . is that the British Foreign Office and Diplomatic Service has been a preserve for the sons of the aristocratic, *rentier* and professional classes. . . . The general inference which follows from a study of the effects of the various reforms in the examination regulations is that they have been substantial but not profound." Professor Ginsberg, who has recently investi-

gated the antecedents of 1,268 British subjects admitted to Lincoln's Inn at different periods between 1886 and 1927, reaches a somewhat similar conclusion with regard to the recruitment of one section of the legal profession. Over 75 per cent. of them belonged, he finds, to the group classified by the census as "upper and middle", while in no period did the sons of wage-earners amount to 1 per cent. of the total admissions, except in the years 1923–7, when they formed 1·8 per cent. of them.[10]

No adequate statistics are available of the classes from which other professions are recruited, and conclusions must necessarily, therefore, be tentative and provisional. But some indirect light is thrown upon the subject by an examination of the educational careers of those by whom positions of eminence in the professional world are at present occupied. The results of such an examination are set out in the Table printed in Appendix I. It will be seen that in the year 1926, 71 out of 80 bishops and deans for whom information is available, 139 out of 181 members of the judicial profession, 152 out of 210 highly placed members of public departments, 63 out of 88 members of the Indian Civil Service and Governors of Dominions, and 99 out of 132 directors of banks and railways, had been educated at public schools. The more select "public" schools appear to have a special attraction for the clergy and for directors of companies. Of the 80 deans and bishops, 51, and, of the 132 directors of banks and railways, 85, were educated at the fourteen most celebrated among them, while, of the whole 691, the number so educated was 330, or 47 per cent.[11] Even if it be assumed that all those for whom information is not available were educated at schools of other kinds, the high proportion educated at public schools remains striking. It will be realized, of course, that, since persons now eminent were educated between twenty-five and fifty years ago, such figures reflect the conditions prevailing in the last two decades of the nineteenth century rather than those of to-day. It is significant, however, that, even from 1924 to 1929, 64 per cent. of the successful candidates for the administrative grade of the Civil

Service still came, according to the evidence submitted to the Royal Commission, from 150 schools belonging to the Headmasters' Conference.[12]

"The philosophy of the boarding-school", writes Mr. R. F. Cholmeley, "is, on the whole, a philosophy of the well-to-do", who "look out upon life from a fortress", and another distinguished headmaster, contrasting the English educational dualism with the arrangements of France and Germany, where "rich and poor are educated side by side", has observed that "the public school is a school for the well-to-do".[13] There are, no doubt, certain public schools, for example Christ's Hospital, which are attended by a considerable number of boys from elementary schools. But it is true, nevertheless, to say that the public schools, and, in particular, the most celebrated among them, are traditionally connected with the middle and upper classes, and, with certain conspicuous exceptions, are but rarely attended by the children of wage-earners. Drawing their pupils mainly, not from the public primary schools, but from the so-called preparatory schools, and catering for the requirements of the wealthier sections of the community, they form virtually a closed educational system of their own, side by side with the system of public education which has as its foundation the elementary school. They are even disposed, it seems, not to deny their isolation, but to be proud of it, and to suppose, as was recently explained by the governors of one of them, which had the misfortune, till the error was corrected, to be attended by an unusually large number of boys from elementary schools, that their character as public schools will somehow be impaired, if too many of such children are admitted to them. A public school, in short, is not a school that is easily accessible to the public, but a school that the great majority of the public are precluded from entering.

(iii)

EQUALITY AND CULTURE

Since life is a swallow, and theory a snail, it is not surprising that varieties of class organization should be but inadequately represented in the terminology of political science. But the absence of a word to describe the type of society which combines the forms of political democracy with sharp economic and social divisions is, none the less, unfortunate, since it obscures the practical realities which it is essential to grasp. The conventional classification of communities by the character of their constitutional arrangements had its utility in an age when the principal objective of effort and speculation was the extension of political rights. It is economic and social forces, however, which are most influential in determining the practical operation of political institutions, and it is economic and social relations that create the most urgent of the internal problems confronting industrial communities. The most significant differences distinguishing different societies from each other are, in short, not different forms of constitution and government, but different types of economic and social structure.

Of such distinctions the most fundamental is that which divides communities where economic initiative is widely diffused, and class differences small in dimensions and trivial in their effects, from those where the conditions obtaining are the opposite—where the mass of mankind exercise little influence on the direction of economic enterprise, and where economic and cultural gradations descend precipitately from one stratum of the population to another. Both types may possess representative institutions, a wide franchise, and responsible government; and both, therefore, may properly be described as democracies. But to regard them as, on that account, resembling each other—to ignore the profound differences of spirit and quality between a democracy in which class divisions play a comparatively unimportant part in the

life of society, and a democracy where the influence of such differences is all-pervasive—is to do violence to realities. It is like supposing that all mammals have the same anatomical structure, or that the scenery of England resembles that of Switzerland because both countries lie in the temperate zone. Such varieties should be treated by political scientists as separate species, and should be given distinctive names. The former contain large elements, not merely of political, but of social, democracy. The latter are political democracies, but social oligarchies.

Social oligarchies have existed under widely divergent material circumstances, and in the most sharply contrasted conditions of economic civilization. In the past they were specially associated with the feudal organization of agricultural societies, so that, in the infancy of the modern economic world, the expansion of commerce and manufacture was hailed, by some with delight, by others with apprehension, as the acid which would dissolve them. To-day, since in most parts of Europe the peasant farmer has come to his own, it is highly industrialized communities that are their favourite stronghold. Though it is in countries such as England and Germany, where the great industry flowed into the moulds prepared by an aristocratic tradition, that they attain their full efflorescence, they do not only conform to an old tradition of aristocracy, they also themselves create a new tradition. They appear to be the form of social organization which, in the absence of counteracting measures, the great industry itself tends spontaneously to produce, when its first outburst of juvenile energy is over, when its individualistic, levelling and destructive phase has given place to that of system and organization.

The most instructive illustration of that tendency is given by the history of industrial America, because it is in America that its operation has been at once swiftest and least anticipated. The United States started on its dazzling career as nearly in a state of innocence as a society can. It had no medieval past to bury. It was free from the complicated iniquities of feudal land-law and the European class system. It began, at least in

the north, as a society of small farmers, merchants, and master-craftsmen, without either a large wage-earning proletariat or the remnants of serfdom which lingered in Europe till a century ago. It believed that all men have an equal right to life, liberty, and the pursuit of happiness. The confident hope that it would be unsullied by the disparities of power and wealth which corrupted Europe was the inspiration of those who, like Jefferson, saw in the Revolution, not merely the birth of a new state, but the dawn of a happier society.

It is the general, if partial, realization of that hope, in certain parts, at least, of America, which has made it for a century the magnet of Europe, and which still gives to American life much of its charm. It is marked, indeed, by much economic inequality; but it is also marked by much social equality, which is the legacy from an earlier phase of its economic civilization—though how long it will survive in the conditions of to-day is a different question, on which Americans themselves sometimes speak with apprehension. But evidently it is not in the America of which Englishmen hear most, but in that of which they hear least, not in the America of Wall Street and Pittsburg and the United States Steel Corporation and Mr. Morgan and Mr. Ford, but in the America of the farmer and the country town and the Middle West, that this charm is to-day most likely to be found. And evidently the equality of manners and freedom from certain conventional restraints, to which, partly at least, it is due, exist, not because of the industrial expansion of America, but in spite of it.

Nearly a century ago, De Tocqueville, who wrote on the first page of his *De la Démocratie en Amérique* that the general equality of conditions in America was the fundamental fact from which all others seemed to be derived, gave to one of his later chapters the significant title, "How aristocracy may be engendered by manufactures". "If ever", he wrote, "a permanent inequality of conditions and aristocracy again penetrate into the world, it may be predicted that this is the gate by which they will enter".[14] Americans have led the world in the frequency and fullness of their official inquiries into economic

organization, and, if the results of such inquiries may be trusted, that prophecy, as far as industrial America is concerned, is to-day not far from fulfilment. And what is true of the great industry in the United States is not less true of other industrial communities. Their natural tendency, it seems, except in so far as it is qualified and held in check by other forces, is to produce the concentration of economic power, and the inequalities of circumstance and condition, which De Tocqueville noted as the mark of an aristocratic social order.

A right to the pursuit of happiness is not identical with the right to attain it, and to state the fact is not to pronounce a judgment upon it. To see in economic concentration and social stratification the mystery of iniquity and the mark of the beast, to regard as the result of a deliberate and sinister conspiracy qualities which are the result partly of a failure to control impersonal forces, partly, not of a subtle and unscrupulous intelligence, but of its opposite—of a crude appetite for money and power among the few, and a reverence for success in obtaining them among the many—would, no doubt, be naïve. Yes, but how irrational also to suppose, as in England it is much commoner to suppose, that such characteristics are anything but a misfortune which an intelligent community will do all in its power to remove! How absurd to regard them as inevitable and admirable, to invest them with a halo of respectful admiration, and to deplore, whenever their economic foundations are threatened, the crumbling of civilization and the Goth at the gate! A nation is not civilized because a handful of its members are successful in acquiring large sums of money and in persuading their fellows that a catastrophe will occur if they do not acquire it, any more than Dahomey was civilized because its king had a golden stool and an army of slaves, or Judea because Solomon possessed a thousand wives and imported apes and peacocks, and surrounded the worship of Moloch and Ashtaroth with an impressive ritual.

What matters to a society is less what it owns than what it is and how it uses its possessions. It is civilized in so far as its

conduct is guided by a just appreciation of spiritual ends, in so far as it uses its material resources to promote the dignity and refinement of the individual human beings who compose it. Violent contrasts of wealth and power, and an indiscriminating devotion to institutions by which such contrasts are maintained and heightened, do not promote the attainment of such ends, but thwart it. They are, therefore, a mark, not of civilization, but of barbarism, like the gold rings in the noses of savage monarchs, or the diamonds on their wives and the chains on their slaves. Since it is obviously such contrasts which determine the grounds upon which social struggles take place, and marshal the combatants who engage in them, they are a malady to be cured and a problem which demands solution.

But are they a malady? Granted, it is sometimes retorted, that sharp economic distinctions, with the complacency and callousness which such distinctions produce, are in themselves nauseous, are they not, nevertheless, the safeguard for virtues that would perish without them? Is not even the attachment of Englishmen to the idea of class, vulgar and repulsive as are many of its manifestations, the lantern which shelters a spark that, but for its protection, would be extinguished or dimmed?

The characteristics of a civilized society, Mr. Bell has argued in his entertaining book,[15] are reasonableness and a sense of values, and these qualities were made possible in the ages in which, by general consent, they found their supreme and imperishable expression, because they had as their vehicle an élite—an élite which was released for the life of the spirit by the patient labour of slaves and peasants. What was true of the Athens of Pericles, and the Italy of the Renaissance, and the France of Voltaire, is true, in a humbler measure, of every society which is sufficiently mature to understand that freedom and intellectual energy are more vital to its welfare than the mechanical satisfaction of its material requirements. If it is to possess, not merely the comforts, but the graces, of existence, it must be enamoured of excellence. It must erect a standard

of perfection, and preserve it inviolate against the clamour for the commonplace which is the appetite of the natural man, and of his eager hierophant, the practical reformer. But a standard of perfection, it is urged, is the achievement of a minority, and inequality is the hedge which protects it. It is the sacred grove which guards the shrine against the hooves of the multitude. Like an oasis which few can inhabit, but the very thought of which brings refreshment and hope to the sand-weary traveller, inequality, it is argued, protects the graces of life from being submerged beneath the dust of its daily necessities. It perpetuates a tradition of culture, by ensuring the survival of a class which is its visible embodiment, and which maintains that tradition in maintaining itself.

Compared with the formidable host which understands by civilization the elaboration of the apparatus and machinery of existence, as though Athens, or Florence, or Elizabethan England were objects of respectful pity when set side by side with modern London or New York, those who press such considerations are clearly on the side of light. If the Kingdom of Heaven is not eating and drinking, but righteousness and peace, neither is civilization the multiplication of motor-cars and cinemas, or of any other of the innumerable devices by which men accumulate means of ever-increasing intricacy to the attainment of ends which are not worth attaining. It is true that the mark of civilization is respect for excellence in the things of the spirit, and a readiness to incur sacrifice for the sake of fostering it. It is true that excellence is impossible in the absence of severe and exacting standards of attainment and appreciation which check the taste for cheap success and shoddy achievement by cultivating a temper which discriminates ruthlessly between the admirable and the second-rate. It is true that such a temper has no more persistent or insidious foe than the perversion of values, which confuses the ends of life with the means, and elevates material prosperity, whether the interpretation put upon it is the accumulation of wealth or the diffusion of comfort, from the position of secondary and instrumental importance that properly belongs

to it, into the grand and overmastering object of individual effort and public approval.

In order, however, to escape from one illusion, it ought not to be necessary to embrace another. If civilization is not the product of the kitchen garden, neither is it an exotic to be grown in a hot-house. Its flowers may be delicate, but its trunk must be robust, and the height to which it grows depends on the hold of its roots on the surrounding soil. Culture may be fastidious, but fastidiousness is not culture; and, though vulgarity is an enemy to "reasonableness and a sense of values", it is less deadly an enemy than gentility and complacency. A cloistered and secluded refinement, intolerant of the heat and dust of creative effort, is the note, not of civilization, but of the epochs which have despaired of it—which have seen, in one form or another, the triumph of the barbarian, and have sought compensation for defeat in writing cultured footnotes to the masterpieces they are incapable of producing. Its achievements may be admirable, but they are those of a silver age, not of a golden. The spiritual home of its votaries is not the Athens of Sophocles; it is the Alexandria of the scholiasts and the Rome of Claudian.

Clever men, it has been remarked, are impressed by their difference from their fellows; wise men are conscious of their resemblance to them. It would be ungracious to suggest that such an attitude is a mark rather of cleverness than of wisdom, but it is not wholly free from the spirit of the sect. When those who adopt it fall below themselves, when they relapse into glorifying what Bacon calls the *idola specus*, they are liable to rhapsodize over civilization in the tone of a Muggletonian dispensing damnation to all but Muggletonians, as though its secret consisted in the fact that only a select minority is capable of enjoying it, as though it were a species of private entertainment to which a coterie of the right people had received an exclusive invitation.

What their error is they could learn from the great ages which they rightly admire. Neither of them, indeed, was quite the epicure's banquet which they are sometimes thought

to have been. Athens, in its greatest days, like Florence in the fourteenth and fifteenth centuries, was a bustling commercial city, with an almost arrogant patriotism and a zest for politics which often found expression in crude and violent action. It was a city whose special boast was that it touched with its magic, not only, like its great rival, an élite, but common men. Its policy of progressive taxation and liberal expenditure upon communal services roused the fury of the rich. Its poets and philosophers took public affairs with tragic seriousness. Its children of light had an incurable habit of discussing questions of art in terms of morality, quite like that *bête noire* of the select, the unregenerate Ruskin.

In no age was the contact between men of letters and men of affairs closer than in the France of the eighteenth century; in no age was the stimulus to speculation more practical, or the influence of speculation upon policy more intimate and direct. The note of a substantial part, not only of its avowedly polemical writing, but of its literature and philosophy, was a belief in the possibility of an almost infinite improvement in the lot of mankind by the advancement of knowledge and the exercise of thought. It was the conviction that Reason is never so much herself as when she turns the weapons sharpened in solitude against the institutions which perpetuate darkness and the offenders whose eminence is maintained at the cost of the degradation of the mass of mankind.

For there is one characteristic, not mentioned by the author of *Civilization*, which is common to the thought both of Athens and of eighteenth-century France, and which is not the least among the sources of the spell which they have laid on posterity. It is the quality which finds its noblest expression in the famous speech that Thucydides puts into the mouth of Pericles, and of which Voltaire, who lays aside his work as a man of letters to denounce the remnants of serfdom on the Church estates, and to expose the judicial murders of Calas and La Barre, is the grand example. It is—to use a word that at the moment is sadly misused—their humanism, their superb sense of the dignity of man. They speak a language of per-

manent persuasiveness, because it is not that of a party or a clique, but as universal as reason.

Humanism has many meanings, for human nature has many sides, and the attempt to appropriate it as the label of a sect is not felicitous. There is the humanism of the age which the word is most commonly used to describe, the humanism of the Renaissance, with its rediscovery of human achievement in art and letters. And there is the humanism of the eighteenth century, with its confidence in the new era to be opened to mankind by the triumphs of science, and its hatred of the leaden obscurantism which impeded its progress. There is the humanism which contrasts man with God, or, at least, with the God of some theologies; and there is the humanism which contrasts man with the brutes, and affirms that he is a little lower than the angels. These different senses of the word have often been at war; history is scarred, indeed, with the contentions between them. It ought not to be difficult, nevertheless, for the apostles of the one to understand the other; for indignant though some of them would be at the suggestion, they are using different dialects of a common language, If "What a piece of work is man! how noble in reason! how infinite in faculty!" is the voice of humanism, so also is "The sabbath was made for man, not man for the sabbath", and "The Kingdom of Heaven is within you". Shelley's lines,

> The loathsome mask has fall'n, the man remains
> Sceptreless, free, uncircumscribed, but man,
> Equal, unclass'd, tribeless, and nationless,
> Exempt from awe, worship, degree, the king
> Over himself! just, gentle, wise, but man,

are one expression of the humanist spirit. Dante's "Consider your origin; ye were not formed to live like brutes, but to follow virtue and knowledge" is another.

Thus humanism is not the exclusive possession either of those who reject some particular body of religious doctrine or of those who accept it. It is, or it can be, the possession of both. It is not, as the fashion of the moment is disposed to suggest, the special mark of a generation which has lost its sense of

the supernatural and is groping for a substitute. For, in order to be at home in this world, it is not sufficient, unfortunately, to disbelieve in another; and, in its intellectual interests, and order of life, and economic relations, such a generation is liable, in the mere innocent exuberance of its self-satisfaction, to display some traits, at least, which are not conspicuously humane. Humanism is the antithesis, not of theism or of Christianity—for how can the humanist spirit be one of indifference to issues that have been, for two thousand years, the principal concern and inspiration of a considerable part of humanity, or to a creed whose central doctrine is that God became man?—but of materialism. Its essence is simple. It is the attitude which judges the externals of life by their effect in assisting or hindering the life of the spirit. It is the belief that the machinery of existence—property and material wealth and industrial organization, and the whole fabric and mechanism of social institutions—is to be regarded as means to an end, and that this end is the growth towards perfection of individual human beings.

The humanist spirit, like the religious spirit, is not, indeed, indifferent to these things, which, on their own plane, are obviously important; but it resists their encroachment upon spheres which do not belong to them. It insists that they are not the objects of life, but its instruments, which are to be maintained when they are serviceable, and changed when they are not. Its aim is to liberate and cultivate the powers which make for energy and refinement; and it is critical, therefore, of all forms of organization which sacrifice spontaneity to mechanism, or which seek, whether in the name of economic efficiency or of social equality, to reduce the variety of individual character and genius to a drab and monotonous uniformity. But it desires to cultivate these powers in all men, not only in a few. Resting, as it does, on the faith that the differences between men are less important and fundamental than their common humanity, it is the enemy of arbitrary and capricious divisions between different members of the human family, which are based, not upon what men, given suitable

conditions, are capable of becoming, but on external distinctions between them, such as those created by birth or wealth.

Sharp contrasts of opportunity and circumstance, which deprive some classes of the means of development deemed essential for others, are sometimes defended on the ground that the result of abolishing them must be to produce, in the conventional phrase, a dead-level of mediocrity. Mediocrity, whether found in the valleys of society or, as not infrequently happens, among the peaks and eminences, is always to be deprecated, though it is hardly curable, perhaps, as sometimes seems to be supposed, by so simple a process as the application to conspicuous portions of the social system of sporadic dabs of varnish and gilt. But not all the ghosts which clothe themselves in metaphors are equally substantial, and whether a level is regrettable or not depends, after all, upon what is levelled.

Those who dread a dead-level of income or wealth, which is not at the moment a very pressing danger in England, do not dread, it seems, a dead-level of law and order, and of security for life and property. They do not complain that persons endowed by nature with unusual qualities of strength, audacity or cunning are artificially prevented from breaking into houses, or terrorizing their neighbours, or forging cheques. On the contrary, they maintain a system of police in order to ensure that powers of this kind are, as far as may be, reduced to impotence. They insist on establishing a dead-level in these matters, because they know that, by preventing the strong from using their strength to oppress the weak, and the unscrupulous from profiting by their cleverness to cheat the simple, they are not crippling the development of personality, but assisting it. They do not ignore the importance of maintaining a high standard of effort and achievement. On the contrary, they deprive certain kinds of achievement of their fruits, in order to encourage the pursuit of others more compatible with the improvement of individual character, and more conducive to the good of society.

Violence and cunning are not the only forces, however,

which hamper the individual in the exercise of his powers, or which cause false standards of achievement to be substituted for true. There are also, in most societies, the special advantages conferred by wealth and property, and by the social institutions which favour them. At one time there has been the aristocratic spirit, which in England is now dead, with its emphasis on subordination and the respect which is due from the lower orders to the higher, irrespective of whether the higher deserve or not to be respected. At another time there has been the plutocratic or commercial spirit, which is very much alive, with its insistence on the right of every individual to acquire wealth, and to hold what he acquires, and by means of it to obtain consideration for himself and power over his fellows, without regard to the services—if any—by which he acquires it or the use which he makes of it.

Both have some virtues, which may have been in certain periods more important than their vices. But the tendency of both, when unchecked by other influences, is the same. It is to pervert the sense of values. It is to cause men, in the language of the Old Testament, "to go a-whoring after strange gods", which means, in the circumstances of to-day, staring upwards, eyes goggling and mouths agape, at the antics of a third-rate Elysium, and tormenting their unhappy souls, or what, in such conditions, is left of them, with the hope of wriggling into it. It is to hold up to public admiration sham criteria of eminence, the result of accepting which is, in the one case, snobbery, or a mean respect for shoddy and unreal distinction, and, in the other case, materialism, or a belief that the only real forms of distinction are money and the advantages which money can buy.

Progress depends, indeed, on a willingness on the part of the mass of mankind—and we all, in nine-tenths of our nature, belong to the mass—to recognize genuine superiority, and to submit themselves to its influence. But the condition of recognizing genuine superiority is a contempt for unfounded pretensions to it. Where the treasure is, there will the heart be also, and, if men are to respect each other for what they

are, they must cease to respect each other for what they own. They must abolish, in short, the reverence for riches, which is the *lues Anglicana*, the hereditary disease of the English nation. And, human nature being what it is, in order to abolish the reverence for riches, they must make impossible the existence of a class which is important merely because it is rich.

It is not surprising, therefore, that the ages which were permeated most deeply with the sense of the dignity of man as a rational being were also ages which appear to have felt a somewhat slender respect for capricious distinctions of birth and fortune. It is not surprising that the temper which had as one of its manifestations humanism, or the perfecting of the individual, should have had as another manifestation an outlook on society which sympathized with the attempt to bring the means of a good life within the reach of all, and regarded the subordination of class to class, and the arrogance and servility which such subordination naturally produces, as barbarian or gothic, as the mark of peoples which were incompletely civilized. It is in that spirit that Herodotus, speaking of the Athenians, who were regarded, in comparison with the Spartans, as dreadfully ungentlemanly, remarks that "it is evident, not in one thing alone, but on all sides of life, how excellent a thing is equality among men". It is in that spirit that the French writers of the eighteenth century, whose pernicious influence was denounced by Burke in the famous essay which George III said every gentleman should read, declared that equality, as well as liberty, must be the aim of the reformer.

It is true, of course, that institutions, as always, fell short of the ideal. It is true that the economic basis of Athenian society was slavery, and that one result of the victory of the liberal idea in France was the soulless commercialism which came to its own in 1830. But, compared with the practice of the world around them, compared with Persia, or even with most parts of Greece in the fifth century, or with England and Germany in the eighteenth, the influence of Athens and France was felt to make for humanism in life and manners, as well as

in literature and art, and against the harshness and brutality of traditional systems of social petrification. They not only generated light, but diffused it. Within the limits set by their history and environment, it was their glory to stand for the general development of qualities which were prized, not as the monopoly of any class or profession of men, but as the attribute of man himself.

Thus the testimony of history is not so wholly on one side as is often suggested. Whether it is practicable or not to attain a large measure of equality may fairly be disputed; but it is not necessary, it seems, to be afraid of seeking it, on the ground that it is the enemy of culture and enlightenment. It is not necessary to shrink from lowering barriers of circumstance and opportunity, for fear that the quality of civilization will suffer as the radius of its influence is extended. It is true that civilization requires that there shall be free scope for activities which, judged by the conventional standards of the practical world, are useless or even pernicious, and which are significant precisely because they are not inspired by utilitarian motives, but spring, like the labour of the artist or student, from the disinterested passion for beauty or truth, or merely from the possession of powers the exercise of which is its own reward. Experience does not suggest, however, that in modern England the plutocracy, with its devotion to the maxim *Privatim opulentia, publice egestas*, is, in any special sense, the guardian of such activities, or that, to speak with moderation, it is noticeably more eager than the mass of the population to spend liberally on art, or education, or the things of the spirit.

Nor, if the maintenance, by the institutions of property and inheritance, of a class of whose leisure these activities are the occasional by-product is one method of sheltering them, is it necessarily either the only method, or that which is most likely to encourage in society a temper that is keenly alive to their importance and disposed to make sacrifices for the sake of providing opportunities for their further development. Culture is not an assortment of æsthetic sugar-plums for fastidious palates, but an energy of the soul. It can win no

victories if it risks no defeats. When it feeds on itself, instead of drawing nourishment from the common life of mankind, it ceases to grow, and, when it ceases to grow, it ceases to live. In order that it may be, not merely an interesting museum specimen, but an active principle of intelligence and refinement, by which vulgarities are checked and crudities corrected, it is necessary, not only to preserve intact existing standards of excellence, and to diffuse their influence, but to broaden and enrich them by contact with an ever-widening range of emotional experiences and intellectual interests. The association of culture with a limited class, which is enabled by its wealth to carry the art of living to a high level of perfection, may achieve the first, but it cannot, by itself, achieve the second. It may refine, or appear to refine, some sections of a community, but it coarsens others, and smites, in the end, with a blight of sterility even refinement itself. It may preserve culture, but it cannot extend it; and, in the long run, it is only by its extension that, in the conditions of to-day, it is likely to be preserved.

Thus a class system which is marked by sharp horizontal divisions between different social strata is neither, as is sometimes suggested, an indispensable condition of civilization nor an edifying feature of it. It may, as some hold, be inevitable, like other misfortunes to which mankind is heir, but it is not lovable or admirable. It is the raw material out of which civilization has to be made, by bringing blind economic forces under rational control and sifting the gold of past history from its sand and sediment. The task of the spirit, whatever the name most appropriate to describe it, which seeks to permeate, not merely this fragment of society or that, but the whole community, with reason and mutual understanding, is not to flatter the natural impulses which have their origin in the fact of class, but to purify and educate them. It is to foster the growth of a classless society by speaking frankly of the perversions to which the class system gives rise and of the dangers which accompany them.

The forms which such perversions assume are, of course,

innumerable, but the most fundamental of them are two. They are privilege and tyranny. The first is the insistence by certain groups on the enjoyment of special advantages which are convenient to themselves, but injurious to their neighbours. The second is the exercise of power, not for the common benefit, but in order that these special advantages may be strengthened and consolidated.

It is the nature of privilege and tyranny to be unconscious of themselves, and to protest, when challenged, that their horns and hooves are not dangerous, as in the past, but useful and handsome decorations, which no self-respecting society would dream of dispensing with. But they are the enemies, nevertheless, both of individual culture and of social amenity. They create a spirit of domination and servility, which produces callousness in those who profit by them, and resentment in those who do not, and suspicion and contention in both. A civilized community will endeavour to exorcize that spirit by removing its causes. It will insist that one condition, at least, of its deserving the name is that its members shall treat each other, not as means, but as ends, and that institutions which stunt the faculties of some among them for the advantage of others shall be generally recognized to be barbarous and odious. It will aim at making power, not arbitrary, but responsible, and, when it finds an element of privilege in social institutions, it will seek to purge it.

CHAPTER III

THE HISTORICAL BACKGROUND

EVERY generation regards as natural the institutions to which it is accustomed. Mankind, it seems, is more easily shocked by the unusual than by the shocking. Since it can rarely be induced to distinguish between phenomena which are different in fact but identical in name, inequalities which are preventable and mischievous appear, nevertheless, natural, and are sheltered from attack by the existence of inequalities which are inevitable or harmless. So privilege is thought to belong to an age of darkness which has vanished, and the suggestion that it is the element of privilege in industrial societies which cripples their energies and poisons their spirit appears extravagant and fantastic.

(i)

THE FALL OF LEGAL PRIVILEGE

It appears the more extravagant because it was the transformation of a society based on privilege that made possible the growth of industrial civilization. The greatest historical attack upon it was the liberal movement of the age between the middle of the eighteenth century and the middle of the nineteenth. It was pushed home with relentless energy and dauntless courage. It overthrew principalities and powers. It had its philosophers, its heroes, and its martyrs. It was natural that those to whom it opened a new world of affluence and power should assume that the work then done was done once for all. The French Revolution and the Industrial Revolution overturned between them the old forms of aristocracy in Europe. Resources so vast as to seem inexhaustible, free land demanding only men to cultivate it, the boundless horizons of the prairie, seemed to offer a permanent guarantee against the

emergence of new forms of aristocracy in America. Together they determined that, whether the social inequalities of the future should be greater or less than those of the past, they should at least be different in their causes, their principles, and their scope.

Privilege may be clothed in a multitude of different forms, and equality possesses a variety of divergent meanings. It is an arithmetical metaphor for a relation between human beings, and the interpretation to be placed on it varies from age to age, since it depends on the practical realities of the economic environment. It was the glory of the liberal movement, at least in France, to have poured its doctrines into the mould of a universal creed, so that the truths which it propounded were framed, not for Frenchmen, nor for the age of Louis XVI, but for men. But, if its vision embraced the whole world of human effort, its feet were planted on the solid ground of its own generation. The privilege which it attacked was no vague epitome of social injustices, but concrete and specific; the equality which it demanded was not a shadowy abstraction, but definite and precise. The former consisted of special economic advantages guaranteed to particular classes by law. The latter meant the system of class relations which, it was thought, would emerge, when the legal foundations on which these advantages rested had been attenuated or abolished.

The note of the social order against which the attack was launched had been an inequality which was not accidental or temporary, but deliberate and systematized. Apart from the few, and usually inconsiderable, cities, and from exceptional regions where, as in Holland, the precocious development of commerce had created a *bourgeois* society, it had rested on the appropriation by a minority of landowners of the lion's share of the surplus wrung by labour from nature. Its economic foundation had been the subordination of the mass of cultivators to a social superstructure, which maintained itself by extracting from them part of their produce in the form of monetary payments, dues in kind, and personal services. Its legal basis had been the separation of different strata of the population

from each other by the existence of sharply contrasted rights and obligations, enforced not merely by custom or social influence, but by law. The social classes of the old régime, in most parts of the Continent, would more properly be described, indeed, not as classes, but as estates, within which there might be profound disparities of income, but each of which, nevertheless, was distinguished from the others by the presence or absence of distinctive privileges and peculiar powers.

The *roturier* was not merely a social inferior, but the victim of economic disabilities imposed by law. The noble by inheritance or purchase did not merely possess a title; he was the owner of profitable immunities. The special characteristic of the class system in France and Germany had been, in fact, that inequality was not primarily economic, but juristic, and that, in spite of gross disparities of wealth, it rested on differences, not merely of income, but of legal status. Civil, not to mention political, rights were not identical for all men, but graded from class to class, and the demand of reformers for their equalization was repudiated by conservative thinkers with the same confident anticipations of social dissolution, were it conceded, as were aroused in the nineteenth century by proposals for a more equal distribution of wealth. Thus a single community embraced two nations; and the nations consisted, not of rich and poor, or of propertied and propertyless, but of the legally privileged and the legally unprivileged.

De Tocqueville remarked that England was the only country in which feudalism did not end in the creation of castes.[1] The contrast between such a picture and contemporary English society was obviously profound. While elsewhere it needed an earthquake to shatter the dungeon, England, long before the revolutionary era had begun, had absorbed into her system some elements in the transformation which the Revolution was to produce. In a country whose social structure was based, not on formal inequalities of legal status, but on differences of wealth, and where estates, if they had ever existed in the continental sense, had long been a term of rhetoric rather than of law, the merchant and industrialist

could capture the citadel without battering down the walls. The word *bourgeois* was to pass into continental socialism, because, on the Continent, it had been the designation of a definite class, distinct alike from the nobility and the peasants. In England, with its *parvenu* aristocracy of bankers, nabobs, and army contractors, it was from the start almost meaningless, for the *bourgeoisie* included all strata above the manual workers. It was the small part played by legal privilege in English society which impressed continental observers, because it was least familiar to them. It was this characteristic which both contributed to make England the pioneer of a new economic civilization, and determined that the gospel of equality trumpeted by France should wake few echoes across the Channel. England was immune from the infection of equalitarian doctrines, because she had already been inoculated with some of them in doses small enough to be harmless.

Even in England, however, where no legal barriers separated different social strata, the conception of a hierarchical social order, based on class domination and class subordination, was a powerful element in the prevalent political thought of the age. English society, like the English State, found in custom and convention an adequate substitute for positive enactments, and doctrines which had no sanction in law remained as a social influence, which the upper ranks used to maintain a proper distance between themselves and their inferiors. From the resplendent purple of Burke's panegyric on the aristocracy —"the great oaks that shade a country and perpetuate their benefits from generation to generation"—to Young's tranquil observation, as of one enunciating a commonplace, that "everyone but an idiot knows that the lower classes must be kept poor, or they will never be industrious"; from the opponent of education, who insisted that it would make the poor "insolent to their superiors", to the apologist for education who argued that it would inculcate "habits of submission and respect for their superiors", a considerable section of the ruling classes revered inequality as a fundamental article of their social faith.[2] Rights might, without danger, be equal in name,

as long as powers were sufficiently different in fact. Inequality, if not embodied in laws which assigned a different status to different classes, found a hardly less effective expression in the control by the upper orders of administration, in their virtual monopoly of educational opportunity, in their exclusive exercise of political authority, and in the enjoyment of the profitable perquisites which political authority could be made to yield.

In the country which launched the attack on the hierarchy of the past, the cry was for equality, and even nations which stood in arms against that ideal consented, though tardily and partially, to some, at least, of its practical applications. The essence of the movement was the determination to destroy the legal foundations of an obsolete system of class relations, and thus to clear a space for one which should be better adapted to the needs of a rapidly expanding society. It was one version or another of the conception of equality then formulated that later generations inherited. It was by reference to that conception—so self-evident did its adequacy appear—that other interpretations of the idea were for long dismissed as visionary or mischievous.

In reality, however, the meaning assigned to equality in the eighteenth century, and the methods adopted for its realization, were the creation of the special circumstances of a particular age and economic environment. The form which the equalitarian programme assumed in France was dictated by the character of the inequalities which existed. Since the most conspicuous of them were juristic, not economic, it was, in the first place, legal privilege, not inequality of wealth, which was the object of attack. A distinction was drawn between *égalité de droit* and *égalité de fait*, between formal or legal equality and practical or economic equality. The primary aim of reformers was the achievement of the first, since, once the first was established, the second, in so far as it was desirable, would, it was thought, establish itself. It was to abolish legal impediments to economic enterprise, and to the employment by the individual of the wealth which his enterprise yielded. It was, in

short, to create a democracy of property-owners who should also be producers.

The measures applied for the realization of that ideal were the product of the conditions of French economic life when the Revolution took place. Except in Paris and Lyon, the industrial proletariat was small in numbers and insignificant in influence, and there was no consciousness that it formed a distinct class, with requirements of its own, whose condition would be the most urgent issue of the coming century. The burning problem was that, not of the propertyless wage-worker, but of the property-owners, and, in particular, the peasants. Since four-fifths of the nation lived by agriculture, it was in the overthrow of agrarian feudalism, with its impenetrable jungle of hoary abuses, that the attack on privilege achieved its most sensational and most enduring triumphs. Since inequality appeared to be the result, not of individual freedom, but of the absence of it, the abolition of restrictions upon the latter seemed to be the most certain way of abolishing the former; and liberty and equality, which later generations have sometimes held to be incompatible, appeared for a golden moment to walk hand in hand. Since the great industry was in its infancy, there was no suspicion that the class division of the future would be between capitalist and wage-earner, and the possibility that, when monopoly based on legal privilege had fallen, monopoly based on voluntary combination might take its place, was not foreseen. In a predominantly rural society, where the typical producer was the individual peasant, or craftsman, or merchant, the path to social justice lay, it appeared, not through organization, but through its absence.

It is one of the glories of the Revolution to have elaborated a plan of universal education, while the soil of the young Republic was still trampled by armies. The main emphasis of its doctrine, however, was of a different kind. It was not on the construction of organs to aid the individual or to protect him against oppression, but on his emancipation from the legal fetters which paralysed his energies. To establish *la carrière ouverte aux talents* it was sufficient, it seemed, to clear

the road of the barriers created by the vested interests of an age of darkness. Once restrictions on individual enterprise were destroyed, each man would use his powers in the manner most conducive both to his own interests and to those of his fellows, and each man would reap where he had sown.

So estates disappear in a common and equal citizenship. All men, at least in theory, become equal before the law. All men pay taxes in proportion to their income, or are supposed so to pay them. All men may enter all occupations. All men may buy and sell, trade and invest, as they please. Above all, all men may acquire property of all kinds. And property itself changes its nature. The element of sovereignty in it—such, at least, is the intention—vanishes. What remains is the right of exclusive disposal over marketable commodities.

In such a society, it was argued, inequalities of wealth between individuals would remain, but they would have lost their sting. For inequalities between classes would have disappeared with the disappearance of the legal privileges which had created and perpetuated them, and the solvent of social stratification would have been found in economic freedom. The true meaning of equality, in short, is uniformity of legal rights. In this sense, and this sense alone, is it proper to seek, or possible to attain, it. To the *enragés* who went further, and made the Revolution odious by clamouring for an agrarian law and the limitation of fortunes, short shrift was given. "Fabricius in his cottage need not envy Crassus in his palace", and, apart from temporary measures of war-control, the Convention was hardly less merciless to the advocates of the equalization of wealth by measures of positive intervention than it was to the champions of legal privilege. The spectre of economic equality was buried with Babeuf. It was not till the revolution of 1848 that it emerged from its grave.

Circumstances impose their own solutions, in defiance of sentiment. The loathing of other European governments for the levelling doctrines of France did not prevent them from moving, in a different spirit, in the same direction. It was necessary for them "to do from above what the Revolution

had done from below", and they walked reluctantly backwards into the future, lest a worse thing should befall them. The overthrow of agrarian feudalism in France set in motion a wave which travelled, with gradually ebbing force, east and north, and the renewed energies of which have in our own day remade the land systems of eastern Europe. The French assault on the economic petrifaction of the old régime heralded an individualist movement, which emancipated economic initiative from monopolies, from the decaying remnants of the gilds, and from obsolete systems of state control, and which, as the revolution in economic technique produced its results, set the new aristocracy of wealth on a footing of parity with the old aristocracy of land.

Nor was the attack on traditional forms of class stratification confined to Europe. In the first half of the nineteenth century the most convincing argument against social privilege came from America. The United States waged war upon it less by its policy than by its existence. Its weapons were the axe of the pioneer and the spade of the colonist. As American life moved its centre from the seaboard, where institutions were cast in a European mould, to form new communities in the west, its most insignificant characteristic was the rise of a society marked by a measure of practical equality unknown in Europe.

That society was the creation, not of political art, but of the environment—of freedom from the horizontal divisions of the European social system, of opportunities of economic independence which delayed the emergence of a class of lifelong wage-workers, of ability to escape from economic oppression by advancing into regions beyond the reach of it, of the moving frontier whose significance has been described by Professor Turner,[3] of the pioneers to whom Whitman addresses his magnificent ode. Such an environment could not be other than temporary; but, while it lasted, it made the United States the classical example of what may be called, perhaps, natural equality, and gave an impress to American ideals and institutions which has survived its disappearance. To-day,

America stands to the world for economic power as much as for economic opportunity. During the greater part of the nineteenth century it stood for economic opportunity rather than for economic power. It was the symbol of a new world immune from capricious distinctions of class and wealth, in which the individual was master of his fate.

A doctrine which implied that there was no difference between common men and their betters was obviously not one which could be entertained in England. The first generous impulse of sympathy with the Revolution was short-lived. English conservative opinion in the eighteenth century watched the transference of property, and the levelling of rank and degree, in France, with somewhat the same horrified astonishment as it was to feel in the twentieth at the spectacle of Russia. Nor, in spite of eccentrics like Paine and Godwin, who preached an English version of the Rights of Man, were the strata who supplied the radical movement with its theorists and politicians much more likely to welcome with eagerness equalitarian doctrines, in the form in which such doctrines had been interpreted in France. Men do not burn down the house which they intend to occupy, even though they regard its existing tenant as a public nuisance. The characteristic features which distinguished the social life of England from that of France—the small part played by legal privilege, the public duties discharged by the landed gentry, the immensely greater importance of manufactures and commerce as compared with agriculture, the fact that the small property-owners were declining in number while the wage-workers were growing—all combined to muffle the tones in which the middle classes denounced the oligarchy, lest they should prove too effective in exciting the populace.

The attitude of reformers was the expression of the practical facts of English society. Since its contours were drawn by differences, not of legal status, but of wealth, the prosperous *bourgeoisie*, who in France made common cause, at least for a time, with the strata below them, in England were disposed to identify themselves with those above them. They gratified

their ambitions, not by levelling the social hierarchy, but by sharing in the opportunities which its existence could be made to offer to money and success. Since the mass of the population were not independent producers, but wage-workers, the abolition of restrictions on economic initiative, which in France emancipated the nation, in England contributed, in the first instance at least, to an increase in the power of the propertied minority, by whom alone economic initiative could in practice be exercised. The aristocracy could absorb the middle classes, because the upper ranks of the middle classes were themselves an aristocracy. The bickerings between them were a family quarrel, not, as in France, an embittered class war. The admission of the latter to political power—the enfranchisement of "the higher and middling orders"—did not overturn the social pyramid, but established it upon more stable, because broader, foundations. Hence, in spite of the radical movement, many of the characteristic features of the age before the deluge —the English land system with its great estates, the English village with its mixture, half-comedy, half-tragedy, of gentility and servility, the unearned increment of urban ground rents and mining royalties, swelling with every expansion of industrial activity, the virtual monopoly of ancient educational endowments by wealth and social position—survived to astonish foreign observers, and to falsify the predictions alike of the champions and of the opponents of political democracy. The old régime, it appeared, had not died; it had merely married. It had been transformed and rejuvenated by the forces released by the Industrial Revolution.

Rejuvenation, however, is to be had only upon terms, and in states, as in individuals, the terms include a concession to the practical requirements of a changing world. When the social cleavage was so clearly between, not the *noblesse* and the nation, but the classes with property in land or capital and the classes without it, it was natural that most reformers should mention the idea of equality only to dissociate themselves from it. But, if they did not desire to destroy the edifice, they intended to enlarge it. If they were willing to leave intact

large parts of the social order of the eighteenth century, they were none the less determined that a new range of interests should be admitted to parity side by side with the old.

The classes floated to affluence by the new technique of manufacture and transport might hold the doctrine of the equality of men to be a ridiculous piece of foreign sophistry; but they regarded the assertion that all incomes of equal amounts deserve equal veneration as a self-evident truth. While they treated with indulgence disparities of fortune in the advantage of which they might hope to share, they were equally determined to abolish restrictions which favoured one kind of wealth at the expense of another. Hence, in the narrower range of life affected by it, the practical tendency of the liberal movement in England, in spite of its profound difference in spirit, was what it had been in France. It was to equalize legal rights by striking off privileges created, and disabilities imposed, by political favouritism. The extensions of the franchise and the reforms of local government; the abolition of sinecures and pensions, of the political privileges of the Church of England, and of the disabilities of Roman Catholics and Nonconformists; the termination of patronage in the civil service and of the purchase of commissions in the army, and the acceptance of the principle that, with certain exceptions, the public service should be recruited by open competition; the opening of schools and universities to persons of all shades of religious opinion, provided they possessed the pecuniary means required to take advantage of them; the removal of restrictions on economic enterprise, on trade, investment, and the use of property, and the establishment of limited liability; the repeal of the Acts which treated breach of contract by an employer as a civil wrong, and breach of contract by a workman as a criminal offence; the reduction of taxation to the minimum needed for defence and the preservation of order; the refusal to contemplate the graduation of the income-tax and the attempt to abolish it altogether; the opposition to the extension of public control over industry and of public provision for distress; the reluctance to develop the services

concerned with health and education beyond the indispensable minimum—such measures and such omissions all hung together as parts of one policy. They were the logical applications of a coherent philosophy which reached the zenith of its influence between 1832 and 1870, and which, though later obscured behind ideas of a different order, is even to-day not wholly extinct.

That philosophy was not equalitarian, for it reverenced birth and wealth, especially wealth. It was not anti-equalitarian, for it extended political and civil liberties, and opened doors through which guests whom it detested were later to pass. The main article in its creed had been formulated by Bentham when he wrote that "if the laws do not oppose it [equality], if they do not maintain monopolies, if they do not restrain trade and its exchanges, if they do not permit entails, large properties will be seen without effort, without revolutions, without shock, to subdivide themselves by little and little".[4] Its kernel was the belief that, if individual liberty be established, such measure of equality as is to be desired by wise men will, in process of time, establish itself. How much wise men will desire, being wise themselves, the philosophers did not tell.

(ii)

EQUALITY OF OPPORTUNITY

A political doctrine should be judged, in the first place, by its strength, not by its weakness. The transformation effected by the attack on legal privilege was beneficent and profound. It had been the child of economic necessity, and the impetus which it gave to progress in the arts which enrich mankind needs no emphasis. With the abolition of restrictions on freedom of movement, on the choice of occupations, and on the use of land and capital, imprisoned energies were released from the narrow walls of manor and gild and corporate town, from the downward pressure of class status, and from the heavy hand

of authoritarian governments, to unite in new forms of association, and by means of them to raise the towering structure of industrial civilization.

It was not only in the stimulus which it supplied to the mobilization of economic power that the movement which levelled legal privilege revealed its magic. Its effect as an agent of social emancipation was not less profound. Few principles have so splendid a record of humanitarian achievement. The monopoly of political power by corrupt and tyrannical minorities had everywhere been, not merely a practice, but an unquestioned principle of political organization; with the extension of political democracy its legal basis disappeared, and, if it survived as a fact, it lost the respectability of an institution established by law. Careers of profit and distinction had been reserved, as of right, to birth and wealth; now the barriers fell and all employments, at least in theory, were open to all. Slavery and serfdom had survived the exhortations of the Christian Church, the reforms of enlightened despots, and the protests of humanitarian philosophers from Seneca to Voltaire. Before the new spirit, and the practical exigencies of which it was the expression, they disappeared, except from dark backwaters, in three generations. From the time when men first reflected on social problems, the social problem of Europe, tragic, insistent, and unsolved, had been the condition of the peasant. Now, at last, in most parts of the Continent, he came to his own. Increasingly, though by different methods and with varying degrees of completeness—by confiscation, as in France, or the division of estates, as in Germany, or purchase as in Ireland—the nineteenth century saw the end of the system under which the cultivator paid part of his produce to an absentee owner. The last chapter of the story which was begun in 1789 has been written in eastern Europe since 1918.

Reform did not, indeed, bring him economic affluence, but it ended the long nightmare of legal oppression. It turned him from a beast of burden into a human being. It determined that, when science should be invoked to increase the output

of the soil, its cultivator, not an absentee owner, should reap the fruits. The principle which released him he described as equality, the destruction of privilege, democracy, the victory of plain people. He understood by it, not the mathematical parity of pecuniary incomes, to proving the impossibility of which so much needless ingenuity has been devoted, but the end of institutions which had made rich men tyrants and poor men slaves.

The movement which equalized legal rights not only released new productive energies, and cut down a forest of ancient abuses; it supplied with their principles the architects who built on the space that it had cleared. It had not attacked all forms of inequality, but only those which had their roots in special advantages conferred on particular groups by custom or law. It was not intolerant of all social gradations, but only of such as rested on legal privilege. The distinctions of wealth and power which survived when these anomalies had been removed, it surrounded with a halo of intellectual prestige and ethical propriety. It condemned the inequalities of the feudal past; it blessed the inequalities of the industrial future.

The second gesture was as important as the first. The great industry, even in its violent youth, had many excellences, but the equalitarian virtues were not conspicuous among them. To the critics in France and England who urged that a new feudalism was arising, in which the contrasts of affluence and misery, of power and helplessness, were not less extreme than in the past, there was an easy answer. It was that such contrasts did, indeed, exist, but that they differed in principle from those which had preceded them.

The inequalities of the old régime had been intolerable because they had been arbitrary, the result not of differences of personal capacity, but of social and political favouritism. The inequalities of industrial society were to be esteemed, for they were the expression of individual achievement or failure to achieve. They were twice blessed. They deserved moral

approval, for they corresponded to merit. They were economically beneficial, for they offered a system of prizes and penalties. So it was possible to hate the inequalities most characteristic of the eighteenth century and to applaud those most characteristic of the nineteenth. The distinction between them was that the former had their origin in social institutions, the latter in personal character. The fact of the equality of legal rights could be cited as a reason why any other kind of equality was unnecessary or dangerous.

The abolition of capricious favours and arbitrary restrictions had enlarged the field of economic opportunity. The wider diffusion of economic opportunities secured the selection of individuals according to their capacities, through a social analogue of the biological struggle. If extreme inequality was the final consequence, that result merely meant that men's capacities were unequal. Instead of the class into which he was born determining, as in the past, the position of the individual, the quality of the individual determined his position, and therefore his class. Refined and sublimated by the wholesome acid of free competition, the word "class" itself was purged of the invidious associations which formerly had clung to it. It shed the coarse integuments of status and caste, and emerged as a fluid economic group, which all, if they pleased, were free to enter, and from which all, if they chose, were at liberty to escape. In a world where the law offered no obstacles to aspiring enterprise, class privilege and class tyranny were evidently impossible. A society marked by sharp disparities of wealth and power might properly, nevertheless, be described as classless, since it was open to each man to become wealthy and powerful.

Thus the flank of the criticism of economic inequality was turned by the argument that it was the necessary result of legal equality and economic liberty. Rightly interpreted, equality meant, not the absence of violent contrasts of income and condition, but equal opportunities of becoming unequal. It was true that few could take part in the competition, but no one was forbidden to enter for it, and no handicaps were

imposed on those who did. To ensure that it was fair, it was sufficient, it was thought, to insist that the law should neither confer advantages nor impose disabilities.

Most social systems need a lightning-conductor. The formula which supplies it to our own is equality of opportunity. The conception is one to which homage is paid to-day by all, including those who resist most strenuously attempts to apply it. But the rhetorical tribute which it receives appears sometimes to be paid on the understanding that it shall be content with ceremonial honours. It retains its throne, on condition that it refrains from meddling with the profitable business of the factory and market-place. Its credit is good, as long as it does not venture to cash its cheques. Like other respectable principles, it is encouraged to reign, provided that it does not attempt to rule.

The content of the idea has been determined by its history. It was formulated as a lever to overthrow legal inequality and juristic privilege, and from its infancy it has been presented in negative, rather than positive, terms. It has been interpreted rather as freedom from restraints than as the possession of powers. Thus conceived, it has at once the grandeur and the unreality of a majestic phantom. The language in which it is applauded by the powers of this world sometimes leaves it uncertain which would horrify them most, the denial of the principle or the attempt to apply it.

"The law is just. It punishes equally the rich and the poor for stealing bread." It is even generous, for it offers opportunities both to those whom the social system permits to seize them and to those whom it does not. In reality, of course, except in a sense which is purely formal, equality of opportunity is not simply a matter of legal equality. Its existence depends, not merely on the absence of disabilities, but on the presence of abilities. It obtains in so far as, and only in so far as, each member of a community, whatever his birth, or occupation, or social position, possesses in fact, and not merely in form, equal chances of using to the full his natural endowments of physique, of character, and of intelligence. In pro-

portion as the capacities of some are sterilized or stunted by their social environment, while those of others are favoured or pampered by it, equality of opportunity becomes a graceful, but attenuated, figment. It recedes from the world of reality to that of perorations.

Mr. Keynes, in his brilliant sketch of the phase of economic history which ended in 1914, has seized on the avenues which it opened to individual advancement as its most striking feature. "The greater part of the population . . . worked hard and lived at a low standard of comfort. . . . But escape was possible, for any man of capacity or character at all exceeding the average, into the middle and upper classes."[5] He is concerned with the set of the current, not with the breakwaters that dammed, or the reefs that diverted, it. In reality, there were then, as there are now, obstacles to the easy movement of ability to new positions, which produced individual frustration of tragic dimensions, and in our own day, of course, the movement towards concentration and amalgamation has made the independent entrepreneur, who fought his way from poverty to wealth, a less plausible hero than in the age when he could be offered by moralists as a golden example to aspiring youth. But, as a picture of the ideals which ruled the nineteenth century, and of the qualities on which it reflected with pride when it had leisure for reflection, Mr. Keynes's words are apt. The tendency and direction of the forces released by the Industrial Revolution, if that phrase is still to be retained, are not open to question. They were those described by Sir Henry Maine, when he wrote of "the beneficent private war which makes one man strive to climb on the shoulders of another and remain there".[6] Compared with that of most earlier periods, the economic system which it created was fluid and elastic. It seemed the social counterpart of natural selection through the struggle for existence.

So the middle classes acquiesced in sharp distinctions of wealth and power, provided that, as individuals, they were free to scale the heights. The upper classes were glad to be reinforced by individuals of means and influence, who sprang

from below, provided that, as a class, they remained on their eminence. They were not seriously disturbed by the spectacle of Lazarus in the House of Lords; for they were confident that he would behave like a gentleman in his new surroundings, would ascribe his translation to his own thrift, independence, and piety, would denounce the failings of beggars with the expert knowledge of a professional mendicant, would be an admirable illustration of the virtues of a society in which even the humblest could climb to ease and affluence, and would acquire a reputation for philanthropy for himself and his order by his generosity in financing supplies of cold water for the economically damned. What neither understood nor admired, what, indeed, with rare exceptions, they feared and despised, were the aspirations that found expression, not merely in the claim for an open road to individual advancement, but in collective movements to narrow the space between valley and peak.

Their welcome to individuals was conditional, therefore, on the latter identifying themselves with the sphere which they entered, not with that which they left. It was accompanied by a not less emphatic conviction of the necessity of preserving the great gulf fixed between Us and Them, the chasm which separated the elect from the mass of the population. This feature of the landscape had always existed, and it was plainly the intention of nature that it should continue to exist. It was an indispensable incentive to economic effort and moral virtue among the poor. It was a guarantee that the civilization of the rich would not be destroyed by its too promiscuous extension to classes incapable of it.

It is possible that intelligent tadpoles reconcile themselves to the inconveniences of their position, by reflecting that, though most of them will live and die as tadpoles and nothing more, the more fortunate of the species will one day shed their tails, distend their mouths and stomachs, hop nimbly on to dry land, and croak addresses to their former friends on the virtues by means of which tadpoles of character and capacity can rise to be frogs. This conception of society may be described,

perhaps, as the Tadpole Philosophy, since the consolation which it offers for social evils consists in the statement that exceptional individuals can succeed in evading them. Who has not heard it suggested that the presence of opportunities, by means of which individuals can ascend and get on, relieves economic contrasts of their social poison and their personal sting? Who has not encountered the argument that there is an educational "ladder" up which talent can climb, and that its existence makes the scamped quality of our primary education —the overcrowded classes, and mean surroundings, and absence of amenities—a matter of secondary importance? And what a view of human life such an attitude implies! As though opportunities for talent to rise could be equalized in a society where the circumstances surrounding it from birth are themselves unequal! As though, if they could, it were natural and proper that the position of the mass of mankind should permanently be such that they can attain civilization only by escaping from it! As though the noblest use of exceptional powers were to scramble to shore, undeterred by the thought of drowning companions!

It is true, of course, that a community must draw on a stream of fresh talent, in order to avoid stagnation, and that, unless individuals of ability can turn their powers to account, they are embittered by a sense of defeat and frustration. The existence of opportunities to move from point to point on an economic scale, and to mount from humble origins to success and affluence, is a condition, therefore, both of social well-being and of individual happiness, and impediments which deny them to some, while lavishing them on others, are injurious to both. But opportunities to "rise" are not a substitute for a large measure of practical equality, nor do they make immaterial the existence of sharp disparities of income and social condition. On the contrary, it is only the presence of a high degree of practical equality which can diffuse and generalize opportunities to rise. The existence of such opportunities in fact, and not merely in form, depends, not only upon an open road, but upon an equal start. It is precisely, of

course, when capacity is aided by a high level of general well-being in the *milieu* surrounding it, that its ascent is most likely to be regular and rapid, rather than fitful and intermittent.

It is not surprising, therefore, that in England, where that condition does not exist, a large proportion of persons of eminence in different professions should be found to have been drawn from a minute group of comparatively well-to-do strata. Nor is it surprising that the indirect evidence derived from the schools which such persons attended should be confirmed by the researches of Professor Ginsberg into the parentage and antecedents of some 2,500 individuals in different walks of life. Dividing them into three grades, (i) upper and middle, (ii) intermediate, and (iii) manual workers, he shows that, of the present generation in grade (i), only 12 per cent., and of the last generation in grade (i) only 5½ per cent., had fathers in grade (iii), while 72 per cent. of the present generation in grade (iii) had fathers in that grade, and 63 per cent. had grandfathers. "There has been an increase of mobility upwards", he writes, "in the present generation", but "the social ladder so far lifts only relatively small numbers; there seems thus . . . no indication that the reserves of ability in the lower classes are being depleted".[7] His conclusion is supported by the testimony of educational statistics, which show that it is still only a small proportion of the children leaving elementary schools who pass on to some form of full-time education, and that the free-place system, in spite of its beneficent effects, had till recently done little to make such education accessible to the children of the poorest paid workers.[8]

Statistical evidence as to the social origins of the higher grades in the world of industry is almost unavailable, except for the cotton industry, in which Sir Sydney Chapman and Mr. Marquis have shown reason for believing that as many as three-quarters of the employers may possibly be recruited from the ranks of the operatives. But the cotton industry—though its character is changing—has hitherto been peculiar in its combination of economic inequality with social mobility, and it is probable that similar investigations into the steel,

engineering and shipbuilding industries, not to mention the hereditary torpor of coal, would yield somewhat different results. The reasonable verdict is that, perhaps, of Professor Carr-Saunders and Mr. Caradog Jones. "It is possible to imagine a society which is no respecter of persons, where the members somehow get into just those occupations for which they are best suited, no matter what the standing of parents may be. Such a state of society has . . . nowhere, as yet, been substantially realized." In the absence, in short, of a large measure of equality of circumstances, opportunities to rise must necessarily be illusory. Given such equality, opportunities to rise will look after themselves.[9]

If a high degree of practical equality is necessary to social well-being, because without it ability cannot find its way to its true vocation, it is necessary also for another and more fundamental reason. It is necessary because a community requires unity as well as diversity, and because, important as it is to discriminate between different powers, it is even more important to provide for common needs. Clever people, who possess exceptional gifts themselves, are naturally impressed by exceptional gifts in others, and desire, when they consider the matter at all, that society should be organized to offer a career to exceptional talent, though they rarely understand the full scope and implications of the revolution they are preaching. But, in the conditions characteristic of large-scale economic organization, in which ninety per cent. of the population are wage-earners, and not more than ten per cent. employers, farmers, independent workers or engaged in professions, it is obviously, whatever the level of individual intelligence and the degree of social fluidity, a statistical impossibility for more than a small fraction of the former to enter the ranks of the latter; and a community cannot be built upon exceptional talent alone, though it would be a poor thing without it. Social well-being does not only depend upon intelligent leadership; it also depends upon cohesion and solidarity. It implies the existence, not merely of opportunities to ascend, but of a high level of general culture, and a strong

sense of common interests, and the diffusion throughout society of a conviction that civilization is not the business of an élite alone, but a common enterprise which is the concern of all. And individual happiness does not only require that men should be free to rise to new positions of comfort and distinction; it also requires that they should be able to lead a life of dignity and culture, whether they rise or not, and that, whatever their position on the economic scale may be, it shall be such as is fit to be occupied by men.

Human nature demands, no doubt, space and elbow-room. But there is an excellence of repose and contentment, as well as of effort; and, happily, the mass of mankind are not all elbows. If they possess powers which call for the opportunity to assert themselves in the contests of the market-place, and to reap the reward of successful rivalry, they have also qualities which, though no less admirable, do not find their perfection in a competitive struggle, and the development of which is not less indispensable to social health. Equality of opportunity implies the establishment of conditions which favour the expansion, not, as societies with a strong economic bent are disposed to believe, of the former alone, but of both. Rightly interpreted, it means, not only that what are commonly regarded as the prizes of life should be open to all, but that none should be subjected to arbitrary penalties; not only that exceptional men should be free to exercise their exceptional powers, but that common men should be free to make the most of their common humanity. If a community which is indifferent to the need of facilitating the upward movement of ability becomes torpid and inert, a community which is indifferent to all else but that movement becomes hardened and materialized, and is in the end disillusioned with the idol that it has itself created. It confuses changes with progress. It sacrifices the cultivation of spiritual excellences, which is possible for all, to the acquisition of riches, which is possible, happily, only for the few. It lives in an interminable series of glittering to-morrows, which it discovers to be tinsel when they become to-day.

So the doctrine which throws all its emphasis on the importance of opening avenues to individual advancement is partial and one-sided. It is right in insisting on the necessity of opening a free career to aspiring talent; it is wrong in suggesting that opportunities to rise, which can, of their very nature, be seized only by the few, are a substitute for a general diffusion of the means of civilization, which are needed by all men, whether they rise or not, and which those who cannot climb the economic ladder, and who sometimes, indeed, do not desire to climb it, may turn to as good account as those who can. It is right in attaching a high significance to social mobility; it is wrong in implying that effective mobility can be secured merely through the absence of legal restraints, or that, if it could, economic liberty would be a sufficient prophylactic against the evils produced by social stratification. Men live in the present and future, not in the past. The outlook of individuals is normally determined by the group which they have entered, not by that which they have left, and the relations between classes have been less softened than was expected by the opening of avenues from one class to another.

It was natural, indeed, in the mood of exhilaration produced by swiftly expanding economic horizons—the mood of England during much of the nineteenth century, and of the United States when the tone of its economic life was still set by free land—that opinion should be hypnotized by the absorbing spectacle of a world in motion. It was natural to argue that the position of the proletarian was a secondary problem, since the proletarian of to-day was the capitalist of to-morrow, and that it was unnecessary to be perturbed by the existence of a chasm dividing classes, since the individuals composing them were free to cross it. As far as most parts of Europe, with its historic tradition of social stratification, were concerned, such an attitude was always a piece of economic romanticism. To-day it has long lost whatever plausibility it may once have possessed.

The antidote which it had prescribed for economic evils had been freedom to move, freedom to rise, freedom to buy and

sell and invest—the emancipation, in short, of property and enterprise from the restraints which fettered them. But property protects those who own it, not those who do not; and enterprise opens new vistas to those who can achieve independence, not to those who are dependent on weekly wages; and the emancipation of property and enterprise produces different effects in a society where the ownership of land and capital is widely diffused, from those which are caused by it where ownership is centralized. In the former, such property is an instrument of liberation. It enables the mass of mankind to control their own lives. It is, as philosophers say, an extension of their personalities. In the latter, until it has been bridled and tamed, it is a condition of constraint, and, too often, of domination. It enables a minority of property-owners to control the lives of the unpropertied majority. And the personalities which it extends are sometimes personalities which are already too far extended, and which, for the sake both of themselves and of their fellows, it would be desirable to contract.

Thus, in conditions in which ownership is decentralized and diffused, the institution of property is a principle of unity. It confers a measure of security and independence on poor as well as on rich, and softens the harshness of economic contrasts by a common similarity of social status. But, in the conditions most characteristic of industrial societies, its effect is the opposite. It is a principle, not of unity, but of division. It sharpens the edge of economic disparities with humiliating contrasts of power and helplessness—with differences, not merely of income, but of culture, and civilization, and manner of life. For, in such conditions, the mass of mankind are lifelong wage-earners; and, though no barriers of caste limit their opportunities, though each is free to assume the risks and responsibilities of independent enterprise, what is possible for each is not possible for all, or for the great majority.

Economic realities make short work of legal abstractions, except when they find them a convenient mask to conceal their own features. The character of a society is determined less by abstract rights than by practical powers. It depends,

not upon what its members *may* do, if they can, but upon what they *can* do, if they will. All careers may be equally open to all, and the wage-earner, like the property-owner, may be free to use such powers as he possesses, in such ways as he is able, on such occasions as are open to him, to achieve such results as he is capable of achieving. But, in the absence of measures which prevent the exploitation of groups in a weak economic position by those in a strong, and make the external conditions of health and civilization a common possession, the phrase equality of opportunity is obviously a jest, to be described as amusing or heartless according to taste. It is the impertinent courtesy of an invitation offered to unwelcome guests, in the certainty that circumstances will prevent them from accepting it.

Sir Fitzjames Stephen, writing when the individualist movement of the preceding half-century was as yet unexhausted, and the forces which later were to sap it were still hardly disclosed, touched its ethical pretensions with a realist's indiscretion. Whatever its other achievements, he observed, it had produced a society marked by "inequality in its harshest and least sympathetic form", in which "the power of particular persons over their neighbours has never, in any age of the world, been so well defined and so easily and safely exerted".[10] Privilege rested, it was true, not on legal principles, but on economic facts, and no man was debarred from aspiring to its prizes. But the most seductive of optical illusions does not last for ever. The day when a thousand donkeys could be induced to sweat by the prospect of a carrot that could be eaten by one was, even when Stephen wrote, drawing to its close, and by the present century was obviously long over. The miner or railwayman or engineer may not have mastered the intricacies of the theory of chances, but he possesses enough arithmetic to understand the absurdity of staking his happiness on the possibility of his promotion, and to realize that, if he is to attain well-being at all, he must attain it, not by personal advancement, but as the result of a collective effort, the fruits of which he will share with his fellows. The inequalities which

he resents are but little mitigated, therefore, by the fact that individuals who profit by them have been born in the same social stratum as himself, or that families who suffer from them in one generation may gain by them in the next.

Slavery did not become tolerable because some slaves were manumitted and became slave-owners in their turn; nor, even if it were possible for the units composing a society to be periodically reshuffled, would that make it a matter of indifference that some among them at any moment should be condemned to frustration while others were cosseted. What matters to a nation is not merely the composition and origins of its different groups, but their opportunities and circumstances. It is the powers and advantages which different classes in practice enjoy, not the social antecedents of the varying individuals by whom they may happen, from time to time, to be acquired. Till such powers and advantages have been equalized in fact, not merely in form, by the extension of communal provision and collective control, the equality established by the removal of restrictions on property and enterprise resembles that produced by turning an elephant loose in the crowd. It offers everyone, except the beast and his rider, equal opportunities of being trampled to death. Caste is deposed, but class succeeds to the vacant throne. The formal equality of rights between wage-earner and property-owner becomes the decorous drapery for a practical relationship of mastery and subordination.

(iii)

THE OLD PROBLEM IN A NEW GUISE

"Thanks to capitalism", writes Professor Sée, in comparing the social system of the old régime with that which succeeded it, "economic divisions between men take the place of legal ones."[11] The forces which cut deepest the rifts between classes in modern society are obvious and unmistakable. There is

inequality of power, in virtue of which certain economic groups exercise authority over others. And there is inequality of circumstance or condition, such as arises when some social groups are deprived of the necessaries of civilization which others enjoy. The first is specially characteristic of the relations between the different classes engaged in production, and finds its most conspicuous expression in the authority wielded by those who direct industry, control economic enterprise, and administer the resources of land, capital or credit, on which the welfare of their fellows depends. The second is associated with the enjoyment and consumption of wealth, rather than with its production, and is revealed in sharp disparities, not only of income, but of environment, health and education.

Inequality of power is inherent in the nature of organized society, since action is impossible, unless there is an authority to decide what action shall be taken, and to see that its decisions are applied in practice. Some measure, at least, of inequality of circumstance is not to be avoided, since functions differ, and differing functions require different scales of provision to elicit and maintain them. In practice, therefore, though inequality of power and inequality of circumstance are the fundamental evils, there are forms of each which are regarded, not merely with tolerance, but with active approval. The effect of inequality depends, in short, upon the principles upon which it reposes, the credentials to which it appeals, and the sphere of life which it embraces.

It is not difficult to state the principles which cause certain kinds of inequality to win indulgence, however difficult it may be to apply them in practice. Inequality of power is tolerated, when the power is used for a social purpose approved by the community, when it is not more extensive than that purpose requires, when its exercise is not arbitrary, but governed by settled rules, and when the commission can be revoked, if its terms are exceeded. Inequality of circumstance is regarded as reasonable, in so far as it is the necessary condition of securing the services which the community requires—in so far as, in the words of Professor Ginsberg, it is "grounded in differences

in the power to contribute to, and share in, the common good".[12]

No one complains that captains give orders and that the crews obey them, or that engine-drivers must work to a time-table laid down by railway-managers. For, if captains and managers command, they do so by virtue of their office, and it is by virtue of their office that their instructions are obeyed. They are not the masters, but the fellow-servants, of those whose work they direct. Their power is not conferred upon them by birth or wealth, but by the position which they occupy in the productive system, and, though their subordinates may grumble at its abuses, they do not dispute the need for its existence.

No one thinks it inequitable that, when a reasonable provision has been made for all, exceptional responsibilities should be compensated by exceptional rewards, as a recognition of the service performed and an inducement to perform it. For different kinds of energy need different conditions to evoke them, and the sentiment of justice is satisfied, not by offering to every man identical treatment, but by treating different individuals in the same way in so far as, being human, they have requirements which are the same, and in different ways in so far as, being concerned with different services, they have requirements which differ. What is repulsive is not that one man should earn more than others, for where community of environment, and a common education and habit of life, have bred a common tradition of respect and consideration, these details of the counting-house are forgotten or ignored. It is that some classes should be excluded from the heritage of civilization which others enjoy, and that the fact of human fellowship, which is ultimate and profound, should be obscured by economic contrasts, which are trivial and superficial. What is important is not that all men should receive the same pecuniary income. It is that the surplus resources of society should be so husbanded and applied that it is a matter of minor significance whether they receive it or not.

The enthusiasts, therefore, for true aristocracy, by which

appears to be meant an aristocracy of a kind that has never existed, and all others who suppose that they would enjoy being governed by an intellectual élite, can calm the apprehensions which the demand for equality sometimes seems to arouse in them. They need not dread it as the uncreating word, whose utterance presages the return of chaos, while the curtain falls on universal darkness. The criticism which suggests that the effect of conceding it must be to submerge diversities of authority and office beneath a welter of undifferentiated atoms is, in reality, extravagantly *mal-à-propos*. Men do not necessarily desire disorder because what passes for order seems to them, not order, but anarchy. A society which is conscious of the importance of maintaining gradations of authority and varieties of function is no more committed to the preservation of the plutocratic class system of to-day than to the re-establishment of the aristocratic class system of the eighteenth century, which also was defended in its day as the indispensable bulwark of social stability and economic efficiency.

The phenomenon which provokes exasperation, in short, is not power and inequality, but capricious inequality and irresponsible power; and in this matter the sentiments of individuals correspond, it may be observed, with the needs of society. What a community requires is that its work should be done, and done with the minimum of friction and maximum of co-operation. Gradations of authority and income derived from differences of office and function promote that end; distinctions based, not on objective facts, but on personal claims—on birth, or wealth, or social position—impede its attainment. They sacrifice practical realities to meaningless conventions. They stifle creative activity in an elegant drapery of irrelevant futilities. They cause the position of individuals and the relation of classes to reflect the influence, not primarily of personal quality and social needs, but of external conditions, which offer special advantages to some and impose adventitious disabilities upon others.

Such advantages and disabilities are, in some measure, inevitable. Nor need it be denied that the area of life covered

by them is narrower to-day than in most past societies. It would be difficult to argue, however, that their influence on the destinies of individuals is trivial, or their effect on the temper of society other than deplorable. Dr. Irving Fisher has described the distribution of wealth as depending "on inheritance, constantly modified by thrift, ability, industry, luck and fraud".[13] It is needless to labour the part which social forces play in determining the condition and prospects of different groups, since it is a truism expounded at length in the pages of economists. "A poor widow is gathering nettles for her children's dinner. A courtly seigneur, delicately lounging in the *Œil-de-Bœuf*, has an alchemy by which he will extract the third nettle and call it rent and law." The inequalities arising from the receipt by private persons of monopoly profits, urban ground-rents, mineral royalties, financial windfalls and the other surpluses accruing when the necessary costs of production and expansion have been met, are a modern and more lucrative species of the picturesque genus pilloried by Carlyle. They resemble the predatory property of the old régime, in being a form of private taxation, the effects of which are partially corrected to-day by public taxation, but which remain mischievous. They create an inequality which, so far from arising from differences of service, is maintained in spite of them. They do not increase the real income of the nation, but diminish it. For they cause the less urgent needs of the minority to be met before the more urgent needs of the majority.

Incomes from personal work obviously stand in a different category from incomes from property. But, even in such incomes, there is normally an element which is due less to the qualities of the individual than to the overruling force of social arrangements. We are all, it is a commonplace to say, disposed to believe that our failures are due to our circumstances, and our successes to ourselves. It is natural, no doubt, for the prosperous professional or business man, who has made his way in the face of difficulties, to regard his achievements as the result of his own industry and ability. When he compares those who have succeeded in his own walk of life with those

who have failed, he is impressed by the fact that the former are, on the whole, more enterprising, or forcible, or resourceful, than the latter, and he concludes that the race is to the swift and the battle to the strong. He rehearses, if he has had the good fortune to read it, the psalm of lamentation in which the late Lord Inchcape commemorated the sad fate of a gentleman who "by dint of hard work and economy found himself possessed of securities worth about £200,000", and who then was brought low by taxation, and reduced, after paying it, to an income of no more than £6,500 a year. "All in these islands hitherto have had the opportunity, it may be by brains which have come to them by their fathers or mothers, or by example and upbringing coupled with application, industry, and honesty, to achieve what is called success in the world. From duke's son to cook's son, to quote Kipling, they all have their chance. Are we to scrap this and bring our dear old country down to the level of Soviet Russia, where, if anyone as much as . . . expresses belief in a Divine Creator, he is liable to be thrown into prison and shot?"[14]

In so far as the individuals between whom comparison is made belong to a homogeneous group, whose members have had equal opportunities of health and education, of entering remunerative occupations, and of obtaining access to profitable financial knowledge, it is plausible, no doubt, if all questions of chance and fortune are excluded, to treat the varying positions which they ultimately occupy as the expression of differences in their personal qualities. But, the less homogeneous the group, and the greater the variety of conditions to which its members have been exposed, the more remote from reality does such an inference become. If the rules of a game give a permanent advantage to some of the players, it does not become fair merely because they are scrupulously observed by all who take part in it. When the contrast between the circumstances of different social strata is so profound as to-day, the argument—if it deserves to be called an argument—which suggests that the incomes they receive bear a close relation to their personal qualities is obviously illusory.

In reality, as has often been pointed out, explanations which are relevant as a clue to differences between the incomes of individuals in the same group lose much of their validity when applied, as they often are, to interpret differences between those of individuals in different groups. It would be as reasonable to hold that the final position of competitors in a race were an accurate indication of their physical endowments, if, while some entered fit and carefully trained, others were half-starved, were exhausted by want of sleep, and were handicapped by the starters.[15] If the weights are unequal, it is not less important, but more important, that the scales should be true. The condition of differences of individual quality finding their appropriate expression is the application of a high degree of social art. It is such a measure of communism as is needed to ensure that inequalities of personal capacity are neither concealed nor exaggerated by inequalities which have their source in social arrangements.

While, therefore, the successful professional or business man may be justified in assuming that, if he has outdistanced his rivals, one cause is possibly his own "application, industry, and honesty", and the other admirable qualities eulogised by Lord Inchcape, that gratifying conclusion is less than half the truth. His talents must be somewhat extraordinary, or his experience of life unusually limited, if he has not on occasion asked himself what his position would have been if his father had been an unemployed miner or a casual labourer; if he had belonged to one of the 9,397 families in Bermondsey—over 30 per cent. of the total number—living in 1927 at the rate of two or more persons to a room, or had been brought up in one of the one-apartment houses in the central division of Glasgow, 41 per cent. of which contained in 1926 three or more persons per room; if he had been one of the million-odd children in the elementary schools of England and Wales who are suffering at any given moment from physical defects;[16] and if, having been pitched into full-time industry at the age of fourteen, he had been dismissed at the age of sixteen or eighteen to make room for a cheaper competitor from the

elementary school. He may quite rightly be convinced that he gets only what he is worth, and that the forces of the market would pull him up sharply if he stood out for more. What he is worth depends, however, not only upon his own powers, but upon the opportunities which his neighbours have had of developing their powers. Behind the forces of the market stand forces of another kind, which determine that the members of some social groups shall be in a position to render services which are highly remunerated because they are scarce, and to add to their incomes by the acquisition of property, whilst those belonging to others shall supply services which are cheap because they are over-supplied, but which form, nevertheless, their sole means of livelihood.

Such forces are partly, no doubt, beyond human control; but they are largely the result of institutions and policy. There is, for example, the unequal pressure of mere material surroundings, of housing, sanitation, and liability to disease, which decides that social groups shall differ in their ability to make the best use of their natural endowments. There is inequality of educational opportunity, which has as its effect that, while a favoured minority can cultivate their powers till manhood, the great majority of children, being compelled to compete for employment in their early adolescence, must enter occupations in which, because they are overcrowded, the remuneration is low, and later, because their remuneration has been low, must complete the vicious circle by sending their children into overcrowded occupations. There is the nepotism which allots jobs in the family business to sons and relations, and the favouritism which fills them with youths belonging to the same social class as its owners. There is inequality of access to financial information, which yields fortunes of surprising dimensions, if occasionally, also, of dubious repute, to the few who possess it. There is the influence of the institution of inheritance in heightening the effects of all other inequalities, by determining the vantage-ground upon which different groups and individuals shall stand, the range of opportunites which shall be open to them, and

the degree of economic stress which they shall undergo.

The wage-earner who reflects on the distribution of wealth is apt, as is natural, to look first at the large dividends or watered capital of the firm by which he is employed. The economist looks at the large blocks of property which are owned by individuals and transmitted to their descendants, and which yield large incomes whether profits per cent. are high or low. He insists, with Professor Cannan, that "the inequality in the amounts of property which individuals have received by way of bequest and inheritance is by far the most potent cause of inequality in the actual distribution of property". He points out, with Mr. Henderson, that the evil is progressive, since it causes "an initial inequality . . . to perpetuate itself throughout subsequent generations in a cumulative degree". He urges, with Sir Ernest Simon, that "inheritance is responsible, not only for the most excessive, but for the most unjust and indefensible, inequalities". Such statements are confirmed by the valuable researches of Mr. Wedgwood, who has made the economic effects of inheritance, almost for the first time, the subject of inductive investigation. The conclusion which he draws from the examination of a sample of large estates at Somerset House accords with common experience, but is not on that account the less perturbing. It is that, "on the whole, the largest fortunes belong to those with the richest parents. . . . In the great majority of cases the large fortunes of one generation belong to the children of those who possessed the large fortunes of the previous generation. . . . *There is in our society an hereditary inequality of economic status which has survived the dissolution of the cruder forms of feudalism.*"[17]

The advantages and disabilities which these phenomena create are properly described as social, since they are the result of social institutions, and can by the action of society be maintained or corrected. Experience shows that, when combined, as is normally the case, with extreme disparities of economic power between those who own and direct, and those who execute and are directed, but rarely own, they clog the

mechanism of society and corrode its spirit. Except in so far as they are modified by deliberate intervention, they produce results surprisingly similar to those foretold by the genius of Marx. They divide what might have been a community into contending classes, of which one is engaged in a struggle to share in advantages which it does not yet enjoy and to limit the exercise of economic authority, while the other is occupied in a nervous effort to defend its position against encroachments.

CHAPTER IV

THE STRATEGY OF EQUALITY

If the idea of equality has appealed less to Englishmen than to some other nations, they have learned, nevertheless, as a result of experience, that too religious a devotion to the opposite principle is liable to be attended by some practical inconveniences. So, while protesting that nothing is farther from their minds than to be lured, like France in the past, by the equalitarian mirage, they have permitted themselves to make fitful and circuitous approaches towards it. Without ceasing to gaze, in a bold, dignified manner, in the opposite direction, they have stumbled, in spite of their principles, into the employment of a technique, by which the impracticable can, when they so desire, in some measure be performed, and by which some kinds of inequality have, in fact, been diminished.

That technique is no mystery, and the measures embodying it are the most familiar of commonplaces. They belong, as everyone knows, to one or other of three principal types. There are those, in the first place, such as the extension of social services and progressive taxation, which mitigate disparities of opportunity and circumstance, by securing that wealth which would otherwise have been spent by a minority is applied to purposes of common advantage. There are those, in the second place, such as trade unionism and industrial legislation, which set limits to the ability of one group to impose its will, by economic duress, upon another, and thus soften inequalities of economic power. There are those, in the third place, like the development of undertakings carried on as public services, or the co-operative movement, which secure for the public or the consumer all profit above a minimum rate of interest, and transfer the direction of economic policy from the hands of capitalists and their agents to those of an authority responsible to society.

All attacks on equality, whatever the method employed, encounter determined resistance from the privileged classes; and, during recent years, that resistance has hardened. It is an illusion to suppose that either of the first two policies can be carried forward on the scale, or with the speed required, as long as the key positions of the economic system remain in private hands. While, therefore, the development of communal provision and taxation, on the lines discussed in the present chapter, can be used, if we please, greatly to increase equality, it is not an alternative to the measures considered in the next, but the complement of them. It is a policy to be extended as rapidly as possible now, but which, till a radical change has been effected in the balance of economic power, will at every point be thwarted and checked. It is a mistake, however, to regard it as, for that reason, unimportant. To depreciate the social services as "mere palliatives," is a piece of clap-trap, which plays into the hands of the interests bent on saving the pockets of the rich at the expense of the children and the unemployed. A successful assault on the strongholds of capitalism demands a prolonged effort of intelligence and resolution. The more general establishment of the conditions of physical and mental vigour, which even to-day can, if with difficulty, be carried forward, is not a minor issue. In so far as it is achieved, it dissolves the servile complex which is a capital obstacle to effective action. It is a step towards the creation of a population with the nerve and self-confidence to face without shrinking the immense task of socialist reconstruction.

(i)

THE METHOD OF REDISTRIBUTION

Proposals designed to alter the distribution of wealth are commonly confronted by an initial objection. They are necessarily, it is often alleged, condemned to futility, since the

surplus available for redistribution is insignificant in amount. The pyramid creates an optical illusion, which causes the height of its apex to be exaggerated and the breadth of its base to be ignored. If the Himalayas were levelled, the surface of the globe would not be raised by more than a few inches, and the equal division of all incomes in excess of £2,500 a year would not add 5s. a week to each family with less. The urgent necessity, so the familiar argument runs, is to increase the dividend, not to alter the proportions in which it is divided.

Those who have the impertinence to walk up to ghosts can usually walk through them. This venerable spectre has little to cause alarm, save the habit of iteration which is the spectre's privilege. With a confidence unshaken by the lessons of experience, it contrasts the greater production of wealth with its wider distribution, as though production and distribution were irreconcilable alternatives, which the laws of the universe had for ever put asunder. It implores its hearers to concentrate their undivided attention on the average income per head of population, as though the only conceivable departure from existing arrangements were to redivide the national income into equal fractions, and to set everyone rubbing up his arithmetic to make sure of his quota.

Such a treatment of the subject has only one defect; it is quite remote from reality. Its demonstrations are not, as its less cautious practitioners are in the habit of proclaiming, the voice of science, but a rhetorical device masquerading under a guise of scientific precision. Its dialectical victories are won with ease, for they are won over shadows.

Everyone is the debtor of the statisticians whose labours, like the brilliant work of Professor Bowley, have supplied us with a quantitative picture of the nation's income. But irreproachable premises sometimes lead, in less experienced hands, to somewhat dubious conclusions, and it is not primarily, of course, the statistical basis of this line of argument which is its vulnerable point. The criticism to be made on it is not merely that, as Mr. Wedgwood points out, it combines earned and unearned income in a single total, though the latter, being

relatively secure, is obviously worth more than the former; that it makes no allowance for the fact that the effect of a transference of wealth is to be judged, not only by the nominal value of the amounts transferred, but also by the nature of the uses from which they are diverted and to which they are applied; that it ignores the truism that, since standards of well-being are relative, a lower average income, with greater equality, may make a happier society than a higher average income, with less; and that, in defending inequality on the ground that the aggregate output of wealth is low, it argues in a circle, since the hostility and suspicion resulting from inequality are themselves one cause of a low output of wealth.[1] Nor is the main criticism even that the fact of there being but little to divide is not in itself, perhaps, a convincing reason for dividing what little there is with the maximum inequality.

The weakness of this whole line of argument is simpler and more fundamental. It is bombarding a position which no one occupies. For the method of redistributing wealth, whose futility such calculations expose, so far from being the only method, or the most obvious method, or the method which advocates of redistribution are disposed to favour, is one which has been rarely proposed and more rarely followed, and which the unhappy sciolists in question have normally been at some pains to disclaim. What the popularizers of these exercises assert is that an increase in equality is not worth seeking, because, even were it attained, it would make but an insignificant addition to the income per head of the wage-earner and his family. What—if statistical uncertainties are ignored—they succeed in proving is that the equal division of income per head is not a satisfactory expedient for increasing equality.

Their conclusion is correct. The expedient would, undoubtedly, be anything but satisfactory. But then it is an expedient which few have proposed. Is it rash to suggest that, if it is desired to obtain light upon the possibility of further diminishing inequality, the course of wisdom is not to spend energy in belabouring a phantom, in which only its critics are so ingenuous as to believe, but to examine the methods

by which some inequalities, at least, have already been diminished? The form which such methods have most commonly assumed is a matter of experience. It is not the division of the nation's income into eleven million fragments, to be distributed, without further ado, like cake at a school treat, among its eleven million families. It is, on the contrary, the pooling of its surplus resources by means of taxation, and the use of the funds thus obtained to make accessible to all, irrespective of their income, occupation, or social position, the conditions of civilization which, in the absence of such measures, can be enjoyed only by the rich.

It is possible for a society, experience suggests, by thus making the fullest possible provision for common needs, to abolish, if it pleases, the most crushing of the disabilities, and the most odious of the privileges, which drive a chasm across it. It can generalize, by collective action, advantages associated in the past with the ownership of property, for it has begun, in some measure, already to generalize them. It can secure that, in addition to the payments made to them for their labour, its citizens enjoy a social income, which is provided from the surplus remaining after the necessary cost of production and expansion have been met, and is available on equal terms for all its members.

Such a policy is open to more than one criticism, but it is obvious that its effects are not to be ascertained by the most assiduous working of sums in long division. As everyone is aware from his personal experience, or can ascertain by reflecting upon such venerable forms of public enterprise as the army and navy, collective expenditure makes possible results which would be unattainable, were an identical sum distributed, without further adjustments, in fractional addition to individual incomes. It is one thing to lay out £100, and another, unfortunately, to spend 800 half-crowns; nor is a joint-stock company with a capital of £10,000,000 the precise equivalent of 10,000 tradesmen with a capital of £1,000. The contribution to culture of the reading-room of the British Museum is not to be calculated by dividing the annual cost

of maintaining it by the number of ticket-holders. If each of the hundred thousand men who landed in France in August 1914 had been presented with the one-hundred-thousandth part of the cost of the first expeditionary force, and instructed to spend it, in the manner he thought best, in making the world safe for democracy, it is possible that the arrangement might have been welcomed by keepers of *estaminets*, but it is improbable that the German advance would have stopped at the Marne.

What is true of war is not necessarily false of peace, and collective expenditure does not lose its efficacy merely because the objects to which it is devoted are a public, instead of a private, interest. The £6,000,000 annually paid to the owners of minerals would, as has been remarked by their spokesman, increase the wages of miners by less than 8d. per shift, but it would go some way, even when allowance is made for the existing taxation upon them, towards providing pensions for a considerable proportion of aged miners. The £200,000,000 to £250,000,000 which, after allowing for the provision of new capital and for the revenue of the State, Professor Bowley has estimated, in his valuable book, as the maximum that, "on the extremest reckoning can have been spent out of home-produced income by the rich or moderately well-off on anything in the nature of luxury" in the United Kingdom in 1911, would, he writes, have been little more than sufficient to raise wages to the minimum standard suggested by Mr. Rowntree.[2] How inconsiderable a trifle when regarded from one angle! How pregnant with possibilities when regarded from another! For £250,000,000 was approximately four times the total public expenditure upon social services in the year in question, when the expansion of such services was already causing apprehension. Had half of it been applied to them, it would have enabled the nation, without increasing the cost of production, imposing any additional burden upon industry, or reducing by a penny its investments of capital, to produce an improvement of not inconsiderable importance in the standard of life of the mass of the population. It would have

sufficed, for example, to turn some industrial cities, with their enervating squalor, into regions of health, and even, perhaps, of beauty, to effect a revolution for the better in the staffing and equipment of primary schools, and to provide free secondary education for all children up to the age of sixteen.

So, while the calculations which show the small output of wealth per head are true, they are neither the whole truth, nor the aspect of the truth which, for practical purposes, it is most important to remember. It may be a fallacy, as their authors insist, to imagine that the division of large incomes into equal fractions—were anyone so innocent as to attempt it—would produce a substantial addition to incomes which are small. But it is equally fallacious to ignore the truism that a small sum spent collectively on needs which are urgent yields more significant results than a larger sum spent in driblets on needs which are not. Inequalities of opportunity and circumstance are to be overcome, not by abandoning the economies of collective effort and massed expenditure, which are the grand achievement of industrial civilization, but by exploiting them for the advantage of the whole community. Equality is to be sought, not by breaking into fragments the large incomes which are injurious both to those who receive them and to those who do not, but by securing that an increasing proportion of the wealth which at present they absorb will be devoted to purposes of common advantage.

(ii)

THE GROWTH AND SIGNIFICANCE OF COMMUNAL PROVISION

It is sometimes assumed that a clear principle of demarcation divides needs which may properly be supplied by collective action from those which individuals should be required to meet by their personal exertions. In reality, however, as a glance at the development of social services in different countries is sufficient to show, if such a principle exists, it either has not

been discovered, or else is not observed. The line which is supposed to correspond with it, so far from being stationary, is in constant motion. The boundaries between the spheres of communal provision and private initiative differ widely both from decade to decade, and from one community to another.

In some recently industrialised countries the foundations of a system of social services have been laid, in our day, with almost feverish haste. In Western Europe, particularly in Great Britain, where these services have a longer history behind them, they have been constructed tentatively and piecemeal, amid almost continuous opposition from classes and interests which resented their growth. Of the forms of such provision existing to-day, not only were the majority unknown half a century ago, but their establishment was resisted, as a menace alike to individual morality and to economic prosperity. At the present time, there is no nation which does not treat as a public obligation some services which its neighbours continue to leave to the unaided efforts of the individuals requiring them, and resign to private charity others which elsewhere are regarded as a social function. England, with its modest system of pensions and insurance, seemed till recently a paupers' paradise to uninstructed Americans. A state hospital service, such as exists in New Zealand, has hitherto been regarded in England, in spite of its thousand-odd hospitals maintained by Public Health Authorities, as an undesirable encroachment upon the sphere of philanthropy. Not only in their practical details, but in the whole conception of social responsibilities implied in them, the schemes of family allowances adopted by certain British Dominions and continental States are apt elsewhere to arouse some suspicion. The United States is commonly considered to be the country in which faith in the adequacy of individual effort and its pecuniary rewards is most sanguine and unquestioned. But free secondary education, which in England is still resisted as a daring innovation, has long existed in most states of the American Union, while the expenditure on free social services of forty-eight states and cities with a population of over thirty thousand increased more

than threefold between 1915 and 1926.[3] America, nevertheless, was even worse prepared than Britain to meet depression. The attempt to create a system of public provision for the contingencies of life has been a not unimportant chapter in American history since 1932.

For, in spite of variations in the practice of different communities, it is obvious that the range of requirements which are met by some form of collective action is everywhere being widened. The causes of the movement are not obscure. It is the natural consequence of the simultaneous development of an industrial civilization and of political democracy. An agricultural society, with its scattered households and unspecialized economic life, is normally both unconscious of requiring elaborate social services and incapable of providing them. Nor, on its first plunge into the world of the great industry, does it realize their necessity. Carrying the habits of the peasant into its new urban environment, it proceeds for a generation to poison its body and starve its soul, before it realizes that what is innocuous in a village is deadly in a town. Its philosophers at first do little to enlighten it. For, in their enthusiasm at the spectacle of increasing profits and wages, which are the natural result of increased productivity, they are disposed to interpret well-being as a commodity which, if unhampered by the State, individuals of character and intelligence can buy, in the necessary quantities, like tea and sugar, by their own exertions.

The result is the paradox of rising pecuniary incomes and deepening social misery—both attested by equally incontrovertible historical evidence—which has emerged in all industrial revolutions, to the confusion of those who forget that "the timid, staring creature, man", is so compounded as to require, not only money, but light, air, and water, not to mention such uneconomic goods as tranquillity, beauty, and affection. It is not till it is discovered that high individual incomes will not purchase the mass of mankind immunity from cholera, typhus, and ignorance, still less secure them the positive advantages of educational opportunity and economic

security, that slowly and reluctantly, amid prophecies of moral degeneration and economic disaster, society begins to make collective provision for needs for which no ordinary individual, even if he works overtime all his life, can provide himself. The effect of the discovery, in societies which have accepted political democracy, is that domestic politics are degraded, as is thought by some, or elevated, as it appears to others, into a debate upon questions of housekeeping.

The reasons why, as far as certain fundamental necessities are concerned, the enterprise of individual profit-makers must necessarily fail to yield the maximum satisfaction, have been explained, in terms of economic theory, by Mr. Durbin. "Reduced to its barest outline", he writes, "the theory of competitive equilibrium attempts to prove (*a*) that, if the goods demanded by the consumers can be subdivided, so that there are many buyers and many units in demand, and (*b*) if production can be organized without technical loss in a number of separate manufacturing and commercial units, the best arrangement of resources will be secured by private property in land and capital." In reality, however, he continues, "it should be apparent at once that the theory of competitive equilibrium can cover only part of the economic field. An end which cannot be atomised cannot be dealt with by an atomic analysis. Such ends are common. Satisfaction may be derived from the contemplation or enjoyment of a certain set of relations embracing all elements in an economy, instead of from the consumption of a physically divisible entity, like boots. The enjoyment of economic equality, for example, means the establishment of an indivisible set of relations between all the human factors of production, in so far as they are the recipients of final income. Security from disease demands the observance of certain rules and the performance of certain productive tasks designed to create a particular condition affecting all parts of the community. Protection from external aggression—the condition of military preparedness—means that the organization of the whole industrial system must take on a certain character. The end in each of these cases is a

complex and integrated whole. Such ends cannot be brought within the scope and calculus of competition. . . . They presuppose a social choice. For their achievement the central organization and control of economic life is essential. There is no evidence to suggest that these integral, or indivisible, or social, ends are quantitatively less important than divisible or individual ends".[4]

The examples given by Mr. Durbin could be multiplied almost indefinitely. No individual can create by his isolated action a healthy environment, or establish an educational system with a wide range of facilities, or organize an industry in such a manner as to diminish economic insecurity, or eliminate the causes of accidents in factories and streets. Yet these are all conditions which make the difference between happiness and misery, and sometimes, indeed, between life and death. In so far as they exist, they are the source of a social income, received in the form, not of money, but of increased well-being.

Such an income, if on a scale still minute, is to-day taken for granted; in reality, however, it is a work of art. Its significance is best illustrated by the course of events in the country where its development, disastrously retarded though it was, has the longest history behind it. In the England which Mr. Podsnap saluted as "blest, sir, by Providence, to the direct exclusion of such other countries as there may happen to be", neither the administrative machinery nor the fiscal technique required to provide it were yet in existence. A crude form of income-tax had just been re-established; grants-in-aid were virtually unknown; the only contribution of the State to anything which could be described as social welfare accounted, it is safe to say, for less than one per cent. of its total expenditure. The cities whose condition was described by Chadwick as that of "an encamped horde, or an undisciplined soldiery",[5] were an Eden into which the serpent of communal enterprise had not yet penetrated. For crime there was prison, and for destitution the workhouse; but the environment of the common man, unless a criminal or pauper, was hardly less exclusively

the creation of economic appetites than in a mining camp. Undismayed by progressive taxation, the property-owner could spend on himself, or invest as he pleased, almost the whole of the fortune which the tide of economic expansion washed to his feet. Unfettered by legal restrictions, the wage-earner was free to do everything which cholera, typhus, and enteric, a working day of anything from twelve to eighteen hours, and an absence of facilities for education so complete that as late as 1870 only two-fifths of the children between six and ten were in attendance at school, would permit of his doing.

In such conditions the most fundamental of inequalities was simple and unmistakable. It was not that one class was rich and another poor. It was that one class lived and another died. A "gentleman" in London, the Commissioners of 1844 were told, lived on the average twice as long as a "labourer", while the corresponding figures for Leeds were forty-four and nineteen years, and for Liverpool thirty-five and fifteen. "It is a melancholy fact", wrote, as late as 1865, the most distinguished of contemporary economists, "that the whole structure of our wealth and refined civilization is built upon a basis of ignorance and pauperism and vice, into the particulars of which we hardly dare to inquire. . . . We are now in the first morning of our national prosperity and are approaching noon, yet we have hardly begun to pay the moral and the social debts to millions of our countrymen which we must pay before the evening." The formulation of the doctrine of an inevitable class war is not surprising. It was an accurate description of the prevailing practice.[6]

The generation after 1850 had unique opportunities, for it was favoured by fortune. It was a period of swiftly increasing returns, the golden age of individualist capitalism. Thanks to her almost exclusive command of the new technique of manufactures and transport, combined with access to the produce of virgin lands, England garnered for a space a monopolist's profits, and the yield of 1d. on the income-tax more than doubled in the thirty years between 1842–51 and

1872–81. The course of wisdom would have been to invest in the development of social services when investment was easy. It would have been, as Jevons suggested, to use the wealth of a coal age that would one day contract to build up a fabric of communal provision, which would ensure that the nation would draw in the future on the full physical and intellectual energies of all its members.

By a familiar dilemma, however, expenditure which, in times of stress, is denounced as extravagant, in times of prosperity is dismissed as unnecessary, and the warning that summer would not last for ever fell on deaf ears. So, while profits and wages increased with the expansion of profit-making enterprise, the investments which would yield a social income continued to be starved. Launched by Chadwick and the Poor Law doctors in the 'forties, and carried forward by a band of devoted pioneers in the teeth of general apathy and suspicion, the Public Health movement won beneficent victories in the last half of the century. But it was concerned almost exclusively with environmental problems; and, when in 1890 the official head of the system wrote his study of the first fifty years of its development,[7] its triumphs were still those of the sanitary engineer rather than of the doctor. Though cholera and typhus had been virtually stamped out, and the death-rate from enteric largely reduced, infantile mortality was actually as high for the decade 1891–1900 as for 1851–60. In the last five years of the century it reached, for the country as a whole, the appalling figure of 156 per 1,000.

If, in the sphere of health, inequality was the practice of the age, in that of education it was a principle and a dogma. In origin a discipline, half-redemptive, half-repressive, for the lower orders, elementary education has been, throughout its history, not an educational, but a social, category. It had been designed for those for whom it was expedient to provide the rudiments of instruction, since, if wholly untaught, they were a danger to society, but inexpedient to provide more, since they were equally a danger, if taught too much. It was to be kept, the Committee of Council had insisted in 1839, "in close

relation with the condition of workmen and servants". A generation later, Mr. Lowe, as Vice-President of the Committee, could still describe elementary education as "the education of the labouring poor", and repudiate with emphasis the impious suggestion that it might enable them "to raise themselves above their station and business in life".[8] The tranquil, unsophisticated class-consciousness which the words reveal continued to cling to it long after a new era had begun with the Act of 1870. Even in 1890–1 the total expenditure on public education was only £10,079,000, of which approximately one-fifth was derived from fees paid by the parents of the children concerned.

The modern public health system, with its concern, not merely for the improvement of the environment, but for the health of the individual, is the creation, in the main, of the period since 1900, and largely, indeed, of that since 1914. The modern system of public education is equally the achievement of the present century. It was not till 1908 that attention to the physical well-being of children became part of the duties of Local Education Authorities. The movement which has produced the 1,380 grant-aided secondary schools of to-day, with their 456,000 pupils, dates only from 1902, and the free-place system, which has revolutionized the whole relation between primary and secondary education, from 1907. The humanizing of the curriculum and atmosphere of the primary schools; the decision of some enlightened authorities to free secondary education by abolishing fees in the schools maintained by them; the rise in the status of the teaching profession; the growth of the half-dozen Universities and University Colleges of 1890 to the sixteen of to-day, and the expansion of each of them; the establishment of a rudimentary, but developing, system of state scholarships; and the appearance of an adult education movement with some hundred thousand students, are even more obviously the result of changes in educational policy, and still more in educational thought and social structure, which would have been inconceivable before 1900. From services which the market, supplemented by

private charity and public subsidies, had been left to provide in accordance with sound commercial principles, with the result that, except for the well-to-do, no service adequate in quantity or tolerable in quality had, in fact, been provided, health and education have been partially communalized. They have been moving towards a condition in which they will be administered, apart from a few eccentric institutions, as financial public undertakings available for all, irrespective of the resources or social standing of the individuals using them.

Nor was it till the opening decades of the present century that the first steps were taken towards the development of a third form of communal provision, which has reached, in our own day, unanticipated dimensions. The conviction that all social services, whatever their form, were in reality merely a variety of poor relief had stood high among the superstitions of the Victorian era. The Report of 1834, with its teaching that poverty was increased by the measures designed to diminish it, had been revered for three generations as a canonical book. Even after 1900, it continued to be invoked to condemn in turn the feeding of school-children, the grant of old-age pensions and the maintenance of the unemployed apart from the Poor Law, as a defiance alike of sound morality and of the teachings of science. With the passage, between 1906 and 1911, of legislation designed, though on a humble scale, to establish all three, the theory that to supplement the resources of individuals in money or in kind was to court disaster was tacitly abandoned. The foundations were laid of the protective structure which was to soften the shock of the post-war crisis.

The repudiation of the fiscal conceptions of an age when economy was commonly interpreted as the prevention of expenditure on public purposes—the age when one famous statesman could propose the complete abolition of the income-tax, and another could denounce death duties of 8 per cent. on estates of £1,000,000 as playing with fire—was equally significant. It took place even later. Though financial policy was beginning in the 'nineties to describe the first faint segments

of a majestic curve, another quarter of a century was to elapse before the full meaning of the movement became apparent. In 1903–4 a rational system of graduation had not begun to be adopted, and even in 1913–14, in spite of the improvements of the preceding decade, taxation was so far regressive that a man with an income of £100 is estimated to have paid actually a larger percentage in taxation than a man earning £2,000. In 1925–6, though still regressive on incomes up to and including £1,000, it was so far progressive that an earned income of £1,000 paid 11 per cent., an earned income of £20,000—if the phenomenon exists—37·5 per cent., and an income of £20,000, half-earned and half-unearned, 48·7 per cent.[9] Two points, however, must be remembered. The first is that—since the service of the debt absorbs more than half the yield of income-tax, surtax, and death duties—the larger part of the sums which the wealthier classes pay in taxation they pay in interest to themselves. The second is that, especially since 1931, the proportion of the national revenue raised by direct taxation has diminished, and that obtained by indirect taxation has increased, with the result of throwing a heavier burden on the smaller incomes. According to the estimate of Mr. Colin Clark, the share of local and national taxation borne by the working classes was 34·3 per cent. in 1913–14, 28·6 per cent. in 1925–6, and 33·0 per cent. in 1935–6.[10]

"The artisan", groaned Herbert Spencer in 1884, "obtains from a fund raised by taxes certain benefits beyond those which the sum received by his labour enables him to purchase."[11] The movement whose first faint beginnings aroused Spencer's apprehension is still in its infancy, but it has grown, since he wrote, to considerable dimensions. Public expenditure on social services in England and Wales (exclusive of contributions, such as fees and employers' and workmen's insurance payments, from sources other than rates and taxes) was £16,063,000, or 11s. 1d. per head of population, in 1890–1; in 1934–5 (the latest year for which figures have been published) it was, excluding war pensions, £276,186,000, the

equivalent of £242,505,000, or £5 19s. 10d. per head of the population, at the price-level of 1890.[12]

The principal lines along which this advance has taken place are four. The first is expenditure on the improvement of the environment; the second, the development of free services; the third, the creation of supplementary sources of income; the fourth, progressive taxation. The first and second were in their infancy when Spencer wrote; the third (if the Poor Law be excepted) and the fourth did not yet exist. It is sometimes suggested that the increased social expenditure of the last thirty years is to be interpreted as a symptom of wholesale pauperization. It may be noted in passing, therefore, that the statistics of the movement lend little confirmation to the view that the growth in the outlay on the social services is due primarily to lavish and indiscriminate assistance to persons in distress.

In reality, the relative importance of different services has completely changed, and changed in precisely the opposite direction from that which gives rise to the lamentations of the press. While public expenditure on poor relief has increased less than fivefold since 1890, that on education has grown over twelvefold, and that on public health (including health insurance) and housing about eightyfold. The first accounted for 52 per cent. of the total social expenditure from public funds in 1890–1; in 1934–5 it accounted for 14 per cent., or, if state expenditure on unemployment insurance is included, 33 per cent. The largest single item is expenditure on education, which accounted in the same year for 30 per cent. The picturesque theory that the greater part of existing social expenditure consists of "doles" may continue to be believed by readers of the *Daily Mail*, but it is a delusion which has ceased to be plausible for a quarter of a century. Nor, it may be added, is there any better foundation for the suggestion that the extension of public provision has discouraged private thrift. The inequality with which property is distributed remains, as has been shown above, fantastic; but the accumulated savings of small investors are estimated by Professor

Carr-Saunders and Mr. Caradog Jones to have grown from £498,000,000 in 1913 to £1,375,000,000 in 1925, the equivalent, at the price-level of 1913, of £859,000,000. "There is no evidence", they conclude, "that the advent of state schemes has led to a slackening of individual effort to provide against the changes and chances of life". Since that date such savings have further increased.[13]

This inchoate fabric of social provision has several different aspects. From one point of view it is analogous to a scheme of priorities, such as that with which the country was familiarized during the war: within the narrow, though widening, area of life covered by it, it ensures that necessaries shall be provided before trivialities. From another, it involves the direction of productive effort into new channels: doctors are set to work instead of gardeners, and the gamekeeper or chauffeur of the last generation becomes the teacher or the civil servant of the next. From a third, it results in the creation of new social capital; England put its surplus resources into cotton-mills and railways before it invested in sewers, not to mention parks, schools, and libraries; to-day the balance, though tardily and inadequately, is being corrected. From a fourth, it somewhat mitigates instability of demand, and, therefore, of employment: in the words of the Majority Report of the Colwyn Committee, "it supports and steadies the purchasing power over consumption goods, which is unreservedly beneficial to industry",[14] and which is, it may be added, of special importance when foreign markets are contracting and workers are threatened with displacement by rationalization. From a fifth, it is an instrument which supplies the individual with subsidiary resources, partly in money, partly in kind, partly in the increase of his opportunities and in the improvement of his environment. Some small proportion of the national output of wealth consists of goods and services which are produced, not by profit-making enterprise, but by collective action, and which are distributed in proportion, not to the means, but to the needs, of their beneficiaries. In some small degree, the standard of life of the great mass of the

nation depends, not merely on the remuneration which they are paid for their labour, but on the social income which they receive as citizens.

The rise of this rudimentary communism has taken place without design and almost unconsciously, as a method of coping with grave practical evils. But its pioneers built better than they knew, and it is possible that the famous words, which Adam Smith applied to the individual enterprise of the eighteenth century, may one day appear not too inapplicable to the collective enterprise of the twentieth. While aiming primarily at quite other objects, it has begun, though, as yet, not more than begun, to achieve an end which was no part of its design. Its effect is obviously that the final distribution of the national income differs, in greater or less degree, from the initial distribution which takes place as a result of the bargains struck between individuals and groups in the higgling of the market. Those who, as a result of such action, pay less in taxation than the value of the goods and services which they receive from public funds, find their real incomes increased. Those who pay more find them diminished. The effect, for example, of the payment of the national debt charges, now some £224,000,000, is, as the majority of the Colwyn Committee remarked, to increase inequality, since it involves the transference of wealth from small incomes to large.[15] The effect of an extension of social services, accompanied by progressive taxation, is to diminish inequality, since it involves, though at present on an extremely modest scale, the transference of wealth from large incomes to small. Thus, the observation, not infrequently advanced with a knowing air of superior sagacity, that it is not possible to make the poor richer by making the rich poorer, is hardly to be regarded, perhaps, as the last word of science.

It would be absurd to exaggerate the effects of a policy which is still in its first youth, and the development of which is fought at every turn. Expressed in terms of money, the change in the distribution of wealth resulting from it is at present minute. It is probably, indeed, even smaller to-day

than it was a decade ago. For the "economy" ramp of 1931 to 1935 arrested or slowed down the growth of expenditure on education and health; while the establishment of a general tariff has diminished the proportion of the public revenue derived from taxation on large incomes, and has increased the proportion contributed by the poorer classes. The general result has been stated by Mr. Colin Clark. "The net effect of taxation and local rates in 1935", he writes, "can be described as a redistribution of £91 millions from the rich to the poor in the form of services other than those provided for from working-class taxation".[16] That figure was something under 2 per cent. of the national income for the year in question, and was equivalent to slightly less than 6 per cent. on the total wage-bill.

In view of the oft-repeated statement that the rich are heavily taxed to provide for the mass of the population benefits in which the former do not share, these facts should be remembered. They are, however, only part of the story. The significant feature in the history of the social services is not the magnitude of the redistribution of wealth effected by them. It is the magnitude of the results which even a slender and reluctant measure of redistribution has been sufficient to produce. Inequalities of health, of educational opportunity, and of security remain appalling. But it is not a small thing that certain diseases should have been virtually wiped out; that, in the words of Sir George Newman, "on the average, a baby born to-day will live twelve years longer than his grandfather";[17] that some measure of educational provision, cramped and meagre though it is, should be made for all children up to fourteen; and that the tragedies of sickness, of age and unemployment should have been somewhat mitigated. Compared with what might be accomplished, these achievements appear trivial. Compared with the actual conditions of a generation ago, they represent the first harvest of a policy, tardily adopted and persistently sabotaged, which, if resolutely pursued, can make the essentials of civilization a common possession.

To appreciate the significance of that policy, it is sufficient to consider what the consequences would be, could its successes, humble though they are, be suddenly obliterated. The national expenditure would revert to the shape which it possessed in 1850, when over 90 per cent. of it consisted of interest on the debt, and of the costs of the army and navy. With the reduction of taxation, the pecuniary incomes of the propertied classes would increase, till they were subsequently reduced by the general decline in economic efficiency. Infantile mortality and the general death-rate would bound up. The mass of children under fourteen would become—what many children over fourteen still are—the "little helots" described by Jevons. The aged, the sick and the unemployed would be thrown back on the Poor Law. It is probable, nevertheless, that the resulting social order would be held to be as natural, as inevitable, and as conducive to edification, as that of our own day, of the nineteenth century, and of all other centuries since the world began. It would be explained, with redoubled assurance, that the relative position of classes is wholly uninfluenced by environmental influences, or economic conditions, or legal institutions, but is determined by the innate biological characteristics of the individuals composing them—characteristics whose effects no change in the external order can hope to modify, and with whose mysterious, ineluctable operation misguided reformers will tamper at their peril.

(iii)

THE EXTENSION OF THE SOCIAL SERVICES

As a method of correcting the gravest results of economic inequality, this combination of communal provision and progressive taxation has obvious advantages. It secures for the common benefit the surpluses which no advance in the standard rate of a trade or district, based, as it necessarily is, on what the least favourably situated firms can afford to pay, can succeed in touching. Unlike a rise in wages secured by a trade

union, it taps, not merely the resources of a particular industry, but wealth of all kinds, whatever its source, including that arising, not only from production, but from finance, speculation, commerce, and the unearned increment of urban ground-rents. It can be continued and extended in periods of depression, when it is difficult to secure an improvement of wages, and can thus be used to prevent a temporary depression producing the permanent catastrophe of a decline in the health and *moral* of the rising generation. In so far as, like the income tax, it falls on profits, it does not raise the cost of production or increase prices. By taking money where it can most easily be spared, and spending it where it is most urgently needed, it produces the maximum of social benefit with the minimum of economic disturbance. By concentrating surplus resources, directing them to objects of primary importance, and applying them, as in the case of the services of health, housing, and education, under expert advice and in accordance with a specialized technique, it makes possible the attainment of results which no body of individuals, even though they spent ten times the sums involved, could achieve for themselves by their isolated action.

The technique of such a policy is a matter for specialists, but its immediate objectives are not difficult to state. Burke remarks that all men have equal rights, but not to equal things, and there is a truth in the distinction which is justly applauded. But, unfortunately, Nature, with her lamentable indifference to the maxims of philosophers, has arranged that certain things, such as light, fresh air, warmth, rest, and food, shall be equally necessary to all her children, with the result that, unless they have equal access to them, they can hardly be said to have equal rights, since some of them will die before the rights can be exercised, and others will be too enfeebled to exercise them effectively. The inequality in the incidence of disease between different classes is illustrated by the table opposite, which gives the vital statistics of two poor and two well-to-do districts in a single city in the year 1926.[18]

Such contrasts, it need hardly be observed, are not peculiar to Glasgow. Dr. Veitch Clark, the Medical Officer of Health for Manchester, showed some years ago that, if the city were

	City of Glasgow.	Mile End Ward.	Gorbals Ward.	Langside Ward.	Cathcart Ward.
Population	1,101,622	26,015	52,236	19,139	16,999
Density: Persons per acre . .	57	136	207	45	22
Birth-rate per 1,000 persons living	22·1	31·0	27·3	12·4	10·2
Death-rate per 1,000 persons living	14·2	17·6	17·2	9·2	8·7
Infant Mortality Rate: Deaths under 1 year per 1,000 births	104	163	128	44	52
Phthisis: Death-rate per 1,000 persons living	0·86	1·04	1·03	0·38	0·18
Respiratory Diseases: Death-rate per 1,000 persons living	2·47	3·66	3·84	1·08	0·76
Infectious Diseases: Death-rate per 1,000 persons living . .	0·81	1·69	1·86	0·11	0·12

divided into two sections of almost equal population, one consisting of the more densely populated, and the other of the less densely populated, districts, the divergence in health between the two was equally shocking. The general death-rate in the former, he stated, was 16 per 1,000 compared with 10·5 in the latter, and the infantile mortality rate 20 per cent. greater, while deaths from seven specified diseases were from 31 to 57 per cent. higher, and the number of persons attacked by pneumonia and tuberculosis higher by 34 and 28 per cent. respectively.[19] The last Decennial Census of the Registrar-General told the same story. Dividing the whole population into five social classes, and representing the general level of infantile mortality by 100, he found that the infantile mortality rate in what he called the "independent class" was 48, in the middle class 70, and in the poorest labouring class 123. The contrast between the death-rates from different diseases of different groups of adults was even more striking. Death from bronchitis was about eight times as frequent among the poor as among the rich, while tuberculosis killed three of the former to each one of the latter.[20]

Ill-health and incapacity gravitate to, and aggravate, inferior surroundings, in addition to being created and aggravated by them. It would be incorrect to assume, therefore, that these contrasts of health have their sole explanation in contrasts of environment. But, if grapes will not grow on thorns, or figs on thistles, neither, without soil, sunshine and rain, will grapes grow on vines, or figs on fig-trees. Disease, like machine-guns, kills indiscriminately the genius and the fool, as the institution of inheritance protects indiscriminately the fool and the genius. One who accepts the view that it is important to improve the biological quality of the race is no more required, therefore, to tolerate the preventable misery caused by the environmental evils of bad housing, unhealthy factories, and defective education, than he is to regard with equanimity the more spectacular horrors of war, pestilence, and famine, which also have sometimes been described as the agents of natural selection.

On the effect of such evils in producing disease, those best entitled to speak express themselves with no uncertain voice. In the cautious words of Sir Arthur Newsholme, "evidently environmental influences, with some possible influence of migration in addition, are predominant in the circumstances of civilized life in a large community. . . . The difference [in the infantile mortality rate of different areas] in the main is due to certain removable evils, which are commonly associated with poverty, and from which the well-to-do in a large measure escape". Sir George Newman has said the same. "Definite, simple, and essential", he writes, though "the fundamental requirements of healthy childhood" are, "they constitute the heritage of the few rather than the many. That this is so, has been and is still largely due to social causes". So, in effect, have Dr. Kerr, the late Chief Medical Officer of the London County Council; Dr. Veitch Clark, who states that overcrowding is one factor in the high sickness and mortality rates of the poorer districts of Manchester; and Dr. Childe, who urged in his presidential address to the British Medical Association in 1923 that, by tolerating the continuance of overcrowding

and insanitary conditions, the nation is providing "the breeding-ground for the mass production of disease". "On the present data we are entitled to conclude", writes Dr. Isserlis in his valuable study, *The Relation between Home Conditions and the Intelligence of School Children*, "that progressive improvement in home conditions may be expected to react favourably, not only on the health, but also on the intelligence of school children"; and Dr. Burt, who contributes an introduction to it, summarizes its results as indicating that, "in loose non-technical language, the importance to the child of social circumstances is as one in three". The general results of the conditions which are specially characteristic of the poorer quarters of great towns are described by Sir Arthur Newsholme in words of dreadful simplicity. It is "the increasing total mortality with lowering of social position". As in the days of the Heptarchy, the weregild of the churl is still smaller, it seems, than that of the thane.[21]

Health, we have been told by a Chief Medical Officer of the Board of Education, is a purchasable commodity, of which a community can possess, within limits, as much or as little as it cares to pay for. It can turn its resources in one direction, and fifty thousand of its members will live who would otherwise have died; it can turn them in another, and fifty thousand will die who would otherwise have lived. Though no individual, by taking thought, can add a cubit to his stature, a nation, by doing so, can add an inch to the height of some groups among its children and a pound to their weight.[22] What is called—though not by economists—economy, does not only mean, in short, the curtailment of the frills which, to high-spirited people, who themselves have had enough of them, seem so superfluous and unprofitable in the elementary schools. It means that the children attending such schools are smaller and feebler than they otherwise would have been, and smaller and feebler than the children in the schools to which the high-spirited people send children of their own.

For, if health is purchasable, it is also expensive. For the mass of mankind its conditions must be created by collective

action, or not at all. It is, perhaps, not surprising, therefore, that the publications both of unofficial experts and of the Ministry of Health should be a homily on the theme that the admonition, "Bear ye one another's burdens", is the voice, not merely of piety and good manners, but of economic prudence. Authorities may differ as to the relative urgency of particular measures; but they are unanimous that, given the expenditure necessary to complete the fabric of social provision, the foundations of which have already been laid, no small part of the ill-health which harasses common men and their families to-day can be exorcized as completely as leprosy—as much of it, in fact, so far as a favoured minority is concerned, already has been. Tuberculosis, which there is reason to regard as in a special sense a disease of poverty, accounted recently for about 9 per cent. of the deaths registered from all causes; and tuberculosis, Sir Arthur Newsholme states, is "a completely preventable disease", though, he feels obliged to add, our attempts to prevent it are still "half-hearted and partial". Maternity is a normal function, and most children, it appears, are born healthy. If a sixth of the children who enter the elementary schools at the age of five are suffering from physical defects, and maternal mortality reaches what Sir Arthur Newsholme calls the "scandalous" figure of "three, in some parts four, or even six" deaths "for every thousand infants born alive", the reason is not in nature, but in ourselves.[23]

It is idle to cope with effects while ignoring causes. When the measures emphasized year by year by the Chief Medical Officer have been carried out—when, for example, there is adequate provision for care of the expectant mother, for nursery schools and open-air schools, school feeding and the medical treatment of children, for the necessary hospital accommodation and the establishment everywhere of the full-time medical service whose necessity he emphasizes—the need for a drastic reconstruction of the environment will still remain. Health, it has been shown, is largely dependent on housing, and the causes of overcrowding, which, by general consent, is the central problem, are not recondite. It is a form of under-

consumption induced by poverty. Families with the income of most unskilled workers go short of house-room for the same reason that they go short of everything else: they cannot afford it. In such circumstances the appropriate remedy is that which was applied when the lack of sewers and drains produced cholera and typhus. It is to make the provision of the indispensable minimum of housing a public obligation, borne, like other indispensable burdens, from public funds.

It is precisely, of course, the practical acceptance of that principle—the fact that, of the houses built between 1924 and the present day, a large proportion were built with the assistance of the State—which is responsible for such successes as have been achieved by the housing policy of the past ten years. It was stated by Sir Ernest Simon nearly a decade ago that "a family of children growing up in any of the million new houses" built since the war had "as good a chance of health and strength as the child of a millionaire". That result, in so far as it existed, was to be ascribed primarily to the partial and reluctant communalizing of the service concerned. Nor will it be possible in the future, it may be prophesied, for the State to confine its liability to the payment of subsidies in aid of building. The rent at which a house of the cheapest kind tolerable could be let was in excess, he proved, of that which could be paid by the parents of three children, or more, with an income of less than £3 a week, with the result that there were in urban areas some 800,000 households, with approximately 2,000,000 children, "who are to-day being brought up in conditions where health and full mental and bodily development are totally impossible". If tolerable housing is to be secured by the lower-paid workers, it will be necessary, he rightly urged, to extend financial assistance from the provision of accommodation to the subsidizing of rents. It will be necessary, in short, to fix a standard house, and to pay children's rent allowances for families with three children or more whose income is less than £3 a week.[24]

When clever people, therefore, dismiss the idea of equality as monstrous and visionary, we may comfort ourselves with

the thought that there is one humble aspect of it which, though still far from being realized, is capable of realization. It is possible, those best qualified to judge assure us, to equalize, if we please, the external conditions which are necessary for health. And, starting from that prosaic, commonplace foundation, we may ask a further question. If it is practicable to equalize the conditions required for physical development, may it not be practicable also to equalize those needed for mental development? If it is possible to secure to all, not equal health, but an environment equally favourable to its preservation, may it not be possible also to secure them, not indeed equal culture or intellectual attainments, but equal opportunities of cultivating the powers with which Nature has endowed them?

Whatever the subtleties of educational science and the refinements of the teacher's art, the fundamental aim of education is not difficult to state. It is simple, because the needs which it is designed to meet have themselves a terrible simplicity. Every year a new race of some 600,000 souls slips quietly into the United Kingdom. About one in eighteen dies within a year. The business of the survivors is first to live and then to grow. The purpose of the educationalist is to aid their growth. It should be easy to regard them, not as employers and workmen, or masters and servants, or rich and poor, but merely as human beings. Here, if anywhere, the spirit of equality might be expected to establish its kingdom. Here, if anywhere, it should be possible to forget the tedious vulgarities of income and social position, in a common affection for the qualities which belong, not to any class or profession of men, but to man himself, and in a common attempt to improve them by cultivation.

It should be possible. And, if that simple possibility still eludes our grasp, it is not circumstances, but ourselves, that must bear the blame. To set the realities of child-life in the centre of the stage as the criterion by which all educational arrangements are to be tested; to adapt educational organization, not to social conventions or economic convenience, but

to the requirements of the children themselves; to be sensitive to the varying needs of different individuals, and merciless to the pretensions of different classes—such has been, for a generation, the teaching of educationalists. What prevents our obeying it is a defect, partly of our minds, but still more of our hearts. It is the barbarous association of differences of educational opportunity with distinctions of wealth and social position. It is the habit of treating the public educational system as a matter of secondary importance, which that association inevitably produces. It is the refusal, as a consequence, to introduce into it the improvements which all practical educationalists know to be long overdue, as though common children were lucky to be offered any education at all, and could not reasonably expect to enjoy the same range and quality of opportunities as their betters.

The hereditary curse upon English education is its organisation upon lines of social class. "An elementary school education", remarked recently an experienced educational administrator, "has always meant, and still means, a cheap education. An elementary school text-book means a cheap book, which is carefully adapted in language and content to a wholly derogatory estimate of the needs and powers of the children of a certain section of society, who are supposed not to require or to be capable of the same kind of education as the children of parents who have more money."[25] The effect of the conditions as to staffing and accommodation still permitted to continue in many primary schools is not merely to cripple the performance of the vital and delicate task on which these schools are engaged. It is to poison their soul. It is to cause, not only their external organization, but their spirit and temper to be smitten by a blight of social inferiority.

Children are apt to think of themselves as their elders show that they think of them. The public school boy is encouraged to regard himself as one of a ruling class, which in politics, administration and business will govern and direct—to acquire, in short, the aristocratic virtues of initiative and self-reliance, as well as frequently the aristocratic vices of arrogance,

intellectual laziness and self-satisfaction. The age of spiritual bobbing and curtseying in public education is, happily, over. The elementary schools, with all their defects, have done more than any other institution to straighten the backs of the mass of the population. But, while the theory that the standards permissible in elementary schools ought to be inferior, because they are designed for a class which is inferior, is, if not dead, at any rate dying, the fact of their inferiority is only too alive. If the elementary school boy is no longer taught by his masters that the world has been divided by Providence into the rich, who are the ends of civilization, and the poor, who are its instruments, he is frequently taught a not very different lesson by the character of the surroundings which his countrymen provide for him.

He is taught it by mean, and in some cases even unhealthy, buildings; by the deficiency of playing-fields, school libraries, laboratories, and facilities for practical work; by the shortage of books themselves and the parsimony which holds that less than 2s. a year for each pupil is enough to spend on them.[26] He is taught it by the persistent under-staffing which still permits the existence of 46,000 classes with over forty pupils on the register, and actually over 3,000 classes with more than fifty. He is taught it by his premature plunge into wage-earning employment and the conditions that he meets there. He is taught it by recurrent gusts of educational economy, with their ostentatious insistence that it is his happiness and his welfare which, when the ship is labouring, are the superfluity to be jettisoned. He is taught it by the naïve assurance with which his masters, unenlightened by a century of experience, persist in asserting that they cannot dispense with his immature labour, as though, while their own children continue their education to sixteen or twenty, he and his kind were predestined by Providence to be the cannon-fodder of industry. He is taught it, not least, by the very tenor of the proposals which are applauded as impressive reforms by his well-wishers themselves.

For consider the assumptions implied in the view hitherto

held of the scope and purpose of secondary education. When the boys and girls of well-to-do parents attain the great age of thirteen to fourteen, no one asks whether—absurd phrase—they are "capable of profiting" by further education. They continue their education as a matter of course, not because they are exceptional, but because they are normal, and the question of the "profit" which they succeed in deriving from it is left, quite rightly, to be answered later. Working-class children have the same needs to be met, and the same powers to be developed. But their opportunities of developing them are rationed, like bread in a famine, under stringent precautions, as though, were secondary education made too accessible, the world would end—as it is possible, indeed, that one sort of world might.

Public opinion is so saturated with the influence of a long tradition of educational inequality, so wedded to the idea that what is obtained by one class without question must be conceded to another only on proof of special capacity, that eminent personages can still sometimes be heard to congratulate the nation on the existence of what they describe as an educational ladder, which has as its effect that less than one child in seven of those leaving the elementary schools wins access after being strained at eleven through the sieve of a competitive examination, to the secondary education that the children of the rich receive, in most cases, as a matter of course. And now, that the Consultative Committee of the Board of Education, by insisting that all children, and not merely a minority, should receive secondary education, has killed one embodiment of that nauseous creed, another, and not less nauseating, embodiment of it appears to be on the verge of starting to life. For, in defiance of the Committee's report, schools are being established in more than one area, which, if post-primary in name, in staffing, equipment and accommodation differ but little from the elementary schools whose place they are designed to take. Not only so, but the recommendation that all children should be retained at school till fifteen, which formed an essential part of the Committee's policy, and the

neglect of which for a decade has largely stultified the remainder of their plan, has now been summarily rejected by the Government. "The small fingers" of children of fourteen, we were told by a speaker in the House of Commons on the Bill of 1936, are indispensable to the survival of the Yorkshire textile industry.[27] The children of the rich, in addition to their other advantages, are apparently blessed by Providence with fingers plumper and more elongated than those bestowed on the wretched brats whose parents happen to be poor.

When the ground is littered with the remains of an obsolete social tradition, which starves the majority of children, and pampers a small minority, what surer way can be found of burying the thing decently than to let the young know that, in the eyes of all sensible people, it is already dead? The English educational system will never be one worthy of a civilized society until the children of all classes in the nation attend the same schools. Indeed, while it continues to be muddied by our absurd social vanities, it will never even be efficient as an educational system. The capital fact about English educational policy is that hitherto it has been made, except at brief intervals, by men few, if any, of whom have themselves attended the schools principally affected by it, or would dream of allowing their children to attend them. In such circumstances, it is not surprising that they should grudge expenditure upon it. Rightly regarded, the preparation of the young life is obviously the greatest of common interests. As long as the character of educational organization is determined, not by the requirements of the young, but by the facts of the class system, it is impossible for that truism to receive recognition.

The goal to be aimed at is simplicity itself. The idea that differences of educational opportunity among children should depend upon differences of wealth among parents is a barbarity. It is as grotesque and repulsive as to suppose that the latter should result, as once they did, in differences of personal security and legal status. The primary school, as the Consultative Committee of the Board of Education asserted in its report on the subject, should be, as in some countries it already is,

"the common school of the whole population, so excellent and so generally esteemed that all parents desire their children to attend it".[28] It should, in short, be the preparatory school, from which all children, and not merely a fortunate minority, pass on to secondary education, and which, since the second stage would then succeed the first, as a matter of course, when children were ripe for it, would be free from the present pressure to prepare them for a competitive examination affecting their whole future. A special system of schools, reserved for children whose parents have larger bank-accounts than their neighbours, exists in no other country on the same scale as in England. It is at once an educational monstrosity and a grave national misfortune. It is educationally vicious, since to mix with companions from homes of different types is an important part of the education of the young. It is socially disastrous, for it does more than any other single cause, except capitalism itself, to perpetuate the division of the nation into classes of which one is almost unintelligible to the other. All private schools, including those so-called "public schools", should be required, as a condition of their continuance or establishment, to hold a licence from the Board of Education. Such a licence should be granted to a school only on condition that its governing body is representative, that its endowments are administered in the general interest, and that it is equally accessible to all children qualified to profit by it, irrespective of the income or social position of their parents.

A spendthrift's utopia or a hell of mediocrity? Is the alternative, then, so practical and inspiring? As a society sows, so in the long run it reaps. If its schools are sordid, will its life be generous? Will it later unite by an appeal to economic interests those whom in nurture and education it has taken pains to put asunder? If it sacrifices its children to its social conventions and its economic convenience, is it probable that, when men, they will regard it with affection? Apart from such considerations, the mere economic loss involved in withholding from four-fifths of British children the educational opportunities required to develop their powers is extremely serious. The

nation has not such a plethora of ability at its command that it can afford to leave uncultivated, or under-cultivated, the larger proportion of that which it possesses. The principle to be followed is, after all, simple. What a wise parent would desire for his own children, that a nation, in so far as it is wise, must desire for all children. Educational equality consists in securing it for them. It is to be achieved in school, as it is achieved in the home, by recognizing that there are diversities of gifts, which require for their development diversities of treatment. Its aim will be to do justice to all, by providing facilities which are at once various in type and equal in quality.

It should be needless to rehearse once more the familiar catalogue, every item of which has been thrashed bare in the last ten years, of the measures required to create the mere skeleton and mechanism into which the spirit may later breathe life. The establishment of open-air nursery schools in all urban areas, the development of the school medical service, and the general establishment of a proper system of school meals; the staffing and equipment of primary schools on a scale which may make possible initiative and experiment, a large measure of practical work, and an atmosphere of freedom and humanity; the provision of different kinds of secondary education, not merely in name, but in fact, for all children from eleven to sixteen, and the retention of all children at school to that age; the abolition of the ridiculous distinction between schools which are secondary and schools which are merely post-primary, and the amendment of the Board's regulations in such a way as to establish common standards of staffing and equipment for all; the abolition of fees at grant-aided secondary schools, and the creation of a system of maintenance allowances on a scale sufficiently ample to break the vicious circle which binds poverty in one generation to lack of educational opportunity in the next; the removal of the absurd barriers which at present divide different branches of the teaching profession, and the general recognition that the provision of a liberal education for the future primary teacher is among the most vital of a

university's functions—these things are all commonplaces. What trifles to advance as a contribution to equality, and through what a den of lions the humblest of them must be dragged! A blink, a yawn, a growl, a heavy plutocratic paw, and the most timid of improvements fluttering in tatters! How few have escaped the majestic creatures since 1918!

If the first use which a sensible society will make of its surplus is to raise the general standard of health, and the second to equalize educational opportunities, the third is not less obvious. It is to provide for the contingencies of life, and thus to mitigate the insecurity which is the most characteristic of the wage-earner's disabilities. The extension of such provision is the most novel departure in social policy made in the present century. Almost everywhere it was assumed even as recently as a generation ago that, apart from the relief of persons in actual destitution, the whole costs of sickness, old age and unemployment should be met by the individual from his personal savings or the earnings of his relatives. To-day, while, in England, at least, the amount of such savings has grown considerably, some form of collective provision is increasingly the rule. Since 1900 some sixteen European nations and four of the British Dominions have established systems of old-age pensions, defrayed from public funds, or by means of insurance, or by a combination of both, while America is moving in the same direction. Though state-aided insurance against sickness, invalidity and unemployment is somewhat less general, it advances year by year.

Contrasts of economic security, involving, as they do, that, while some groups can organize their lives on a settled plan with a reasonable confidence that the plan will be carried out, others live from year to year, week to week, or even day to day, are even more fundamental than contrasts of income. The growth of what Dr. Dalton has happily called income from civil rights,[29] by supplying the buffer which, in a different stage of social development, was offered by the existence of numerous humble properties, has an effect in mitigating disparities of condition which is out of all proportion to the

expenditure involved. Instead of being regarded as in the nature of an exceptional concession to abnormal distress, which carries with it a faint odour of charity or patronage, and is tolerable only if confined within the narrowest limits, it should be prized as a vital element in national well-being, which, in the public interest, it is desirable to make as adequate as the resources of the nation at any time allow.

It should be adequate in amount, but its use should be discriminating, and, the more it increases, the greater the need for discrimination becomes. For the risks of life are of various kinds, and, if social provision is to be applied on the necessary scale to the purposes for which it is appropriate, it must not be lavished on those which, however urgent in themselves, require treatment of a different type. The limit to its extension is obvious. It is drawn at the point where measures to protect the individual from being crushed by a contingency, when it occurs, become liable to be used by the State as a lazy substitute for the attempt to prevent the contingency from occurring. In the case of provision for old age that risk does not arise; no one can skip a decade to obtain a pension. In the case of sickness, it is not acute: if much preventable disease is till unprevented, the reason is the cost of removing its causes, not the fear that, by doing so, independence will be undermined. Unemployment stands in a different category. The reason is not the occurrence of individual malpractices, which are statistically unimportant.[30] It is the danger of encouraging what may be described, perhaps, as social malingering. It is the disposition of the governing classes to rely on drugs, when the remedy needed is a drastic change of regimen.

That has been, and remains, the policy of capitalist governments. Since they dare not deal with the causes of unemployment, what they do is to pay the unemployed to starve quietly. The detestable family means test, which is a device for financing part of the maintenance of the unemployed from the pockets, not of the rich, but of the poor, is typical of that attitude. Clearly, since unemployment is the result of a social

breakdown, society must pay for it. Clearly, again, since the maintenance of the willing worker is a matter of right, not of grace, the sum paid must be sufficient, not merely to keep him in physical existence, but for a self-respecting life. The central problem of unemployment, however, is obviously different. It lies in the region of financial and industrial policy, with which the social services are not directly concerned.

The requirements for which the expansion of the latter is the appropriate provision are of a different kind. They are those of infancy and childhood, sickness and old age—provision for the needs of mothers and young children; school meals and medical care, the cost of all such incidentals as books and clothing, and a system of maintenance allowances, graduated with age; the removal of anomalies in the existing system of health insurance, an increase in the rates of sickness benefit, the payment of allowances to the dependents of insured persons incapable of work, with the extension to them of medical benefits, and a medical service which makes doctors and hospitals as universally available as teachers and schools; a lowering of the age at which pensions are payable to the old and an increase in the amount of the pension. Among non-contributory pension schemes, analogous to that established in Great Britain in 1908, the Australian system provides for pensions to begin at sixty-five for men and sixty for women, as against seventy in Great Britain; contributory pensions, which begin in the latter, under the Act of 1926, at sixty-five, are payable in France, Russia and Bulgaria at sixty; while, in France, pensions at a reduced rate can be received at fifty-five. It may be observed that, though only one country makes the cessation of work a condition of securing a pension, continental opinion appears to favour the view that to offer inducements to aged workers to retire from industry has the incidental advantage of mitigating unemployment.

(iv)

THE LION IN THE PATH

If every individual were reared in conditions as favourable to health as science can make them, received an equally thorough and stimulating education up to sixteen, and knew on reaching manhood that, given a reasonable measure of hard work and good fortune, he and his family could face the risks of life without being crushed by them, the most shocking of existing inequalities would be on the way to disappear. Sharp contrasts of pecuniary income might indeed remain, as long as society were too imperfectly civilized to put an end to them. But the range of life corrupted by their influence would be narrower than to-day. It would cease to be the rule for the rich to be rewarded, not only with riches, but with a preferential share of health and life, and for the penalty of the poor to be not merely poverty, but ignorance, sickness and premature death.

In reality, however, even inequalities of income would not continue in such conditions to be, either in magnitude or kind, what they are at present. They would be diminished both directly and indirectly—as a result of the diminution of large incomes by means of taxation, and through the removal of special advantages and adventitious disabilities arising from the unequal pressure of the social environment. Inherited wealth, in particular, would lose most of the importance which it has to-day. At present, when—after the payment of death duties—more than £400 millions pass by way of inheritance, its influence as a cause of social stratification remains overwhelming. It results, not merely in capricious disparities of fortune between individuals, but in the "hereditary inequality of economic status" between different classes described by Mr. Wedgwood. If the estate duties were increased, part of them required to be paid in land or securities, and a supplementary duty imposed, increasing with the number of times

that a property passed at death, in accordance with the proposal of Rignano or with the modified version of it suggested by Dr. Dalton, the social poison of inheritance would largely be neutralized. As the privileges conferred by it became a thing of the past, and the surplus elements in incomes were increasingly devoted to public purposes, while the means of health and education were equally diffused throughout the whole community, "the career open to talent", which to-day is a sham, would become a reality. The element of monopoly, which necessarily exists when certain groups have easier access than others to highly paid occupations, would be weakened, and the horizontal stratification, which is so characteristic a feature of English society, would be undermined. While diversities of income, corresponding to varieties of function and capacity, would survive, they would neither be heightened by capricious inequalities of circumstances and opportunity, nor perpetuated from generation to generation by the institution of inheritance. Differences of remuneration between different individuals might remain; contrasts between the civilization of different classes would vanish.

The psychological reactions of such a change, if more gradual than its immediate economic effects, would be even more profound. The most singular phenomena can be made to pass unchallenged, provided that the minds of observers have been tuned to regard them as inevitable and edifying. As, with the extension of the services of health and education, the majority of the population cease to be familiarized with squalor in infancy, and to be broken in to the machine while still docile and malleable, and to be taught to know their place before they are given a chance of knowing anything else, the sense of inferiority which has paralysed them in the past will increasingly be dissipated. Having seen inequalities, long declared unalterable, yield to social intervention, they will be less indulgent in the future to those which remain, and less easily duped, it may reasonably be hoped, by the technique which defends them.

In the conditions created by political democracy that

technique is simple. Given five fat sheep and ninety-five thin, how induce the ninety-five to resign to the five the richest pasture and shadiest corners? By convincing them, obviously, that, if they do not, they will die of rot, be eaten by wolves, and be deprived in the meantime of such pasture as they have. Nor, indeed, has it hitherto been difficult to convince them, for there is nothing which frightens thin sheep like the fear of being thinner. Measures—so the argument runs—which have as their object the diminution of inequality, have as their effect the depletion of capital and the discouragement of enterprise. Their ultimate victims are not those on whom taxation is levied, but those for whose benefit it is imposed. The latter lose as workers what they gain as citizens, and pay for illusory improvements in their social conditions in the hard cash of lower wages and increased unemployment. Thus the wealth of the few is the indispensable safeguard for the modest comfort of the many, who, if they understood their own interests, would not harass the rich with surtaxes and death duties, but would cherish and protect them. They would applaud the display which proved their affluence with the same eager satisfaction as the Roman augurs felt when they observed that the sacred chickens had made a hearty meal. The fatter the fowls, the safer the republic.

Of the annual output of wealth, part is used for current consumption by the individuals receiving it; part is put at the disposal of industry and trade; part is paid to the State and used for the maintenance of the public services. A society may obviously spend too little of its income on any one of these purposes, and too much on any other; or, while spending the right proportion on each, it may spend it unintelligently. The view which it takes of the proper allocation of its resources between them is the result, partly, no doubt, of custom and convention. Because the taxpayer cries out, it does not follow that the nation is being hurt, or it would have perished long ago. Few to-day, for example, would endorse the view, so freely expressed between 1906 and 1912 in parliamentary debates, that an income tax of 1s. was a "very dangerous

departure", which "abolished the reserve fund of the country", and that an estate duty rising to a maximum of 15 per cent. would cause "a very considerable depletion of capital".[31] But, though the psychological limits of taxation are much more elastic than is commonly supposed, the fact that the general interest requires some minimum sum at least to be devoted to each of these three purposes is self-evident. Those who think that much public expenditure is unnecessary or mischievous do not propose for that reason to abolish the police. Those who think that much of it is highly beneficial are not unaware of the importance of improving the equipment of coalmines and cotton-mills.

The complaint that economic progress is impeded by taxation may convey either of two suggestions. It may refer to the effect of taxation on the application of a nation's aggregate resources to its different requirements, and state that it results in a less economical use of them than would otherwise be the case, for example, by causing wealth that should be employed as capital to be spent on current account. Or it may relate to the effect of taxation on the behaviour of individuals, and argue that, even if otherwise advantageous, it produces injurious reactions, for example, by encouraging evasion or the removal of their property and themselves to less exacting states. The suggestion that Great Britain is over-taxed in the first sense is unconvincing. A man may reasonably argue, perhaps, that he cannot afford to pay his doctor's bills or educate his family, if he has cut his personal expenses to the bone. But, if he lets his wife die of neglect and keeps his children on short rations in the coal-hole, while doing himself well in wine and cigars, what requires attention is not his economic condition, but his state of mind. The dilemma which suggests that the nation must choose between starving industry of capital and starving its citizens of health and education might be plausible if the requirements of the former could be met only by curtailing expenditure on the latter. But, when large sums are spent on neither, it is obviously fallacious, until they have been shown to be devoted to objects more important than both.

Hence, even if the conclusion of the Colwyn Committee, that the "provision of capital . . . is not imperilled by the present scale of direct taxation",[32] be dismissed as erroneous or out of date, it by no means follows that the most judicious method of making capital available is to check the expansion of the social services. Before remodelling its budget, a prudent community, like a prudent individual, will consider the comparative importance of the items in it. It will review its investments and reflect whether it is reasonable to complain of a shortage of funds for reorganizing essential industries, when they are found without difficulty for breweries and cinemas—not to mention Mr. Hatry—at home, and for rubber plantations and oil wells abroad. It will review its private expenditure on current needs, and will consider whether it can at once be so rich as to have wealth to spare, to the extent of £150,000,000 a year for drink alone, not to mention such unconsidered trifles as deer forests, grouse moors, salmon rivers, fox-hunting, villas in the south of France and yachts in the Mediterranean—and so poor as to be unable to afford decent homes for its citizens and better schools for its children. It will review its public expenditure, and inquire whether the certain gain to its prosperity purchased by spending twenty millions more on health and education may not outweigh the risk of loss to its security—if it is, indeed, a loss—involved in spending twenty millions less on armaments.

When it makes such a survey, it may not change its heart, but it will clarify its head. It may decide that it *prefers* not to spend more on mitigating inequality, but it will discover that it is estopped from pleading that it is *unable* to spend it, since it is already spending largely on objects whose superior urgency is, at least, not self-evident. It may even, as it pushes its investigations farther, come reluctantly to realize that some forms of expenditure, which it has regarded as assets, are, in fact, liabilities, and others, which it regarded as liabilities, are in reality assets. For the effect of taxation, if the truism may be excused, does not depend merely upon the amounts which are raised; it depends not less upon the manner in which they

are spent. No serious student of finance has ever supposed that the effect of spending £100,000,000 on armaments is the same as that of spending the same sum in paying off part of the national debt. The suggestion that it is identical with that of spending it on health and education is equally remote from practical realities.

To deplore the cost of these services, without weighing the return which they yield, is not more rational than to judge the position of a firm by looking at one side of its balance-sheet without considering the other. The doctrine which appears to make so irresistible an appeal to the business world that it may be described, perhaps, as the business man's fallacy—the doctrine that every additional million of social expenditure is an additional "burden on industry"—may have possessed a certain plausibility in the days when the sole activities of the State were the maintenance of police and military forces. But, in the light of the facts of to-day, it is an antiquated superstition, to which no reputable economist would lend his endorsement.

To the question whether the taxable capacity of the country is in danger of being exceeded, the reply of the majority of them would probably be that given some years ago by Sir Josiah Stamp to the Economic Section of the British Association: "There can be no absolute answer, because it depends upon the reason for, or subjects upon, which the money is to be spent."[33] Expenditure, in short, is neither more nor less onerous when the sums required are collected and spent by public authorities than when it is incurred by private individuals on their own account. Whether the pen be wielded by the blameless fingers of the company promoter or by the furtive paw of the government official, the account on which the cheque is drawn is the same. It is the annual output of goods and services which together constitute the national income. The question of the degree to which expenditure can properly be described as a "burden" is to be decided by considering, not who spends it, but how it is spent.

The problem before a society which desires to turn its

income to the best account does not differ, therefore, save in magnitude, from that confronting a private individual. What concerns it is not to maintain any fixed proportion between private and public expenditure, but to ensure that its limited resources shall be applied, not capriciously, but to meet its requirements in the order of their relative urgency. It is to reduce expenditure which neither raises the quality of individual life nor promotes social efficiency, and to augment expenditure which heightens them.

In reality, of course, the greater part of the expenditure upon the social services is not a liability, but an investment, the dividends of which are not the less substantial because they are paid, not in cash, but in strengthened individual energies and an increased capacity for co-operative effort. The manufacturer or mine-owner, whose establishment is staffed with workers who, after being prevented from dying in infancy by the public health service, educated in public elementary schools, and taught their craft in the municipal college of technology, are housed in buildings erected with the aid of a subsidy from the State, maintained during sickness and unemployment from funds to which it contributes, and paid their old-age pensions through the Post Office when they can no longer be useful to him, may continue to believe, with the romanticism of his kind, that his profits are created solely by his personal intelligence, initiative, thrift, and foresight. But, as a mere matter of prosaic fact, the State is a partner in his enterprise, whose contribution to its success is at least as important as his own. It is able to take for social purposes part of the wealth which he, as he thinks, produces, because it plays itself, through the social services, no small part in producing it.

The verdict on the subject given by Professor Pigou lends little encouragement to those who think that the nation is crippled by expenditure on its social services. His policy, he writes in his latest work, would be to "use the weapon of graduated death duties and graduated income-tax, not merely as instruments of revenue, but with the deliberate purpose of

diminishing the glaring inequalities of fortune and opportunity which deface our present civilization. He would take a leaf from the book of Soviet Russia and remember that the most important investment of all is investment in the health, intelligence and character of the people. To advocate 'economy' in this field would, under his Government, be a criminal offence".[34] The truth is, as he implies, that, if economies are desired, none are so certain or far-reaching as those which can be effected through the further extension of the services in question. The working days lost in 1933, among the insured population only, through sickness, much of which was unnecessary, were equivalent, the Chief Medical Officer of the Ministry of Health told us, to twelve months' work of nearly 560,000 persons; while the annual cost to a nation of preventable sickness has been put by Dr. Fremantle at £100,000,000.[35] What is true of health is equally true of education, which itself, after all, is little more recondite than the promotion of health by a special technique, designed for the distinctive needs of children and adolescents. Every child whose physique is injured by a noxious environment, by the absence of nursery schools, or by the failure to provide early and suitable treatment for it, or whose mental development is arrested because it is prematurely snatched from school, represents, not an economy, but the most stupid, as well as the most cruel, of extravagances. It is possible for the personnel, as well as for the material equipment, of industry to be under-capitalized. A nation which has the intelligence to invest generously in the cultivation of human capacity "saves", in the strictest sense, more "capital" than the most parsimonious community that ever lived with its eyes on the stock exchange.

Granted, however, it may be argued, that expenditure on health and education is to be regarded as an investment, yet resources are limited, and not all investments, however excellent in themselves, are of a kind that can be afforded. The age when such services were in their infancy and taxation was light—the age when the question was not whether there was a risk of capital being depleted, but whether even the

scantiest provision would be made for essential social requirements—has now ended. Is not the time approaching when the situation will be reversed, and when the most urgent need will be, not to spend more liberally on social requirements, but to secure that the resources needed for the development of industry are preserved intact?

If the present application of the nation's income may be taken as an index, that time is still remote. No serious evidence has been adduced to prove that industry is at present hampered by a shortage of capital. If, however, the danger of trenching on capital exists, the safeguard is simple. It is that the State should concern itself more directly with questions of saving and investment than it has hitherto. In the past it avoided the risk that capital might be depleted by the social services by starving the latter; it left "saving"—to quote the Colwyn Committee—"as a monopoly in the hands of the wealthier classes, who were allowed to remain in almost complete control of their riches".[36] In the future that alternative, which in any case is ruinous, will not be open to it. It will find it necessary, therefore, instead of trusting to the chances of the market, to take deliberate action to determine more precisely the proper division of its available resources between present social requirements and the claims of future productive efficiency. It has been turned in a generation from a niggard to a spender. Having learned to spend, it must now learn to save.

When the spokesmen of business warn the nation against making inroads on capital by excessive taxation, they are urging, in effect, that part of the proceeds of industry should be regarded as trust funds, which are earmarked for the purpose of economic development. The considerations which they emphasize are obviously important; but under existing conditions their argument is unconvincing. For the essence of trust funds is that they must be applied, not at the discretion of the trustee, but in accordance with the terms of the trust, and, as things are to-day, there is no guarantee that what the tax-collector spares industry will gain. There is no sense in putting butter down a dog's throat merely on the chance that

the animal will be sufficiently intelligent and good-natured to refrain from swallowing it; nor, if it is desired to increase the nation's capital by £50,000,000, is a present of £100,000,000 to tax-payers the most economical method of achieving that result. If economic prudence requires that the resources which are necessary to future economic progress shall not be used to meet the current liabilities of the State, it requires no less that they shall not be spent, as they are largely spent when trade is prosperous, on the current liabilities of shareholders and their dependents. If business demands that its reserves shall be immune from the raids of the Chancellor of the Exchequer, it must be prepared to show that they will not be raided, as they frequently have been in the past, in order to be distributed in inflated dividends or bonus shares to hungry investors.

Hence the moral to be deduced from the obvious necessity of making adequate provision for new capital expenditure is different from that which is commonly drawn from it. It is not that taxation should be reduced, as a menace to industry; for, even if the reduction takes place, there is no security that the whole of the wealth released will be employed as capital, instead of being spent on the personal caprices of its owners; or that, if it is, the capital will flow into the undertakings whose expansion is, on public grounds, most important. It is, in the first place, that industry should look for the funds needed to finance development, less to the savings effected by individuals, who, when a windfall drops into their lap, are as likely to spend as to invest it, than to the accumulation of capital by joint-stock companies themselves; and, secondly, that the State should concern itself with the amount and direction of investment.

The principal source from which new capital is provided to-day, is, not the savings made by individuals, but the undistributed profits of companies and firms.[37] The State can, if it pleases, diminish the risk—if such exists—that supplies may be deficient by requiring that companies shall follow the course of prudence, and allocate to reserves a proportion of their profits above a given standard. Nor need it stop at that.

The direction of investments is as important as their amount, and should equally be the concern of public policy. A prudent community will not rely, for securing that its essential industries are adequately supplied with capital, on the crude, extravagant and uncertain device of cutting down its social services, and trusting to chance that the money saved will be used for more important objects. It will follow the advice tendered to it by economists of unimpeachable propriety, and meet the danger that part of such supplies as are available may be wasted or misused by guiding the investments of capital into nationally desirable channels through the agency of a National Investment Board. It will, above all, push forward as rapidly as possible the transference of the major industries to public ownership, and thus acquire a position which will enable it to set aside for capital development whatever sums it may from time to time consider expedient.

CHAPTER V

THE CONDITIONS OF ECONOMIC FREEDOM

If arbitrary contrasts of circumstance and opportunity are one form of inequality, they are not the only form. There is an economic, as well as a social, stratification; a hierarchy of industry and labour, as well as of leisure and enjoyment. When the injustices of the second have been softened or abolished, it still remains to eliminate the tyranny of the first.

The source of that tyranny is familiar, for it is forced on public attention by the continuous friction, and recurrent breakdowns, of the economic mechanism. It is inequality of power. Industrial society is crossed by a horizontal division, and organized forces are massed on each side of it. Sometimes they meet in open collision; more often they watch each other, in at least nominal peace, across the frontier, relying on treaties negotiated between them. The permanent aim of their organization and policy, as distinct from their tactical movements and immediate objectives, is to diminish this inequality or maintain it in existence, to consolidate its gains or resist encroachments upon it.

(i)

THE CONCENTRATION OF ECONOMIC POWER

Power is the most obvious characteristic of organized society, but it is also the most ambiguous. The discussion of the problems which it presents has been prejudiced by the confusion of the reality with its forms, and by the concentration of interest upon certain of its manifestations to the exclusion of others. A realistic treatment of it has suffered, in particular, from the habit of considering it primarily, or even purely, in political terms. Power is identified with political power, and political

power is treated as a category by itself. It is regarded as possessed by individuals as members of a state, or as exercised by a state on behalf of its members. In popular speech, a class acquires power when it obtains the franchise; a government is returned to power when it is supported by a majority of the House of Commons; a minister is in power while he retains his office, and falls from power when, if ever, he resigns it. In the works of political philosophers it is not unusual for the frontiers of the subject to be similarly straitened. The form into which their treatment of it has most commonly been cast is that of discussions of the nature of sovereignty. They have been interested in the question of the foundations of political authority, in the obligations which it imposes on citizens or subjects, and in the limits, if any, which exist to its exercise.

Political authority is a genuine form of power, and is, both for good and evil, an important form. But it is one form, not the only form. To represent it as unique in kind and unrivalled in degree is to draw a picture which has little relation to the facts of life. In reality, it is one species of a larger genus. Its special characteristic is that it can set in motion the forces of law, so that it ceases to be merely a fact, and both becomes a right itself and confers rights on others. But, if scrofula is not cured by the king's touch, neither is power conferred by kissing the king's hands. It is not the legal recognition which makes the power, but the power which secures the legal recognition. Recent political thinkers have shown that sovereignty is not merely the attribute of the State, but is shared, in different degrees, by other forms of association; and, if sovereignty is more extensive than the authority of the State, power is obviously more extensive than sovereignty and the rights conferred by it. The river exists before it is canalized so as to carry the barge and drive the mill. The fact of power exists independently of the right to power. Sometimes, indeed, it exists in spite of it.

Power may be defined as the capacity of an individual, or group of individuals, to modify the conduct of other individuals

or groups in the manner which he desires, and to prevent his own conduct being modified in the manner in which he does not. Everyone, therefore, possesses some measure of power, and no one possesses more than a measure of it. Men exercise only the power that they are allowed to exercise by other men, whom, when their clothes are off, they much resemble; so that the strong are rarely as powerful as they are thought by the weak, or the weak as powerless as they are thought by themselves. Its ultimate seat is—to use an unfashionable word—the soul. It rests on hope and fear, the belief of those who submit to it that its agents can confer upon them benefits, from food to spiritual peace, and inflict evils, from hunger to misery of mind. Hence its foundations vary from age to age, with the interests which move men, and the aspects of life to which they attach a preponderant importance. It has had its source in religion, in military prowess and prestige, in the strength of professional organization, in the exclusive control of certain forms of knowledge and skill, such as those of the magician, the medicine-man, and the lawyer. It is thus both awful and fragile, and can dominate a continent, only in the end to be blown down by a whisper. To destroy it, nothing more is required than to be indifferent to its threats, and to prefer other goods to those which it promises. Nothing less, however, is required also.

It is not the case, therefore, as is sometimes suggested, that all forms of power are, in the last resort, economic, for men are so constituted as to desire other than temporal goods and to fear other than economic evils. It is true, however, that, since economic interests, if not the most intense, are the most generally operative and continuous in their operation, most forms of power have economic roots, and produce, in turn, economic consequences. There are certain natural resources, certain kinds of property, certain types of economic organization, on the use of which the mass of mankind depend for their well-being. The masters of these resources, therefore, are in a position, in the absence of countervailing measures, to secure exceptionally favourable terms for themselves, and to exercise

an unusual degree of control over the lives of their fellows.

Naturally, the class which, for the time being, is economically preponderant tends normally to be that which discharges the most conspicuous public obligations. Naturally, it often displays the graces of civilization in an exceptional degree. Naturally, again, the relations of cause and effect are commonly reversed, so that it is said to exercise power because it is educated and fit to govern, not to possess culture and influence because its economic position has brought exceptional opportunities of both within its reach. Such phenomena may be inevitable, but they deserve to be scrutinized. The sage who defined his Utopia as a society in which any man can say to any other, "Go to hell", but no man wants to say it, and no man need go when it is said, may have been crude in expression, but he was sound in substance. Pride and fear are the attitudes least becoming human beings, and a people which is a people, not a mob, will be intolerant of both. It will respect all men and feel awe of none. It will give short shrift to all forms of authority, whether political or economic, which breed arrogance in this class and servility in that.

Economic power has a special significance in industrial societies, owing to the nature of the social structure that the great industry produces. In regions where the pattern of life is drawn by petty agriculture and small-scale industry, economic interests may be a consuming passion, as with the peasant who ruins his own and his family's health in order to add a few roods to his holding. But the force which they wield is small, since it is broken into fragments. It is dispersed in numerous small rivulets, each of which may irrigate a meadow, but which cannot, till collected, generate the energy to drive an engine.

The influence of a spider is limited by the size of its web, and in such conditions economic power is feeble, because economic interdependence is slight. Its stature and rôle, in an industrial civilization, are obviously different. For the characteristic of modern industry, and of the financial arrangements associated with it, is not only that it increases, by its

technological triumphs, man's power over nature, but that, in the absence of deliberate restraints imposed by society, it heightens that of some men over others, by organizing and concentrating it. It normally involves a concentration of ownership, and therefore of the rights which ownership confers. Its method is mass-production, and mass-production involves the control of large armies of workers, who execute, by small groups, who direct and plan. It makes all, or nearly all, types of economic activity interdependent, so that those who control a key service can impose their terms on the remainder. It increases the scale of enterprise, and thus increases both the number and length of the threads which can be manipulated by the staff-work of a single headquarters.

Hence, in an industrial society, the tendency of economic power is not to be dispersed among numerous small centres of energy, but to be massed in blocks. It is gathered at ganglia and nerve-centres, whose impulse gives motion to the organism, and whose aberrations or inactivity smite it with paralysis. The number of those who take the decisions upon which the conduct of economic affairs, and, therefore, the lives of their fellow-men, depend is diminished; the number of those affected by each decision is increased. The late Dr. Rathenau once remarked that the economic life of Europe was controlled by three hundred individuals,[1] and his picture, if overdrawn, was not wholly unveracious. Lord Melchett smiles, and there is sunshine in ten thousand homes. Mr. Morgan frowns, and the population of two continents is plunged in gloom.

This concentration of initiative is the most familiar commonplace of recent economic history. The increase in the scale of the business unit, which is the simplest illustration of it, can in some countries be observed from decade to decade, with the aid of statistics grouping firms according to the personnel which they employ. In Germany, for example, which grew in a generation from a nation of industrial dwarfs to one of industrial giants, the percentage of workers employed in establishments with 1,000 employees or more almost doubled in the generation between 1882 and 1907; while, in the

industries most typical of the new order, such as chemicals, the metal industries, and electrical engineering, it underwent a threefold, thirteenfold, and, in the case of the last, which at the first date hardly existed, a fortyfold increase. The movement has continued since that date, the percentage of workers in establishments with 1,000 employees or more rising, for example, in mining from 52·4 in 1907 to 71·6 in 1925, in machine-making from 21·6 to 32·6, and in the chemical industry from 18·2 to 34·4. In the United States, where industrial concentration has attained the most imposing dimensions, the establishments with a capital of $1,000,000 or over formed, in 1914, 2·1 per cent. of the total, employed 35·9 per cent. of the wage-earners, and produced 49·2 per cent. of the value of the total output. In 1925 they formed 5·6 per cent. of the total, employed 56·8 per cent. of the wage-earners, and produced annually 67·6 per cent. of the value of the output.[2]

No comparable figures are available for Great Britain; but it is not open to question that development has proceeded, though at a slower pace, in the same direction. In the production of pig-iron the capacity of each undertaking increased nearly threefold between 1882 and 1924, while between 1920 and 1928 the average output per furnace rose over 60 per cent., and the output per man over 50 per cent. Even in the coal industry, which is notorious for its attachment to the organization of a bygone era, 84 per cent. of the output was produced, as long ago as 1923, by 323 concerns employing over 1,000 workers each, and nearly one-fifth was produced by 57 firms.[3] In engineering and shipbuilding, iron and steel, chemicals and explosives, amalgamations have produced a small but rapidly increasing number of giants with a personnel ranging from 10,000 to 40,000. In the railway industry, since the Act of 1921, over half a million workers have been employed by four companies. Even in the traditional citadel of individualism, the cotton industry, the Lancashire Cotton Corporation now controls a substantial proportion of one section of the trade; while proposals for cutting out weak competitors and concen-

trating production are received with a favour not accorded them in the recent past.

Thus, while the sentiment of the business world remains fixed in its aversion to bureaucracy, its own practice and organization are increasingly bureaucratic. Nor, of course, is the increase in the dimensions of individual firms an adequate index of the concentration of economic control. It has been accompanied by the growth of different forms of combination, which has as its effect that industries are, in an increasing measure, united in practice, even while the businesses composing them continue to retain their separate identities.

The importance of that movement on the Continent, and, in particular, in Germany, has long been a commonplace. "In the United Kingdom", stated the Committee on Trusts nearly twenty years ago, "there is at the present time in every important branch of industry an increasing tendency to the formation of trade associations and combinations, having for their purpose the restriction of competition and the control of prices". The same tendency is revealed in the growth of international organizations, such as the European Steel Cartel, allocating an output of some 25,000,000 tons between the producers of four countries; the British-American Tobacco Company, with a capital valued at approximately £100,000,000; and the International Match Corporation, with its 150 factories and 50,000 workers in twenty-eight different countries. The more imposing of them form, like the iron, steel and coal interests of the Ruhr-Lorraine-Luxembourg region, or the undertakings formerly associated with Hugo Stinnes, or the "Big Five" of the American Meat Trust, with its five hundred subsidiary companies in South America, Australia, and Europe, what are, in effect, extra-territorial economic states, with which few political states dare risk a fall.[4]

Even more significant is the control by small groups, whether of producers or mere speculators, of primary products, such as rubber, oil, tin, and coffee; the amalgamation of financial interests, which in England reduced the number of joint-stock banks from 104 in 1890 to 18 in 1924, 84 per cent. of the

aggregate deposit and current accounts being held, at the latter date, by five among them; and the control of the majority of the channels of public information by a handful of rich men, which resulted from the discovery that the trade of selling paper with advertisements on one side and news or nonsense on the other is the natural monopoly of the ambitious millionaire, since it requires a fortune to engage in it, and, as far as the millionaire is concerned, requires nothing else. As the scale of organization increases, and one field of enterprise after another is conquered by combination, the lines of the structure necessarily tend to steepen. It is a pyramid in which power radiates downwards, from a tiny knot of bankers at the top, through intermediate layers of industrialists and merchants to the mass of common men, who are twitched this way and that by the masters of the show, like puppets on wires. The brisk little goddess Individual Enterprise must occasionally look down from her seat on the summit with some qualms of perplexity as to the appropriateness of her temple.

(ii)

LIBERTY AND EQUALITY

Liberty and equality have usually in England been considered antithetic; and, since fraternity has rarely been considered at all, the famous trilogy has been easily dismissed as a hybrid abortion. Equality implies the deliberate acceptance of social restraints upon individual expansion. It involves the prevention of sensational extremes of wealth and power by public action for the public good. If liberty means, therefore, that every individual shall be free, according to his opportunities, to indulge without limit his appetite for either, it is clearly incompatible, not only with economic and social, but with civil and political, equality, which also prevent the strong exploiting to the full the advantages of their strength, and, indeed, with any habit of life save that of the Cyclops. But

freedom for the pike is death for the minnows. It is possible that equality is to be contrasted, not with liberty, but only with a particular interpretation of it.

The test of a principle is that it can be generalized, so that the advantages of applying it are not particular, but universal. Since it is impossible for every individual, as for every nation, simultaneously to be stronger than his neighbours, it is a truism that liberty, as distinct from the liberties of special persons and classes, can exist only in so far as it is limited by rules, which secure that freedom for some is not slavery for others. The spiritual energy of human beings, in all the wealth of their infinite diversities, is the end to which external arrangements, whether political or economic, are merely means. Hence institutions which guarantee to men the opportunity of becoming the best of which they are capable are the supreme political good, and liberty is rightly preferred to equality, when the two are in conflict. The question is whether, in the conditions of modern society, they conflict or not. It is whether the defined and limited freedom, which alone can be generally enjoyed, is most likely to be attained by a community which encourages violent inequalities, or by one which represses them.

Inequality of power is not necessarily inimical to liberty. On the contrary, it is the condition of it. Liberty implies the ability to act, not merely to resist. Neither society as a whole, nor any group within it, can carry out its will except through organs; and, in order that such organs may function with effect, they must be sufficiently differentiated to perform their varying tasks, of which direction is one and execution another. But, while inequality of power is the condition of liberty, since it is the condition of any effective action, it is also a menace to it, for power which is sufficient to use is sufficient to abuse. Hence, in the political sphere, where the danger is familiar, all civilized communities have established safeguards, by which the advantages of differentiation of function, with the varying degrees of power which it involves, may be preserved, and the risk that power may be tyrannical, or perverted to private

ends, averted or diminished. They have endeavoured, for example, as in England, to protect civil liberty by requiring that, with certain exceptions, the officers of the State shall be subject to the ordinary tribunals, and political liberty by insisting that those who take decisions on matters affecting the public shall be responsible to an assembly chosen by it. The precautions may be criticized as inadequate, but the need for precautions is not to-day disputed. It is recognized that political power must rest ultimately on consent, and that its exercise must be limited by rules of law.

The dangers arising from inequalities of economic power have been less commonly recognized. They exist, however, whether recognized or not. For the excess or abuse of power, and its divorce from responsibility, which results in oppression, are not confined to the relations which arise between men as members of a state. They are not a malady which is peculiar to political systems, as was typhus to slums, and from which other departments of life can be regarded as immune. They are a disease, not of political organization, but of organization. They occur, in the absence of preventive measures, in political associations, because they occur in all forms of association in which large numbers of individuals are massed for collective action. The isolated worker may purchase security against exploitation at the cost of poverty, as the hermit may avoid the corruptions of civilization by forgoing its advantages. But, as soon as he is associated with his fellows in a common undertaking, his duties must be specified and his rights defined; and, in so far as they are not, the undertaking is impeded. The problem of securing a livelihood ceases to be merely economic, and becomes social and political. The struggle with nature continues, but on a different plane. Its efficiency is heightened by co-operation. Its character is complicated by the emergence of the question of the terms on which co-operation shall take place.

In an industrial civilization, when its first phase is over, most economic activity is corporate activity. It is carried on, not by individuals, but by groups, which are endowed by the

State with a legal status, and the larger of which, in size, complexity, specialization of functions and unity of control, resemble less the private enterprise of the past than a public department. As far as certain great industries are concerned, employment must be found in the service of these corporations, or not at all. Hence the mass of mankind pass their working lives under the direction of a hierarchy, whose heads define, as they think most profitable, the lines on which the common enterprise is to proceed, and determine, subject to the intervention of the State and voluntary organizations, the economic, and to a considerable, though diminishing, extent, the social environment of their employees. Possessing the reality of power, without the decorative trappings—unless, as in England is often the case, it thinks it worth while to buy them—this business oligarchy is the effective aristocracy of industrial nations, and the aristocracy of tradition and prestige, when such still exists, carries out its wishes and courts its favours. In such conditions, authority over human beings is exercised, not only through political, but through economic, organs. The problem of liberty, therefore, is necessarily concerned, not only with political, but also with economic, relations.

It is true, of course, that the problems are different. But to suppose that the abuses of economic power are trivial, or that they are automatically prevented by political democracy, is to be deceived by words. Freedom is always, no doubt, a matter of degree; no man enjoys all the requirements of full personal development, and all men possess some of them. It is not only compatible with conditions in which all men are fellow-servants, but would find in such conditions its most perfect expression. What it excludes is a society where only some are servants, while others are masters.

For, whatever else the idea involves, it implies at least, that no man shall be amenable to an authority which is arbitrary in its proceedings, exorbitant in its demands, or incapable of being called to account when it abuses its office for personal advantage. In so far as his livelihood is at the mercy of an irresponsible superior, whether political or economic, who can

compel his reluctant obedience by *force majeure*, whose actions he is unable to modify or resist, save at the cost of grave personal injury to himself and his dependents, and whose favour he must court, even when he despises it, he may possess a profusion of more tangible blessings, from beer to motor-bicycles, but he cannot be said to be in possession of freedom. In so far as an economic system grades mankind into groups, of which some can wield, if unconsciously, the force of economic duress for their own profit or convenience, whilst others must submit to it, its effect is that freedom itself is similarly graded. Society is divided, in its economic and social relations, into classes which are ends, and classes which are instruments. Like property, with which in the past it has been closely connected, liberty becomes the privilege of a class, not the possession of a nation.

Political principles resemble military tactics; they are usually designed for a war which is over. Freedom is commonly interpreted in England in political terms, because it was in the political arena that the most resounding of its recent victories were won. It is regarded as belonging to human beings as citizens, rather than to citizens as human beings; so that it is possible for a nation, the majority of whose members have as little influence on the decisions that determine their economic destinies as on the motions of the planets, to applaud the idea with self-congratulatory gestures of decorous enthusiasm, as though history were of the past, but not of the present. If the attitude of the ages from which it inherits a belief in liberty had been equally ladylike, there would have been, it is probable, little liberty to applaud.

For freedom is always relative to power, and the kind of freedom which at any moment it is most urgent to affirm depends on the nature of the power which is prevalent and established. Since political arrangements may be such as to check excesses of power, while economic arrangements permit or encourage them, a society, or a large part of it, may be both politically free and economically the opposite. It may be protected against arbitrary action by the agents of government,

and be without the security against economic oppression which corresponds to civil liberty. It may possess the political institutions of an advanced democracy, and lack the will and ability to control the conduct of those powerful in its economic affairs, which is the economic analogy of political freedom.

The extension of liberty from the political to the economic sphere is evidently among the most urgent tasks of industrial societies. It is evident also, however, that, in so far as this extension takes place, the traditional antithesis between liberty and equality will no longer be valid. As long as liberty is interpreted as consisting exclusively in security against oppression by the agents of the State, or as a share in its government, it is plausible, perhaps, to dissociate it from equality; for, though experience suggests that, even in this meagre and restricted sense, it is not easily maintained in the presence of extreme disparities of wealth and influence, it is possible for it to be enjoyed, in form at least, by pauper and millionaire. Such disparities, however, though they do not enable one group to become the political master of another, necessarily cause it to exercise a preponderant influence on the economic life of the rest of society.

Hence, when liberty is construed, realistically, or implying, not merely a minimum of civil and political rights, but securities that the economically weak will not be at the mercy of the economically strong, and that the control of those aspects of economic life by which all are affected will be amenable, in the last resort, to the will of all, a large measure of equality, so far from being inimical to liberty, is essential to it. In conditions which impose co-operative, rather than merely individual, effort, liberty is, in fact, equality in action, in the sense, not that all men perform identical functions or wield the same degree of power, but that all men are equally protected against the abuse of power, and equally entitled to insist that power shall be used, not for personal ends, but for the general advantage. Civil and political liberty obviously imply, not that all men shall be members of parliament, cabinet ministers, or civil servants, but the absence of such

civil and political inequalities as enable one class to impose its will on another by legal coercion. It should be not less obvious that economic liberty implies, not that all men shall initiate, plan, direct, manage, or administer, but the absence of such economic inequalities as can be used as a means of economic constraint.

The danger to liberty which is caused by inequality varies with differences of economic organization and public policy. When the mass of the population are independent producers, or when, if they are dependent on great undertakings, the latter are subject to strict public control, it may be absent or remote. It is seen at its height when important departments of economic activity are the province of large organizations, which, if they do not themselves, as sometimes occurs, control the State, are sufficiently powerful to resist control by it. Among the numerous interesting phenomena which impress the foreign observer of American economic life, not the least interesting is the occasional emergence of industrial enterprises which appear to him, and, indeed, to some Americans, to have developed the characteristics, not merely of an economic undertaking, but of a kind of polity. Their rule may be a mild and benevolent paternalism, lavishing rest-rooms, schools, gymnasia, and guarantees for constitutional behaviour on care-free employees; or it may be a harsh and suspicious tyranny. But, whether as amiable as Solon, or as ferocious as Lycurgus, their features are cast in a heroic mould. Their gestures are those of the sovereigns of little commonwealths rather than of mere mundane employers.

American official documents have, on occasion, called attention to the tendency of the bare stem of business to burgeon, in a favourable environment, with almost tropical exuberance, so that it clothes itself with functions that elsewhere are regarded as belonging to political authorities. The corporations controlled by six financial groups, stated the Report of the United States Commission on Industrial Relations some twenty years ago, employ 2,651,684 wage-earners, or 440,000 per group. Some of these companies own, not merely

the plant and equipment of industry, but the homes of the workers, the streets through which they pass to work, and the halls in which, if they are allowed to meet, their meetings must be held. They employ private spies and detectives, private police and, sometimes, it appears, private troops, and engage, when they deem it expedient, in private war. While organized themselves, they forbid organization among their employees, and enforce their will by evicting malcontents from their homes, and even, on occasion, by the use of armed force. In such conditions business may continue in its modesty, since its object is money, to describe itself as business; but, in fact, it is a tyranny. "The main objection to the large corporation", remarks Mr. Justice Brandeis, who, as a judge of the Supreme Court, should know the facts, "is that it makes possible—and in many cases makes inevitable—the exercise of industrial absolutism." Property in capital, thus inflated and emancipated, acquires attributes analogous to those of property in land in a feudal society. It carries with it the disposal, in fact, if not in law, of an authority which is quasi-governmental. Its owners possess what would have been called in the ages of darkness a private jurisdiction, and their relations to their dependents, though contractual in form, resemble rather those of ruler and subject than of equal parties to a commercial venture. The liberty which they defend against the encroachments of trade unionism and the State is most properly to be regarded, not as freedom, but as a franchise.[5]

The conventional assertion that inequality is inseparable from liberty is obviously, in such circumstances, unreal and unconvincing; for the existence of the former is a menace to the latter, and the latter is most likely to be secured by curtailing the former. It is true that in England, where three generations of trade unionism and state intervention have done something to tame it, the exercise of economic power is, at ordinary times, less tyrannical than it once was. It still remains, nevertheless, a formidable menace to the freedom of common men. The pressure of such power is felt by the consumer, when he purchases necessaries which, directly or indirectly,

are controlled by a monopoly. It is felt in the workshop, where, within the limits set by industrial legislation and collective agreements, the comfort and amenity of the wage-earners' surroundings, the discipline and tone of factory life, the security of employment and methods of promotion, the recruitment and dismissal of workers, the degree to which successive relays of cheap juvenile labour are employed, the opportunity to secure consideration for grievances, depend ultimately upon the policy pursued by a board of directors, who may have little love, indeed, for their shareholders, but who represent, in the last resort, their financial interests, and who, in so far as they are shareholders themselves, are necessarily judges in their own cause.

The effects of such autocracy are even graver in the sphere of economic strategy, which settles the ground upon which these tactical issues are fought out, and, in practice, not infrequently determines their decision before they arise. In such matters as the changes in organization most likely to restore prosperity to an embarrassed industry, and, therefore, to secure a tolerable livelihood to the workers engaged in it; methods of averting or meeting a depression; rationalization, the closing of plants and the concentration of production; the sale of a business on which a whole community depends or its amalgamation with a rival—not to mention the critical field of financial policy, with its possibilities, not merely of watered capital and of the squandering in dividends of resources which should be held as reserves, but of a sensational redistribution of wealth and widespread unemployment as a result of decisions taken by bankers—the diplomacy of business, like that of governments before 1914, is still commonly conducted over the heads of those most affected by it. The interests of the public, as workers and consumers, may receive consideration when these matters are determined; but the normal organization of economic life does not offer reliable guarantee that they will be considered. Nor can it plausibly be asserted that, if they are not, those aggrieved can be certain of any redress.

Power over the public is public power. It does not cease to be public merely because private persons are permitted to buy and sell, own and bequeath it, as they deem most profitable. To retort that its masters are themselves little more than half-conscious instruments, whose decisions register and transmit the impact of forces that they can neither anticipate nor control, though not wholly unveracious, is, nevertheless, superficial. The question is not whether there are economic movements which elude human control, for obviously there are. It is whether the public possesses adequate guarantees that those which are controllable are controlled in the general interest, not in that of a minority. Like the gods of Homer, who were subject themselves to a fate behind the fates, but were not thereby precluded from interfering at their pleasure in the affairs of men, the potentates of the economic world exercise discretion, not, indeed, as to the situation which they will meet, but as to the manner in which they will meet it. They hold the initiative, have such freedom to manœuvre as circumstances allow, can force an issue or postpone it, and, if open conflict seems inevitable or expedient, can choose, as best suits themselves, the ground where it shall take place.

"Even if socialism were practicable without the destruction of freedom", writes Lord Lothian, "would there be any advantage in converting the whole population into wage or salary earners, directed by the relatively few, also salaried, officials, who by ability, or promotion, or 'pull', could work their way to the top of the political machine or the permanent bureaucracy? . . . Is not that community the best, and, in the widest sense of the word, the most healthy, which has the largest proportion of citizens who have the enterprise, and energy, and initiative, to create new things and new methods for themselves, and not merely to wait to carry out the orders of somebody 'higher up'?"[6] In view of the practice, of some parts, at least, of the business world, the less said about "pull", perhaps, the better. But how true in substance! And how different the liner looks from the saloon-deck and the stoke-hold! And how striking that the conditions which Lord Lothian

deplores as a hypothetical danger should be precisely those which ordinary men experience daily as an ever-present fact!

For, in England at any rate, as a glance at the Registrar-General's reports would have sufficed to show him, not only the majority of the population, but the great majority, are to-day "wage or salary earners", who, for quite a long time, have been "directed by the relatively few", and who, if they did not "wait to carry out the orders of somebody higher up", would be sent about their business with surprising promptitude. Unless Lord Lothian proposes to abolish, not only a particular political doctrine, but banks, railways, coal-mines and cotton-mills, the question is not whether orders shall be given, but who shall give them; whether there shall be guarantees that they are given in the general interest; and whether those to whom they are given shall have a reasonable security that, when their welfare is at stake, their views will receive an unbiased consideration.

Freedom may be, as he insists, more important than comfort. But is a miner, who is not subject to a bureaucracy, or at least, to a bureaucracy of the kind which alarms Lord Lothian, conspicuously more free than a teacher, who is? If a man eats bread made of flour produced to the extent of forty per cent. by two milling combines and meat supplied by an international meat trust, and lives in a house built of materials of which twenty-five per cent. are controlled by a ring, and buys his tobacco from one amalgamation, and his matches from another, while his wife's sewing-thread is provided by a third, which has added eight millionaires to the national roll of honour in the last twenty years, is he free as a consumer? Is he free as a worker, if he is liable to have his piece-rates cut at the discretion of his employer, and, on expressing his annoyance, to be dismissed as an agitator, and to be thrown on the scrap-heap without warning because his employer has decided to shut down a plant, or bankers to restrict credit, and to be told, when he points out that the industry on which his livelihood depends is being injured by mismanagement, that his job is to work, and that the management in question

will do his thinking for him? And if, in such circumstances, he is but partially free as a consumer and a worker, is not his freedom as a citizen itself also partial, rather than, as Lord Lothian would desire, unqualified and complete?

Lord Lothian is misled as to liberty, because he has omitted to consider the bearing upon it of another phenomenon, the phenomenon of inequality. The truth is that, when the economic scales are so unevenly weighted, to interpret liberty as a political principle, which belongs to one world, the world of politics and government, while equality belongs—if, indeed, it belongs anywhere—to another world, the world of economic affairs, is to do violence to realities. Governments, it is true, exercise powers of a great and special kind, and freedom requires that they should be held strictly to account. But the administration of things is not easily distinguished, under modern conditions of mass organization, from the control of persons, and both are in the hands, to some not inconsiderable degree, of the minority who move the levers of the economic mechanism. The truth of the matter is put by Professor Pollard in his admirable study, *The Evolution of Parliament*. "There is only one solution", he writes, "of the problem of liberty, and it lies in equality. . . . Men vary in physical strength; but so far as their social relations go that inequality has been abolished. . . . Yet there must have been a period in social evolution when this refusal to permit the strong man to do what he liked with his own physical strength seemed, at least to the strong, an outrageous interference with personal liberty. . . . There is, in fact, no more reason why a man should be allowed to use his wealth or his brain than his physical strength as he likes. . . . The liberty of the weak depends upon the restraint of the strong, that of the poor upon the restraint of the rich, and that of the simpler-minded upon the restraint of the sharper. Every man should have this liberty and no more, to do unto others as he would that they should do unto him; upon that common foundation rest liberty, equality, and morality."[7]

(iii)

INDUSTRY AS A SOCIAL FUNCTION

A complex organization cannot function effectively without unity of direction. It is easy to prove that a hierarchy of authority, with gradations of responsibility, is as indispensable to modern industry as to a modern army. It is easy, but it is superfluous, for it is to labour a truism.

It is obvious, indeed, that, so far from resisting the concentration of economic control, the whole tendency of democracy is to accelerate and systematize it. The trade union finds its gravest embarrassments in dealing, not with the great undertaking, in which the productive technique of capitalism is seen at its zenith, but with the old-fashioned establishment, whose obsolete machinery and ineffective organization depresses the standard of output and working conditions. The co-operative movement, with its vast trading and manufacturing businesses, is concerned, not to narrow, but progressively to extend, the area of large-scale enterprise, while securing that the economies which it yields are reaped by the consumer. The cotton operative who presses for the reconstruction of his industry, or the miner who urges the transference of minerals and mines to public ownership, does so partly, at least, as a step towards the substitution of a more rational organization for the welter of conflicting interests which prevent both consumer and wage-earner from reaping the fruit of scientific progress. The worker who is suspicious of rationalization does not object to the replacement of rule of thumb by system and order, but to the refusal to admit that, since he and his fellows are vitally affected by it, its application and methods, and the provision to be made for the workers whom it displaces, must be determined by agreement with the bodies representing them. What gives rise to resentment, in short, is not the existence of economic authority, but its responsibility. Freedom is conceived as consisting, not in

its abolition, but in the establishment of guarantees that it will be used in the public interest, and that its relations with those affected by it will be based, not on superiority of force, but on consent.

Thus interpreted—not as "the desolate liberty of the wild ass", but as a community of service—economic freedom implies both diversity of function and equality of status. It is incompatible with the claim either that every man should exercise the same degree of influence on the conduct of the common enterprise, or that any man should exercise it merely for his personal gain. The principles on which its extension depends are three. The first is that an ever-widening area of economic relations shall be governed by settled rules, based on deliberate decisions as to social expediency, not by the pecuniary self-interest of property-owners and their agents. The second involves the recognition that a large range of economic interests, which have normally hitherto been regarded as the province of direction or management, must in future be the subject of common determination. The third has as its corollary the development of machinery to secure that the larger questions of economic strategy and industrial organization are treated as what in fact they are, a public concern, and that those who decide them must accordingly be accountable to the public for the tenor of their decisions. A rational policy will proceed simultaneously, therefore, along three principal lines. It will aim at establishing, by social action, conditions of life and work compatible with the standards of a civilized society, at extending the area of industrial relations subject to collective control and joint determination, and at ensuring that, on econc ıic issues affecting the public welfare, the community can reg ılarly and easily make its will prevail.

Whatever interpretation may be given to the words "freedom" and "equality", conditions which permit one party in industry, in matters of health, safety, hours, and wages, to impose its will upon another by *force majeure* are clearly incompatible with both. Great Britain led the way in

protective legislation; but her factory and workshop code has not kept pace with her industrial development, and, from being a pioneer, she has become a laggard. The Act of 1937 introduced certain much needed improvements, particularly in matters of health and safety. In spite of it, however, the present position remains far from satisfactory. By an anomaly which has a historical explanation, but is logically indefensible, the hours of men are still not limited by law. While France has a 40 hour week, the normal day for women in this country has been fixed at 48, and for young persons—after an interval of five years—at 44. Overtime is permitted in the case of the former on a scale to deprive even that high maximum of much of its value. In a considerable number of occupations no legal maximum of any kind exists, and recent investigations have shown that a large proportion of the boys and girls engaged in them are working 50, 60, or even 70 hours a week. The statutory provision for an annual holiday with pay, which now exists in a large number of countries, is unknown in Great Britain. The attempt to extend common minimum standards by international action has been persistently thwarted by British governments. In spite of the admitted success of the Trade Board system, a large body of workers is still without the protection of a legal minimum wage. A government, therefore, which took seriously the duty of establishing civilized standards of employment for the whole population would find itself with plenty of work on its hands. It is obvious, however, that the sensitive nerve of industrial policy is to be found to-day in a different region. When these elementary, though urgent, needs have been met, the fundamental problems still await a settlement.

If their solution is complex, their character is plain, for the history of the period since 1918 is a commentary upon it. The most striking feature of the industrial politics of the last quarter of a century has been the rise into prominence, side by side with the familiar questions of wages and working conditions, of issues relating to the organization, government and policy of industry. It is true, of course, that the more

exuberant schemes were nipped in the bud by the depression, and that harassed trade union executives, caught between a contracting membership and an expanding unemployment percentage, have been in no mood to revive them. But the view that the attitude which found expression in projects for qualifying industrial autocracy by one version or another of "workers' control" was a transient emotional disturbance, which would subside when the phrase, the war for democracy, with its misleading associations, was buried with its victims, has not been confirmed by subsequent experience.

The truth is that such projects, whatever the precise form in which they were cast, did not create the sentiment, but were created by it. Being based, not on any doctrinaire enthusiasm for an abstract principle, but on the desire to mitigate grave practical evils, it has survived their collapse, and the changes at present being carried out under the name of rationalization, with the displacement of employees that, in some cases, they have involved, have inevitably strengthened it. They have underlined the precariousness of the worker's tenure, and have driven home the lesson that, unless from the start he has an equal voice with his employer in determining the procedure of reorganization and the safeguards to accompany it, his welfare will be given a second place when it comes to be introduced. Wage-earners, it appears, or, at least, an increasing proportion among them, may be secured a standard of remuneration and hours which, a generation ago, would have appeared utopian, and may continue, nevertheless, to feel an undiminished scepticism as to the equity of arrangements under which a committee of directors representing proprietary interests take decisions intimately affecting their welfare and happiness. What is, perhaps, more remarkable is the growing recognition, in quarters not specially susceptible to such ideas, that the intelligent consideration of questions of wages and working conditions, not to mention unemployment, necessarily involves the consideration of industrial organization and policy, and of possible modifications in them, since the answer to the former must partly depend on the view taken of the

latter. Each of the four public inquiries into the coal industry which took place between 1919 and 1926 had as its immediate occasion the imminence of a wage dispute, but three out of the four were led to suggest changes, and two of them drastic changes, in its structure and methods. In cotton, wool, and engineering similar questions have emerged, and largely, if not wholly, for similar reasons.

The growth of trade unionism has been partly extensive, partly intensive. It has taken place, on the one hand, by a numerical expansion of the movement and by the adherence to it of strata, such as unskilled workers, women, and clerical and supervising grades, which were formerly regarded as above or below it. It has taken place, on the other hand, by the successful establishment of the claim that matters formerly reserved to the decision of the management shall be settled by negotiation. Its progress along the first line has been more impressive, however, than along the second. While all the greater industries, except agriculture and mining, are governed by national agreements, the range of interests accepted as subjects for joint determination is still, in most of them, surprisingly narrow, and the whole array of issues which relate to the organization and policy of industry, with their inevitable repercussion on the workers' standard of life, is still normally excluded from it. The response of employers to the suggestion that professional associations of wage-earners, like those of doctors and teachers, may reasonably be consulted as to the conduct and development of their respective services, if politer in form than that of their grandparents to the monstrous innovation of collective bargaining as to wages and hours, is, as a rule, still similar in substance.

If trade unionism is to be as effective in practice as it is imposing on paper, its methods must keep pace with its objectives, and its objectives with the facts. A conception of its functions which regarded them as confined to bargaining with regard to wages and working conditions was natural in an age of economic expansion, when improvements could be secured by organized pressure, without raising fundamental

questions of economic policy. But the limits within which these tactics can be successful have become, in many industries, if not rigid, less elastic than in the past. When employers reply to an application for an advance in wages, or a reduction in hours, that economic conditions do not admit of its being conceded, their statement, granted the continuance of the existing methods of the industry in question and the impossibility of improving them, is often indisputable. A union which, while accepting the premise, denies the conclusion, is attacking a position that might conceivably be turned, but which no frontal attack can succeed in forcing. It joins issue on ground least favourable to itself, where the battle is lost before it has begun.

In such circumstances, the course of wisdom is to broaden the issue. It is to recognize that the traditional division of functions between "labour" and "management" no longer corresponds to economic realities, and that the debatable land between them, which has hitherto been claimed as the province of one party, must in future be recognized as the concern of both. Trade unions, if they are wise, will not merely kick the door, or batter the walls; but will consider whether the edifice itself is not capable of being reconstructed, and whether, if so, it will not pay them to take a hand in helping to reconstruct it. They will point out that the organization which happens to obtain in an industry, at some particular period of its history, is not fixed and immutable, and that an examination of its merits is essential to any serious consideration of their demands, since the ability of the industry to meet them is partly dependent upon the manner in which it is organized. Employers, provided that they can clear their minds of the metaphysical doctrine that the particular division between the spheres of labour and management to which they are accustomed is sacred and unalterable, will realize that they cannot at one moment talk eloquently of the partnership between labour and capital, and refuse labour the ordinary rights of a partner at the next. They will recognize that the wage-earner is as much entitled as the property-owner to claim

equitable consideration for his established expectations, and that, when economic exigencies require them to be disturbed, due provision must be made by way of compensation for the individuals injured. They will appreciate that it is impossible to apply to their employees criteria of efficiency which they decline to permit to be applied to themselves, and that workmen have precisely the same right to be satisfied that organization is efficient, and management up to date, as management has that workmen are earning their wages.

The practical application of such a policy would involve a change of relations both in the individual workshop and in each industry as a whole. It would mean, in the former, that the bad old tradition of autocratic government, already disappearing from all reputable firms, was finally discarded; that all matters affecting the position and prospects of the personnel, such as questions of discipline, the introduction of new processes, machinery, and so-called scientific management, were decided only after consultation with the representatives of the employees, whether shop stewards, workshop committees, or trade union officials; and that no man was dismissed without the right of appeal to a committee on which he was represented. It would mean, in the latter, the end of the affectation that questions of business policy and organization do not concern, or are beyond the competence of, representatives of the workmen. In reality, of course, since, when no business is done, no wages are earned, such matters concern them as intimately as their employers; and, if relations are to correspond, not to a moribund social convention, which yearly becomes more ridiculous, but to economic actualities, they must take account of that truism. It involves, at least, that both parties are equally informed as to the financial situation and projects of the industry and of every part of it; that questions of economic strategy, such as rationalization, with the provision to be made for displaced workers, the desirability of combination or amalgamation between firms, and the closing of uneconomic factories and pits, are discussed on terms of complete equality; that a trade union regards itself, in short,

and is regarded by employers, as possessing functions which are neither primarily defensive nor primarily aggressive, but constructive, in the sense that it is concerned, not less than employers, with the improvement of technique and organization.

Such an enlargement of the scope of collective bargaining is practicable only in industries where a high level of organization has already been attained. Hence it cannot be initiated by the State, but it can be encouraged and accelerated by it. The course to be avoided is that followed in connection with the much advertised, but highly ineffective, Joint Industrial Councils, which began as parliaments, and not infrequently continued, when they continued at all, as tea-parties. The first step, no doubt, is to check autocracy in the workshop by legislation establishing workshop committees, with statutory powers in all matters affecting discipline, workshop rules, dismissals, and the introduction of new processes and machinery, as well, of course, as the safey and comfort of the factory. But it is equally essential to secure that the issues which are common to an industry as a whole, or to a substantial part of it, are decided in consultation with the workers' representatives. The dictatorship of the property-owner, involved in the exclusive determination of matters affecting the welfare of several hundred thousand families by boards of directors representing, or supposed to represent, the interests of a few thousand investors, may have been unavoidable in the days when the lines of British company law were being drawn; but, with the separation of ownership from management, the growth of professional organization among wage-earners and the diffusion of education, the excuse for it has vanished, and, ceasing to be inevitable, it has become impertinent. "Science, skilled administration and technique, enterprise, and industrial energy", justly observes Mr. Hobson, "are to-day more and more divorced from the owners of a business, the capitalists. . . . Capital is still an essential material, but it has no rightful claim or capacity either to direct these movements by its own will or to secure for its owners the lion's share of the gains. The feeling, now rising into a conscious conviction, on the

part of the workers in a mine or a mill, that the business into which they put all their working energy, and on which they depend for their living, 'belongs' to them in a more real sense than to the shareholders, is making the old nineteenth-century capitalism, with its autocracy and profiteering, no longer workable".[8]

It is not a question, of course, of any mystical theory of industrial self-government, but of conferring on common men such power as is needed to protect them against economic oppression. Still less is it a question of the layman claiming to override the expert. As to nine-tenths of the problems confronting an industry, nine-tenths of existing directors are themselves laymen. If they are sensible, they act on expert advice, and such advice can be weighed by a trade union official with not less intelligence than by the titled pluralists who inspire—so it is alleged—confidence in shareholders, and amusement or consternation in everyone else. The important point is that it should be submitted to representatives of both parties, not of one alone. As things are to-day, the wage-earners, whose interests are most directly affected, are powerless to resist the social reactions of economic change, and more powerless to insist on it; it is a question, indeed, whether they have most to fear when an industry is reorganized or when it is not. On the one hand, a firm can introduce machinery which halves the personnel employed, dismiss adult workers to make room for youths, and close an undertaking on which the livelihood of a whole community depends, without any obligation to discuss its proceedings with the trade unions concerned, to notify any public authority of steps which may add thousands weekly to the cost of unemployment, or even to compensate the individuals prejudiced. On the other hand, the self-interest, incompetence, or mere organized torpor of a few directors may delay the introduction of improvements which authoritative public investigations have proved to be indispensable.

Much is heard of the objections of the wage-earner to rationalization, and, in view of the manner in which it is

sometimes carried out, they are not, perhaps, surprising. What is more significant, though less often remarked, is that manufacturers have not shown themselves to be impatient enthusiasts for it. When, some years ago, a committee of engineers appointed by Mr. Hoover investigated the causes of waste in American industry, the conclusion which they reached was that in the industries examined, the responsibility of management ranged from 50 to 81 per cent., of labour from 9 to 28 per cent., and of other factors, including the public, from 9 to 40 per cent.[9] In England, it is not the miners or cotton operatives who rejected for nearly a decade every proposal for putting the coal and cotton industries on their feet, and, in view of the grave revelations recently made with regard to both, the pretence that the capitalist is the heaven-inspired guardian of economic efficiency is a bluff too unplausible even to be entertaining. When an industry misconducts itself, employers may be embarrassed, but workmen are ruined. They have at least an equal claim to occupy a position which will enable them to insist that waste shall be eliminated, antiquated methods overhauled, and reorganization, when reorganization is desirable, carried out. In this matter, their interests are identical with those of the consumer. Both the workers in an industry and the general public suffer when its organization is antiquated and inefficient. Both are equally concerned that necessary measures of modernization should not be impeded by the inertia of vested interests, and that machinery should exist to ensure that those measures are promptly applied.

The policy required is two-fold. It is concerned partly with industries remaining in private hands, partly with the extension of the area of public ownership. The machinery required for the first could take several different forms. One obvious method of dealing with them would be to establish a standing industrial commission, or—if that name be preferred—a Planning Department, with power to insist that different industries shall put their houses in order, and that, when they do, the

interests of the workers and the public shall receive adequate consideration. Such an authority would make a survey of the condition of different industries, with a view to determining the changes required in their organization and structure. It would consider all proposals submitted, whether by employers, trade unions or bodies representing the public, for bringing them up to date, eliminating inefficiency and waste, and protecting the consumer. When the former took the initiative —when, for example, a firm or group of firms contemplated rationalization, a merger, or other departure affecting the public interest, the authority would have power to require that, before the scheme was carried out, full details of the steps proposed should be submitted to it. It would satisfy itself that the unions and other interests concerned had been consulted; and, after hearing evidence from the parties affected, would lay down such safeguards, whether by way of shorter hours, arrangements for transference of workers, pensions and compensation, control of prices, or representation of the public on the governing body of a combine, as it deemed expedient. When no proposals were submitted either by employers or trade unions, it would, if it thought reconstruction urgent, itself take the initiative in preparing a plan. In either case, on deciding that a good case for reorganization existed, it would have power, if persuasion failed, to insist on its being carried out, and for that purpose to make a compulsory order. The sanction in the background, if obstruction were encountered, would be the transference to public ownership of the industry concerned.

The existence of such an authority would have several advantages. It would ensure that industries remaining in private hands were conducted with a due regard to the public interest. It would maintain a steady pressure on the side of the removal of inefficiency and the improvement of methods. It would be a stimulus to industrialists, who would know that, in the event of their policy creating general dissatisfaction, they would be compelled to justify it to a public body. It would be a guarantee that the wage-earners and consumers

would not be sacrificed either to mere inertia or to schemes of reorganization carried out over their heads. Though necessary, however, as a first step, such a measure touches only a part of the problem. As a compromise solution, to be applied to industries of a type or scale not demanding a more trenchant policy, control has its utility. But such industries, though the most numerous, are not the most powerful or the most important. There are certain great services which cannot safely be resigned to exploitation for private profit, because the public welfare is so intimately dependent upon them, that those who own them become, in effect, the masters of the nation. There are certain others in which the consumer is at the mercy of the monopolist. In all the first, and some of the second, regulation is insufficient. What is required is public ownership.

The discussion of that issue is muffled, not only by the din of the interests which it threatens, but by the opaque fog of an obsolete terminology. Private enterprise and nationalization, which are the counters in the controversy, are a convenient short-hand, but the day when it could be illuminated by these dialectical antitheses is now long over. On the one hand, not only is a great part of private enterprise no longer, in any rational sense of the word, private, since it impinges at every turn on public interests, but, so far from being the simple self-explanatory formula that lends fire to perorations, it is, in reality, a highly complex conception, which covers undertakings varying in economic character from an apple-stall to Imperial Chemical Industries, Ltd., and in legal status from a tobacco-shop to the Great Western Railway. On the other hand, if the demand for nationalization implies that economic policy should be determined by considerations of public expediency, not of pecuniary profit, and should be controlled by an authority accountable to the nation, not to shareholders, it is clearly compatible with the widest diversities of constitution and government. What matters is the facts, not the names by which they are called. The important question is not whether an undertaking is described as private or public; it is

whether, if it is private, adequate guarantees can be established that it performs a public function, and whether, if it is public, it performs it effectively. Since the rights composing property can be attenuated piece-meal, as well as transferred in block, the achievement of the ends for which public ownership is desired need not always involve a change of owners. Since methods of organization are as various in public as in private undertakings, the question of the administrative technique most conducive to efficiency still remains to be settled, when the change has taken place.

Expropriation by purchase, to which the word "nationalization" is most commonly applied, is a convenient method of securing that an undertaking is conducted as a public service. It puts the business through at a single stroke, avoids the conflict of interests and duplication of effort which is liable to be produced by a policy of regulation, makes possible reorganization on a comprehensive plan, and, though its immediate financial advantages—since interest must be paid—are sometimes small, secures to the public the economies of unification and the increment arising from future expansion. But, though a convenient method, it is not the only method. It is one species of a genus, not a genus by itself.

In England, quite apart from the short-lived crop of wartime experiments and the inroads on the domain of profit-making enterprise made by the impressive advance of the co-operative movement, a variety of expedients have already been adopted—from the control of local monopolies by fixing charges and regulating profits on a sliding scale, to legislation prescribing, like the Railways Act of 1921 and the tentative Electricity (Supply) Act of 1926, the organization of an industry and its relations to the public—for tempering the operation of economic interests by mild inoculations of social responsibility. In view of the existence of some two thousand statutory companies with a capital of approximately £1,370,000,000—more than a quarter of that invested in registered companies—in which both profits and the discretion of directors are limited by public intervention, the doctrine

that industry cannot be carried on unless the claim of the ordinary shareholder to the whole of the residuary net profits is maintained inviolate has long been obsolete. On the Continent, and in the British Dominions, the devices by which public authorities have at once controlled and aided economic development—including, as they do, the acquisition of shares in companies, the nomination of their presidents and directors, the grant of concessions for a limited period of years, the use of public credit, and pecuniary subventions, direct and indirect—are still more various.

Now, when ownership, rather than regulation, has been the method favoured, has administration conformed to any uniform pattern. So far, indeed, is management by a department of the Civil Service under a political chief, on the lines of the British Post Office, from being the universal plan, that it is actually the exception. The general tendency of the period since 1918 has been both for public ownership to be extended and for *Etatisation* or *Verstaatlichung* to be replaced by some form of autonomous management. In view of the varieties of administrative organization represented in the public railways, canals and waterways, lands and forests, electricity works, banks, and insurance undertakings, existing in different continental countries, the miscellaneous businesses of some of the British Dominions, and the multitude of municipal undertakings everywhere, the idea, embalmed with other antiquities in the mausoleum of the press, that public ownership necessarily involves bureaucracy, except in the sense that all large-scale organization is bureaucratic, is not even plausible. It is a British superstition which descends from the sixties of last century, when the telegraphs were transferred to the Post Office. It is on a par with the engaging conviction of that age that Frenchmen were frivolous, foreigners unwashed, and presidents of republics in hourly danger of assassination. Like the processes of industry, it requires to be rationalized.

Reason needs light, and the first condition of applying it to economic affairs is simple. It is complete publicity with regard to the facts of industry. A system which enables under-

takings, that owe their very existence to Acts of Parliament, sedulously to conceal essential evidence as to their situation and prospects, so that "the honest financier spends his time in getting hold of true information to which he is not entitled, and the less honest in spreading false information for which, under the cover of general darkness, he can obtain credence",[10] while the public is kept in the dark by both, might have been expressly invented to put a premium on chicanery and to stabilize incompetence. If the consumer is to be protected against extortion, and the wage-earner is to possess a guarantee that he is not being defrauded, it is obviously essential that the full facts as to the position of an industry and of every part of it should be regularly divulged. Quite apart from any change in the presentation of company accounts which may be required in order to protect shareholders, it should be the duty of a government department to publish annually a report on the condition of all major industries. In such a report the essential facts as to the capital invested, profits on capital and turnover, the costs of production in different firms and the items composing them, distributing charges and the spread between the factory or pit-head price and that paid by the consumer, and particulars as to rings, combines, and amalgamations, should be fully set out, with the comments and explanations needed to make them intelligible to the layman.

If publicity is the first requirement, it is only the first. It is necessary, not only because honest men do not keep cards up their sleeves, and, when nothing can be hidden, there will be less to hide, but as the prelude to a more rapid extension of public ownership and control than is possible to-day, which is one reason, indeed, why it arouses apprehension. The technique of extending them will vary, of course, with the varying circumstances of different services. The co-operative movement, with its fixed interest on capital and its return of profits to the consumer, combines the economics of large-scale organizations with popular control, and offers a check on extortionate prices, the effect of which is felt far beyond the ranks of its six million members. The enterprises of Local

Authorities, which represent to-day an investment of some £700,000,000, are an equally significant application of the principle that essential undertakings should be conducted as public services. The absurd restriction, it may be observed in passing, which condemns cities such as Manchester and Glasgow to the costly procedure of private bill legislation before they are permitted to supply some new need, is a tax on efficiency which benefits no one but lawyers. Local experiments, which are the necessary foundation of any general policy, ought obviously to be encouraged. Subject to due safeguards in the matter of capital expenditure, county boroughs and counties, at any rate, should be empowered to engage in such new forms of enterprise as, from time to time, they may deem expedient.

The services which present the crucial problem clearly stand, however, in a different category, and must be dealt with by a national policy or not at all. The condition of dealing with them intelligently is to determine their character. It is to classify industries by the degree to which they are invested, for one reason or another, with a public significance, and to treat them in accordance, not with any abstract formula, but with the realities of their position. If those which, owing to the character of their product, the demand for which they cater, or their dependence on personal taste, initiative, and skill, are private enterprises in the proper sense of the term, be left on one side, the remainder may be grouped in three broad classes: (i) those which are the foundation of the national economy, in the sense that its health and prosperity are dependent on them; (ii) those dominated, in whole or in part, by some form of combination; (iii) those which require to be reorganized, in order to be efficient, but are paralysed by lack of capital or the obstruction of interests. While the industries included in these categories are both diverse and overlapping, they have the common characteristic of being invested, through the logic of economic facts, with a public importance. Unless it be held that it is a matter of indifference that essential services should be conducted with an eye, not to the general

welfare, but to the profits of investors, that productive efficiency should stagnate or run down, and that consumers should be exploited, the case for submitting them to public control is not open to question. Whether control should take the form of regulation, or of their acquisition by the State and management by a public body, is a question of expediency, to be answered differently in different cases. In the case of the third, as was suggested above, regulation may suffice. In the case of the first, and of some of the second, the right policy is public ownership.

An intelligent policy will start from the centre, not nibble at the outworks. The first requirement is, clearly, to master the key positions of the economic world, whence the tune is piped to which the nation dances. Banking, evidently, is one, for it determines the economic weather more directly than any other; transport a second, and power a third; while the coal industry, in England the sole source of power, is a fourth, land and agriculture a fifth, and armaments a sixth. Transport and power have already been treated by the State as a special problem. The transference of minerals to public ownership has been recommended by two commissions, of which one, in addition, urged the public ownership of mines, and the other their control by a board of state commissioners. Professor Orwin and Mr. Peel, who write as agriculturists, not as politicians, have recently suggested that, in view of the changes of the last fifteen years, the acquisition of agricultural land by the State is "the only way of escape from the position into which the country is drifting".[11] Few persons, whatever their enthusiasm for private enterprise, desire to abolish the Crown's monopoly of coining money, and the objections to the control of credit by private institutions, qualified though it is by the relations between the Treasury and the Bank of England, are similar in kind to those applying to private mints. The power wielded is too extensive, and the interests affected too various and too critical, for it to be appropriately entrusted to joint-stock companies.

The truism that these services possess a special character,

which should remove them from the sphere of profit-making enterprise, does not imply that they should be treated on any uniform plan. Ownership and control may both achieve the desired result, and the choice between them is a matter of expediency, to be decided with reference to the individual case. What is to be expected is the application, not of any rigid or unvarying technique, but of a diversity of expedients. These expedients will include, in addition to the administration of certain services by state commissioners, the extension of public utility companies working under statutory constitutions, the acquisition by public authorities of a controlling interest in private undertakings and the appointment of directors, the assistance with capital and credit of approved concerns which comply with conditions as to operation prescribed by the State, the control of raw materials and primary products by import boards, and the introduction of the public costing system which worked such wonders during the war, and for which Mr. and Mrs. Webb have so often pleaded.

Public or semi-public bodies already own land, to the extent of, approximately, a million and a half acres, and, if the ownership of the remainder, together with that of minerals, were acquired by the State, the task of administering them would present few difficulties that have not already been successfully overcome. No intricate problem, again, is involved in modernizing the antiquated constitution of the Bank of England, so as to make the Bank avowedly the public institution which already, in large measure, it is in fact; while, if the State acquired 51 per cent. of the share-capital of the joint-stock banks, and with it the determining voice in their policy, it is improbable that the officials by whom they are administered would either resign their posts or fill them less efficiently. Nor, in view of the part which electrical power will play in the future, can its production be safely resigned to the private monopolist. The transference of this side of the industry to the Electricity Commissioners, who already are responsible for distribution, should be accompanied by the acquisition by the State of the coal industry, to be administered under the

direction of the commissioners charged with the management of the State's mineral property. Railways, which operate under a statutory constitution, and which, if they are to be regarded as an example of private enterprise, are not what anyone meant by private enterprise fifteen years ago, need not be bought out. The practical advantages of public ownership would be secured if their directorates were appointed by the State.

"A king", wrote a famous English lawyer, in the days when kings could still cause trouble, "is a thing men have made for their own sakes, for quietness' sake, just as in a family one man is appointed to buy meat". If power divorced from responsibility is the poison of states, it is improbable that it is the tonic of economic effort. It is possible that the struggle with nature, which gives that effort its meaning, would be waged more effectively were Selden's maxim applied to the relations of producers as well as of citizens. For efficiency rests ultimately on psychological foundations. It depends, not merely on mechanical adjustments, but on the intelligent collaboration of contentious human beings, whom hunger may make work, but mutual confidence alone can enable to co-operate. If such confidence is to be commanded by those vested with the direction of economic affairs, their authority must rest, not on the ownership of property, but on a social title, and be employed for ends that are not personal, but public. It must become, in effect, whatever its precise style and form, a public servant, whom its masters can call to account for the discharge of its office.

CHAPTER VI

DEMOCRACY AND SOCIALISM

CIVILIZATION has two aspects. It requires, on the one hand, the conquest by man of his material environment. It demands, on the other, a habit of discrimination between the relative values of different activities, without which his victories are more disastrous than defeats. Half a century ago, it could still be assumed that the army was advancing on both fronts at once, and that, in proportion as mankind solved the problem of controlling nature, their political systems and social institutions would rise to new heights. That creed had its virtues, but facts have been too strong for it. If a connection exists between the dazzling achievements of science and technology and the qualities required to reap their fruits in peace and distribute them with justice, the link, it is evident, is both different in kind and more slender in degree than was formerly supposed. It is possible, we now know, for a society to be heir to the knowledge of all the ages, and to use it with the recklessness of a madman and the ferocity of a savage. It may succeed in discovering the secret of abundance, only to bar the doors which it has laboured to unlock. It may master the means to harness nature to its chariot, and then employ them to drive with greater speed to the precipice. Mr. Wells's vision of a world controlled by Samurai and airmen is the only utopia which has approached realization. It is still uncertain whether mankind can survive it.

(i)

FORMS AND REALITIES

Our age is not the first to have reaped the ruin resulting from an enlargement of men's powers, unaccompanied by a growth

in the capacity to control them. If the divorce between knowledge and political intelligence is a ground for surprise, it belongs to the permanent paradoxes which are indistinguishable from truisms. One reason for it, at least, is not difficult to state. The beginning of wisdom is to look facts in the face, and to call them by their right names. When natural phenomena are in question, such sincerity may be difficult, but it no longer encounters determined resistance. The sciences concerned with them deal with means, not with ends, and, while contributing to the improvement of the mechanism of social life, offer no direct or obvious challenge to its basis and objectives. In spite of their immense explosive power, they are ethically neutrals, whom established authority can employ for its own purposes, from the production of rust-resisting wheats to the manufacture of poison-gas, without fearing that thereby it is jeopardizing its position. Hence, on matters of this kind, laymen desire to know the truth, and welcome discoveries which cause more of it to be known. In political and social affairs, the prevalent attitude is different. These things touch alike the sentiments and the interests of powerful classes. Complete candour on such subjects, therefore, is rarely desired, and more rarely practised. In some countries, the open discussion of them is forbidden under legal penalties, for fear that the foundations of the social pyramid will be eroded or undermined. In others, they become the subject of decorous equivocation. A half-conscious hypocrisy with regard to them is a powerful vested interest.

That attitude does not, indeed, prevent the facts from being known, for the practical necessities of a complex society require them to be available. Its action is more subtle, but not less effective. It interposes a veil between men's minds and the realities, which, though not too opaque to allow the latter to be seen, changes their colour and proportions, and, while revealing their existence, conceals their significance. Thus shielded against too violent an impact of disturbing truths, the rulers of mankind are enabled to maintain side by side two standards of social ethics, without the risk of their colliding.

Keeping one set of values for use, and another for display, they combine, without conscious insincerity, the moral satisfaction of idealistic principles with the material advantages of realistic practice.

The first are matters of traditional lore and conventional proprieties. The second is embodied in the social systems they maintain, the forms of economic organization to which they lend their sanction, the relations between nations and classes resulting from both, and the practical conduct which those relations produce. An anthropologist who investigates the life of a primitive people gives due weight to the utterances of the elders of the tribe, but he devotes his main attention to such impersonal facts as its family system, its class structure, its customs as to property, its methods of organizing the activities needed to provide its livelihood. In studying civilized societies, the right procedure is the same. Their character is to be ascertained by a consideration, not of what they profess, however candid in intention their professions may be, but of their behaviour. Where their treasure is, there will their heart be also, and their preferences are revealed by the choices which they make. Their opinions may be learned from their speeches. To know their convictions, one must examine their institutions.

The existence of this double standard in the relations between nations is a well-worn commonplace. Its significance is less readily acknowledged, but is equally undeniable, in the relations between classes. The ostensible principles of western civilization are personal liberty, equality before the law, the career open to talent, the protection of the weak against the rigours of exploitation, political democracy. Its economic institutions take their stamp from the struggle for wealth and power which is the dominant *motif* of the existing economic order. Hence, in capitalist societies, these principles are confronted by an array of hostile powers, which, without disputing their validity, prevent their application. Liberty is thwarted by the pressure of an economic system which vests in a minority of property-owners the control of the plant and equipment

without access to which the majority cannot live, and thus enables the former to impose its will on the latter, without physical compulsion, by economic duress. Justice is in England an expensive luxury which, except in minor cases, a man with small means can with difficulty afford. The belief that equality of opportunity is more than an aspiration can hardly survive a familiarity with the facts of the educational system, or with the conditions of recruitment of the better paid professions. Humanitarian sentiment, however sincere, does not in practice prevent the sacrifice of the young to the alleged necessities of industry, or the imposition on the unemployed worker, as a condition of assistance, of requirements incompatible with decency and self-respect. The language in which the political system of Great Britain is commonly described on the platform and in the press is not easily reconciled with the possession by property of a second chamber to itself, or with the influence exercised by wealth in the choice of the first. Such societies are open to a new version of the criticism suggested in the familiar statement that it is not possible for a nation to live half slave and half free. The nominal rights of all citizens are the same; but the difference in their practical powers is so profound and far-reaching as to cause the majority of them to possess something less than full citizenship.

In times of tranquillity this half-conscious contradiction may for long pass unchallenged. It is tolerated as an amiable eccentricity, or even, by a climax of fatuity, applauded as an asset. In periods of crisis, fate calls the bluff. A society shattered by war, or crumbling into ruin beneath intolerable economic strains, is compelled to find a basis on which to rebuild. It is then forced to make explicit to itself, if not to the world, the principles on which it intends that the new order shall be reared. At such moments the conflict between the ethical ideals, to which its lip-service has been paid, and the practical assumptions, on which its institutions have rested, passes into a fresh stage. It ceases to be a mere mental inconsistency, and becomes, whatever the precise methods employed, an active, and, sometimes, a desperate, struggle. It is this phase whose

unfolding we have witnessed during the last twenty years. It lends to the revolutions and counter-revolutions of eastern and central Europe a universal significance, transcending the personal heroisms and crimes of the actors in the drama.

In most of the regions in question, industrial capitalism is a thing of yesterday; in none of them has it existed, on any considerable scale, for much more than half a century. To interpret their recent history purely in western economic terms is necessarily, therefore, to make nonsense of much of it. Two of the achievements of the Russian revolution—the reconciliation of the racial minorities and the agricultural reconstruction—were a response to problems which cried aloud for solution for centuries before the first modern factory was established. The reversion of Germany to a half-tribal conception of national unity, which regards it as consisting, not in a community of culture, but in the mere physical relationships of a human herd; the idealization of the chief, who represents the blood-bond, and the persecution of the alien, who is unprotected by blood-brotherhood; the cult of force, and the belief that violence in achieving successes is hardly less important than the successes themselves—such phenomena are as little a product of the capitalist era as are the appeal to the *petite bourgeoisie*, the laws which attempt to tie the peasant to the soil, or the revival of the worship of Odin and Thor. They are more ancient and more terrible—a form of political primitivism born in the mists of pre-history, and surviving through distracted centuries, in which unity and power were achieved by other nations, but in Germany remained a phantom, still pursued and never embraced. It remains true, nevertheless, that, in all societies where capitalism has taken root, the divisions which it creates are so profound and far-reaching that all other movements tend to be merged in that central issue, as a thousand cupidities and fears once poured their venoms into the so-called Wars of Religion. Such movements must either come to terms with the existing economic order or attack it; they cannot remain neutral. Hence, however

diverse the elements they contain, they become part of the general and world-wide struggle to maintain capitalism or to end it.

In those countries where democracy was non-existent, as in Russia, or where, as in Italy and post-war Germany, it was an exotic plant, the collision was violent, and the *dénouement* trenchant. The difference between them was profound; the god of the one was the devil of the others. But all alike repudiated with contemptuous indignation the encyclopædia of political cant palmed off, as they suggested, on a credulous Europe since 1789. All were involved either in civil war, or in action of a ruthlessness hardly distinguishable from that of war. All established, and all maintain, some form of dictatorship, the first to destroy capitalism, the two last to preserve it. In countries where liberalism, in the historical sense of the word, has permeated the national psychology, and has not yet encountered forces strong enough to destroy it, the substance of the struggle has been the same, but its methods have been different. There also the conflict has been sharpened; but it has retained its old guise of a contest between parties for the capture of the existing state, not of a war between enemies, with a new state as the prize. It has proceeded by attrition, not by mass attacks. Its note has been, not drastic solutions, but a tortuous indecision. It has taken place, not, as in Italy and Germany, first in order to destroy the forms of democratic government, and then to prevent their resurrection, but within the limits which they impose. Inevitably, however, those forms themselves have felt the strain. Hence the question whether democracy will continue to survive is posed to-day in countries where till recently the question would have been dismissed as the height of absurdity.

(ii)

THE MENACE TO DEMOCRACY

That democracy and extreme economic inequality form, when combined, an unstable compound, is no novel doctrine. It was a commonplace of political science four centuries before our era. Nevertheless, though a venerable truism, it remains an important one, which is periodically forgotten, and periodically, therefore, requires to be rediscovered. In the infancy of democracy, its significance escapes notice. In all countries in Europe a time-lag has intervened between the extension of political rights to fresh sections of the population, and the discovery by the latter of the most effective methods of using them. Only a fool fakes the pack, if he can deal himself the best cards; and, during that interval, when democracy is passive, there is no motive for meddling with it. A different situation arises when democracy comes to life, and when its pressure on established interests becomes continuous and severe. It is then liable to enter on a period of unstable equilibrium, which may, according to circumstances, be both dangerous and prolonged. Its growing strength is an incentive to operate upon it, before it becomes stronger; its surviving weaknesses are sufficient to create the impression that the risks of an operation are not too great to be run. If safe when too powerful to be attacked, or too powerless to be worth attacking, it passes, as it grows, through an adolescent phase, when it presents an appearance at once menacing and feeble. It is during that transition period that it runs the gauntlet.

A crisis in the history of democracy, as it grew towards maturity, was, therefore, to be expected, even apart from the effects of the forcing-house of war and economic disaster. So far from being a matter for surprise, it is of the nature of the case. It is true that the progress of democracy before 1914 is commonly exaggerated, with the result that its defeats in the last fifteen years are exaggerated also. It is true that, if respon-

sible government, with a reasonably wide franchise, be regarded as its essential feature, then in no country where democracy has been overthrown had it existed for half a century, and in no country where it had existed for half a century has it as yet been overthrown. The consolation, however, is meagre, nor does it touch the crucial point. Democracy held the initiative; it has been thrown on the defensive. It was thought to be master of the future; for fifteen years it has lost ground. It is impossible to be certain that the retreat will not continue.

The forms which the threat to democracy assume are of more than one kind. It is a mistake to suppose that it has nothing to fear, till attacked by the methods of open violence by which it was overthrown in the Fascist states. Where it is still the established political system, the menace to it wears, in the first instance, a guise which prevents it from being generally recognized as a menace at all. In spite of the profound differences between them, the domestic history of several of the democratic states has shown, during the last decade, strong traces of a common pattern. In Great Britain, France and the United States—to mention no others—its most significant features have been two. The first has been the attempt of Left or Left-Centre governments to control capitalism, without effecting any fundamental change in the balance of economic power. The second has been the use of economic power by the dominant forces of the existing social order to thwart or paralyze governments thought dangerous to property.

It is now generally admitted that the British financial crisis of 1931 was due primarily to causes with which public expenditure in Great Britain had little to do; the City, having borrowed short and lent long, could not meet the situation which arose when the premonitory rumblings of the collapse in central Europe caused foreign balances in London to be called home. It was obviously tempting, however, to ascribe to the extravagance of a government which the business world disliked embarrassments arising from the blunders of that world itself. Faced with the cry that the country was in danger owing to

the reckless expansion of the social services, the Labour Cabinet was unable either to defy the hostility of the City, or to take, without being denounced as the assassin of British credit, the step of going off gold, which its successor took, with the result of being hailed as the saviour of British credit. Unlike the British Labour government, that of M. Blum carried out important reforms. He had to face, however, not only the difficulties arising from the over-valuation of the franc and from the international situation, but the determined hostility of Big Business and the refusal to repatriate funds sent abroad during the slump. He fell a victim to the determination of French capitalism to suffer the agreeable agonies of "lack of confidence" so long as a socialist premier should remain in power. Mr. Roosevelt, in his turn, has been obliged to learn another version of the same lesson. He also has achieved impressive successes; but he also has discovered the limitations to the power of a government which attempts to make capitalism behave somewhat less unsocially, while refraining from socializing its key positions. He could establish a statutory right of collective bargaining, but he could not put an end to the terrorizing of trade unionists. He could diminish unemployment by public expenditure, but he could not prevent capitalists from simultaneously increasing it by declining to invest.

It is obviously a long step from the exercise of economic duress within the ambit of a democratic political system to a frontal attack on that system itself. It can hardly be denied, however, that the political mentality which approves of the first is only too likely, if more seriously alarmed, to look favourably on the second. How grave, in particular cases, the danger may be, and what form, in given circumstances, it is likely to assume, are questions not answerable in general terms. The occurrence or imminence of war; the course of international affairs in time of peace; the economic situation at particular moments; the political institutions and habits of different countries; the degree to which different classes within them share a common civilization, all affect the issue.

The historical assets which British democracy commands are obvious and genuine; so also are its liabilities. A tradition of civil liberty; a vigorous and decentralized system of local government; a multitude of voluntary associations accustomed to manage their own affairs, may reasonably be put on one side of the account. The existence of divisions between the life and outlook of different classes more profound than in almost any country of western Europe; an ingrained social snobbery and servile respect for wealth and position; the English public school system, with the class loyalties it fosters; the tendency of the police, in parts of the country, to regard themselves primarily as the servants, not of the public, but of the wealthier sections of it; the control of the greater part of the press by a handful of rich men, are to be set on the other. The appalling story of the Black and Tans suggests that, if violence were thought necessary, the personnel required for the purpose would not be deficient; but violence is not of the essence of the matter. To hamstring democracy, it would be sufficient, in the first instance, to repeal the Parliament Act, and at the same time to deprive the House of Commons of its exclusive control over finance. To jump from these facts to the conclusion that the victory in England of a discreet, gentlemanly Fascism is a mere matter of time is to throw up the game before it has begun; it is not politics, but panic. It is perfectly true, however, that democracy is insecure. In a society with such characteristics, it always was, and always will be, insecure.

The source of the dangers confronting it is not difficult to discern. It consists in the conflict between the claims of common men to live their lives on the plane which a century of scientific progress has now made possible and the reluctance of property to surrender its special privileges. The result is a struggle which, while it lasts, produces paralysis, and which can be ended only by the overthrow either of economic and social privilege or of political equality. Democracy, in short, is unstable as a political system, as long as it remains a political system and nothing more. The politics of our age, not only domestic but international, are variations on that theme.

Liberalism left the conflict to take its course; by its refusal to face the brutal realities of the economic system, it destroyed itself as a party, though it remains a moral power. Fascism silences the conflict, by silencing its victims; it establishes a servile State, in which it purchases the allegiance of capitalism to itself by making a present to the capitalists of the liberty of the workers. Socialism would end the conflict by ending the economic and legal conditions by which it is produced. Its fundamental dogma is the dignity of man; its fundamental criticism on capitalism is, not merely that it impoverishes the mass of mankind—poverty is an ancient evil—but that it makes riches a god, and treats common men as less than men. Socialism accepts, therefore, the principles, which are the corner-stones of democracy, that authority, to justify its title, must rest on consent; that power is tolerable only so far as it is accountable to the public; and that differences of character and capacity between human beings, however important on their own plane, are of minor significance compared with the capital fact of their common humanity. Its object is to extend the application of those principles from the sphere of civil and political rights, where, at present, they are nominally recognized, to that of economic and social organization, where they are systematically and insolently defied. The socialist movement and the Labour party exist for that purpose.

(iii)

THE PREMISE OF SOCIALISM

The most important fact about British socialism is so obvious a platitude, that no one with a reputation for brilliance to keep up will venture to state it. It is that the matters on which nine-tenths of socialists are agreed are more numerous, and much more important, than those on which they differ. It is a universal experience, however, that the acceptance of a common goal does little to diminish the acrimony of disputes

as to the best route towards it. British socialists frequently conduct themselves as though the most certain method of persuading the public to feel complete confidence in their cause were to convince it that they feel no confidence in each other. They draw their controversial knives at the first cross-roads they encounter, which, if suicide is the object of their demonstrations—it is often the effect—is undoubtedly the right place to choose for the purpose. Cross-roads have occurred at somewhat short intervals in the last seven years. The dialecticians, therefore, have had the time of their lives. It has all been very clever and ingenious; for those with a taste for exhibitions of the kind, it has even been amusing. The only people who have got nothing out of it whatever are the obscure rank and file, who created the Labour movement, and for whom it exists. The impression which the fireworks make on them, when they are not too tired to watch the performance, is one of wearisome futility. It is of a silly season unaccountably from six weeks to six years.

In so far as not merely emotions, but points of principle, have been at issue, they may be reduced to two. There has been, in the first place, the division between the parliamentary socialism of the Labour party and the views—rarely stated with precision, but often enough hinted—of those who suggest that they possess some more trenchant alternative to which socialists should have recourse. In the second place, there has been the more recent controversy, now, it seems, in abeyance, aroused by the varying versions of the policy of a Popular Front.

After the collapse of 1931, an epidemic of the "infantile disease of Left-wingism" was obviously overdue. It raged for some years like measles in Polynesia, and set thousands gibbering. Private socialisms flourished. There were absurd exhibitions of self-righteous sectarianism by cliques thanking God—or the latest improvement on Him—that they were not as their benighted neighbours, in particular, of course, the besotted mandarins who conspire against the revolution from their den in Transport House. The great game of over-trumping the

Left of to-day, for fear of not being in the swim of to-morrow, went merrily forward among the *intelligentsia*. Bloomsbury—not the geographical area, but the mental disease—discovered the recondite truth of the existence of a class struggle, and announced its conversion to it with blood-curdling bleats. Invitations to hunt tigers were issued by sportsmen with whom a brave man might well hesitate to shoot rabbits. Then, as the dictators developed their campaign of international blackmail, and British governments truckled to them, half in sympathy, half in fear, the hot fit passed into a cold. No compromise with capitalism had been the motto of yesterday; compromise at any cost became the watch-word of to-day. Democracy and civil liberty had been derided as the illusions of a *bourgeois* ideology; now they were hastily restored to their pedestals by the stern iconoclasts who had deposed them. Long reproached with an anæmic liberalism, the Labour party was denounced for its sectarian reluctance to take the Liberals to its bosom. The stalwarts who had fumed at the mildness of its socialism protested at its intransigence. They implored it to pack up so dangerous an explosive, and bury it safely out of sight.

Where the Labour movement is strong, these diversions produce less effect than an outsider might imagine. They do no good, but they do little harm. Its members may applaud the display, for they like a good show; but they know by experience that barking is not biting, and do not allow their enjoyment of the entertainment to interfere with business. Where Labour is weak, the results are less innocuous. The comrades in middle-class Peaceways go off their sleek heads; they clamour in refined accents for the social revolution—to be conducted, presumably, with walking-sticks and perambulators. Little-Puddlington-on-the-Wolds is a more tragic case. It has been exploited by its masters for the best part of a thousand years. If given a fair chance, it might get some of its own back. But it hears faint echoes of the discordant voices of the competing Rabbis, all of whom it thinks wonderful, and none of whom it understands. It is then told that, in order to be the real thing, it must join hands with the Liberals, whom it

has just been induced, with some anguish, to repudiate, and cultivate the Communists, of whom there are two in a town eight miles off. It concludes that Labour politics mean nothing to it—which, if these are Labour politics, is only too true—and decides that allotments are more useful than meetings. The semi-political public, which, as far as elections are concerned, is the public that counts, merely shrugs its shoulders. It might be won for a cause whose spokesmen knew their own minds and talked a language it comprehends; but it sees little advantage in voting for a parrot-house. As long as the chatter continues, it will return neither a Labour government, nor a government of the Left, however skilfully compounded, in which Labour holds the scales.

Whatever the right policies for socialists may be, heroics and hysterics are not among them. The patients should, of course, be treated by their comrades with friendly indulgence; but, if maneaters on the prowl catch an echo of the babel, they must be more than ordinarily humane, if it does not on occasion make them purr and lick their chops. These moods are now on the wane, and, even were they not, an attitude of heavy-footed heresy-hunting would be the worst way of dealing with them. Majority government is the only basis on which a party can exist; but to insist on too rigorous an orthodoxy is to share the responsibility for the vagaries which it causes. The Labour movement, as a whole, has shown its sense by declining either to make martyrs of its melodramatists or to take them seriously. It has no need to do either.

Much eloquence and some heat have been engendered in recent years by the supposed division of the movement into a left wing and a right. Whatever the source of such suggestions, nine-tenths of them are nonsense. The differences are not what they are supposed to be, nor, in so far as they exist, have they the importance ascribed to them. It is half a century or more since the idea that revolutionary phraseology was the hall-mark of the revolutionary was hit pretty hard on the head by Marx and Engels; but phonographs, unfortunately, have no brains to be knocked out, and the noise will go on as

long as anyone will listen to it. In reality, of course, what matters most is not what men say, and the language in which they say it; it is what they mean to do, and the intensity with which they mean it. The important point is not that they should express—or even hold—opinions as to policy which attract attention as "extreme". It is that they should show extreme sense in reaching them, extreme self-restraint in keeping their mouths shut till the opinions are worth stating, and extreme resolution in acting on them, when stated.

It ought to be possible for a movement, like an individual, to be both sensible and trenchant. At present, it frequently happens that the virtue of each quality is turned into a vice, because the proud possessors of one are so intoxicated with its charms that they refuse to consider the bare possibility of combining it with the other. Until the Labour party can persuade its fellow-countrymen that it represents both—that its idealism is not lunacy, nor its realism mere torpor—it will neither deserve to win general support, nor succeed in winning it. Socialism is no longer bad politics in England, unless socialists choose to make it so, which some of them do with a quite surprising ingenuity. But a socialism which is to exercise a wide appeal must be adapted to the psychology, not of men in general, nor of workers in general, but of the workers of a particular country at a particular period. It must wear a local garb. It must be related, not only to the practical needs, but to the mental and moral traditions of plain men and women, as history has fixed them. It must emphasize primarily what it has in common with their outlook, not the points at which it differs from them. It must not dogmatize or brow-beat, but argue and persuade. Its spokesmen must produce the impression of responsibility and consistency which working-class organizations expect in the conduct of their own affairs, and which the public demands from a prospective government. It is too late for the Labour party, at this time of day, to conceal its socialism, even if that were its wish. What it requires is to create the conviction that it can make a good job of it.

The political psychology with which the British socialists

have to deal is, no doubt, pretty complicated; but its essentials, at any rate, are obvious enough. Unlike that of central Europe, and still more that of Russia, it has been steeped for two centuries in a liberal tradition, and the collapse of political Liberalism has not effaced the imprint. The result is the existence of a body of opinion, larger, probably, than in most other countries, which is sensitive on such subjects as personal liberty, freedom of speech and meeting, tolerance, the exclusion of violence from politics, parliamentary government—what, broadly, it regards as fair play and the guarantees for it. The only version of socialism which, as things are to-day, has the smallest chance of winning mass support, is one which accepts that position. Its exponents must realize that the class which is the victim of economic exploitation, instead of merely reading about it, is precisely the class which attaches most importance to these elementary decencies. They must face the fact that, if the public, and particularly the working-class public, is confronted with the choice between capitalist democracy, with all its nauseous insincerities, and undemocratic socialism, it will choose the former every time. They must make it clear beyond the possibility of doubt that the socialist commonwealth which they preach will be built on democratic foundations.

That fact is a proof, not of stupidity, but of intelligence. It means that Henry Dubb has the sense to prefer two good things to one. He knows that under dictatorships, whatever the fancy names by which they may be called, the only people who dictate are the dictators and their friends. In becoming a socialist, he has no intention of surrendering his rights as a citizen, which after all, he once fought pretty hard to win. But, whether admirable or regrettable, that mentality remains a fact. Any realist strategy must be based upon it. That statement does not imply, of course, that the first duty of a socialist is to behave like a sheep. Obviously, when the country has put a socialist government in power, the business of that government is to see its programme through, and to use whatever legal means may be required for the purpose. Obviously, the

public has not only the right, but the duty, to defeat by all possible methods unconstitutional resistance to that programme, whatever the form such resistance may assume. Obviously, if democracy is hamstrung or overthrown, the obligations which it imposes automatically lapse with it. The only question then is, not of the right to use force to restore it to its full power, but of the best methods of using force with some chance of success. On that question, characteristically enough, the paladins of paper revolutions have about as much to say as the curate in that ancient, but admirable, play, *The Private Secretary*: "If you do not behave nicely, I will give you a good, hard knock with my umbrella".

The practical conclusions which the acceptance of democracy as the first premise of socialism involves are two. It means, in the first place, that, in the absence of an attempt to overthrow democracy, all nods, hints, winks and other innuendoes to the effect that violence is a card which socialists keep up their sleeves, to be played when they think fit, are ruled out for good and all. All of them are fatuous, with the nauseous fatuity sometimes encountered during war in the ferocious babble of bellicose non-combatants. Most of them, as the discreet ambiguity in which they are muffled is sufficient to show, are a theatrical pose, on which the Bobadils who indulge in them would be the last persons to act. It means, in the second place, that once that line is chosen, socialists must adhere to it, when it is not to their advantage as well as when it is. In this matter, neither an individual nor a party can ride two horses. They must make their choice, and must abide, having chosen, by the results of their bargain. Obviously, the political scales are heavily weighted against a party of the Left! but one cannot claim rights which one is not prepared to concede, and, unequal as the struggle still is in the political field, it is less one-sided there than it would be in any other. Given the existence of political democracy—in its absence, of course, different methods would be needed—the only possible course for socialists is to take the rough with the smooth, throw on their opponents the odium of tampering with it,

and exploit to the utmost the possibilities which it offers. Secure in the knowledge that they have one chamber to themselves, the privileged classes have hitherto acquiesced in so much democracy as that absurdity permits; but their enthusiasm for it remains this side idolatry. For socialists to give the impression that they too have reservations would be to make them a present of what, as things are to-day, should be one of socialism's chief assets.

(iv)

THE TASK BEFORE THE LABOUR PARTY

In insisting that socialist policy must be based on these truisms, the Labour party has shown greater realism than some of its critics. Its most serious weakness is not difficult to state. It lies neither in its programme, which is sound enough, nor in its view of political strategy, which, as far as the Great Britain of to-day is concerned, is the only view possible. It consists in its attitude to the popular forces which should be its strength. It is that, while accepting, quite rightly, the democratic premise, it does not act with sufficient remorselessness on the full rigour of its own argument. If it is to do the job for which it was created, it must accomplish three things. It must be returned to power. It must succeed, when returned, in carrying out its programme. It must defeat such attempts, whether by way of economic sabotage or by more overt methods, as may be made to frustrate it. It will not do either except as the spear-head of a strong body of conviction, which will not only vote it into office, but stand by it when the pinch comes.

It is improbable that a third Labour government would be guilty of the same follies as ruined its two predecessors; the reefs, and the wreckage on them, will for long be too plain. Obviously, it must make it evident from the start that it intends to act on the full programme, international and social, advanced at the election. To give the impression that it will

play fast and loose with its engagements in order to retain office, is to make its opponents the censors of its policy and to invite unending blackmail. It must be prepared to live dangerously, and, whatever it does, there is one thing it must not do; it must on no account remain in power merely on sufferance. Obviously, again, it must fight on large issues, and fight at once. Either it means a decisive break with the whole policy of capitalist governments, or it means nothing at all. It is essential that it should make clear at once, while its prestige is still high, and its *moral* unimpaired, the new course in international and social affairs which it intends to steer.

With the world sliding as it is, to discuss the first in detail is clearly impracticable; but its broad outlines, at least, can hardly be in doubt. A delicate insight into the political psychology of other nations is not usually regarded as Germany's strong suit; but, in recent years at any rate, she appears to have sized up pretty accurately the British governing classes. The policy of the dictators has been to play on the sympathies and fears of British conservatism; by immobilizing Great Britain, to immobilize France; to use colonial demands as a counter to be bartered in due course for a free hand on the Continent; and thus, having paralysed the two powerful democracies, to prepare the way for brigandage in Spain, central Europe or Russia, and to impose their will piece-meal on the weaker nations. That strategy has already produced two wars, those in Abyssinia and Spain, while the distraction in Europe which it has caused is in large measure responsible for the war in the Far East. Unless it is arrested, other victims will be marked down—perhaps, indeed, already have been—and other wars will follow.

It cannot be checked by merely waiting on events, but only by organizing the powers which desire peace. The essential points are four. First, a Labour government, though it cannot re-establish the League by a stroke of the pen, can and should re-establish a common front, with France, Russia and Great Britain as its nucleus, based on the League principle of united resistance to aggression, and invite all states which accept that

principle to associate themselves with them. Second, it should inform Germany that it is not only willing, but anxious, to redress all those of her grievances which can be removed without injustice to other nations, and invite her to state in plain language what precisely her present grievances are. It should at the same time make clear both to Germany and Italy that the happy days when bluff and menaces were a conclusive argument have come to an end; that they will be welcomed as members of an association of states of the kind outlined above, if they accept its principles; but that, if they persist in threatening war where they please, they must not count on their next victim standing alone. Third, it should make a determined effort to reach a firm understanding with the United States and Russia on the subject of the Far East. Fourth—a matter which affects all others—it should overhaul its commercial and colonial policy, and free it from the features which expose it to the charge of an excessive nationalism.

In the sphere of social policy prompt and resolute action is equally indispensable. The characteristic failing of Labour governments is an exaggerated discretion. The impression made by them on an observer recalls the picture of the young person portrayed by Jane Austen, of whom nothing could be said but that "his countenance was pleasing and his manners gentleman-like". They walk as delicately as Agag, like cats on ice. They behave like men afraid to exercise the power which they have struggled for a generation to win. They are less anxious to satisfy their friends than to placate their enemies. They are portentous over trifles, scrutinize farthings under microscopes, and baulk at hedges which their opponents would take in their stride, with a laugh or a curse. The latter have been brought up to believe that they are the elect, and are not troubled by the thought that they may possibly be mistaken. If they decide to throw money away, they throw it away with a hearty gesture; if they think it advantageous to pass an unworkable Act, they pass it, and damn the consequences. They listen to criticism politely enough; but, except in the merest details, they are not deflected by it. They know that,

once in the saddle, they can do what they please. They proceed to do it, with a smiling indifference to the remonstrances of their experts, the fury of the opposition, the facts of geography, arithmetic and other vulgar sciences, and the merits of the case.

That attitude of tranquil assurance is a considerable asset. Some of its virtues might be imitated with advantage by the next Labour government. Such a government will necessarily, of course, have to deal immediately—to mention only two topics—with gross scandals, like the household means test, and with measures of reform such as the raising of the school age and the abolition of fees in secondary schools, which are old items in its programme, and are long overdue. But it would be fatal for it once more to evade the task of effecting a real transference of economic power, on a substantial scale, from private to public hands. Before it can be master, it must show that it can capture some of the strongholds of capitalism, as well as make inroads on its outworks. It is more important that it should do a few big things with success than it should attempt a large number and leave them half-done. It may reasonably be hoped, however, that, in addition to making the Bank of England a public institution, in form as well as in fact, it will find time to nationalize at any rate armament-making, coal and power, transport and land; create a Planning Department; and establish an effective system of control over the major industries remaining in private ownership. What most matters on a long view is not that it should nationalize an imposing list of industries, but that it should shatter the halo of mystery which at present surrounds capitalism in the eyes of the simple, by decisive and unmistakable victories at a few well-chosen points. If it succeeds in doing that, the mopping up of the remainder will follow in good time.

Labour will not, however, win power in the first instance, nor be in a position to use it, when won, with the vigour required, unless it has behind it, not merely a majority of votes, but a temper in the country which will see the job through. The plutocracy consists of forcible, astute, self-

confident, and, when hard-pressed, unscrupulous people, who know pretty well which side their bread is buttered, and intend that the supply of butter shall not run short. If their position is seriously threatened, they will use every piece on the board, political and economic—the House of Lords, the Crown, the press, financial crises, allegations of disaffection in the army, international complications—in the honest belief that they are saving civilization. They will probably yield, though only after two elections, to an overwhelming demonstration of opinion, in which the public shows its teeth; but, as far as major issues are concerned, they will yield to nothing less. Such opinion cannot be improvised. If it is to be available in an emergency, it must be prepared in advance; nor, until it exists, will a Labour government be returned. Part of the function of the Labour party in opposition should be to create it.

To succeed in that task, it need not change its policy, but it must strike a somewhat different note. It must combine two appeals which are sometimes contrasted, but which, in fact, should help each other. It must show, in the first place, not less of the statesman, but more of the tribune. For all its democratic faith, the Labour party has been disposed to acquiesce in a conception of democracy which assigns to it a rôle rather passive than active. It is apt to be so much exasperated with the young lions who roar only in order to be noticed, that it sometimes relapses into cooing like any dove. It soothes the dog with caresses, when it ought to be educating him to know burglars when he sees them, and to fly at their throats. That easy-going amiability is suitable enough in its opponents. They depend on a vote which is largely non-political, and passivity is the mood which best suits their book. In a party which appeals to men, not to follow habits, but to break them, such an attitude is fatal. If natural in an age when democratic institutions seemed secure beyond challenge, it is now out of date. Nor, as long as it obtains, will a socialist government have behind it the dynamic required to translate its programme into action.

Parties appear in different rôles at different stages of their history. They may spring, as the Labour party sprang, from a profound popular movement; but naturally and properly they become, if they grow, more efficient as electoral machines; and, in proportion as office turns from a distant goal into a practical possibility, the relative importance of these two aspects of their work undergoes a change. That change is, in part, both unavoidable and beneficial. To secure the chance of doing constructive work, a party must win a majority. It is inevitable that, as its electoral prospects improve, they should claim a larger share of its attention. Its danger then is that unconsciously it may relapse into the belief that the winning of a majority is its only task, and that, once a majority is won, all else will follow. It is tempted to regard the movement which created it as primarily existing to maintain the political party, not the party as existing for the sake of the movement, which must constantly be vitalised if either is to prosper. Determined that the machine shall roll smoothly to success along the track laid down, it becomes needlessly exasperated with enthusiasts who distract attention from the task in hand, and sometimes appear to it to throw grit into the bearings.

That reaction is inevitable, and has some justification. Politics have a business side, and political business must be efficiently done. Trade unions, again, throughout their history, have had a double aspect; they have been both professional associations and organs of revolt. It cannot be expected that their officers should feel much affection for interfering outsiders, who enjoy the thrills of industrial agitation, while leaving to others its risks and responsibilities. It should be equally obvious, however, that the concentration of interest on immediate electoral prospects can easily be overdone, and that to sacrifice to them the dissemination of ideas in the movement as a whole is ultimately to injure both. Democracy ought not to be regarded merely as a political mechanism—a mechanism which, indeed, it is important to preserve, but which, in the absence of a Fascist revolution, can be taken for granted. It ought to be envisaged as a force to be released.

The Labour party, in particular, should think of it, not merely in terms of ballot-boxes and majorities, but as a vast reservoir of latent energies—a body of men and women who, when inert, are a clog, but may become, once stirred into action, a dynamic of incalculable power. Its function is not merely to win votes; it is to wake the sleeping demon. It is to arouse democracy to a sense both of the possibilities within its reach and of the dangers which menace it; to put it on its mettle; to make it militant and formidable. In attacking the oldest and toughest plutocracy in the world, Labour is undertaking, on any showing, a pretty desperate business. It needs behind it the temper, not of a mob, but of an army.

If it is to create that temper, it must not prophesy smooth things; support won by such methods is a reed shaken by every wind. It must promise less and demand more. It must say less of what it will do, if returned to power, and more of the responsibility which rests on the public to see that governments, who are its servants, for once in a way serve it. It must treat electors not as voting-fodder, to be shepherded to a polling station, and then allowed to resume their slumbers, but as partners in a common enterprise, in which the party, indeed, will play its part, but the issue of which depends ultimately on themselves. It must explain to them—not, of course, in a hysterical falsetto, but with gravity and candour—the character of the opposition which will confront a Labour government, and appeal to them, if they believe in democracy, to see it through a crisis compared with which the Zinoviev letter and the press campaign of 1931 will prove, it may be anticipated, to have been skirmishes of outposts. In order, in short, to tackle its job with some hope of success, it must mobilize behind it a body of opinion as resolute and well-informed as the opposition in front. To achieve that result, it must become, not less, indeed, of an electoral machine—for electioneering is important—but more of a movement and a crusade.

It must be a movement, in the second place, in which fervour of conviction is combined with tolerance of temper

and generosity of outlook. It must make it evident that it stands for a better civilization, in which all can share who pull their weight in the boat, not merely for the defence of interests, however important, which to-day are neglected. That attitude is implied in the socialism of the Labour party, is embodied in its programmes, and is in the best interests of the workers themselves, since—as the reaction of 1931–35, with its onslaught on the social services, was sufficient to demonstrate—while the plutocracy is in the saddle, no reforms are secure. It cannot, however, be too constantly emphasized. The Labour party can either be a political agent, pressing in parliament the claims of particular groups of wage-earners; or it can be an instrument for the establishment of a socialist commonwealth, which alone, on its own principles, would meet those claims effectively, but would not meet them at once. What it cannot be is to be both at the same time and in the same measure. So far from risking the loss of support by underlining that obvious truth, it has everything to gain by a more general appreciation of it. By emphasizing it, it would appeal to the idealism of the rank and file of its supporters. It would add to them recruits whose aid is essential if its objects are to be achieved.

A considerable section of the public still thinks of the Labour party primarily as a trade union party, and, without being hostile to trade unionism, does not feel at home with it. The teacher, the doctor, the scientist, have no love for capitalism! they see its consequences too close. They realize the unending frustration of human possibilities, the misapplication of the achievements of science, and the waste of national resources, which the direction of economic effort for the gain of the profit-maker necessarily involves. They may feel little enthusiasm for equality in the abstract; but they know the new energies which could be released by providing for all the same opportunities of health and education as are at present enjoyed by a small section of the nation, and they have seen both services deliberately starved to save the pockets of the rich. They regard the thought of war with horror, and

are aware that the sabotage of the League of Nations, with the general scuttle into armaments which was its inevitable result, has brought war nearer. While, in short, they are little interested in industrial issues, which are remote from their experience, they care intensely for peace and good government. They would welcome a policy by which their country took the lead in re-establishing the foundations of an international system based on law, and of a social system in which surplus wealth is used, not to enrich a minority, but for the common good.

Such men are numerous in all walks of life. Whether they know it or not, they are natural socialists. What at present holds them back from active partnership in the Labour movement is not dissent from its aims, but doubts as to its practice. It is the fear that a Labour government may be dominated, like any other, by sectional interests, and that its policy, if less selfish than that of its capitalist opponents, may be equally shortsighted. If their support is to be won, those apprehensions must be removed. It is not a question, of course, of giving a second place to the claims of the industrial workers, who are capitalism's chief victims, but of presenting those claims as what in essence they are, a demand for a life that is worthy of human beings, and which no decent man will withhold from his fellows. The appeal to them, in short, must be based upon principles, which unite men who in interest and experience may be poles asunder. For the Labour party at this stage to follow the advice to put its socialism in cold storage would not only be to incur their well-deserved contempt on the score of insincerity; it would be to suppress precisely that part of its case which makes the strongest appeal to men whose business in life is, not snatching at profits, but constructive activity.

That appeal, with the world as it is, is not difficult to make. What confronts us to-day is not merely the old story of the rivalries of ambitious nations, or the too familiar struggles of discordant economic interests. It is the collapse of two great structures of thought and government, which for long held men's allegiance, but which now have broken down. The first

is the system of independent national states, each claiming full sovereignty as against every other. The second is an economic system which takes as its premise that every group and individual shall be free to grab what they can get, and hold what they can grab. Those methods of organizing the affairs of mankind may be admired or detested, but two facts are incontestable. In the past they worked, though with endless waste and ill will! they now work no longer. The result is the anarchy, international and economic, which threatens to overwhelm us. A government may temporarily secure the support of a majority of the nation by success in diverting attention from the nightmare. No movement or party will deserve that support, unless it can offer some reasonable hope of attacking with courage the causes which produce it.

CHAPTER VII

EPILOGUE 1938–1950

Charge once more, then, and be dumb.
Let the victors, when they come,
When the forts of folly fall,
Find thy body by the wall.

(Matthew Arnold, *The Last Word*)

IN the preface to the last pre-war edition of this book two commonplaces were underlined. It was suggested. in the first place, that the diminution of economic and social inequalities stood high among the aims which British policy would do well to pursue. It was argued, in the second place, that, if that objective were desired, the methods by which it could be attained were, in principle, known, and their successful application not beyond the wit of man. Since these views were advanced, much water, and not a little blood, has flowed under bridges. How do the considerations which caused them to be urged look in the light of the intervening convulsions? Few political creeds have emerged from the hurricane unscathed. Is the attitude which sets a high value on human relations, of a kind that violent disparities of income and opportunity are apt to impair, a casualty or a conqueror? Economic systems have been shattered, distorted and reconstructed. What, in this country, has been the consequence for the topics discussed in the preceding pages?

(i)

THE DISTRIBUTION OF INCOME

These questions do not admit of a precise reply. Evidence bearing on the distribution of British property and income at different dates between the wars is summarized in Chapter II.

No recent work on the former, comparable in scope and quality to Mr. Campion's[1] study relating to 1936, appears to be available. He showed that in that year nearly three-quarters of all adult persons did not own estates of over £100, that 5 per cent. owned between three-quarters and four-fifths of the total property in private hands, and that approximately 1 per cent. owned more than half—55 per cent.—of the total. Post-war figures of estates passing at death reveal a slightly greater proportionate increase in the number of those below £10,000 than in that of estates above that figure; and a recent estimate[2] suggests that the proportion of the total property owned by 1 per cent. of the population had declined by 1946–47 to 50 per cent. The change is to be noted; but it can hardly be regarded as sufficiently pronounced for conclusions as to a significant drift towards greater equality in the ownership of capital to be based upon it. On the distribution of income, though up-to-date figures cannot be presented, we are better informed. The following tables throw[3] some light on the changes which took place over the eleven years 1938 to 1948.

The above figures suggest that, between 1938 and 1948, an alteration occurred in the proportion in which the national dividend was shared between different categories of income. Table I shows that, after direct taxation, the percentage taken by salaries remained almost unaltered, but that the share going

TABLE I

PERCENTAGE DISTRIBUTION OF NATIONAL INCOME BY TYPES

	Before Direct Taxation		After Direct Taxation	
	1938.	1948.	1938.	1948.
Wages	37	44	39	48
Salaries	24	21	25	21
Pay of Forces	2	3	2	3
Profits, Interest, Professional Earnings and Rents	37	32	34	28

TABLE II

THE PURCHASING POWER OF INCOMES AFTER DEDUCTION OF DIRECT TAXATION AND ADJUSTMENT BY CONSUMPTION PRICES (1938 = 100)

	1938.	1946.	1947.	1948.	1949.
Wages	100	108	116	122	125
Salaries	100	88	92	97	98
Profits, Interest, and Rents; including Professional Earnings and Farmers' Incomes .	100	77	80	77	77
The Distributed Profits of Companies (included in the preceding line)	100	70	72	65	63

to wages increased from 39 to 48 per cent., and that that received as profits, interest, professional earnings and rents fell from 34 per cent. to 28. It is open to the criticism that it takes no account of the increase in indirect taxation, which falls largely on wages, and which rose, when subsidies to consumption are deducted, from £581,000,000 in 1938 to £1,506,000,000 in 1948. Table II, which throws light on the same change from a different angle, is not subject to that objection, since the effect of indirect taxation is reflected in prices. It shows that, when allowance is made both for direct taxation and for the rise in price-level, the purchasing power of wages rose by 22 per cent. between the years in question, while that of profits and the incomes grouped with them declined by 23 per cent. If profits of farming, interest, professional earnings and rent be excluded, and attention confined to the distributed profits of companies, the fall was more precipitate. It was 35 per cent. The movement continued in 1949. By that year, the purchasing power of wages, as compared with profits, was 25 per cent. up. That of the distributed profits of companies was 37 per cent. down.

The distribution of incomes by size is a different question. Some light is thrown on it by the following tables:—

TABLE III

PERSONAL INCOME IN DIFFERENT RANGES

Range of Income before Tax	1938			1948		
	No. of Incomes '000s	Average Income in Range		No. of Incomes '000s	Average Income in Range	
		Before Tax. £	After Tax. £		Before Tax. £	After Tax. £
£250–499 . . .	2,000	340	331	8,650	339	320
£500–999 . . .	670	679	619	2,295	662	565
£1,000–1,999 . .	224	1,357	1,156	545	1,339	996
£2,000–9,999 . .	98	3,673	2,602	209	3,480	1,986
£10,000 and over .	8	21,875	9,500	11	17,727	4,273

TABLE IV

CLASSIFICATION OF NET PERSONAL INCOMES
(after payment of Income Tax and Surtax)

Range of Income after Tax.	Number of Incomes in each Range.		
	1938–39.	1945–46.	1947–48.
£120–150	—	—	2,030,000
£150–250	4,500,000	7,950,000	8,470,000
£250–500	1,820,000	5,225,000	8,740,000
£500–1,000	450,000	652,000	1,378,000
£1,000–2,000	155,000	137,500	320,000
£2,000–4,000	56,000	34,615	58,500
£4,000–6,000	12,000	840	3,430
Over £6,000	7,000	45	70
Total	7,000,000	14,000,000	21,000,000

The most significant changes revealed by Table III are two. The first is the sharp fall, after taxation, in the incomes at the upper end of the scale. An average post-tax income of £2,602 in 1938 had been reduced by 1948 to £1,986, and one of £9,500 at the first date to £4,273 at the second. "In spite", writes *The Economist*, "of the increase in the number of sur-tax payers, their share had fallen in the period in question from 8·0 per cent. in 1938 to 5·4 per cent. in 1947".[4] The second change is a consequence of the first. It is the contraction, after taxation, of the spread between the average income of the lowest and the highest income groups. The gap in 1947–48,

when that of the latter was thirteen times that of the former, was not a trifle; but it was less than half the chasm of twenty-eight times existing in 1938. Both figures may be compared with Mr. Wilson's statement, which the present writer is unable to check, that, in the Russia of 1940, "a professional man with just over 300,000 roubles paid 100,000 to the tax-collector, and was left with an income about fifty times the average income in that year".[5] Table IV adds some touches to the picture. The 19,000 incomes of £4,000 and upwards, which existed in 1938–9, had shrunk by 1947–8 to 3,500. Of the former herd of dinosaurs, 7,000 strong, with more than £6,000, there remained at the second date only 70 survivors. Distributed, for purposes of craniological research, among the museums of the country, they would run to not much more than one specimen a-piece.

It is proper to remember, in reading such figures, that there is a chapter of the story which they do not tell. The decline in the spendable income of an investor may be accompanied by an increase in the assets of the company from which it is derived. It is possible for him, by selling his share in the increment, to spend the proceeds as income without trenching on his capital. More important, the capital gains[6] of company promotion and conversion have swelled financial fortunes at a time when incomes are stiffly taxed, and other methods of profiteering have been curtailed. The immunity from taxation which in Great Britain, unlike the United States, such speculative plunder continues to enjoy has as much justification as a close season for sharks. It is difficult, nevertheless, to resist the conclusion that in spite of such anomalies, disparities of pecuniary income, if they remain surprising, are less portentous to-day than in a recent past. A glance at the tables is sufficient to show that the part played in reducing them by heavier and more steeply graduated taxation has not been small. The average income of the group £250–£499 was diminished as a result of it by 2·6 per cent. in 1938 and 5·6 per cent. in 1948; and that of the group £500–£999 by 8·8 per cent. at the first date and 14·6 per cent. at the second. The

corresponding diminutions in the average income of the groups £2,000–£9,999 and over £10,000 were, for the first, 29·1 per cent. in 1938, and 42·6 in 1948; for the second they were 56·5 per cent. and 75·8. The evidence as to foreign practice is not sufficient to enable the statement of *The Economist* that, "at the top end of the scale, the equalization of incomes is believed to have gone further in Great Britain than in any other country",[7] to be confirmed or disproved. In view, however, of the facts presented above, that conclusion is not un-plausible. Needless to say, there is a long road still to travel. "In my view", writes the lecturer in Economic Statistics in the University of Oxford, "the moves towards greater equality in recent years were long overdue, and have only taken us part of the way towards a more equitable income structure."[7a]

(ii)

THE EXPANSION OF COLLECTIVE PROVISION

This modification of the conditions depicted earlier in this work has been accompanied by a second development, the fruits of which, though slower to mature, are not less significant. The enlargement in the scale of the activities conventionally grouped together under the un-illuminating rubric of the social services has been accompanied by alterations in their character and organization, which make comparisons of their pre-war and post-war cost an inadequate index of their progress. Before, however, referring to these qualitative changes, it will be convenient to summarize the facts as to the growth of expenditure on the purposes in question.

The last pre-war return[8] relates to 1936, and the last comparable post-war statement to 1947.[9] The former shows a total expenditure in England and Wales of £431,000,000; the latter of £884,080,000. If war pensions and insurance contributions by employers and workmen be deducted at both dates, the figure at the first was £287,015,000, and at the second £481,689,000. The cost of food subsidies, which was

negligible in 1936, amounted in 1947 to £430,000,000.[10] When that figure is added to the social expenditure of 1947, the total for the latter year becomes £917,689,000, the equivalent, at 1936 prices, of £422,140,900. During these eleven years, therefore, social expenditure increased, at 1936 prices, by £136,125,900 or 46·0 per cent.

That account, however, stops short before the most important point is reached. The year 1947, to which the last official statement relates, is a bad basis for comparison. The National Insurance and National Health Service Acts did not come into operation till July 5, 1948; nor did the cost of implementing the Education Act of 1944 mature at once. Hence it was not till after 1947 that the substantial additions to expenditure entailed by these measures were incurred. Pending a decision on the future form of the official social service return, the best source available is probably the budget. It shows an expenditure in 1949–50 of £554,000,000 on Education, Health and Housing; £379,000,000 for cash benefits; and £465,000,000 for food subsidies, a total of £1,398,000,000. Professor Cole,[10] from whom these figures are taken, adds that a substantial part of the grants made to Local Authorities under other heads ought, in reality, to be included in expenditure on the social services. He suggests that the total of such expenditure in 1949–50, excluding employers' and workmen's insurance contributions, may have been in the region of £1,600,000,000. If that figure, the equivalent of some £668,000,000 at the prices of 1936, be approximately correct, then social expenditure was by 1949–50 in the region of £380,925,000 above that of 1936, an increase of 132 per cent. Expenditure per head of the population of England and Wales, at 1936 prices, was approximately £7·4 at the first date and £15·5 at the second.

The activities to whose maintenance this outlay is applied are a heterogeneous family. Apart from full employment policies, which have an obvious bearing on them but belong to a separate category, they form a framework of provision which, though varying greatly in quality and not without some glaring gaps, leaves to-day few sides of life outside its

scope. Professor Marshall, in his illuminating *Citizenship and Social Class*,[11] has remarked that the rights guaranteed by law, which are the essence of citizenship, belong to several different species, and that those relating to certain aspects of life may be firmly established at a time when the recognition of those affecting others continues to be withheld. Civil rights were, in this country, protected, at least on paper, a century and a half before the right of more than a minute fraction of the population to participate in the exercise of political power was added to them. The significant movement of our own day has been the rapid advance towards maturity, after two generations of starved and stunted childhood, of the third and youngest member of the family.

The services establishing social rights can boast no lofty pedigree. They crept piecemeal into apologetic existence, as low-grade palliatives designed at once to relieve and to conceal the realities of poverty on the scale of a national institution which produced the classics of Booth and Rowntree. To some of them, indeed, the taint of a penurious philanthropy clung till yesterday. The provision, apart from insurance, made for involuntary unemployment, was, as the family means test emphasized, one case in point; school-meals confined, as a reluctant exception, to children so gravely undernourished as to be unable, in their absence, to profit by instruction, a second and equally repulsive one. A third example, the inferior status accorded elementary education itself, was less obviously shocking; but, owing to the submission to its malignant influence of not far short of nine-tenths of the population during their most impressionable years, was more pervasive and corrupting. The sanction given by the Board of Education to lower standards of school-accommodation and staffing in elementary than in secondary schools—as though pupils in the former were endowed with smaller lungs, fewer and less mobile arms and legs, and a greater capacity to dispense with individual attention than those of the same age in the latter—was a legacy from an evil past for which a later generation of officials could hardly be blamed; but its long continuance was

a disaster. Teaching, as it did, the fatal lesson that character and intelligence count for less than money, and that the majority of children were to be educated, from infancy onwards, as second-class citizens, it involved a perpetual repudiation by departmental practice of the very principles which a Department of Public Education ought ceaselessly to proclaim. It was not till 1944 that, with the statutory recognition of primary education as no longer the education of a particular class of children, but merely one stage in the education of all children, these senile abortions, at once inhuman and grotesque, of English educational snobbery ceased, at last, at least in theory, to cumber the ground. An admirable volume in the official series of *War Histories* depicts both the prevalent pre-war attitude to the social services and the change of climate which taught stiff necks to bow. Less than a decade has elapsed, writes Professor Titmuss, since, under the shock of common perils, it ceased to be "thought sufficient to provide . . . a standard of service hitherto considered appropriate to those in receipt of poor relief—a standard inflexible in administration and attuned to a philosophy which regarded individual distress as a proof of incapacity".[12] To suggest that the old miasma has been wholly dispelled would be over-sanguine; but Professor Marshall's conclusion that, under the influence of qualitative improvements and a more diversified *clientèle*, it is in process of evaporating has experience on its side. The conversion of "a cheap makeshift provided for the lowest class in a society based upon competitive individualism into a vast co-ordinated plan for the betterment of the entire community"[13] is still at an early stage. The significant fact is that it is under way.

It is still sometimes suggested that, since the expenditure on such collective provision is little, if at all, in excess of the proceeds of indirect taxation, its effect in diminishing inequality can be dismissed as negligible. Such a view implies that the beneficiaries of the services concerned with public health, public education, national insurance in all its branches, medical care, family allowances and pensions would incur no

net loss as a result of their abolition, provided only that indirect taxation were abolished simultaneously. It is, in effect, merely one more version of the venerable fallacy, once fashionable among opponents of equalitarian policies, which dismisses their objective as a chimera on the ground that the division of large incomes among the recipients of small would increase the latter by a fraction too minute to count. A man deprived of one eye and one leg is not 50 per cent. as well off as one with two of each. Arithmetic has its uses, but neither the injuries inflicted by inequality nor the benefits conferred by diminishing it can be reliably ascertained by sums in long division.

In reality, the consequences of social expenditure depend, not merely on its amount, but on the character of the evils removed and opportunities opened by it. There are certain gross and crushing disabilities—conditions of life injurious to health, inferior education, economic insecurity, are obvious examples—which place the classes experiencing them at a permanent disadvantage compared with those not similarly afflicted. There are certain services by which these crucial disabilities have been greatly mitigated, and, given time and will, can be altogether removed. They are not, with one possible exception, of great moment to the rich, since the latter possess the means to buy privately the equivalent of the benefits provided by them. To the mass of the population, who must obtain the benefits in question through public action or not at all, such services mean the difference between health and sickness, knowledge and ignorance, and, sometimes, life and death. The contribution to equality made by these dynamic agencies is obviously out of all proportion greater than that which would result from an annual present to every individual among the forty odd millions concerned of a sum equivalent to his quota of the total cost. Their influence is cumulative. By changing the lives of individuals and opening new possibilities to them, they change social psychology. The altered psychology acts as a permanent force modifying social structure, which in turn, as it is transformed, sets minds and wills at work to insist on further modifications.

Something has been said in an earlier chapter of the long series of cautious and limited reforms, through which politicians unseduced by the equalitarian mirage were led by the invisible hands of humanity, common sense and electoral expediency to promote ends which were no part of their design. It would be absurd to pretend that such of the latest additions to the edifice as involve, not merely cash payments, but the creation or reconstruction of institutions, can yield their fruits at once. The Medical Service requires—to mention nothing else—centres for group practice and enlarged hospital accommodation; education, not only, especially at the primary and secondary stages, a revolution in staffing, but a multitude of new schools; the care of the aged the time and means to make a reality of "the small, comfortable houses, where old people, many of them lonely, can live pleasantly and in dignity",[13] proposed by the stony-hearted bureaucrats of the Ministry of Health.[14] Till physical resources and *personnel* are sufficient to enable existing deficiencies to be overcome, not a few of the promised improvements will exist only on paper. It is not less significant, however, that these and other services will, to a less degree than in the past, be warped and distorted by a worm of vicious principles at the root. Subject to particular defects and omissions, which ought not to have been tolerated and need not long survive, they will in future be organized, if intentions are fulfilled, without regard to the vulgar irrelevances of class and income. They will grow, as growth takes place, on the lines which experience shows to be those best calculated to meet the human requirements of the individuals concerned.

A survey of the structure, as left by the legislation of the last six years, cannot here be attempted. The addition to family incomes of allowances for children introduced a new principle, with, as the report of the recent Commission on Population suggests, an expanding future before it; but the remaining components of the system, from revised pension scales for the aged and the conversion of school meals from a meagre concession to exceptional need into a normal educa-

tional function to the reconstruction of Public Education and National Insurance, the revolution in the treatment of the victims of industrial accidents and the new Medical Service, consist of long-discussed improvements. These reforms, which had piled up against the dam of inter-war torpor, greatly enlarge the scale of the social services and improve their quality; but, particular provisions apart, they contain little that is novel. Their results, in conjunction with those of the rise in real wages and of the protection offered to consumers and tenants by subsidies, rationing, price-controls and the statutory restriction of rents, can, in the light of previous history, be predicted with some confidence. Approximately three-quarters of British families are dependent on one form or another of wage-earning employment. An individual born to-day in one of them will, as a result of the increased resources in money and services at the disposal of the lower income-groups, be better nurtured than his predecessors; have access to a schooling improved in quality and longer in duration, followed, when compulsory attendance ceases, by a widened range of educational and occupational opportunities; will be less exposed in manhood to loss of livelihood and status through involuntary unemployment; will not, as often hitherto, be deprived by lack of means of the treatment in illness required by himself or his dependents; will, if injured at work, receive benefit as a matter of course, instead of being compelled to struggle for compensation at the moment when his need is greatest and his resources least; and will be assured in unemployment, incapacity and old age a less inadequate provision than in the past on terms compatible with his self-respect. So far, in short, as environmental factors are concerned, he will enjoy a better prospect of growing to his full stature, and of turning his mature capacities to good account, un-harassed by the menace of economic catastrophes beyond his power to avert or overcome.

Attempts have been made to indicate the value of this communal provision by estimating the percentage addition to earnings represented by it. Such calculations, though not

without their interest, miss the point. The disparities between classes which cut deepest are a matter, not merely of income, but of life. The contribution to the increase of equality made by developments of the kind summarized above is not, therefore, to be measured merely or mainly in terms of a quantitative alteration in the distribution of wealth. Their most significant aspect consists in the qualitative change in the character of a society which is produced when disabilities afflicting particular classes are diminished or removed, and advantages formerly restricted to a minority are made more nearly a general possession. Sharp disparities of income, if less pronounced in this country than in the United States and Russia, may, in such circumstances, continue to plague it. The important fact is the contraction of the area of life dominated by them. It is the partial removal of certain of the essentials of civilization to a plane where the decisive factor is neither private wealth nor the absence of it, but the concern of a self-respecting democracy to meet the needs and develop the powers of all its citizens, irrespective of differences of financial means.

"The unified civilization", writes the sociologist already cited, "which makes social inequalities acceptable, and threatens to make them economically functionless, is achieved by a progressive divorce between real and money incomes. This is, of course, explicit in the major social services, such as health and education, which give benefits in kind without any *ad hoc* payment. In scholarships and legal aid, prices scaled to money incomes keeps real income relatively constant, in so far as it is affected by these particular needs. Rent restriction, combined with security of tenure, achieves a similar result by different means. So, in varying degrees, do rationing, food subsidies, utility goods and price controls. The advantages obtained by having a larger money income do not disappear, but they are confined to a limited area of consumption".[15] The consequent "enrichment of the concrete substance of civilized life" is a matter, not of opinion, but of historical fact. Less than two generations ago, a state of things in which, while suggestions of an income-tax exceeding ninepence in

the pound provoked paroxysms of indignation, three-quarters of the population were condemned to a shorter expectation of life than their financial superiors; to incomes, if they survived, less than one-thirtieth those bestowed on the brighter luminaries among the latter; to a planned inferiority of education; to neglect in sickness, and to an absence of security which, apart from a "deterrent" Poor Law, was complete, was widely accepted, if not as actually edifying, as among the inevitable concomitants of economic progress. Strong traces of these toxins—in education, to our shame, much more than traces—survive to afflict us; but both their virulence and their radius of action have diminished. The prophylactics and antidotes proper to them are to-day common knowledge. It is possible to foresee a time when the poisons in question, and the devils of insolence and servility which thrive upon them, will at last have been eliminated.

The prevalent impression, therefore, that a somewhat more equalitarian social order is in progress of emerging can cite some evidence to confirm it. Clearly, the time for self-congratulation has not yet come; but it is legitimate to feel a modest pride that a course in the right direction has been held by this country against the wind. That movement has been accompanied by a second, whose methods are different, but whose tendency is the same. The process, touched on more at length below, of transferring to public bodies certain key positions in finance, industry and commerce formerly occupied by private business does not change the distribution of wealth directly or at once; but it alters the balance of economic power. It means that decisions vitally affecting the livelihood, environment and welfare of the mass of the population are no longer to the same extent as in the past the prerogative of capitalist interests, but are increasingly made by authorities accountable for their proceedings to the public.

Both these advances towards the conversion of a class-ridden society into a community in fact, as well as in name, have taken place, it may be noted in passing, with almost melodramatic sedateness. They have been effected without excursions and

alarms, after prolonged debate in Parliament and the press, by the pedestrian and unspectacular processes of democratic Government. On the first appearance of this work, its author was upbraided by earnest intellectuals for *naïveté* in ignoring the inevitable frustration of the policies commended in it through secret sabotage or open violence by the capitalist class enemy, and for poltroonery in declining to proclaim the glad, emancipating truth that the sole and sufficient recipe for Co-operative Commonwealths is a liberal use of blood and iron. The acquaintance of the paladins in question with the properties of these exciting substances was at that time too remote for a reply to be profitable. To-day it is superfluous; events have given it. Obviously, no art exists by which the legacy of generations of injustice can be wound up in a decade; nor has any nation, however assiduous in advertising its unrivalled sleight of hand, in fact performed that feat. Obviously the speed at which anti-social inequalities can be removed depends on the surplus over necessary costs available for the purpose, and that surplus, in turn, partly on the aggregate output, partly on the relative urgency of the different demands upon it. It is now evident, however, that, within the limits set by these platitudes, the public cannot be prevented by capitalist or other machinations from obtaining what it wants, provided that it genuinely wants it.

The two most massive pillars of indefensible disparities of income and opportunity consist, as before the war, of inherited wealth and the educational system. Neither stands as then it stood. The State, which from 1930 to 1938 took 20 per cent. from an estate of £100,000 and 50 per cent. from one of £1,000,000, now takes 50 per cent. from the first and 80 per cent. from the second;[16] while public education, however grave its practical deficiencies, is no longer organized on principles which made it an offence to humanity and common sense. The fact remains that the transmission of more than a minimum of wealth from generation to generation has, in the conditions of to-day, little more to commend it than would have a right to travel in perpetuity in first-class coaches, and

that the inequalities of educational opportunity which will survive even the full application of the Act of 1944 are wholly mischievous. The removal of the former would cost nothing; the removal of some, though not all, of the latter, would cost much. Technically, neither presents an insoluble problem. If a majority of the nation now desires to extinguish inherited fortunes by some variant of the methods long expounded by Dr Dalton;[17] or to convert the primary school, as urged nearly twenty years ago by the then Consultative Committee of the Board of Education into "the common school of the whole population, so excellent and so generally esteemed that all parents will desire their children to attend it";[18] or to make secondary modern schools what they might and should be, but too often are not; or to turn one-class private "public" schools into institutions serving the public; if, in addition, it desires to tax capital gains, as well as incomes; or to establish a more stringent control of monopolies than that provided by the recent Act; or to extend the area of public ownership; or to achieve one or more of a dozen different reforms, then, subject to the restrictions imposed by time, knowledge, administrative resources and simple arithmetic, it can have its way. Parliament and the Civil Service will do the job for it; nor need it fear that the political machine will break in its hand. If these laudable improvements leave the British public cold, an enlightened minority has neither the right nor the power to force them down reluctant throats.

(iii)

EQUALITY AND LIBERTY

All advances in civilisation have their cost. A society in which money and position count for less, and the quality of human personalities for more, is not an exception to that rule. Official evidence[19] does not, it seems, confirm the suggestion that capital has been depleted or productive energies relaxed by

the dissipation of resources in an indiscriminate provision of superfluous indulgences; but obviously there are limits, which vary with changing circumstances, to the lengths to which social expenditure, like any other form of outlay, public or private, can with advantage be carried. The existence of these frontiers is an additional reason for promoting the maximum possible equality in the margin for manœuvre behind them. Nor is that truism invalidated by demonstrations that, in the ordinary course of economic progress, British wages may double in twenty-eight years, or that the golden age when the United States exults in twice as large an income per head as in 1928 will dawn in 1975.[20] Between 1914 and 1937 average real earnings in the United Kingdom increased by approximately one-third. Resentment against the co-existence of needless disabilities and preferential advantages was not weakened by that upward movement, but strengthened by it. It is credulous to suppose that, in the absence of action to remove its causes, exasperation will not, after another quarter of a century of similar or greater increases, have acquired a sharper edge. The determination to end these contrasts has its source, not in material misery, but in sentiments which the conquest of the grosser forms of poverty has given room to grow. Naturally those inspired by it welcome the gains foretold; but, whatever the particular terms, from "more for those with least" to Morris's "fellowship is life, and lack of fellowship death", in which their case is cast, they desire a more equalitarian order for its own sake, as a juster and more human way of life, not merely for the additional increments of income provided by it. To attempt to appease such demands with the promise of a richer society, crossed by chasms as profound as to-day and not less respectful to distinctions between proletarian goats and genteel sheep, is an *ignoratio elenchi*. It is as unhopeful as to prescribe as a remedy for consumption a list of more remunerative stocks to invest in.

The criticisms upon equalitarian policies which most deserve respect are not those which raise the loudest cries. They come from opponents who challenge such policies on their own

dogmatic ground. They relate to the ends proposed, not merely to the difficulties and dangers involved in pursuing them. They assert that the values which the pursuit of equality must inevitably destroy are out of all proportion greater than the gifts which, even if successful, it could confer, and denounce them, therefore, not merely as inexpedient or superfluous, but as vicious in principle and essence. Granted, so the argument runs, that fair shares for all is a seductive formula; that the practical benefits derived from its partial application are beyond dispute; and that not a few of the judgments of wrath, desolation and woe denounced upon its practitioners are, in reality, pre-war acquaintances dressed in post-war utility clothing, to what, after all, do these demonstrations come? It is not news that those who follow primrose paths find the going good. The issues that matter lie on an altogether loftier plane from that on which social accountants ply their dismal trade. The supreme political good is liberty. An appetite for equality, with the inevitable restrictions that pander to it, is the deadliest foe of freedom. Excellence and a respect for it—these and these alone redeem a civilization from triviality. They are plants which thrive on the precipitous heights of Alpine landscapes, but wither in the suffocating air of equable mediocrity. Whatever its sins, a society prizing liberty and revering excellence may hope to add some imperishable mite to the sum of man's achievements. Without these qualities no catalogue of pedestrian virtues will avail to save it. A load of distributive justice added to its cargo is merely one more weight to drag it down. The nemesis of concessions to equality must, in short, be that depicted by Professor Rostovtzeff in his great work on the decline of the culture of the ancient world. It will be death by dilution.

Reminders that there are higher and more enduring values than those for which social policies, however admirable, can find a place are always to the point. If the second salutary admonition, which bids us put excellence first, and which sees in the equalitarian spirit a peril to it, is not here discussed at length, the reason is not that the caution conveyed by it can

be lightly dismissed. It is that light on the reality of that menace, as distinct from other and more urgent dangers, is in this country still to seek. Less than a decade and a half has elapsed since, in a passage cited above, the most eminent economist of his day wrote of "the glaring inequalities of fortune and circumstance which deface our present civilization". The suggestion that the precipitous declivities of the social system so described were the slopes of Parnassus arouses mixed emotions; but confident verdicts on recent changes would obviously, in this sphere, be premature. If equality is the poison to culture suggested by Mr. Eliot,[21] the small doses of the venom hitherto injected need time to do their deadly work. If it is a tonic—if, as Arnold[22] held, "our shortcomings in civilization are due to our inequality", and "the expansion of our humanity, to suit the idea of perfection which culture forms, must be a general expansion"—a generation must elapse before the energies stimulated by it can mature and yield their fruit. England, a pioneer of religious and political equality, has known little of their economic and social analogues. Her history, so rich in other lessons, supplies no large body of experience by which to judge the more distant effects of her recent, unspectacular, turn towards them. On the nature and conditions of liberty, however, that history has much to teach. Does it lend colour to the view that the contemporary concern for increased equity in distribution must inevitably imperil the priceless heritage of freedom?

Political conceptions are for use, not display. Hence they must be seen in the context of the practical realities to which they are to be applied. The view of equality and liberty as the Cain and Abel of politics descends from the pre-industrial Europe of privileged estates and exclusive corporations, menaced by the levelling hands of princes above and populace below. The growth of an industrial civilization has not deprived of point the admonitions of those later prophets who wrote, like de Tocqueville, in the after-glare of a revolution that seemed to confirm, as by a gigantic laboratory experiment,

the doctrine's deadly force; but, by creating new forms of power and more complicated systems of social organization, it has modified the meaning of both terms in the problem. As always, the truths proclaimed were clothed in fading garments. In order to remain true, they require to be restated.

Liberty is composed of liberties. In considering, therefore, the indictment of equality as its predestined assassin, the beginning of wisdom is to specify the particular forms of the former which the pursuit of the latter is held to impair. Certain liberties may be described as primary, essential or fundamental, in the sense that, in free societies, they are normally secured by law to all citizens; that they are regarded, not merely as matters of convenience, but as principles on which the State is based; and that, when written constitutions exist, they are often included in them. Other liberties are narrower in their range and less crucial in their content. They are in the nature, less of principles, than of expedients or "devices",[23] to be extended or restricted in the light of changing circumstances, and may, properly, for that reason, be classed as secondary. The political systems in which the fundamental liberties—freedom of worship and religious organization; of speech, study, teaching, and writing; of movement, choice of occupation, meeting and association for political and other purposes—have been in our own day withheld, attenuated or abolished probably embrace a larger aggregate population than those in which such liberties continue to exist. No democracies in Europe, and few outside it, are to be numbered, save in time of war, among them.

It is significant that the states, mostly totalitarian régimes, which have suppressed the primary liberties, are also those which give short shrift to demands for equality, and that while in the democracies, which protect these liberties, little economic or social equality may in fact exist, no similar ban is imposed by them on struggles to increase it. The former repudiate equality with the same ritual thunder as liberty, as a characteristic piece of petty bourgeois hypocrisy. In the

latter, equalitarian movements have won such successes as have come their way, not by attacking the essential citizen liberties, but by energy in exercising them. They have provided, when in opposition, not a few of their most uncompromising champions; and when, as in the Scandinavian countries, certain British Dominions and Great Britain itself, such movements have come to power, the resulting Governments have, as a rule, been jealous to preserve them. In such circumstances, the suggestion that advocates of measures to correct disparities of income and opportunity are hostile or indifferent to political and civil freedom necessarily suffers from an air of unreality. Nor, in fact, is it usual in this country for a charge so unplausible, which in the past was common form, to-day to be brought against them.

The rights which the policies in question are denounced as menacing are, however important, of a more pedestrian order. They are concerned with the secondary liberties, to which Lord Beveridge referred when he wrote that the "private ownership of the means of production to be operated by others is not an essential citizen liberty in Britain, because it is not and never has been enjoyed by more than a very small proportion of the British people", and "it can not even be suggested that any considerable proportion of the people have any lively hope of gaining such ownership later".[24] The activities protected by rights of this order are, in fact, predominantly those connected with the earning and expenditure of incomes; business enterprise and investment; the acquisition and administration of income-yielding property; the employment to the best advantage of profitable assets, whether consisting of physical commodities or of personal skill. The freedom commonly held to be impaired as a result of action by the State to remove, diminish or neutralize economic and social inequalities is similarly limited and specific. It consists in the right of individuals and groups to make and execute decisions on matters relating to their economic interests.

Freedom for the strong is oppression for the weak; and oppression, as remarked by Professor Pollard in a passage cited

above, is not less oppressive when its strength is derived from superior wealth, than when it relies on a preponderance of physical force. Hence, when steps to diminish inequality are denounced as infringements of freedom, the first question to be answered is one not always asked. It is: freedom for whom? There is no such thing as freedom in the abstract, divorced from the realities of a particular time and place. Whatever else the conception may imply, it involves a power of choice between alternatives, a choice which is real, not merely nominal, between alternatives which exist in fact, not only on paper. Because a man is most a man when he thinks, wills and acts, freedom deserves the sublime things which poets have said about it; but, as part of the prose of everyday life, it is quite practical and realistic. It means the ability to do, or to refrain from doing, definite things, at a definite moment, in definite circumstances, or it means nothing at all. The second question which arises, therefore, is not less simple. It is whether the range of alternatives open to ordinary men, and the capacity of the latter to follow their own preferences in choosing between them, have or have not been increased by measures correcting inequalities or neutralizing their effects. If an affirmative reply be given, liberty and equality can live as friends; if a negative one, they are condemned to be foes.

A verdict upon these issues can not be stated in general terms. It depends upon the varying degrees to which, before the reforms in question, liberty, in the sense defined, was in practice enjoyed by different sections of the population. Nor, since the problems presented by great concentrations of economic power are not identical with those caused by inequalities in the distribution of income, can the effects on liberty of the different policies employed to cope with each be described by a formula covering both. There are societies—to consider the former topic first—in which economic power, if it can be said to exist, is dispersed in fragments among a multitude of petty proprietors, peasant farmers, small masters and traders, and in which, therefore, except at a few key-points, such as credit and marketing, it presents no crucial

problem. In such conditions private enterprise is private in fact, as well as in name, and action to control or supersede it, though attempted by authoritarian governments both in previous centuries and our own, is, if desirable at all, a matter of secondary concern. In industrial civilizations, the practical realities, which determine the content of political terms, are obviously different. Even in them, it is still often assumed by privileged classes that, when the State refrains from intervening, the condition which remains, as a result of its inaction, is liberty. In reality, what not infrequently remains is, not liberty, but tyranny.

In urban communities, with dense populations, or in great productive undertakings employing armies of workers, someone must make policies and see that they are carried out, or life becomes impossible and the wheels do not turn. If public power does not make them, the effect is not that every individual is free to make them for himself. It is that they are made by private power. The result, in either case, is a dictatorship, which is not the less obnoxious because largely unconscious. The illustrations[25] cited above of the surprising oppressions practised by some American corporations before, in the years following 1935, the Federal Government brought the potentates concerned to heel, need not here be repeated. It is proper, however, to recall that even the milder British climate, in which trade unionism and legislation have long done their civilizing work, was not without some discreet examples of similar propensities to show. The scuttle of business to shelter behind monopolistic combines and kartells, with all their dangers to the consumer, which accompanied the depression of the early thirties; the ruin of half a town by the decision of a board of largely absentee directors to shut down a plant; the paralysis of a region by the process euphemistically known as the reduction of capacity; the stagnation of a great industry through the refusal of those nominally responsible for it to consider reforms urged, not only by its employees, but by two Commissions—such is a small selection from the cases in point. Whatever the merits of the policies in question, a

sensitive concern on the part of their authors for the liberties of their fellow-citizens can hardly be said to have been conspicuous among them.

The truth is that, at the present stage of its history, the economic system is necessarily a power system. It is a hierarchy of authority; and those who hold its levers exercise, consciously or unconsciously, a decisive influence on countless human lives. Such a power is too great to be entrusted to private persons, actuated primarily—and, in present conditions, inevitably actuated—by considerations of their own and their share-holders' pecuniary gain or loss. It cannot, for technical reasons, be abolished or broken up; but it can cease to be arbitrary and autocratic. It can, in short, be converted into a responsible public or semi-public function in the traditional English manner, by its submission to public control, whether in the form of regulation or of ownership.

The former expedient, stubbornly contested in the recent past, appears to-day to meet, in principle, with general acquiescence; the latter—such is the magic of words—to retain its pleasing power to provoke hysterics. In reality, not only are there a dozen different forms of each, but the two are species of one genus. At their edges, they melt into each other; and the innocents who cry and cut themselves with knives in contemplating the unfathomable abyss of principle between the two, are victims of a *mystique* run mad. The objects and effects of both are the same. They are to ensure that inequalities of economic power shall not be exploited by some groups to the injury of others, by providing that matters which touch the lives of all shall be controlled by organs which a Parliament elected by all can, if it pleases, call to account. Obviously, particular examples of either expedient may properly be criticized as unnecessary or ill-advised. Obviously, the technique of combining an effective enforcement of public responsibilities with the preservation of personal initiative can not spring fully-armed into existence, but must be discovered, improved and elaborated in the light of experience. Such truisms, however, apply to most types of public action, and do not bear on the issue of

freedom. It is not apparent that the liberties of wage-earners have been seriously impaired by the latest additions to the long series of acts and administrative orders prescribing conditions of employment; or those of purchasers of goods in short supply by rationing and the enforcement of maximum prices; or those of tenants by the statutory restrictions of rents; or those in search of accommodation by a licensing system which secures a priority in the use of materials for cheap houses as compared with cinemas and luxury flats; or those of all four by credit policies, including the nationalization of the Bank of England, which maintain full employment, or by the administration by public bodies of a group of unexciting, but essential, services. The persons directly affected by these and kindred measures must be presumed to know their own business best. It does not appear that they regard them as a badge of serfdom. On the contrary, if, pressed for an opinion, they would probably agree with the venerable maxim that the mother of liberty is law.

The treatment of inequalities of income and opportunity raises problems of a different order. Here it is not a question of ensuring that strength is not abused, but of ending such disparities, for example class privilege in education, as have no social justification, and reducing the remainder to the smallest possible dimensions compatible with the general welfare. The principal methods employed for these purposes have consisted, as explained above, in the extension and improvement of different forms of collective provision and in the increase of steeply graduated taxation. Both have contributed, in a greater or less degree, to an increase of equality. The question is whether freedom has been injured by them.

An answer, here again, must start from a recognition of the diversities of the social landscape. It must take account of the plains and valleys, as well as of the peaks, and must resist the temptation to base its verdict on some exceptional, if picturesque and exhilarating, aspects of the scene. Classes already at the top of the ladder may fall, but can not rise. It is not surprising that their conceptions of political and social expediency should

reflect that position, and should be in part, whether consciously or unconsciously, a defence mechanism to protect it. It is natural, in particular, that they should interpret liberty, not as involving action to extend opportunities and to raise individual faculty to the highest possible level, but as the continued enjoyment of such powers, advantages and opportunities, whether in respect of wealth, or education, or access to careers of distinction and profit, as past history and present social arrangements may happen to have conferred on them, and should denounce, as a menace to freedom, action by the State which disturbs the customary amenities of their established way of life. The majority of ordinary men are not born with financial and social winds behind them. A century of experience proves that, if they are to make the best of their natural endowments, to choose their course in life in accordance with their own aptitudes and preferences, and to pursue it, when chosen, with a reasonable measure of security against unmerited misfortune, the conditions necessary to the satisfaction of these not extravagant requirements cannot, save in exceptional cases, exist, unless sustained and systematic labour is devoted to creating them. By such persons, therefore, freedom is seen less as a possession to be preserved than as a goal to be achieved. Since, in an industrial civilization no individual can hope to construct for himself, by his isolated efforts, the complex fabric of environmental, economic and social arrangements, on which its attainment depends, they look to co-operative action, in which, as citizens, they participate, to undertake that task.

Of the forms which such action has assumed, and the part which it can play in removing capricious inequalities, something has already been said. Those who hold that the resulting gains have been purchased by the sacrifice of liberty are under an obligation to state precisely the liberties held to have been injured or destroyed. Social policy has been specially concerned with health, education and security. The direction and character of the changes which have taken place in these fields are a matter of common knowledge. First, the infantile

mortality rate has fallen from a figure which, from 1900 to 1920, was never below 100 per 1,000 births to an average of 39 for the three years 1946–1948; the height and weight of school-children have increased, and certain ailments formerly afflicting them have virtually disappeared; the expectation of life at birth has risen from about 43 years in the 1870's to approximately 65 years to-day.[26] Second, educational opportunities have been increased by the advance in the age of compulsory school attendance from under fourteen at the close of the first world war to fifteen to-day; the doubling of the population of secondary schools (as then defined) between the first date and 1938; the creation in 1944 of the statutory basis for a universal secondary system, and an increase of two-thirds in the University population of 1948–49 over that of the end of the last pre-war decade. Third, unemployment, which averaged over 14 per cent. of all insured workers for the eighteen years from 1921 to 1938, has since been reduced to negligible proportions, while the provision made for the victims both of it and of such other contingencies as sickness, accidents and old age has substantially improved.

It is not suggested that all these changes are due to the action of the State; but in most of them public intervention has played some part, and in several a decisive one. It is difficult to argue that they have been either prejudicial to freedom or without significance for it; nor would it be easy to show that their beneficial effects in diminishing inequality have been outweighed by incidental evils resulting from them. Obviously, social gains of this order are not a substitute for the essential citizen liberties listed above; and, if—an improbable case—the surrender of the latter were demanded in exchange for them, then the price should, as no doubt it would, be decisively refused. In reality, those liberties have been the instrument by which the advantages in question have been won, and have themselves, in turn, been not a little strengthened by them. If, in short, freedom implies, as presumably it does, the possession by individuals of a genuine, if partial, power of self-determination, then, so far from having been attenuated by measures con-

ducive to the more general enjoyment of physical and mental vitality, it has gained in substance and reality as a result of them.

Such a statement, it may readily be conceded, does not tell the whole story. It is of the nature of political societies that the enlargement of the general liberty involves the curtailment of such particular liberties as may conflict with it. It is evident that the ability of individuals and groups to conduct economic operations at their own discretion has been circumscribed by the increase of taxation on large incomes and estates; the expansion of different forms of collective provision and expenditure; the more stringent control of enterprise and investment; the invasion by public authorities of spheres of economic life formerly the preserve of private business, and the changes in the distribution of income resulting from all four. It is equally true—to turn to another sphere—that the abolition of fees in all but a small minority of secondary schools and the admission of pupils on evidence of promise without regard to means, has deprived the well-to-do parent of his former power to buy a place in one of such schools for a child incapable of winning one. It is not surprising that business interests and prosperous parents should be tempted to describe the erosion of these secondary liberties as the death of freedom.

The picture has, however, another side. The reality which these complaints ignore is that the obnoxious restrictions confer on other, and larger, groups advantages unattainable without them, and that the wage-earner benefited by full employment, the housewife protected against extortionate prices, and the father without the means to afford school-fees, experience, as a result of them, not a diminution, but an increase, of their liberty. Confronted by such evidence of the vitality of the corpse, the judicious observer will be slow to deliver a hanging verdict. The changes charged with murderous propensities will strike him as involving, not the demise of freedom, but an alteration of the proportions in which that good, like others, is shared. Those whose command of wealth and economic power formerly gave them most now have somewhat less. Those whose poverty

or weakness formerly allowed them least now have somewhat more. If, in short, as was suggested above, freedom has as its essence the ability to select from a range of alternatives, then it must be included among the necessaries which, as a result of recent social policies, have been to some small extent, redistributed. The recipients of the larger incomes, the classes whose *métier* is enterprise, many professional men, and persons, whether well-to-do or poor, dependent on incomes derived from the ownership of property, are less free than in the past. The wage-earners and recipients of small salaries are freer.

Lamentations at losses are, as usual, more vocal than gratitude for gains. A dispassionate judgment will take account of both. It will not ignore minorities, but neither will it suppose that majorities should be sacrificed to them. Confronted by the assertion that, with the drift in the direction of greater equality, liberty is in retreat, it will not overlook two commonplace considerations. It will reflect, in the first place, that, if the rights essential to freedom are effectively to safeguard it, they must not be merely formal, like the right of all who can afford it to dine at the Ritz, but must be accompanied by conditions which ensure that, whenever the occasion to exercise them arises, they can in fact be exercised. The right to education is obviously impaired, if poverty arrests its use in mid-career; the right to the free choice of an occupation, if the expenses of entering a profession are prohibitive; the right to earn a living, if enforced unemployment is recurrent; the right to justice, if few men of small means can afford the cost of litigation; the right to "life, liberty and the pursuit of happiness", if the environment is such as to ensure that, as in a not distant past, a considerable proportion of the heirs to these blessings die within twelve months, and that the happiness investments of the remainder are a gambling stock. Measures which, by diminishing inequality, have helped to convert these nominal rights into practical powers, have made, in the strictest sense, a contribution to freedom. They have turned it from an iridescent abstraction into a sober reality of everyday life.

The second caution is not less trite. Some sage has remarked that marriage would not be regarded as a national institution if, while five per cent. of the population were polygamous, the remainder completed their earthly pilgrimage neither solaced nor encumbered by husbands or wives. An analogous truth holds good of freedom. Social arrangements which enable some groups to do much what they please, while others can do little of what they ought, are, to speak with moderation, not unknown to history. They may possess their virtues; but freedom is not among them. A society is free in so far, and only in so far, as, within the limits set by nature, knowledge and resources, its institutions and policies are such as to enable all its members to grow to their full stature, to do their duty as they see it, and—since liberty should not be too austere—to have their fling when they feel like it. In so far as the opportunity to lead a life worthy of human beings is needlessly confined to a minority, not a few of the conditions applauded as freedom would more properly be denounced as privilege. Action which causes such opportunities to be more widely shared is, therefore, twice blessed. It not only subtracts from inequality, but adds to freedom.

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3. See p. 13.
4. *Report of Committee on National Expenditure*, 1931, p. 14.

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3. F. Clarke, "An Elementary-Secondary School," in *Hibbert Journal*, Oct. 1927, p. 145, and *A Dominion View of English Education*, an address delivered to the College of Preceptors, Feb. 14, 1929, reported at length in *Cape Times*, May 3 and 4, 1929; U.S.A., *Special Report of Commissioner of Labour on Regulation and Restriction of Output*, 1904, pp. 810–11, and B. Austin and W. F. Lloyd, *The Secret of High Wages*, 1926, introduction (by W. T. Layton) and pp. 43, 75, 102, 107; W. Dibelius, *England*, 1929, pp. 205–7; E. Wertheimer, *Portrait of the Labour Party*, 1929, pp. 138, 139; A. Siegfried, *L'Angleterre d'aujourd'hui*, 1924, p. 251. See also E. Banks, *School for John and Mary*, 1924.

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5. See the remarks of H. de Man, *Au delà du Marxisme*, 1927, p. 89.

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9. Mill, *Principles of Political Economy*, ed. 1865, bk. iv, chap. vi, and *Autobiography*, ed. 1909, p. 133.

10. See the *Report of Consultative Committee of Bd. of Educ. on Psychological Tests of Educable Capacity*, 1924, p. 71: "All our witnesses are agreed that intelligence does not cover temperament or character, and that, therefore, the important personal qualities of will, feeling and emotion are not dealt with by tests of intelligence."

11. For a valuable discussion of recent work on the subject, see M. Ginsberg, "The Inheritance of Mental Characters," in *The Rationalist Annual*, 1930, pp. 47–54.

12. M. Ginsberg, *The Problem of Colour in relation to the idea of Equality* (*Journal of Philosophical Studies*, Suppt. to vol. i, no. 2), 1926, p. 14.

13. See the discussion of Pareto's Law in Pigou, *Economics of Welfare*, ed. 1929, pp. 645–53, and the passages in Pareto's *Manuele di economia politica* there quoted.

14. Benn, *op. cit.*, p. 237.

NOTES ON CHAPTER II (pp. 49–90)

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4. Bowley and Stamp, *The National Income*, 1927, p. 12; Carr-Saunders and Jones, *op. cit.*, pp. 61–3.

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7. Bowley, *The Change in the Distribution of the National Income, 1880–1913*, 1920, p. 22; Stamp, *op. cit.*, p. 95; Colin Clark, *National Income and Outlay*, 1937, p. 110.

8. See pp. 164–6; and Cole, *op. cit.*, p. 95.

9. H. J. Laski, *The Personnel of the English Cabinet, 1801–1924* (reprinted from *Amer. Pol. Sci. Rev.*, vol. xxii, no. 1), 1928, pp. 18–19.

10. A. Cecil, *British Foreign Secretaries, 1807–1916*, 1927, p. 134; R. T. Nightingale, "The Personnel of the British Foreign Office and Diplomatic Service, 1851–1929", in *The Realist*, Dec. 1929, pp. 333–4, 341, 343; M. Ginsberg, "Interchange between Social Classes," in *Econ. Jl.*, Dec. 1929, p. 563.

11. See Appendix I.

12. See report in *Manchester Guardian*, Nov. 15, 1929, of evidence submitted by Civil Service Commissioners to the Royal Commission on the Civil Service. For the years 1906–10 the percentage was 74.

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NOTES ON CHAPTER III (pp. 91–125)

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7. M. Ginsberg, "Interchange between Social Classes," in *Econ. Jl.*, Dec. 1929, pp. 554–62, 565.

8. The table on the following page gives the Board of Education's classification of the occupations of fathers of pupils in secondary schools

on the grant list on Jan. 31, 1913, and March 31, 1926 (*Statistics of Public Education*, 1920–1, Table 88, p. 90, and 1925–6, Table 63, p. 52).

9. S. J. Chapman and F. J. Marquis, "The Recruiting of the Employing Classes from the ranks of the Wage-earners in the Cotton Industry," in *Stat. Jl.*, Feb. 1912, pp. 293–6; Carr-Saunders and Jones, *op. cit.*, p. 143.

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11. H. Sée, *Les Origines du Capitalisme moderne*, 1926, p. 183.

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(*Continuation of Note* 8, *p.* 110)

Occupations of Fathers.	Boys.		Girls.	
	Jan. 31, 1913.	March 31, 1926.	Jan. 31, 1913.	March 31, 1926.
(i) Ministers of Religion . . .	2·0	1·3	2·0	1·4
(ii) Teachers	3·9	3·4	4·2	3·7
(iii) Members of other professions	12·9	12·5	13·0	13·2
(iv) Farmers	5·5	4·6	5·0	4·7
(v) Wholesale Traders (Proprietors and Managers)	10·0	7·1	9·6	7·0
(vi) Retail Traders (Proprietors and Managers)	19·2	16·2	18·7	15·5
(vii) Traders' Assistants . . .	1·0	2·0	1·0	2·0
(viii) Contractors	2·3	2·7	2·3	2·7
(ix) Minor Officials	4·9	4·0	4·7	3·8
(x) Clerks and Commercial Travellers and Agents . .	13·9	14·2	13·2	13·3
(xi) Postmen, Policemen, Seamen and Soldiers	2·2	3·8	2·3	3·8
(xii) Domestic and other Servants	1·9	2·2	2·0	2·2
(xiii) Skilled Workmen	16·3	21·0	17·0	21·0
(xiv) Unskilled Workmen . . .	2·4	4·0	2·6	4·1
(xv) No occupation given . . .	1·6	1·0	2·4	1·5
Total	100	100	100	100

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15. See the warning given by the Consultative Committee of the Board of Education as to the caution needed in comparing the results of intelligence tests applied to children coming from different environments. "The results of intelligence tests applied to children . . . some of whom were underfed and ailing, while others were well nourished and healthy, would necessarily afford untrustworthy evidence of inborn capacity" (*Psychological Tests of Educable Capacity*, 1924, p. 75.)

16. E. D. Simon, *How to Abolish the Slums*, 1929, pp. 12–13; *Report of Chief Med. Off. of Bd. of Educ. for 1928*, p. 144. The number of children found in the course of routine inspections to be in need of treatment (excluding dental disease) in 1928 was 395,658 out of 1,912,747 inspected.

Assuming the proportion to be the same among the children who were not inspected, the number suffering from defects among the total school population of England and Wales (4,981,101) would be 1,030,357.

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NOTES ON CHAPTER IV (pp. 126–173)

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6. *First Report of Commission on the State of Large Towns*, 1844, p. 30; W. S. Jevons, *The Coal Question*, ed. 1906, pp. xlvii, l.

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9. See the table in *Report of Committee on National Debt and Taxation*, 1927, pp. 94–5, and the explanation of it there given.

10. Colin Clark, *op. cit.*, pp. 145–6.

11. Herbert Spencer, *The Man versus the State*, 1884, p. 22.

12. For the figures in this and the following paragraphs, see Appendix II.

13. Carr-Saunders and Jones, *op. cit.*, pp. 165, 167. For later figures see Cole, *op. cit.*, p. 77.

14. *Report of Committee on National Debt*, p. 105.

15. *Ibid.*, p. 100.

16. Colin Clark, *op. cit.*, p. 148.

17. *Report of Chief Med. Off. of Min. of Health for 1921*, p. 15.

18. Corporation of Glasgow, *Résumé of Work of Public Health Department*, 1926–7, p. 16.

19. Dr. Veitch Clark, reported in *Manchester Guardian*, June 25, 1927.

20. I take these figures from an article by Dr. H. Roberts (*Daily Herald*, Aug. 4, 1937).

21. Sir A. Newsholme, *The Elements of Vital Statistics*, ed. 1923, pp. 258, 294, 320; *Report of Chief Med. Off. of Bd. of Educ. for 1923*, p. 96; Dr. Kerr, *The Fundamentals of School Health*, 1926, pp. 361, 632 *seq.*; Dr. Veitch Clark, see note 19; C. P. Childe, *Environment and Health*, 1924, p. 12; Privy Council Medical Research Council. *The Relations between Home Conditions and the Intelligence of School Children*, by L. Isserlis, 1923, pp. 6, 18.

22. See the interesting figures as to the effect of milk meals given to

the children in London schools, in *Report of Chief Med. Off. of Bd. of Educ. for 1923*, pp. 119–20.

23. Sir A. Newsholme, *Health Problems in Organised Society*, 1927, pp. 82–3, 30–1.

24. E. D. Simon, *How to Abolish the Slums*, 1929, p. 2. and chaps. iv. and xi.

25. H. W. Household, quoted in *Daily Herald*, May 12, 1927.

26. *Report of Consultative Committee of Bd. of Educ. on Books in Public Elementary Schools*, 1928, pp. 65–7.

27. *House of Commons, Standing Committee A*, March 24, 1936, p. 56.

28. *Report of Consultative Committee on the Primary School*, 1931, p. xxix.

29. H. Dalton, *Some Aspects of the Inequality of Incomes in Modern Communities, 1920*, pp. 25–6, 174 *seq.*, 246 *seq.*

30. This appears to be the view of Sir William Beveridge. See his "Unemployment", in *The Political Quarterly*, vol. i, no. 3, 1930, pp. 336–7.

31. See *Report of Committee on National Debt*, p. 375.

32. *Ibid.*, p. 244.

33. *Report of British Association for 1921*, p. 273.

34. A. C. Pigou, *Socialism versus Capitalism*, 1937, pp. 137–8.

35. *Report of Chief Med. Off. of Min. of Health for 1933*, p. 14; F. E. Fremantle, *The Health of the Nation*, 1927, chap. v. Dr. Fremantle estimates the total cost of sickness roughly at £300,000,000, a third of which is preventable.

36. *Report of Committee on National Debt*, p. 241.

37. See Colin Clark, *National Income and Outlay*, pp. 185–6.

NOTES ON CHAPTER V (pp. 174–211)

1. H. Kessler, *Walter Rathenau*, 1928, p. 121.

2. For the German figures for 1925, see *Wirthschaft und Statistik*, 1929, p. 36, and for the earlier years W. Sombart, *Die deutsche Volkswirthschaft im neunzehnten Jahrhundert*, 1921, Anlage 22, pp. 506–7. For the American figures see the *Biennial Census of Manufactures for 1925*, 1928, p. 1221.

3. Committee on Industry and Trade, *Factors in Industrial and Commercial Efficiency*, 1927, p. 4; *Report of Royal Commission on the Coal Industry*, 1926, p. 47.

4. *Report of Committee on Trusts*, 1919, pp. 2, 8–9; *Factors in Industrial and Commercial Efficiency*, 1927, pp. 110–14.

5. For evidence on these points see U.S.A., *Final Report of Commission on Industrial Relations*, 1916; *Report of the Steel Strike of 1919* and *Public Opinion and the Steel Strike* (Reports of the Commission of Inquiry, Interchurch World Movement), New York, 1920 and 1921; H. C. Butler, *Industrial Relations in the United States* (I.L.O., *Studies and Reports*, Series A, no. 27), 1927. The quotation from Mr. Justice Brandeis occurs in the *Final Report on Industrial Relations*, p. 63.

6. *Manchester Guardian*, Jan. 8, 1930.

7. A. F. Pollard, *The Evolution of Parliament*, 1920, pp. 183–4.

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9. Federated American Engineering Societies, *Waste in Industry*, 1921, p. 9.

10. *Britain's Industrial Future*, 1928, p. 85.

11. C. S. Orwin and W. R. Peel, *The Tenure of Agricultural Land*, ed. 1926, p. 7.

NOTES ON CHAPTER VII (pp. 239–268)

1. G. W. Daniels and H. Campion, *The Distribution of National Capital*, 1936, and H. Campion, *Public and Private Property in Great Britain*, 1939.

2. E. Cooper-Willis, *Towards Equality* (Fabian Society, 1950), pp. 5–6, gives comparative estimates of the distribution of property in 1936–38 and 1946–47. An indication of the change which has taken place in the last forty years is given by the following figures:—

In 1911–13	1·0%	of the	population	held	65%	of all	private	property.
„ 1926–28	1·0%	„	„	„	57%	„	„	„	„
„ 1936–38	1·0%	„	„	„	55%	„	„	„	„
„ 1946–47	1·0%	„	„	„	50%	„	„	„	„

To judge by these figures, the effect of the death duties in diminishing inequality in the distribution of property would appear to have been less than is sometimes suggested.

3. The figures in Tables II, III and IV are taken from *Personal Incomes*, 1938–50 (*The Economist*, February, 1950) supplemented by corrections and additions supplied by the editor of *The Economist*, who has kindly allowed me to reproduce the figures. Table I is taken from G. D. H. Cole, *Facts for Socialists* (1949). The figures contained in it agree with those in *Personal Incomes, 1938–1950*, but include the pay of the forces not given in the latter. T. Wilson, *Modern Capitalism and Economic Progress*, chap. vii and viii, may also be consulted.

4. *Personal Incomes, 1938–1950*, p. 5.

5. T. Wilson, *op. cit.*, p. 113.

6. Some evidence on capital gains and the case for taxing them will be found in Cooper-Willis, *op. cit.*, pp. 7–13 and 23–25.

7. *Personal Incomes, 1938–1950*, p. 5.

7a. Mr. Dudley Seers, *The Levelling of Incomes since 1938* (Oxford University Institute of Statistics, Basil Blackwood, 1951) p. 5.

8. Cmd. 5906, November, 1938, *Public Social Services* (*Total Expenditure under certain Acts of Parliament*) gives expenditure for the years 1900, 1910, 1920, 1930, 1936 and an incomplete estimate for 1937. No later return in the same form appeared during or after the war. *Hansard*, vol. 474, April 24, 1950, contains a return of expenditure on the Public Social Services for the year 1947–48. Unlike the earlier returns, it does not give particulars of the sources from which the expenditure was met.

9. Cmd. 7344. *Economic Survey for 1948*, p. 47.

10. G. D. H. Cole, *Facts for Socialists* (1949), p. 39.

11. T. H. Marshall, *Citizenship and Social Class* (1950), pp. 10–27.

12. R. M. Titmuss, *Problems of Social Policy* (H.M.S.O. and Longmans, 1950), p. 506.

13. T. H. Marshall, *op. cit.*, p. 144.

14. *Report of the Minister of Health for the year ended 31st March, 1949*, p. 311.

15. T. H. Marshall, *op. cit.*, p. 81.

16. The figures for 1930–1938 are taken from T. Wilson, *op. cit.*, p. 124. The present rates were imposed by the Finance Act, 1949.

17. H. Dalton. *Some Aspects of the Inequality of Incomes in Modern Communities*, 1920, pp. 131–3, 316–27, 340. Dr. Dalton was, as far as the present

writer knows, the first British economist to call attention to the significance of Professor Rignano's proposals, and to suggest an improvement on them.

18. *Report of Consultative Committee on the Primary School*, 1931, p. xxix.

19. On July 25, 1950, the Chancellor of the Exchequer stated (*The Times*, July 26, 1950): (1) that the amount of investment in physical terms taking place in the U.K. (£2,200 million or about 20 per cent. of the total national output) was at least as high as in the best pre-war year and much higher than in the average pre-war year, (2) that the Government's index of industrial production in 1950 was to date 9 per cent. higher than in the corresponding period of 1949, and that, if the increase were maintained, it might indicate a rise in the national income of between 5 and 6 per cent., as against an increase of 3·15 per cent. estimated in the *Economic Survey*. Figures given somewhat earlier (*The Times*, May 24, 1950) by the Minister for Civil Aviation showed an increase of about 50 per cent. in savings in 1949 over 1938, when less than 14 per cent. of the national income was saved, and a rise in output of about 4 per cent. per man employed in 1949 over 1948. His remark that such rates of increase gave little support to the view that by high taxation the Government was killing the will to work seems not unjustified.

20. For examples of such estimates, see T. Wilson, *op. cit.*, p. 109, and Joseph A. Schumpeter, *Capitalism, Socialism and Democracy*, p. 65.

21. T. S. Eliot, *Notes towards the Definition of Culture*, p. 9.

22. Matthew Arnold, *Mixed Essays*, 1903, p. 87, and *Culture and Anarchy* (Nelson & Co. Ltd.), pp. 83–4.

23. The term is that employed by Lord Beveridge (*Full Employment in a Free Society*), p. 23: "The list of essential liberties . . . does not include liberty of a private citizen to own means of production and to employ other citizens in operating at a wage. Whether private ownership of means of production to be operated by others is a good economic device or not, it is to be judged as a device."

24. Beveridge, *loc. cit.*

25. Chap. V, sect. iv. The *locus classicus* on industrial tyranny in the U.S.A. is the Report of the La Follette Senatorial Committee, which appeared five years after the first edition of this book, in 1936. It should be added that, as a result of the Wagner Act of 1935 and of the growth of a strong trade union movement, the worst scandals have been stamped out.

26. See for infantile mortality, *Report of the Ministry of Health for the Year ended 31st March, 1949*, p. 20; for height and weight of school children, London County Council, *Report on the Heights and Weights of School Pupils in the County of London in 1949*, which states (p. 3) that a comparison of the figures for 1949 with those for 1938 shows that "the average increase, for both boys and girls, in height is of the order of 1·3 per cent. and in weight 2·2 per cent. of the 1938 level"; for expectation of life, *Report of Royal Commission on Population*, p. 10. Professor R. M. Titmuss has been so kind as to supply me with more precise figures showing the increase in the expectation of life at birth during the present century. They are as follows:

	Males	*Females*
1901–1910	48·5	52·4
1948 (Civilian population only)	66·4	71·2

APPENDIX I

SCHOOLS ATTENDED BY CERTAIN MEMBERS OF DIFFERENT PROFESSIONS

The following figures are compiled from *Whitaker's Almanack* for 1927 (for 1926 as regards Governors of Dominions), the *Stock Exchange Year Book* for 1927 (for Directors of Banks and Railways), and *Who's Who.*

Professions.*	Number for whom Information is available.	Educated at								
		English Public Schools†			English Schools other than Public Schools.	Welsh, Scottish, and Irish Schools.				Privately or Abroad.
		One of the Fourteen Principal Schools.	Others.	Total		Welsh.	Scottish.	Irish.	Total.	
Bishops (68)	56	38	14	52	4	—	—	—	—	—
Deans (30)	24	13	6	19	4	—	—	—	—	1
Lords of Appeal, Justices of Court of Appeal and High Court (39)	25	11	6	17	1	1	4	—	5	2
County Court Judges, Recorders, Metropolitan Magistrates, Stipendiary Magistrates (215)	156	75	47	122	20	1	1	3	5	9

Home Civil Servants (Members of 20 Departments receiving £1,000 a year and upwards) (455)	210	70	82	152	29	1	10	4	15	14
Members of Indian Civil Service (English names only) (105)	41	17	16	33	1	—	5	—	5	2
Governors of Dominions (65)	47	21	9	30	14	—	—	—	—	3
Directors of 5 Banks (165)	82	53	9	62	5	—	7	—	7	8
Directors of 4 Railway Companies (91)	50	32	5	37	2	—	7	—	7	4
Total	691	330	194	524	80	3	34	7	44	43

* The figures added in brackets in this column indicate the total number in each category.

† i.e. the 135 English schools represented at the Headmasters' Conference.

APPENDIX II

PUBLIC EXPENDITURE ON SOCIAL SERVICES IN ENGLAND AND WALES

The following Table shows the annual expenditure on Social Services in England and Wales out of Grants and Rates (i.e. after deducting rents, employers' and workmen's insurance contributions, etc.), at ten-yearly intervals from 1860. The figures for 1890–1 and following years are taken from the annual *Returns of Expenditure on Public Social Services*, No. 139 of 1922, etc.; those for the earlier years from *Returns relating to Poor Rate, etc.*, Nos. 461 of 1875 and 339 of 1882, and *London County Council, Memorandum on Education Grants*, 1908, p. 27. The year is from April 1st to March 31st, unless otherwise specified. In the case of some items (Public Health, Housing, Lunacy, etc., and Approved Schools) the return gives the figures for the previous financial year, while for National Health Insurance the figures relate to the following calendar year; e.g. in the return for 1920–1 the figures for Public Health, etc., are for the year 1919–20, and for Health Insurance for the calendar year 1921. War Pensions are not included.

Expenditure under Acts relating to	1860–1.	1870–1.	1881–1.	1890–1.	1900–1.	1910–1.	1920–1.	1930–1.	1932–3.	1934–5.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Poor Relief	5,779[5]	7,887[5]	8,102[5]	8,456[5]	11,549[5]	14,355[5]	29,745[5]	35,702	35,980	39,277
Education	552	629	3,836	6,390	14,008	27,766	72,794	82,835	80,076	84,345
Approved Schools[1]	—	—	—	340[6]	383[6]	526	666	485	467	450
Lunacy, etc.[2]	—	—	—	425[6]	794[6]	1,185	1,865[6]	2,852	3,362	3,947
Public Health[3]	—	—	—	380[6]	1,237[6]	1,721	5,937	9,113[7]	12,665[7]	14,265[7]
Housing	—	—	—	72[6]	124[6]	227	515	13,988	15,391	15,845
Old Age Pensions	—	—	—	—	—	6,300	18,326	33,347	36,020	37,834
Contributory Pensions[4]	—	—	—	—	—	—	—	9,718[8]	16,286[8]	17,162[8]
Unemployment Insurance	—	—	—	—	—	—	2,712[9]	30,635[9]	67,238[9]	57,084[9]
National Health Insurance	—	—	—	—	—	—	10,482[10]	6,356[10]	5,395[10]	5,977[10]
Total Expenditure	6,331	8,516	11,938	16,063	28,095	52,080	143,042	225,031[11]	272,880[11]	276,186[11]

Total expenditure expressed in price level of 1890	4,605	6,387	9,767	16,063	26,972	48,074	41,032[12]	167,033	245,592	242,505
Expenditure per head of population (in price-level of 1890)	4/7	5/7½	7/6	11/1	16/7	£1/6/8	£1/1/8[12]	£4/3/11	£6/2/2	£5/19/10

[1] So termed in Return for 1934–5, Previously Reformatory and Industrial Schools.

[2] Includes (from 1920–1 onwards) Mental Deficiency and (for 1900–1 to 1920–1) Inebriates.

[3] i.e. Hospitals and Treatment of Disease, and Maternity and Child Welfare. Much expenditure of the first importance to public health (e.g. that on sanitation) is not included in these returns.

[4] i.e. Widows', Orphans', and Old Age Contributory Pensions.

[5] The figures for 1860–1 to 1900–1 inclusive are the gross expenditure, for the later years the expenditure from Grants and Rates only. The figures for 1910–11 and 1920–1 include £146,000 and £9,000 respectively on Unemployed Workmen.

[6] These figures are approximate.

[7] Besides the figure given for 1930–1, grants out of money voted by Parliament were made to voluntary agencies for maternity, etc., to the extent of £264,354. The figures for 1932–3 and 1934–5 include £240,000 of this, but not a further grant of £26,425 and £23,700 respectively.

[8] The annual contribution from the Exchequer to the Treasury Pensions Account (England and Scotland) is fixed by Act of Parliament (at £9,000,000, £11,000,000 and £13,000,000 respectively for the years 1930–1, 1932–3 and 1934–5). The figures given in the Table show the expenditure less contributions, the excess of expenditure being met by transfers to these amounts from the Treasury Pensions Account to the Pensions Account (England and Wales).

[9] These are the figures of the payments by the State into The Unemployment Fund, and for the years 1930–1, 1932–3 and 1934–5 do not correspond with the expenditure out of the Fund. The total expenditure, less contributions of employers and employed, in these years was £69,048,000, £73,913,000 and £51,549,000 (see *Statistical Abstract for* 1935).

[10] These figures (which are for the calendar years 1921, 1931, etc.) show the State payments into the National Health Insurance Fund. The total expenditure, less contributions of employers and employed, in these years was £3,821,000, £11,502,000, £10,157,000 and £8,176,000 (See *Ibid.*).

[11] The expenditure for these years includes a proportion of the cost of central departmental administration (not previously included) in the case of Poor Relief, Lunacy, etc., Public Health, and Housing. The total so added is £233,000 and £268,200 and £274,500 respectively.

[12] These figures are misleading owing to the abnormally high price-level of 1920. The corresponding figures for 1921–2 would be £77,093,000 and £2/–/8½.

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