THE BOOK WAS DRENCHED

TEXT PROBLEM WITHIN THE BOOK ONLY

UNIVERSAL
LIBRARY
OU_160819
UNIVERSAL
LIBRARY

OSMANIA UNIVERSITY LIBRARY

Call No. 821.8/E61 Accession No. 8619

Author Catherine Tre...

Title ...

This book should be returned on or before the date last marked below.

INDUSTRIAL PEACE.

VOLUME XIII.

LONDON:
THE ST. CATHERINE PRESS
STAMFORD STREET, S.E. 1

INDEX TO VOLUME XIII.

Titles of Articles printed thus:—FOOD FOR THOUCHT.

Titles of books, newspapers, etc., thus:—*The Daily Herald.*

A.

ACCOUNTANCY AND INDUSTRY, 75, 176
ADMIRATION, 44
Agriculture and general prosperity, 155
Amalgamated Engineering Union, Annual Conference of, 60; Unemployment and wage rates in, 159
Amalgamation, T.U.C. policy of, 58
Austria, 130

B.

Baldwin, Rt. Hon. Stanley, 125
Banking, Nationalisation of, 23
Barlow, Sir Montague, 28
Bevin, Mr. Ernest, 30
Bombay, Labour legislation in, 157
Bondfield, Miss Margaret, 61, 191
BONUS ON OUTPUT, 20, 52
Bowerman, Mr. C. W., 60
Bramley, Mr. F., 60
Bromley, Mr. John, 94, 127, 163–4, 185
Brownlie, Mr. J. T., 159
Brussels Labour Exchange, 186
BUILDERS' OPPORTUNITY, THE, 149
Building Trade. *See* Strikes and Disputes, *and* Wage Adjustments
Buxton, Mr. Noel, 183

C.

Capital Levy, A., 121–2
Clower, Mr. W., 125–7
Collective Bonus on Output, 21
Conservative Party, Programme of, 125
CONTROL AND RESPONSIBILITY, 46
CO-OPERATIVE PRODUCTION, PRIESTMAN SYSTEM OF, 20
Co-operative Wholesale Society Dispute, 28, 59
Cost Accounting, 75, 176
Cost of Living. *See* Ministry of Labour Statistics
Cotton Spinners' Federation, 28, 30
Cotton Trade, Short Time in, 128
CRAFT *versus* INDUSTRIAL TRADE UNIONISM, 14
Cramp, Mr. C. T., 126
Cunliffe Currency Committee, 142
Currency, Industry influenced by, 142

D.

Daily Herald, Future of 26, 30; criticism of, 26–7; politics of, 54; T.U.C., decision regarding, 59; Labour vote analysed in, 141
DAY BY DAY, 29, 57, 93, 124, 158, 187
Death Duties as Capital levy, 121–2
DEMOCRACY, NEW PROBLEMS OF, 98
DIAGRAMS. *See* FACTS OF THE CASE IN DIAGRAM
Dockworkers and the three shift system, 158, 187. For Dockworkers *see also* Strikes and Disputes *and* Wage Adjustments
Domestic Service, Report on, 92
DOMESTIC SERVICE REPORT, ON THE WIDER SIGNIFICANCE OF THE, 82

E.

Economics of the Hour, 92
Economics Study Scheme, No. III., 62
Election of December, 1923. For Party Programmes *see* Conservative, Labour, Liberal; Diagrams of, 137–141; Analysis of votes cast, 159
EMPLOYER IN FICTION, IN FACT AND IN THE FUTURE, THE, 111
Employment Exchanges, Control of, 186
Engineers, Employment among, 159

F.

FACTS OF THE CASE IN DIAGRAM, THE:
Pre-War and Post-War Taxation, 9
The Wheat Growers' Balance Sheet, 38
Average Weekly Earnings of Railway Staff, 69
The Distribution of Unemployment, 101
The General Election, December, 1923, 137
British Exports of Manufactured Articles, 166
Fimmin, Mr., 59
FOOD FOR THOUGHT, 23, 54, 91, 121, 153, 183
Fraser, Sir Hugh, 31

G.

General Workers, National Federation of, 30, 158
German Labour Movement, British Help for, 189
German Seamen, Strike of, 188–9
Germany, Unemployment in, 128
Graham, Mr. William, 23, 32
Grange, Mr. Herbert, 42
Griffiths, Mr. Dan, 141

H.

Henderson, Mr. Arthur, 55

I.

Independent Labour Party. Summer School, 23; 30–32; Mr. Ramsay Macdonald on platform policy of, 58; Agricultural policy, 60, 183; Borough elections, 96; General Election, 96; Poplar and Municipal policy of, 183
INDUSTRIAL OUTLOOK, THE, 130
Industrial History, 2
INDUSTRIAL PROSPECTS, 2
INDUSTRY AND DEFLATION, 142
Insurance by Industry, I.U.C. and, 59

J.

Jones, Mr. Jack, 91

L.

Labour, General Council of, 160
Labour Colleges, T.U.C. attitude towards, 57
Labour legislation in the East, 157
Labour Party, Programme of, 124; Effect of election on, 121–3; Municipal gains, 125; Resolution to accept office, 159; Ministers' Salaries, 160
League of Nations, 130, 156–7
Leicester Scheme of Relief for Unemployed, 50
LEVIATHAN AND HIS KEEPERS, 133
LEVIATHAN AND HIS THOUGHTS, 173
Liberal Party, Programme of, 127; Relation to Labour Party, 133–6
London and North Eastern Railway Company's Housing Scheme, 95

M.

Macassey, Sir Lynden, 15
MacDonald, Mr. Ramsay, 55, 123, 124, 154, 183
Maxton, Mr. J., 23
Milner, Viscount, 25
Mining Industry. Amendment of National Agreement, 29, 94, 190. *See also* Wage Adjustments.
Ministry of Labour Statistics, 29, 57, 93, 124, 158, 187

N.

National Union of Railwaymen: Contribution to Election expenses, 128; Finances of, 159
Nationalisation: of Banking, 23; critical remarks on, 121, 156
NATIONALISATION AND OVERSEAS TRADE, 16
New Leader, The, 67, 91
NEW PROBLEMS OF DEMOCRACY, 98
New Statesman, The: Views on capital levy, 122
NON-UNIONIST, THE PROBLEM OF THE, 87
Non-Unionist Campaign, 31

O.

OBEDIENCE, 85
OBSTACLES TO INDUSTRIAL PEACE, 107
ON THE WIDER SIGNIFICANCE OF THE DOMESTIC SERVICE REPORT, 82
Output, Restriction of, 22

P.

PARADOX IN POLITICS, 66
PAST IN BEING, A, 20
Patternmakers. *See* Strikes and disputes
Payment by results, A.E.U. ballot on, 60, 95
Piecework, Opposition to, 95
Poulton, E., 126
Priestman System of Co-operative Production, 20
PROBLEM OF THE NON-UNIONIST, THE, 87
Psychology of Employer and Employed, 107–9
Pybus, Mr. P. J., 14

R.

Railways. *See* Strikes and Disputes, *and* Wage Adjustments
Railways and Housing, 95
Railway Strike, The Significance of the January, 162–4; 185
Riley, Mr. Ben, 31

S.

Scottish Labour Party, 160
SETBACK, A, 162
Shipyard Engineers. *See* Wage Adjustments and Disputes.
SMALL UNIONS AND NATIONAL SETTLEMENTS, 179
Smith, Sir Allan, 24
Social Democratic Federation, Conference of, 29
SOCIALISM, 5, 34, 78, 116, 144, 170
Socialism, Overseas trade and, 16–19; pardoxes of, 66–68; critical remarks on, 121
SOCIALIST INDICTMENT, THE, 34
Stevedore's Labour Protection League, 160
Stockholm Open-air Museum, 120
Strachey, Mr. J. St. Loe, 92
Strikes, Trade Union structure as a factor in, 179
STRIKES AND DISPUTES:
Boilermakers, 29–32, 60-61, 95–96, 124, 127–8
Building Trade, 31
C.W.S., 28, 59
Dockers, 28–31
Fulham Dustmen, 95–6
German Seamen, 188–9
Patternmakers, 30
Railway Strike, 185, 188–192
For Statistics *see* Ministry of Labour Statistics
Surr, Mr. John, 32
Syndicalism, Influence of French, 7

T.

Taxation, I.L.P. and, 23
Tea Shop Workers, Organisation of, 94
Textile Trade and Protection, 61
Thomas, Mr. J. H., 59, 126
Three Shift System in Welsh Docks, 158, 187
Trade Union Congress: Plymouth Conference, 57–61; Appointment of Secretary, 60; of President, 61; Workers' Charter and, 184; German Labour and, 189
Trade Unions, Influence on Politics, 99; dispute between, 160; craft and industrial unions in conflict, 179
TRADE UNIONISM, CRAFT *versus* INDUSTRIAL, 14
Transport and General Workers' Union, 128, 160
Transport Workers Federation, International, 95

U.

Unemployment: Criticism of Government policy on, 24; Government plans for Winter, 28; Labour Party on, 29; Industrial group in House of Commons on, 28; Leicester Scheme for relief of, 50; T.U.C. Resolution on, 59; A.E.U. on, 60; Scheme for Juveniles, 93; Mr. J. R. Clynes and Sir Montague Barlow on, 93; National Joint Council for Labour censure Government policy on, 94; Northern Municipalities on, 95; Distribution of, 101–6; in Germany, 128

V.

Vickers Limited and Boilermakers' Strike, 29

W.

WAGE ADJUSTMENTS AND DISPUTES:
Building Trade, 93, 188
Coal Trimmers and Tippers, 32
Dockworkers, 128, 158, 189, 191
Miners, 29, 94, 127, 159, 190
Railways, 94, 125–7, 160. *See also* Strikes
Railway Shopmen, 95, 124–5
Shipyard Engineers, 60
For Changes in Rates of Wages *See* Ministry of Labour Statistics
Wallhead, Mr. R. C., 23
Williams, Mr. Evan, 29
Williams, Mr. J. B., 57
WORK *versus* DOLES, 50
Working Days lost. *See* Ministry of Labour Statistics

No. I

SEPTEMBER

MCMXXIII

"The elevation of the mass of the people is the great object of statesmanship."

INDUSTRIAL PEACE

CONTENTS

Industrial Prospects

Socialism

The Facts of the Case in Diagram

Craft *versus* Industrial Trade Unionism

Nationalisation and Overseas Trade

Bonus on Output

Food for Thought

Day by Day

INDUSTRIAL PROSPECTS.

THE century of industrialism starting during the Napoleonic wars and ending with the world war possessed many distinctive features. Of these one of the most marked (and most difficult to explain) was the rhythmic movement of trade and employment. Alternations of boom and slump were so regular that people fell into the habit of denoting them by phrases ('swing of the pendulum' 'trade cycle,' etc.) which not only recalled their regularity but even suggested their inevitability. The armistice of 1918 was followed by a trade boom more pronounced than any previously experienced, and the boom, in turn, has been followed by a depression unparalleled in modern history, at least in respect of intensity. It may also prove to be the most prolonged depression this country has ever witnessed; and it resembles, in many important features, the depression of the seventies of last century. It will be recalled that the Franco-Prussian war of 1870 was followed by more than two years of abnormal trade activity which was accompanied by a speculative boom. But in 1873 the inevitable occured, and the financial collapse was followed by six years of trade depression. The depression was intensified and prolonged by currency factors which repay investigation but cannot here and now be recounted. In the early days of the depression the business community remained optimistic. It had already observed the cyclical movement of trade, which appeared to account for the slump, and to justify confidence in an early revival. But year after year passed by, and the depression became more rather than less acute. Trade, instead of reviving, languished, and the business community lost confidence. It began to wonder whether, after all, this country would ever be restored to its former glory. Was it not the case that Great Britain had seen its best days, and must henceforth be content to see its rivals forge ahead? Would it be able, in future, to recapture even a considerable share of foreign trade and maintain a rapidly growing population?

History is repeating itself. During the early days of the present depression the business community accepted as inevitable the reaction from the post-war boom. It is, indeed, not

too much to say that in some quarters it was not altogether unwelcome as a sign of abating fever and a return to healthier and more stable trade conditions. Most people regarded the depression as an episode, and looked forward to the return of prosperity at an early date. The " trade cycle " was a favourite topic of discussion. Moreover, the importance of the psychological factor in hastening or retarding recovery was appreciated; business men encouraged each other, statesmen were at pains to pump a little optimism into the community, and there were occasional small spurts suggestive of returning confidence. As time went on and the expected revival failed to make its appearance, those who had always maintained that political conditions in Europe made recovery impossible, began to exercise greater influence, and the " pro-British " policy towards reparations gained ground. It is now generally agreed that a final solution of the European problem is at any rate a *pre-requisite* of trade recovery. But it is not necessarily a *guarantee* of such recovery. There is a vast difference between the two things. And there are many who fear that even the settlement of outstanding problems relating to reparations and inter-allied debts will not be sufficient to secure a complete revival of trade and return to prosperity in this country. They feel that the present depression is not merely an episode: it marks a new epoch in industrial history.

We believe that such people are too pessimistic; we believe that in due course we shall enjoy an adequate share of world prosperity, and that the rapid industrial expansion of other countries will not be at the expense of these islands. Nevertheless, we admit the apparent strength of their argument, and desire to state it in due course as strongly as we can. We shall be confronted with serious industrial difficulties in the near future: and it is only by endeavouring to understand such difficulties that we may expect to overcome them and win for ourselves an assured place in the new world organisation of industry and trade. But when we feel somewhat discouraged it is wise to turn to history and to seek the lessons which past experience teaches. We hear a great deal now-a-days about over population, the overcrowding of all professions and the more desirable trade occupations; we are told that the payment of reparations and repayment of debts by our Allies will completely upset the equilibrium of international trade and make it impossible for this country to be restored to its old industrial position and

that we shall never again be able to sustain so large a population; that, as Russia will not count for generations to come, the world market, for all practical purposes, may be regarded as permanently contracted; that in the scramble for markets the industries of this country will be severely handicapped by high wages and heavy taxation. The outlook is so gloomy that there seems to be no hope, we are told, except in emigration on a colossal scale. Such, in brief, is the contention of the pessimists. We shall state the argument more fully in a future article, but we also hope to show that there is light as well as shadow. Meanwhile it is sufficient to recall two important historical facts. The first is that the long depression of the seventies was followed by forty years of industrial expansion occasionally checked, it is true, by slumps in trade, but, on average, more rapid than anyone had regarded as possible. The second is that the McKinley tariff of America, which seemed likely to cut off our most important market in the nineties, proved far less formidable than we feared, and that the rapid growth of industrial Germany, which created the fiscal controversy in the early years of the present century, was followed by the most prosperous period in the history of British industry. We believe that the history of the past will be repeated.

卐 卐 卐

SOCIALISM.

THE youth now approaching manhood has but vague recollection of Economic Society before the war. He has grown up under conditions which those who are much older regard as abnormal. They are the only ones of which he has had experience. He takes for granted that which has not ceased to create feelings of surprise, disappointment or joy among his elders. The abnormal has become normal. Conditions which we regard as accidental and temporary are in danger of being regarded as inevitable and permanent. To him, at any rate, there is no meaning in the cry for a "return to pre-war conditions." Nor can there be any such return. Economic society is constantly changing, and it is a serious error to attach any special virtue to the year 1913, when the conditions were no more stable than at any previous stage of economic development. Whither, then, are we going? What goal should we aim at? The Socialist is ready with a reply. It will be the writer's endeavour to examine this reply as closely as is possible under the circumstances, He is not convinced of its adequacy. It is his purpose, however, not to make an attack on Socialism, but rather to investigate the proposed system, and, if possible, to show why he remains unconvinced.

A Working Definition.

Much of the discussion of the merits of Socialism loses its value on account of the ambiguity attaching to the term itself. When a well-known statesmen of the last generation said that "we are all Socialists nowadays," he meant by the Socialist State something radically different from that envisaged by Mr. Sidney Webb and his followers. In the motion recently debated in the House of Commons, the Labour party expressed a desire for "an industrial and social order based on the public ownership and democratic control of the instruments of production and distribution." We may accept this as a useful working definition of Socialism. Like other definitions, however, its meaning is obscure, and it lends itself to different interpretations. Clearly it implies the abolition of private enterprise and free competition in respect of the major productive processes. Some Socialists may express themselves content with that degree of nationalisation—that is, with the transference to the State of those manufacturing industries and commercial enterprises which have become standardised

in form and method. They will permit free enterprise in all other spheres. They have faith in the "halting logic" of the Englishman. Hence the words "based on" in the above quotation. Others, again, while accepting the collectivist ideal as something at which the community should aim, emphasise the "gradualness" of the process of transition. The Labour member who introduced the motion in the House of Commons even went so far as to say that he would require to be convinced of the success of each step taken towards nationalisation before advocating any further step. In making such a statement he practically abandoned the Socialist attitude, and adopted the Liberal view that legislation should be experimental. The true Socialist is one who maintains that, even if the nationalisation of a particular industry should prove a failure in a State fundamentally competitive, a collectivist organisation of industry as a whole would be superior to the present form—or absence—of economic control. It is inevitable that a transition to the Socialistic State should be gradual; but the gradualness of change is not a virtue of the final collectivist organisation. And if the merits of Socialism are to be estimated it must be assumed that the transformation has been completed.

Fallacies and Antiquities.

Nor should we be led astray by the contention that Socialism is the inevitable outcome of an inevitable evolutionary process. What is inevitable is—inevitable. The view expressed in this way does not represent Socialism as an ideal which we should strive to achieve: it merely suggests a fatalistic view of society and social change. We do not "achieve" or "prevent" what is inevitable—we merely accept it, gladly or with regret, as something beyond our control. What seems to be in the minds of people who argue the inevitability of Socialism is that even if we do not now accept the doctrines of the Socialists, future generations will be wiser, partly as the result of further experience (both of developments which are beginning to appear in economic organisation and of those results of the present system which we already know) and partly as the result of deeper appreciation of the value of collectivist control. They have confidence in their ideal and in the power of events to convert future generations, but they prefer "sooner" to "later," and desire to hasten the process of "inevitable evolution."

A further ambiguity appears in the words "democratic control," to which fuller reference will be made in a future article. They serve to show how profoundly socialist theory in this country has been influenced by the events of the last few years, and the writings of Mr. G. D. H. Cole and others. The collectivism of the early Fabians has practically disappeared. The influence of French Syndicalist thought has been far-reaching, and a diluted form of Syndicalist theory has been accepted by many of our Socialist leaders. "Democratic control" may mean almost anything, but by those who lay stress on the importance of "self-government" for the workers in any calling, they will be regarded as meaning something which was completely absent from the minds of earlier Collectivists, to whom society was a body of consumers, and the State was the instrument for giving effect to the will of that body.

Alternative Methods of Organisation.

Discussion of the merits of Socialism necessarily involves comparison with alternative methods of organisation. It should not be assumed that the alternative to Socialism is unbridled individualism, or even the present form and degree of State control. It should not be assumed that if we believe that the State cannot organise every detail in the working life of nearly twenty million people we also believe it should do nothing at all, or only do what it is doing at present. On the other hand, it is incumbent upon those who have no faith in Socialism to endeavour to suggest an alternative *ideal*. It is not possible to lay down any definite programme in which the details are described in such a way as to guide the legislature for generations to come. Such a programme has not even been attempted by responsible Socialists. But the modern Individualist should at any rate be able to envisage an economic society free from the evils of the present time and able to enjoy what is best in our present system. In other words, the unity which lies beneath the variety of form of economic effort in the complex economic society of the Individualist must be shown, and contrasted with the uniformity of the Socialist method.

Illogical Use of War Time Evidence.

The earnest student of the Socialist movement will concentrate on essentials, and be guided, as far as possible, by

evidence. He will not attach too much importance to arguments built upon the experience of the last nine years. The pre-war system was slowly evolved upon the assumption that the peace of the world would not be disturbed, and it is not to be reckoned as a fault that the system proved inadequate under war conditions. In his indictment of "capitalism," Sir Leo Chiozza Money shows how badly organised the shipping industry proved to be for purposes of war, and with what success the State controlled that industry. From such evidence he concludes that the capitalist system was a failure. But the only conclusion that can legitimately be drawn is that it failed to meet the abnormal conditions due to the war. "Capitalism," as understood by the Socialist, is essentially the system which is based upon freedom of enterprise: and it will be shown that the real alternative seems to be economic conscription. The individualist will readily admit that war entails conscription by the State of the main forms of economic effort, and will argue that Sir Leo has proved too much. If war is to be so regular and prominent a phenomenon that we must build up an economic system capable of carrying society through a conflict without serious change in organisation, our standard of judgment will naturally be affected. The Socialist as well as the individualist will be forced to adopt an entirely different line of argument.

Again, it is becoming the fashion to rest the Socialist case upon the disorganisation of industry resulting from the war and the political difficulties of the last four years. The present depression of trade is attributed to "capitalism." Even so cautious a critic as Mr. Sidney Webb has fallen a victim to this fallacy. For it is a fallacy. If, instead of decontrolling our main industries after the armistice, the State had strengthened its control even to the point of nationalising all the manufacturing industries and distributive agencies, there is no reason to suppose that the present depression of trade would have been any less acute, or unemployment any less serious. The controversialist might even employ this line of argument to the advantage of the individualist by saying that the depression has been intensified by the action of the State first in relation to currency, the sphere in which State control has remained most effective; and, secondly, in publicly owned industries such as the post office, tramways, etc., where development has been seriously curtailed. Controversies of this character are bound, however, to prove barren of result.

(To be continued).

THE FACTS OF THE CASE IN DIAGRAM, No. XLI.

THE subject of taxation is a sore one, and most people endure what they cannot avoid, with an ill grace. They pay their taxes when they must, but they nurse a sense of grievance and are far from satisfied that they are getting value for their money. It is seldom that anybody takes the trouble to investigate the rights and wrongs of the matter for himself or to seek information that would enable him to form a well-balanced opinion based on the merits of the case. He begins by assuming that taxation is higher than it ought to be, and too often ends by voting for any parliamentary candidate who promises to press for tax reductions, without giving due consideration to the other side of the question, that is to say, to what extent the best interests of the nation would suffer if the government failed in its duty to provide progressive legislation. It has been well said that "the growth of those services which are supported by taxation measures a people's consciousness of common interest—nay its very progress towards higher civilisation." This does not mean that heavy taxation should be imposed to provide for extravagant and unremunerative expenditure, but it does imply that a nation which is sufficiently far-sighted to use its resources generously and intelligently for the advancement of the people, as a whole, is on the up grade.

In these respects, Britain stands in the van amongst the nations of the world. We tax ourselves hard but, for the most part, not without discretion. Like many other British institutions our taxation policy owes its success largely to the achievement of a reasonable compromise between conflicting interests. The nation may be said to consist of two taxable parties, (*a*) those who provide nearly all the money raised by "direct taxation," and (*b*) those who, by reason of their numerical superiority, find the bulk of that part of the revenue which proceeds from taxation which is "indirect." Of course all of those in the first category, and some of those in the second, have to pay both kinds of impost, and no hard and fast line can be drawn between the two parties but, in general, the division is substantially as stated.

In theory, taxes are levied on all alike (in some proportion that seems equitable) without regard to the use made by the individual of the services supplied, and in practice those whose

contribution to the common pool is the smallest enjoy the largest share of the benefits which taxation provides. This does not constitute a grievance and the dual rule of "each according to his ability and each according to his needs" is honoured in its observance. It naturally follows, however, that the "indirect" taxpayer agitates for "a free breakfast table" (as the phrase used to run) and is not disturbed when the income tax is increased. On the other hand the "direct" taxpayer is mainly concerned with the rate of income tax, but he is also interested in the reduction of the commodity duties.

It has long been the settled policy of British governments to maintain equilibrium by following a sliding scale between these two conflicting interests, with a tendency towards favouring the "indirect" at the expense of the "direct" taxpayer. Thus in 1913-14, the last financial year before the war, indirect taxation accounted for 43 per cent., and direct taxation for 57 per cent., of the total national contribution. During the next year indirect taxes fell to 41 per cent., and direct taxes rose to 59 per cent. of the whole. During the financial year 1916-17 there was a further drop to 25 per cent. in the case of "indirect" and a further rise to 75 per cent. as regards "direct" taxation. The last mentioned change was rendered possible by the introduction of the Excess Profits Duty, an innovation largely dictated by political considerations, which, though sharply criticised in many quarters, not only produced a large revenue at a time when money was desperately needed, but also satisfied the conscience of a majority of the nation. In the financial year 1917-1918 the proportion of the revenue collected in the form of indirect taxes reached its lowest point, viz., 18 per cent. of the whole, leaving no less than 82 per cent. to be provided by the payers of direct taxes. In the following year (1918-19) these figures varied only a little, but in 1919-20 a drop of eight points in the revenue produced by the Excess Profits Duty necessitated a corresponding rise in the proportion borne by indirect taxation. This need coincided, to some extent, with the removal of war-time restrictions on the sale of intoxicating liquors; otherwise the Chancellor of the Exchequer would have been hard pressed to find a practicable way out of his difficulties. Subsequently, the falling off in E.P.D. revenue proceeded apace, and "ordinary direct" and "indirect" had to make up the deficiency between them. By 1922-23 the position was

that indirect taxation had fallen approximately seven points per cent. as compared with 1913-14, and direct taxation had risen to a corresponding extent.

Diagrams numbered 70 and 71, which we publish this month, represent the level of taxation (both absolute and comparative), stated in sterling (£2,000,000 to the square) for the thirteen years from 1911-12 to 1923-24. The figures given for the last named year are based on the Budget Estimate of the Chancellor of the Exchequer; for previous years the figures are taken from *The Financial Abstract of the United Kingdom*. Indirect taxation as shown in the diagrams is that derived from Customs and Excise duties, whilst direct taxation includes that levied under the following headings, viz., Property and Income Tax, Estate Duties, Stamps (excluding postage stamps), Motor Duties, Land Tax, House Duty, Land Values Duty, Excess Profits Duty and Corporation Tax.

The broad tendency of the changes that have taken place in the incidence of taxation over this period of thirteen years has been definitely to decrease the inequalities of income as between the richer and the poorer sections of the community.

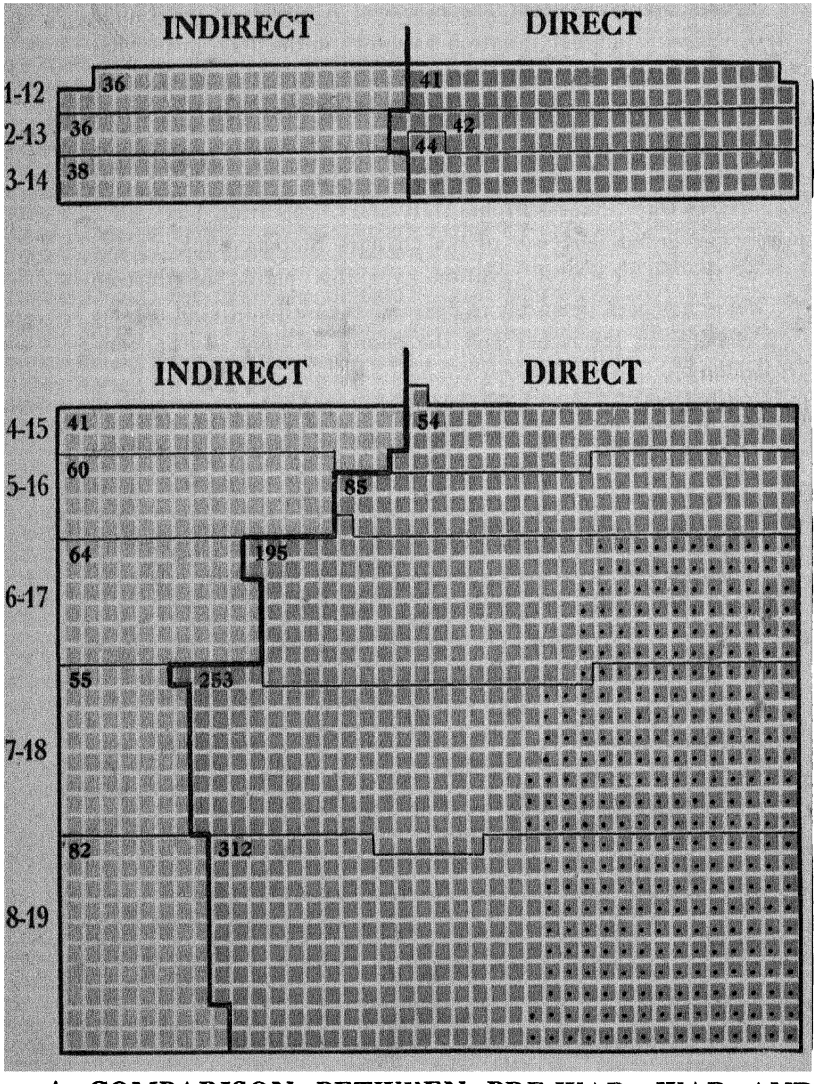
It has been estimated (*Statistical Journal*, 1919) that in 1913-14 six per cent. of wages went in taxation, in 1918-19 twelve per cent., and in 1921-22 about the same percentage. Twelve per cent. is equivalent to about two shillings and five pence in the £. Of this approximately sixpence represents taxes on tea, sugar, etc., the bulk of the remainder being for the duty on tobacco and alcohol. Professor Bowley has made a rough estimate which suggests that for families whose income, in 1922, was less than £5 a week, taxation worked out at double the rate of 1913—whilst for families whose income was over £5 a week taxation had more than trebled. In the case of the rich, increases in taxation, owing to the graduated scale in force, were on a far higher scale.

卐 卐 卐

DIAGRAM No. 70.

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

TAXATION.

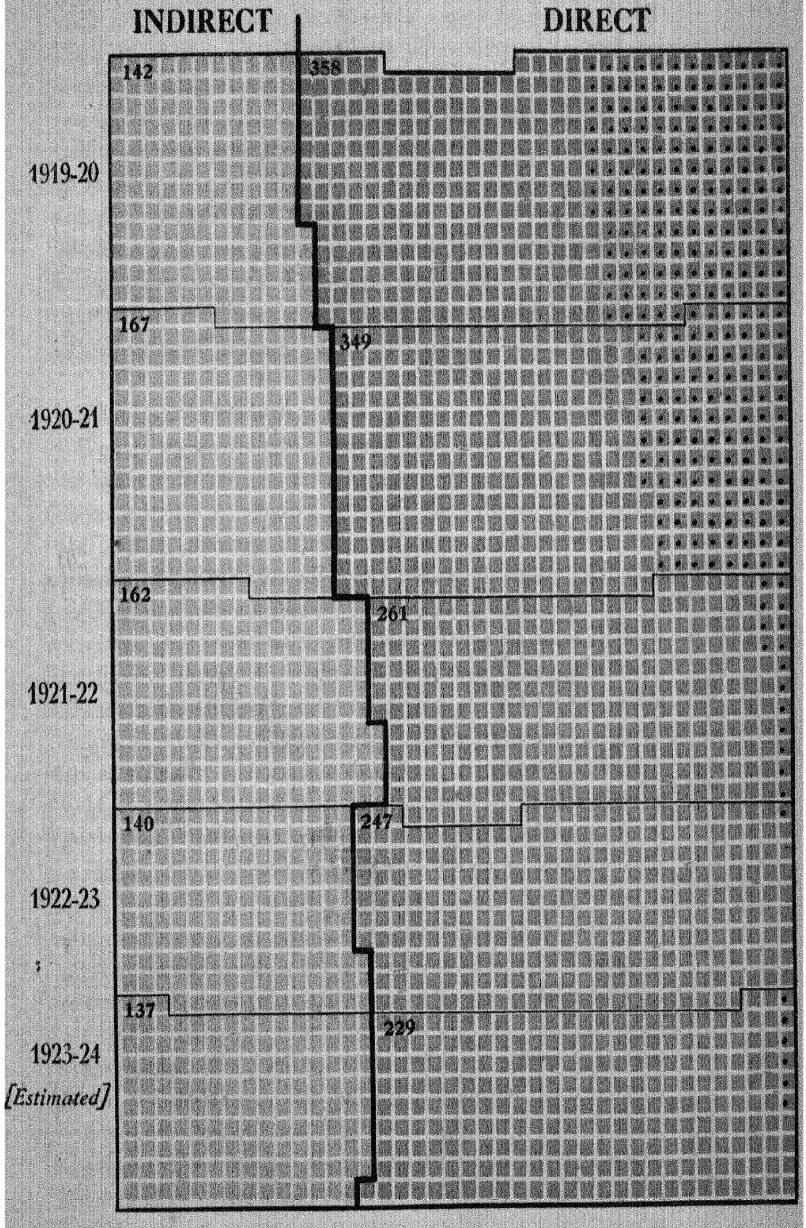


A COMPARISON BETWEEN PRE-WAR, WAR AND POST-WAR TAXATION.

DIAGRAM No. 71.

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

TAXATION.



A COMPARISON BETWEEN PRE-WAR, WAR AND POST-WAR TAXATION.

CRAFT *versus* INDUSTRIAL TRADE UNIONISM.

THREE important recent and current industrial disputes have lately concentrated public attention on the nature of trade union organisation as a hitherto more or less unnoticed cause of industrial conflicts. Mr. P. J. Pybus broached the subject in two articles published in *The Times* dealing with the differences besween craft and industrial unionism and payment by results. The articles drew a good deal of comment, but attention was chiefly directed to the subject of payment by results This was perhaps unfortunate, as whereas the latter subject has already been threshed bare in discussion, not very much publicity has been given to the important topic of industrial *versus* craft unionism.

Industrial unionism groups all the workers of one industry into one union, while craft unionism organises men according to the trade they ply, irrespective of the industry in which they are employed. Mr. Pybus is inclined to fear the extension of industrial unionism on two main grounds. First, that it is in its origin an initial stage in the organisation of industry for control and ownership by the workers. But unless industrial unionism is in itself bad, this reason need not, we think, receive much consideration (nor does Mr Pybus himself lay much emphasis on it), for motives and purposes change rapidly as schemes progress and turbulent originators achieve experience and power. The second objection is that industrial unionism would give monopolistic trades the power to raise wages beyond the rate obtainable in competitive industries. In support of this fear, Mr. Pybus instances that whereas many industries have been compelled by the competition of foreign markets to reduce wages below the pre-war cost of living, the monopolistic trades have made no such sacrifice, and the railway servants are cited as an example. It is, however, by no means clear that the maintenance of wages in monopolistic industries is due to industrial unionism. We think that it should rather be ascribed to the dominant obsession which places "labour" in one camp and the employer in the other. The workers do not feel that anybody's wages are "excessive," nor do they believe that further reductions in railwaymen's wages will do anything better than increase reserves and dividends. Ignorance, suspicion and inadequate, chaotic

organisation are most likely the main causes of any existing anomalies.

As a matter of fact there are good reasons for believing that industrial unionism would make for better general organisation of industry and thereby eliminate friction, promote production and yield greater prosperity to all. Sir Lynden Macassey* states that the craft system has done more to impede the introduction of time and labour-saving appliances into English industry than any other factor, and that it is the industrial type of organisation that has, in the United States, assisted to a superlative degree their introduction and, therefore, the attainment of the lowest cost of production. It is obvious that reorganisation involved by the introduction of time and labour-saving devices will be more easily accomplished when all the men—those who stand to gain and those who risk loss—are in the care of one union which must do its best for their joint welfare, than when different unions are pledged to support the supposed interest of one group not only against the employer but against the encroachments of other workers. As regards the menace of monopolistic industries, it does not seem unlikely that industrial unionism carried right through, in so far as it exerted any influence on the question at all, would exert it in the direction of keeping wages for a given type of work at a level throughout the industries. The issue as between worker and employer and worker and worker would be clearer, and, as we have so often seen, no one set of workers can hold the country to ransom unless it has the whole of public opinion behind it. As Mr. Pybus himself points out, industry is at present suffering badly from the conflict between the two inconsistent principles. It is desirable, therefore, that one or the other should give way. Industrial unionism is the newer movement, based on broader experience, and if it is in reality better suited to modern conditions than craft unionism it will doubtless win through in the end. But it will be a misfortune, nevertheless, if its progress is hindered by obstruction based on misconception.

❧ ❧ ❧

* Letter to *The Times*, August

NATIONALISATION AND OVERSEAS TRADE.

HOWEVER well-disposed the Labour Party may be, however genuine their desire to soothe and cure the sufferings of a sick nation, their diagnosis of the national ailment is wrong. Labour may be, and often is, right in this particular or that, admirable in the ideal of brotherhood that inspires its aims, but it is wrong in supposing that Capitalism is throttling the State. And more's the pity, for if Labour Leaders could bring themselves to recognise and proclaim the root causes of England's sickness there would be reasonable hope of achieving that state of health and prosperity visualised by so many during the revelations that lightened the darkness of war.

Mr. Philip Snowden has told us that Capitalism, not Socialism, is on its trial, and other Socialist Labour Leaders try to convince the electorate of the value of nationalisation by mere reiteration of the cry that capitalism is moribund.

It is just waste of time to argue academically upon the merits of the *principle* of nationalisation. Mr. Frank Hodges, Mr. Robert Smillie, Karl Kautsky, and the late Mr. Hyndman, all accredited exponents of Socialism and nationalisation, have emphatically declared that nationalised industries must be freed from bureaucratic control. But Australia, Germany, Italy, Austria-Hungary and Russia have all tended to prove that nationalisation is inseparable from bureaucratic control. Theoretical possibilities are endless in their promise. If "ifs" were horses, beggars would ride. What really matters to the workers of Great Britain is that the electorate—men and women—should try to discover for themselves what would be the effect of the nationalisation of the means of production, distribution and exchange in this country. The examples of Australia, Germany and Russia show us some of the difficulties—show us that whatever Mr. Philip Snowden may say to the contrary, Socialism is indeed on its trial, and that so far no experiment has in fact succeeded in adapting itself to meet the needs of the people. The failure of nationalisation in other countries may teach us much if we will take the pains to study the facts. The troubles that beset the question in Australia and in Germany would, for the most part, be the same here, but in addition Britain has special difficulties of her own to contend with.

In the first place we depend so much upon new countries for our food supply and raw materials that we are bound to consider the effect nationalisation would have upon production and supply in our Dominions and in undeveloped lands.

Production for use and not for profit would paralyse industrial progress in all countries that are passing through the pioneer stages of development. No sane man would relinquish the comforts promised here under Socialism and submit voluntarily to the privations and loneliness of the settler's life if he were to get no profit or advantage out of his work. It would be impossible to populate the solitudes of our Dominions and Colonies. Vast areas of virgin soil would remain untouched and the potential wealth of unexplored tracts would never be realised. The essence of Socialism is that it provides for the last and least. Its best defined objective is the welfare of the submerged tenth, and in a healthy State with a growing population this can only be done by ever increasing production and ever-widening markets. There is no other way in these islands. Distribution, however fair, will not keep a growing nation alive unless those who receive produce, in return, considerably more than they consume. They must produce not only sufficient for their own immediate needs, but provision for their old age and some surplus for posterity.

In 1920 Britain imported £710,000,000 of raw materials and over £700,000,000 food supplies. More and more in every decade Britain will have to look to our Dominions and Colonies for raw material and food. But she will get little if production for use and not for profit is to become the national policy. If nationalisation becomes an international policy the work of pioneer development will come to a standstill.

What has hitherto been the main driving force in the expansion of the Dominions and Colonies, of South America with its sixteen Republics, of Mexico and the Central American States? The desire of men to conserve and increase for their future use the surplus that they have acquired by their skill and energy, or their good fortune. In other words, finance: loans raised in this and other countries; money lent by private investors and devoted to financing pioneer work that may succeed and bring a rich reward, or may fail and leave the investor without even his original savings.

One example will suffice. Fifty years ago diamonds were

found in South Africa. Had a Socialist Government been in power with a policy of production for use and not for profit, nothing would have been done to test the value of that discovery. It would not have been considered right to risk public money on so hazardous an undertaking for the production of a mere luxury. In 1886 gold was discovered in the Transvaal. The Rothschilds commissioned an expert to report on the discovery. He condemned it. So did other experts. All agreed that the reef would pinch out in less than 100 feet from the surface and that it would not pay to work it. Under Socialism the matter would have ended there. Government experts would have condemned any public expenditure in connexion with the discovery. Socialism would crush the spirit of individual speculation out of existence. For, supposing the motive to individual speculation still existed—and to many the conviction that we are right is sufficient to spur us to prove our belief to others—no man would be free to hazard time and money on the speculation. There would be no diamond or gold-mining industry in South Africa and the main part of the South African market would never have come into existence. Before the discovery of diamonds South Africa's import and export trade was less than five millions sterling a year. It recently reached the enormous figure of two hundred millions for a single year. Over 15,000 miles of railways have been built, locomotives and rolling stock, mining machinery and goods of all descriptions have been supplied from this country and our industries have expanded and prospered accordingly.

The history of gold mining in South Africa is the history of gold mining in all new countries, notably in Australia where it was a common saying that more gold had been put into the ground than had been taken out of it—innumerable fortunes having been lost by investments in mining ventures. No Government with any sense of responsibility could risk public moneys in gold, diamond, silver or copper mining. But the failure to explore the mineral deposits in the gold and silver mining countries in the last seventy years would mean a decrease of several thousand millions of pounds sterling in the world's wealth production. The effect of this on British trade and British workmen may be imagined by a consideration of the loss Britain would have sustained by there being no need for railways to open up the country where the mines are situated, no need for locomotives and rolling stock and rail-

way material of all sorts. But for the mines these railways would not have been built, harbours, docks and other works would not have been constructed, the wide agricultural, pastoral and industrial development which follows the railways would never have been possible. The main consequence to British workers resulting from undeveloped markets abroad would be that the British Isles would not be able to support half their present population. There would be only a trifling demand and a trifling contribution from new countries because their wealth production and consumption would be a mere fraction of what it is. Without the production of the new countries, where would Britain's forty-five millions get their wool, cotton, leather, rubber, timber, sugar, wheat, coffee, tobacco, etc., etc., Socialism, or nationalisation of the country's services, might conceivably keep a small pastoral nation in this country under the idyllic conditions of William Morris' Land of Nowhere, but it cannot keep a large and growing population. It cannot keep Great Britain's millions.

Capitalism, we are told, is on its trial, but let us not overlook the fact that Capitalism has brought the present living millions into being, has given them life and, however glaring its defects, has done much and is now consciously striving to do more and more to lessen the uncertainties and ease the conditions of life, not for one class, but for the whole nation.

卐 卐 卐

BONUS ON OUTPUT, III.

The Priestman System of Co-operative Production.

In the second article an attempt was made to describe the type of collective bonus approved by the Ministry of Munitions for application to engineering factories engaged on highly standardised work, such as the manufacture of shells, fuzes or machine tools. The problem, we found, presented far greater difficulty in cases where the product was varied; nor did a bonus based upon invoice value offer any solution. A somewhat different system was tried at the establishment of Messrs. Priestman, of Hull, and was said to be highly successful from almost every point of view. What is known as the Priestman system of co-operative production has since found favour in many parts of the country, and in a considerable variety of industries, though there are many well-known engineers who regard it with considerable disfavour and object, in principle, to any system based upon collective output.

The essentials of the system of "co-operative production" may be briefly stated. All the employees in the establishment participate, or may participate, in the scheme. The average output of the establishment for a sufficiently long period prior to the introduction of the scheme is taken as the standard output, and if in any subsequent period the output exceeds the standard every employee receives as bonus for that period a sum bearing the same relation to his wages as the excess output bears to the standard. Thus, if output is doubled the bonus is equal to the wages paid during the period. There appear to be two features attaching to the scheme which differentiate it from all its predecessors: In the first place the standard and actual outputs are determined by mutual agreement. The first step is the appointment of a joint committee representative of all the interests affected. Once the principle is accepted the details of the scheme are left to the joint committee. The fact that the method of estimating the output is an agreed method is an important factor. In the second place the method of estimating the output is itself a peculiar one. The output of the factory is stated, not as so many tons of castings, or so many machine tools, or so many yards of cloth, but as so many "units." All the many products are expressed as a number of units—a dynamo may be x units and a screw gauge y units. All are

brought, as it were, to a common denominator. Clearly the chief task is to determine the value, in units, of each product, and it is a task frequently necessitating the co-operation of experts in such matters. The method generally adopted in performing the task seems to be to estimate the average number of man-hours worked in converting the raw material into the product sold by the firm. There are many practical difficulties to be overcome. In one case the "added value" may be due to the highly skilled and highly paid labour of a few men, in another to the work of unskilled men paid a lower rate. Wages are not an accurate criterion, for these vary absolutely and relatively. Again, similar products may be made from castings purchased elsewhere on one occasion, and on another from castings made on the premises. One week a product may be made on one machine, or by one method, the next week on a new or different machine or by another method. The scheme is practicable in a factory which always starts at the same point and finishes at the same stage of manufacture. It would be practicable, for example, in a steel-rolling mill, or blast furnace, or in a textile factory employed on standardised cloth. But there are cases in which it promises nothing but failure. In general engineering, where the conditions vary so much from week to week, there does not appear to be much scope for the Priestman system, at any rate for some time to come. It will first be necessary to make far more progress than has hitherto been made in devising a scientific costing system; and in general it may be suggested that the practicability of the Priestman scheme is determined by the degree to which scientific costing is possible.

Admitting the practicability of a scheme of collective bonus on output, can it be said that the 'collective' principle is a sound one? The great majority of employers would reply emphatically that it is not a sound principle, if soundness is tested by the probable effect of a collective bonus upon the efficiency of the worker. It is admitted that the system is free from one great disadvantage attaching to every scheme of profit-sharing, which is that the results of increased effort on the part of the workers may be neutralised by inefficiency on the part of the management or by an unfortunate turn of the market for the products. Efficiency on the part of the workers, though usually a condition, is not a guarantee of large profits. Under a collective bonus the share of the workers is contingent upon output, and is independent of

profits. But the second great objection to profit-sharing, it is argued, may also be urged against any form of collective bonus. Just as, in profit-sharing, the share in profits of each worker depends mainly upon the efficiency of all the others, so too, under a collective bonus scheme, the bonus of any one depends mainly upon the output of the remainder and only to an infinitesimal degree upon his own efforts. Under either scheme, therefore, the individual incentive is *nil*.

We believe this to be an over-statement. It is undoubtedly true that piece-work or its equivalent is unrivalled as an incentive to effort. The statistical evidence recently reported by the Engineering Joint Committee is conclusive on this point, which appears to admit of no further controversy. But there are limits to the application of piece-work, and beyond such limits some alternative method — a second best — must be sought. Moreover, the collective bonus system need not interfere with piece-work or any other method of payment. It may be made to include piece-workers as well as day-workers.

Finally, the efficiency of the worker depends largely upon the spirit of the workshop. One of the greatest difficulties of the present day in engineering and other establishments is the tendency to restrict output even when the workers are employed on piece-work. It is no exaggeration to say that in many places piece-workers are now working at day-work speed, having secured sufficiently favourable piece-work prices to enable them to carry away the customary piece-work earnings when working at such speed. In other words, the workers are 'bribed' to do the average day's work of the day-worker of old. There is something radically wrong in such establishments. A new and more cordial relationship must be sought. Can it be said that the system of collective bonus has a contribution to make towards this end?

(To be concluded).

FOOD FOR THOUGHT.

THE I.L.P. usually lives in the clouds, but it came down to earth in its Summer Conference at Scarborough, and a sobering descent it was. Professor Lindsay of Glasgow, an old Fabian, explained that Universities will always be conservatively minded and had best be given plenty of money and left to run themselves. Mr. Maxton, after a revolutionary exordium on the necessity for upheavals, lost himself in the sands of educational small-talk. His plea for the continuance of Private Schools on the grounds of efficiency and freedom squared with the aspirations of the Socialist movement about as well as Professor Lindsay's "Hands off the Universities." Mr. Wallhead said that Socialism must draw to itself the ability and the capacity of the middle classes. "The Socialist State could not be built up on hatreds." The Socialist movement thus seems to be changing its direction, and its tone. What will be left of it when it has appealed successfully to the middle classes is a matter for speculation.

卐 卐 卐

The new cry "Back to Fabianism" may satisfy the more alert Socialists. Mr. William Graham, however, reiterated the old cries, like a man talking in his dreams. He deplored the concentration of banking business in a few big banks. We agree that the old system of private banks and competition secured for borrowers greater consideration, and in general was good for business. The big banks are now rather like a Government department. Mr. Graham would cure all this by making the banks into a Government department, once and for all. How this would bring back the old freedom and ease in the obtaining of credit is a puzzle. We agree with Mr. Graham in questioning the expediency of certain features in contemporary banking, but surely it is no cure to increase these features to a maximum, as Nationalization would do,—unless Mr. Graham means that evils provoke their own cures, and, if intensified, provoke them more easily. And Mr. Graham still argues for direct and against indirect taxation, although but for indirect taxation some citizens would escape taxation altogether, and although the scale on which direct taxes are now levied is provoking a strong reaction against direct taxation. If total taxation is low, the method of levying is not really important. But if it is high there may come a point at which direct tax-payers will say: "No, we

insist on having our incomes to spend as we please. Tax our expenditure—if you must—in whatever ways you please, but leave us free to spend it." This is the cry of those middle-class people whom Mr. Wallhead would woo, and whose views and feelings he is presumably studying. Perhaps Mr. Wallhead will communicate with Mr. Graham.

卐 卐 卐

The value of criticism—sound and unsound—has been demonstrated by the recent expressions of dissatisfaction voiced by the Labour Party and the Industrial Group in the House of Commons as to the Government's proposals for dealing with unemployment during the coming winter. It is manifest that hardly any party or any individual in the country feels satisfied even now that the problem is being adequately handled. Helpless, and rendered just a little panicky by the uncomfortable suspicion that the ship is still drifting, small wonder if the passengers turn and abuse the pilot whose duty it is to show the way. Though the efforts of Sir Allan Smith and of the Labour Party will probably not succeed in inducing the Government to alter its policy, they have, nevertheless, already achieved a useful purpose. In the first place they have served to emphasise the fact that the Government has already performed its legitimate function as adequately as might be expected in the circumstances. The business of government is not to employ, but to protect, the social and industrial interests of the State so that the people may reap and enjoy the fruits of their industry. Employment is essentially the function of the industrial group in Parliament. They represent a section of the employers and traders of the country, and in normal times they would admit no one's claim to interfere with their rights as such. When, as now, they find that all their industrial and commercial ability notwithstanding, they dare not buy or make because they cannot sell, they are justified in calling upon the Government to use all their endeavours to create a demand for goods of all sorts, and meanwhile to organise adequate maintenance for the unwilling victims of the general disorganisation. But they are not justified in going much further. No thinking man will reproach the Government with its inability to *employ* a million and a half workers likely to be idle in the coming winter. The Cabinet has shown that it realises fully that the key to employment is the restoration of international stability and the creation of new markets, and considerable efforts have been concentrated on these objects, whilst, as regards maintenance, although by its very nature unemployment relief can never be on a really

satisfactory scale, it is true to say that the essential needs of every member of the State are provided for.

卐 卐 卐

In the second place both the Labour Party and the Industrial Group have brought forward excellent programmes for the provision of useful work independent of foreign markets or international stability. One reads the Labour programme and feels how excellent it is. One turns to Sir Allan Smith's proposals and feels that these, too, though perhaps not quite so excellent, could be adopted with advantage. But a little further investigation shows that on some of these proposals the Government has already embarked to the extent to which it feels it can carry the approval of the people. For the rest it is sufficient to point out that the Alliance of Employers and Employed pour cold water on the idea of bridge building in Australia and Nigeria, the National Union of Railwaymen look suspiciously on schemes for the electrification of the railways, or on any schemes for depleting reserves which they fear might be recouped from the pockets of the workers, while there is every reason to suppose that the Industrial Group would oppose increased taxation being levied to carry out the Labour Party's education programme, The fact is that the Government is at best a little more far-sighted, a little more generous, than the average level of public opinion. Its duty is to interpret and carry out the public will. It can do this well or it can do it badly—but in this country, as at present constituted, it can do little more. Given the abnormal difficulties of the situation we are inclined to think it has done them very well.

卐 卐 卐

The truth is that if we are suffering more than we need, it is because we are paying the penalty of our economic ignorance as a nation. Lord Milner puts his finger on the explanation of Government policy when he describes the severe fit of "economy" which attacked the British public in 1921, and which, as he rightly says, resolved itself into a demand for ruthless reduction of public expenditure regardless of the value of the service dispensed with. The people clamoured for an Anti-Waste programme and the Government did not resist the tornado. It withdrew the subsidy to corn-growers, it cut down its housing programme, abandoned its education scheme, hung up ship-building orders and effected a hundred minor so-called "economies" which a chastened and experienced nation now begins to recognise as extravagances of the worst order. Not spending money, but spending money badly, is

extravagance—and since 1921 we have been spending at the rate of 47 millions a year on unemployment benefit, as well as big additional sums on relief under the Poor Law Act. If the Labour Party and the Industrial Group combined to ask the Government to sanction, say, the educational programme of the Fisher Act, it is not likely that they would have to ask twice. The Government may know that measures are good and desirable, but it cannot obey the behests of any section of the community unless it is sure of general public support.

卐 卐 卐

The decision of the Trade Union Congress to raise a further sum of £12,500 to enable the *Daily Herald* to carry on until Christmas has not materially altered the situation created by the recommendation of the General Council of Labour that publication without an adequate paid circulation cannot go on. The Trade Unions, having contributed over £70,000 to its support during the last twelve months, are now of opinion that the paper must either double its circulation or cease publication. The sale of half a million copies a day would ensure the continuance of the paper, and it is not impossible that by December sales may be temporarily brought sufficiently near this figure to justify a further effort to keep it alive.

卐 卐 卐

That Labour requires and ought to have a paper of its own is unquestionable. We can confidently say that the country will be worse off as a whole if organised Labour cannot control its own news supply. But that is by no means to say that the country will be worse off if the *Daily Herald* in its present form ceases to appear. The difficulties of selling a newspaper are admittedly great, but we honestly believe that the failure of the *Herald* is mainly due to the fact that the leaders of Labour and the rank and file themselves are not in sympathy with the *Daily Herald* point of view.

卐 卐 卐

Ever since its inception this paper has apparently had one main object in view, and that is to destroy the confidence of the workers in everybody but themselves. Hate and suspicion of the governing and employing group is preached in and out of season and without regard to facts or consequences. The object of the best Labour leaders, on the other hand, is without doubt to help the workers by watching their interests and by educating them to a better understanding of their rights and responsibilities as members of industry. An illustration

of the wide difference of method of the two parties occurred recently in connexion with the articles on trade union organisation and payment by results already referred to. These articles attracted a good deal of attention from the Labour world, most, if not all of it, opposed to the conclusions of Mr. Pybus. But whereas such men as Mr. Appleton of the General Federation of the Trade Unions, Mr. Fred Bramley of the General Council of the T.U.C., Mr. Hallas, President of the National Union of General Workers, and others, helped the public to form an opinion by courteously worded and reasoned statements of their point of view, the *Daily Herald* insulted the intelligence of its readers and did inestimable damage to the cause it professes to have at heart, by dismising Mr. Pybus as a knave and a rogue uniquely and specifically because he is the managing director of the English Electric Company. For constant disservices of this order the *Daily Herald* deserves steadily to lose in power—for power built on ignorance, fear and hate, may be a formidable weapon of destruction, but it can never be controlled or guided for constructive ends.

❧ ❧ ❧

The present paper is hindering the real cause of Labour because it despises the reasoning powers of its readers, and because, itself inspired by hate, it endeavours to promote its ends by appeals to the emotions of fear and hate instead of to reason. But need this spirit be characteristic of the Labour paper? Can the Labour leaders not recognise their people's need and change the *personnel* of the *Daily Herald* staff as they did a year ago when they assumed financial responsibility? Mr. Hamilton Fyfe's editorship has not been conspicuously helpful. Why not choose one of their own number to edit the paper now, with the help of a staff of efficient journalists? They would have money and support for their paper then. There are surely plenty of capitalists enlightened enough to put down the money necessary to run a Labour daily if they could only have a guarantee that it would be edited and controlled by the real representatives of the workers—if they could be sure that Labour and not a small section of revolutionists would own the paper. The best men in all classes are seeking peace based on mutual understanding. Neither the capitalist nor the worker hopes to achieve satisfaction by the domination or extermination of either class. Amongst reputable Labour movements, only the *Daily Herald* undermines the best efforts of all by serving out abuse and hate where it should provide reason and instruction.

DAY BY DAY.

(A monthly Record of the principal events which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

August 1st. The Ministry of Labour index figure showed the cost of living to be 71 per cent. above that of July, 1914—a rise of two points since July 1st.

Changes in rates of wages during July gave an aggregate increase of £170,000 in the weekly full-time wages of 975,000 people, and a reduction of £105,000 in the wages of 835,000 people. This is the largest aggregate increase in any month since December, 1920, and it is the first time since that date that increases have exceeded reductions.

Seventy-four trade disputes involved about 95,000 people in idleness and about 1,665,000 working days were lost.

Unemployment increased slightly during the month. Amongst Trade Unionists the percentage unemployed remained at 11.1, but amongst the Nationally Insured workers the figure rose from 11 to 11.3.* The Employment Exchanges registered 1,235,000 as unemployed at July 30th.

The Master Cotton Spinners' Federation have, by a considerable majority, rejected the proposal to establish an advisory council to control the industry with a view to coping with the present depression.

Dockers' Strike: Southampton dockers have decided to unload ships diverted from the London docks, on the ground that the strike is unofficial.

Unemployment: In the House of Commons Sir Montague Barlow detailed Government plans for dealing with unemployment during the coming winter. Under the various schemes it was estimated that at least 200,000 men would be employed directly, while their work would indirectly absorb the labour of another 100,000. Provision would be made for schemes undertaken by local authorities with the approval of the Unemployed Grants Committee up to £10,000,000.

C.W.S. dispute: The Joint Committee of Trade Unionists and Co-operators reports that the proviso introduced into the proposed terms of settlement during the recent dispute, and which became the chief point of contention in subsequent negotiations, is opposed to the spirit of co-operation and is definitely unacceptable. This proviso gives the C.W.S. power to make Trade Board rates, and J.I.C. awards its standard in fixing rates and would, it is stated, tend to bring wages to the bare subsistence level, which is all that the Trade Board is able to provide for.

* As noted last month, these figures now, and will henceforth, include a due allowance for workers employed on short time.

2nd. Dock Strike: At Tilbury 2,500 dockers resumed work and a number of lightermen returned. The men are apparently only waiting for a lead to return *en masse* to work.

Boilermakers' strike: In view of the gravity of unemployment in Barrow the District delegate of the Boilermakers' Union has asked Messrs. Vickers, Limited, to allow the men to resume work on the conditions prevailing before the dispute, and thereafter to meet in conference to decide amicable terms to be applied locally.

Miners' Wage Claims: At a meeting of the National Board in London, the Miners' National Executive placed before the owners proposals to amend the Wages Agreement 1921, by varying the ratio between wages and profits, increasing the minimum rate, and giving more detail in respect of "costs, other than wages." Mr. Evan Williams undertook to obtain the views of the district associations and arrange for a further meeting when this had been done.

Unemployment: The Parliamentary Labour Party's Emergency Committee expressed its dissatisfaction with the Government proposals which it regards as "scarcely any advance on those which proved to be miserably inadequate during the past three winters." The detailed programme of the Labour Party for dealing with the problem was re-affirmed by the Committee.

4th. Boilermakers' Dispute: Messrs. Vickers, Limited, have replied to the Barrow workers' delegates that they cannot grant their request because they are bound to honour the decision agreed for the whole country by the Association of which they are members.

5th. Dock Strike: East London dock workers re-affirmed their decision to remain on strike. The Communist Party is active in urging the men to continue the struggle and to adopt a more militant policy.

Miners' Wages: Dean Forest miners will receive an increase of 13.38 per cent. in their wages in September. This is their first increase above the 1921 minimum.

Unemployment: The Industrial Group in the House of Commons strongly criticises the Government plans, and complains that their offer of a constructive policy has been ignored by the Cabinet.

The Soviet régime in Russia was condemned by a member of the Russian Social Revolutionary Party who addressed the annual conference of the Social Democratic Federation in London. In his opinion the country is ruled by terror and espionage and the State can never be restored economically by Sovietism.

6th. The Social Democratic Federation at their annual confer-

ence in London passed resolutions demanding a democratic force for national defence, and military training for all citizens.

9th. Dockers' strike: Mr. Ernest Bevin, of the Transport and General Workers' Union, gives it as his opinion that the strike is not due to the wage-cut but primarily to the desire of the stevedores to destroy the Workers' Union and found a new one on their own lines.

11th. Pattern makers throughout the country in the employ of the National Light Casting Ironfounders' Federation are locked out as a result of the refusal of Falkirk men to accept a reduction of 4s. a week in wages.

Cotton Trade depression: The Master Cotton Spinners' Association have decided to continue half time spinning in the American section throughout September. About 100,000 workers are affected.

12th. The London Dockers re-affirmed their intention to remain on strike. The Ministry of Labour has refused to receive any deputation from the unofficial strike committee, maintaining that the National Joint Council is the proper body to deal with the dispute.

15th. Dock Strike: The dispute is rapidly being narrowed down to a sectional strike of stevedores and lightermen. Other grades are returning to work.

The National Federation of General Workers in the report presented at their annual conference state that in 1920 membership of the Union reached 1,293,793, whereas the present figure is only 543,303.

16th. Boilermakers' Lock-out: Mr. John Hill, Secretary of the Boilermakers' Society, issued a statement denying that it is the fault of the Boilermakers that men are now being rendered idle at the shipyards. The former, he stated, are quite willing to work on the same conditions and methods of payment as are generally applicable to their fellow workers in these trades, or, alternatively, they are willing to submit their case to an impartial court.

18th. Dockers' Strike: The unofficial strike committee recommended the men to return to work. It is hoped that a new union of riverside workers can be formed of sufficient strength to resume the fight at a later date.

20th. The Independent Labour Party is holding two summer schools during September to instruct Labour M.P's and students in the constructive measures visualised by modern socialism. The discussions will proceed on parliamentary lines and deal with such matters as how Labour proposes to effect the various points in its programme, such as land nationalisation, a capital levy, etc.

Non-unionist campaign: The Transport Workers' Union and the N.U.R. have jointly resolved to embark upon a policy which will compel all the workers concerned to become trade unionists.

Dockers' Strike: The new union formed by participants in the strike is to be known as the Amalgamated Union of Stevedores, Lightermen and Dockers. It is claimed that the union already has 18 000 men enrolled. It is estimated that the dispute has meant a loss of £200,000 in wages to the strikers, and has cost the ratepayers £80,000 in various forms of relief.

Building Trade dispute: Sir Hugh Fraser issued his award on hours of work. It is agreed that a 44-hour week shall be worked throughout the year, with an extension to 46½ hours in the summer. Individual firms wishing to adhere to the lower scale of hours are at liberty to contract with their men accordingly.

22nd. *The Daily Herald* is again threatened with extinction. The General Council of the Trades Union Congress and the National Executive of the Labour Party will recommend to the Trade Union Congress next month that the publication of the paper shall cease after September 30th. Every effort is being made meanwhile to increase the circulation to half-a-million—nearly double its present circulation.

24th. Boilermakers' dispute: The Boilermakers' Society have agreed to meet the Federation of Shipbuilding and Engineering Trades in a further attempt to settle the night shift and overtime working conditions. Dock labourers at Hartlepool struck work against the employment of boilermakers on dock work. Work was resumed on the boilermakers being withdrawn.

25th. The I.L.P. Summer School opened at Scalby under the presidency of Mr. Clifford Allen. Mr. Pethrick Lawrence lectured on finance and the practicability of nationalising banks.

27th. I.L.P. Summer School: Mr. Ben Riley, M.P., outlined a bill to bring the land under State ownership A Ministry of Land would be empowered to value and purchase land out of the proceeds of the national tax levied for the purpose. Great opposition to this policy was displayed at the ensuing debate, members being largely in favour of confiscation. It was claimed that the Capital Levy was a form of confiscation which could be applied to land. Captain Reiss (Labour candidate for Colchester) described Mr. Riley's bill as a simple repetition of Mr. Lloyd George's land campaign in 1910-13.

28th. I.L.P. Summer School: Mr. James Maxton, M.P., outlined a Socialist policy of education. Class distinction would be abolished and private schools allowed only for experimental purposes. All children would attend school from the age of 5 to 18 years. Mr. William Straker dealt with the nationalisation of the mines on the lines indicated by the Sankey Commission.

29th. I.L.P. Summer School: Prof. A. D. Lindsay, in outlining a university policy, said that a socialist government would spend enough money on education to make it possible for every capable person who desired and required it to be maintained at a university during his period of training for a profession. He professed himself opposed to the State exercising any control over the ideas taught, but added that Labour would use universities for political and economic training. Mr. Clifford Allen was doubtful about the wisdom of any control of educational ideas.

The Boilermakers' Society met the Engineering and Shipbuilding Trades Federation at York in an endeavour to arrive at some decision regarding the present dispute. No new decision was reached. The Boilermakers denied that they were bound by the agreement, whereas the Federation insists that they were parties to it, and that on their Society rests the blame for the present aggravation of unemployment.

30th. Coal Trimmers' wages: The Transport Workers' Federation and the National Union of Railwaymen discussed with representatives of the Shipping Federation the proposed reduction of 22½ per cent. in the rates for trimmers and tippers. No agreement was reached.

I.L.P. Summer School: Mr. William Graham, M.P., outlined his policy as "socialist Chancellor of the Exchequer." He blamed deflation of currency and the payment by this country of indemnities for much of the present unemployment. Free trade and the nationalisation of the banks were mentioned as essentials in his programme. Direct taxes on everything except luxuries would be abolished, the Corporation tax would also go, while a capital levy on "war wealth" would provide funds for the repayment of war debt.

31st. I.L.P. Summer School: Mr. John Scurr warned the conference that Labour could not disown its imperial responsibilities. His ideal of empire appeared to be a brotherhood in which all would strive to give effect to uniform principles, but not uniform conditions for labour. Various speakers acknowledged the impossibility of abandoning India to "Home rule."

No. II

OCTOBER

MCMXXIII

"There can be no greater object of true education than to teach and preserve a sense of proportion."

INDUSTRIAL PEACE

CONTENTS

Socialism.—The Socialist Indictment
The Facts of the Case in Diagram
Admiration
Control and Responsibility
Work *versus* Doles
Bonus on Output
Food for Thought
Day by Day
Economics Study Scheme, No. III

SOCIALISM.

The Socialist Indictment.

THOSE who, like Webb, Snowdon, Macdonald and others, desire to establish a new economic system, naturally start by condemning the one under which we now live. Some emphasise one flaw some another. One writer, for example, concentrates attention upon the poverty resulting from the present distribution of national wealth and income; another emphasises the importance of freedom and the failure of the competitive principle to secure such freedom. In view of the fact that in future articles we shall examine in detail the most important charges brought against the present system, it may be desirable, at this stage, to make a rapid preliminary survey of the field which they cover.

The Penalty of Competition.

The standard of living possible to the community as a whole is determined by the degree of success which attends the efforts of society to organise production. Judged by this test the competitive system is said to have failed badly. There was a time when competition was effective, and served a useful purpose—Mr. Webb, for example, pays tribute to the work which it accomplished during one period in the nineteenth century. But its work is done: it no longer 'delivers the goods.' The present system is less competitive than monopolistic. The large joint stock company and the trust have driven the private firm from a great part of the industrial field. The individual incentive to effort frequently provided by healthy competition has lost its force. Even where competition remains it is less likely to be bracing and stimulating than enervating. Firms, even when they appear to compete against each other, find it easier to make profits by secret agreements than by adapting themselves more energetically to the needs of the community. If profits were ever a real test of service, and efficient service, they are so no longer. They denote power rather than adequate performance of function. The consequences are to be seen in all industries. The enervating influence of competition may be witnessed in the badly organised miscellaneous industries of the Midlands, or in the antiquated blast furnaces of Scotland. The Commission of Enquiry into the coal-mining industry revealed

numerous ways in which the human cost of producing coal might be considerably reduced. The Coal Conservation Committee drew attention to the costliness of existing methods of lighting and providing power. The wastefulness of the competitive system is even more marked, we are told, in commerce than in mining and manufacture. The classic example is the retail distribution of milk. Every street is invaded, every morning, by three, four, may be six milk carts. The multitude of wholesale and retail dealers, travellers and other agents who are concerned, in one way or another, with a manufactured commodity during its journey from the factory to the final consumer take their toll, and the price to the latter may be twice as high as the manufacturing cost. The redundancy of so much effort in the industrial field adds to the waste and expense of competition. From that point of view the modern Socialist welcomes the advent of the Trust system. It represents a more economical method of production; it eliminates many wastes inherent in the competitive organisation of industry. But he will not accept the Trust or any other form of monopolistic organisation as the final solution. Private monopoly retains for itself the gains resulting from the new form of control; it limits the production of useful commodities when it pays to do so, and the community, so far from being better off, may even be much worse off than before.

Shoddy and Adulteration.

Not only is the competitive method costly and wasteful, but it offers us no guarantee of quality. Speculative builders provide us with jerry-built houses; adulteration, in one form or another, is the rule rather than the exception. We live in the age of 'cheap' and nasty substitutes. If we insist upon quality the price is so high that only the comparatively wealthy can afford to purchase.

Moreover, the characteristic feature of competitive industry is the recurrence of booms and slumps. The system is defective because it produces feverish efforts followed by languor. When the boom is over factories work short-time, or cease work altogether, in spite of the fact that the world needs the goods. The result is that industry requires far more in the way of plant and machinery than would be the case if industrial effort were scientifically planned. The method by which industry is financed is hopelessly antiquated and needs to be overhauled. For these reasons the 'competitive system' has failed as a method of organising production.

Unequal Distribution.

The system is also attacked on account of its failure to secure a fair distribution of the wealth which is produced. The east and west ends of our cities are compared; the furs and luxurious motor car of the capitalist's wife or daughter are noted and contrasted with the inadequate clothing of the women folk of the working classes; even the stables and garages of the wealthy are contrasted with the miserable dwellings of town workers and farm labourers. A system which produces such results—which reduces many to semi-starvation while enabling others to draw delicacies from the ends of the earth—stands condemned. The present form of economic control not only means costly production: it also means production of the wrong things. The failure of the system in the realm of distribution is two-fold. Not only are the workers employed in certain unorganised industries and occupations badly paid relatively to other workers, but work is universally underpaid relatively to investment and speculation. Capital receives too much, labour too little. Ownership of property confers too great a power in economic society.

Wage Slavery.

There are many Socialists who reveal an instinctive sympathy with the private firm—the individual, or small group, who work in and for the business in which they have invested their capital. The former concentrate their attack upon the absentee shareholders, who perform no personal service beyond risking their capital. And they pass on to examine the question of status. When it is urged that the present system does, at any rate, preserve freedom, they reply, "Freedom! What freedom does a worker possess when he has been brought up under abominable housing conditions and upon insufficient nourishing food; when, little more than a child, he has to seek a living as best he can, compete against other children of the same age for such odd jobs as may be available; when on reaching early manhood he is flung out of his 'blind alley' occupation to make room for other and cheaper workers, and is forced to apply for other jobs under conditions dictated by the employer or his foreman; when, having secured his job he is compelled to obey the orders of the most capricious 'superior,' on penalty of dismissal! What freedom does a worker, even if he has been trained in a skilled

occupation, possess when he sees others ready to take his place if he fails to keep on good terms with his foreman! He is free to go, and free to starve!" The system, it is said, is rightly called 'wage-slavery'; it is one of bondage, not of freedom. If bondage is inevitable they prefer to be bondsmen of the State. Economic conscription by the State is preferable to the 'capitalistic domination' of the present industrial order, under which the 'functionless' owners of share-capital monopolise all power, and are able to dictate the conditions, not only of work but of life itself for those who are in a position of economic dependence. What makes matters worse is that in the great majority of cases these absentee, functionless shareholders accept no responsibility for the welfare of the workers under their control. Their interest in the business is purely financial. They seek profit, and profit only. They are here to-day and gone to-morrow. Usually they know nothing about the undertakings of the firm beyond that which is necessary to form an estimate of its financial prospects. When such prospects grow dark they scuttle away from the business (if they can) like rats from a sinking ship, and once they have cleared out they care not what happens to those who "hold the baby." The owners are thus a constantly changing body of people whose interest is purely financial and temporary and who admit no duties to anyone but themselves. The workers and the community as a whole do not count. What status, what freedom, what 'sense of citizenship' can the workers be said to enjoy in an enterprise which is not even deserving of the name of 'institution'?

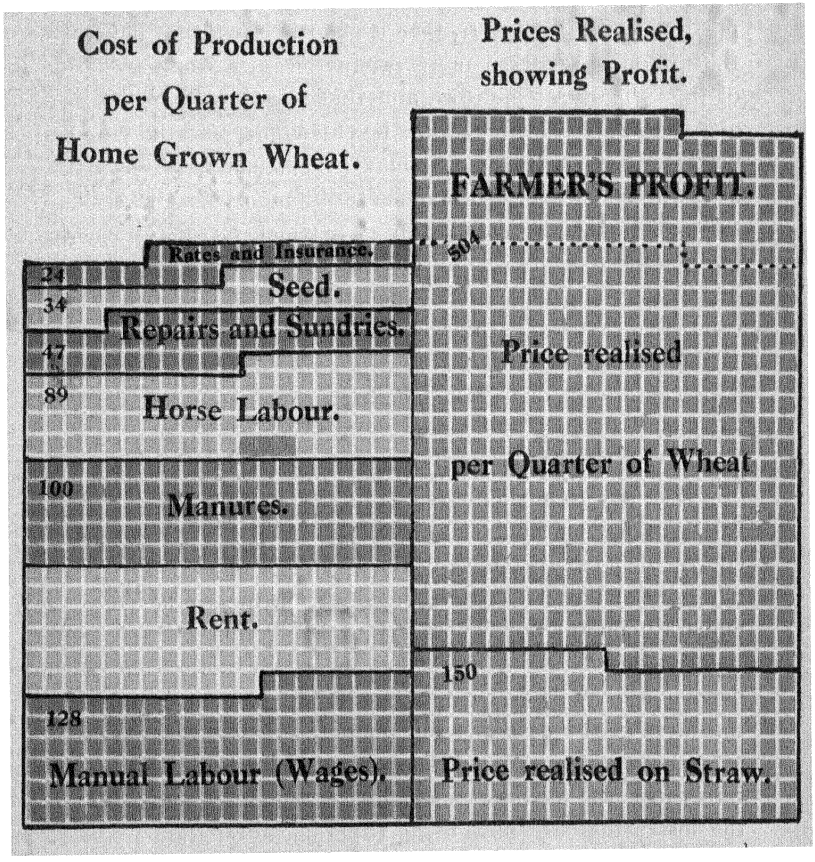
Such, in brief, is the indictment of 'capitalism' which is to be found in the writings of representative Socialists. Before submitting it to the test we shall endeavour to indicate, in brief outline, the alternatives which are advocated and the implications of such alternatives.

(To be continued).

A CORRECTION.—Owing to a printer's error the sub-heading printed on page 6 of last month's issue appeared as "Fallacies and Antiquities" instead of "Fallacies and Ambiguities."

DIAGRAM No. 72.

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



THE WHEAT GROWER'S BALANCE SHEET, 1914.

Scale : Each square of colour represents one penny.

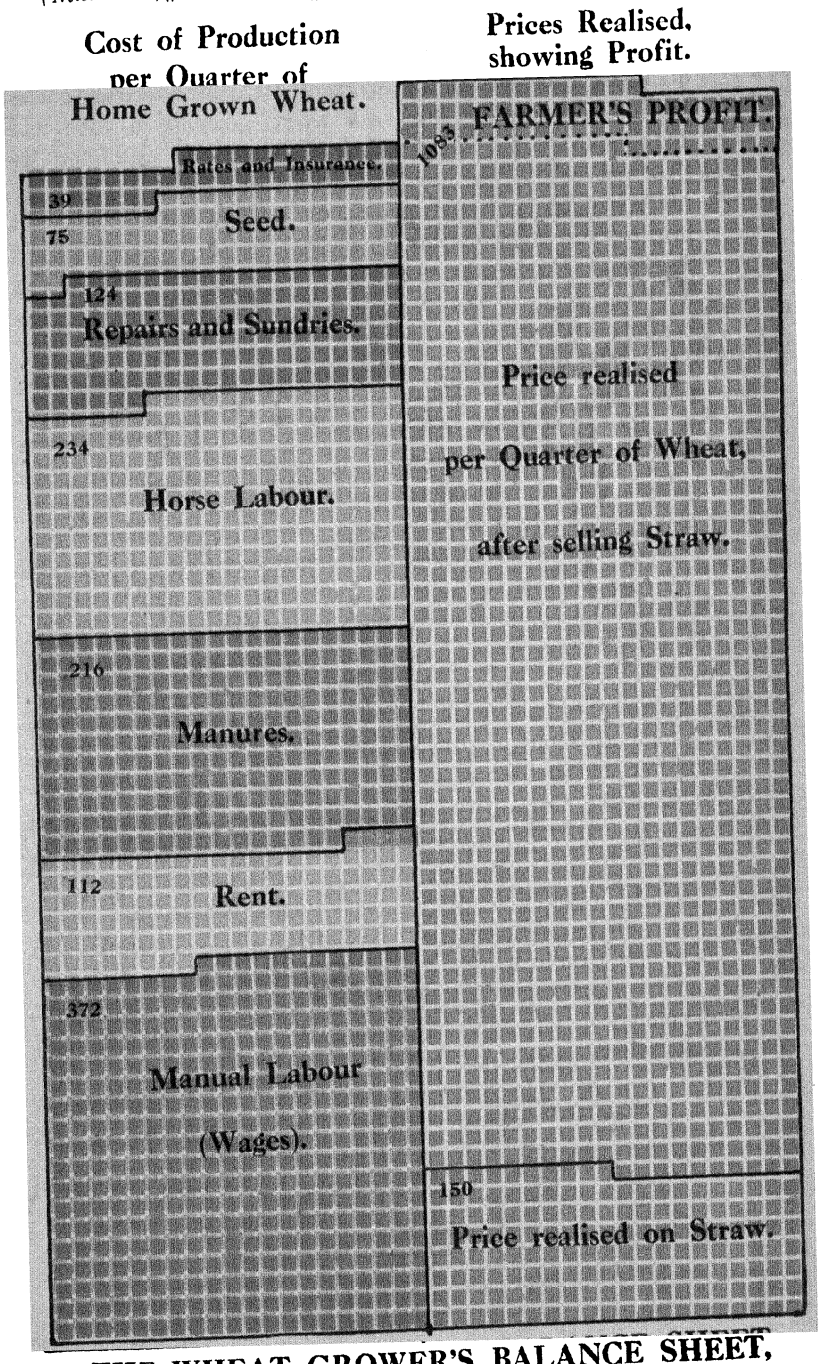
country by keeping men at unprofitable work when they might be engaged in manufacturing goods for which there is a demand abroad. Economically, the argument is sound, and where it can be shown that free trade really operates, the free trader carries the day every time. But what is true of trade in general may not be true of any particular case. If, for example, it can be shown that our national safety is jeopardised by our failure to keep a certain area of the land under grain cultivation, then it is obvious that cost of production ceases to be the whole, or even the most important issue. Or again, if it can be proved that the urban population recruits its strength from the rural population, and that the nation as a whole is healthier than it would be without a definite proportion of rural workers, then it can be shown that indirectly the nation is rendered more productive as a whole by virtue of its agricultural industry, and that therefore, though bread may be dearer, the real wage level is higher and the workers better off. Or yet again, it may be possible to prove that a happy balance between manufacturing industries and agriculture will make the population as a whole less dependent on foreign markets and therefore less susceptible to general trade depressions and widespread unemployment. In which case it is possible that the national balance sheet taken over a period of years would again reveal that growing instead of importing a percentage of our grain increased the aggregate wealth of the nation.

The question is involved and many-sided, and our present object is not to advocate one policy or another, but rather to expose some of the facts that must help to determine our course when once we have decided whether or not we need an agricultural industry. For the Government is not likely to embark upon any policy contrary to its election pledges unless there is a strong public demand to justify it, and no such demand will be made until the public is fully conversant with the facts of the case. It is commonly suspected that farmers are not very good at book-keeping, and consequently doubt is thrown on the accuracy of estimates which profess to detail the losses that are now being experienced by arable cultivators. It is thought that perhaps the picture of agricultural depression is not quite so black as it is painted, and that matters will right themselves if left alone.

The diagrams which we print this month should go a long way towards dispelling this particular doubt. They show

DIAGRAM No. 73.

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



THE WHEAT GROWER'S BALANCE SHEET, 1920.

Scale: Each square of colour represents one penny.

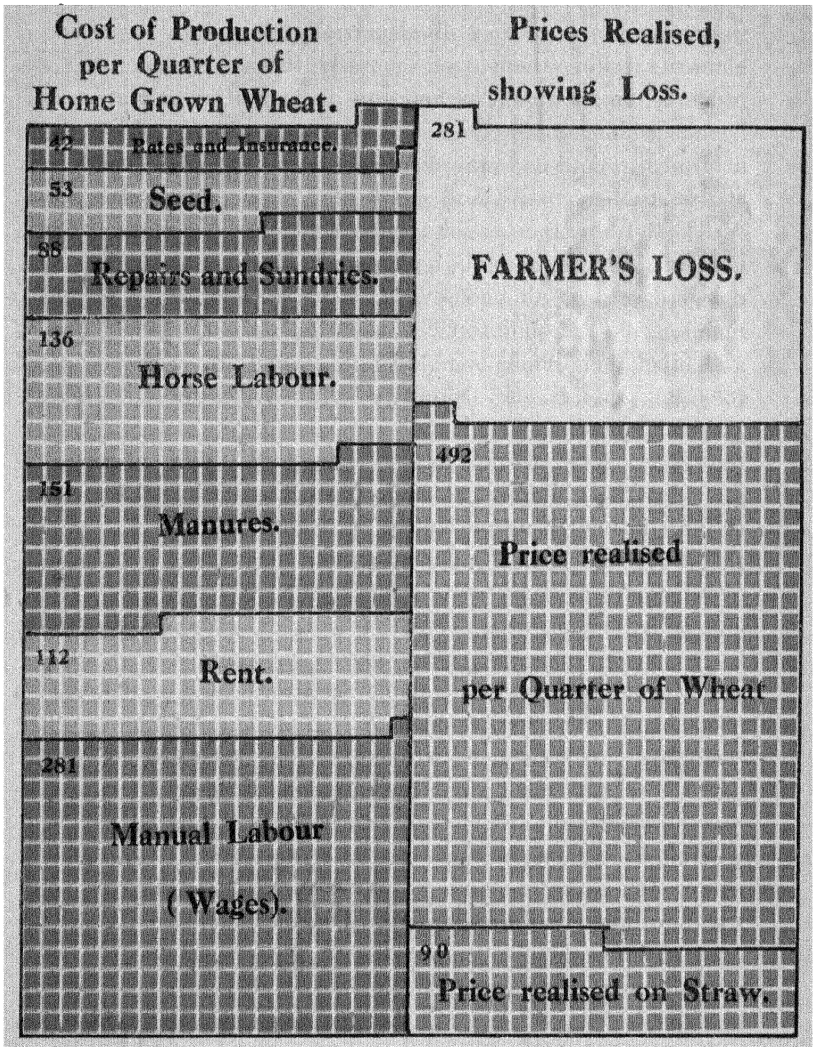
conclusively that under the average conditions prevailing it is impossible to avoid making a loss on wheat growing. These diagrams are based on the work of Mr. Herbert Grange who prepared the costing sheets for wheat growing in 1919 and 1921 when serving on the County Committee appointed for that purpose. We have taken the results arrived at by Mr. Grange's scientific method in his analysis of costs and prices realised per quarter of wheat grown in this country and have made therefrom a pictorial balance sheet which shows at a glance some of the various facts without which it is impossible to form any judgment on the merits of the farmers' case. The right hand column of each diagram shows the price realised in a given year on a quarter of wheat and on the straw from which it is threshed. A comparison of the two columns shows where cost of production and selling price balance and simultaneously reveals the loss or profit on the year's work. It is hoped that a comparison of the relation between the items of cost in the various years and between the costs and profit or loss in any one year will help the reader to form some opinion as to whether, granted that we ought to grow a percentage of the grain we consume, wheat growing in this country can be made self-supporting. And in this direction it should not be overlooked that although the wages of manual labour in 1914 form only roughly one-fourth of the total cost of production in that year, whereas they rise to one-third of the costs in 1922, the agricultural labourer's pre-war wage was admittedly too low. We cannot seek to make our books balance solely by cutting down this item, for quite apart from the difficulty of recruiting adequate supplies of labour for any industry which is relatively ill paid, if agriculture is to be nurtured with a view to increasing the wealth of the country by invigorating the race and stabilising supply and demand, a good wage for the labourer is an essential part of the scheme.

---

* *Wheat Costings*, by Herbert Grange. P. S. King & Son, Ltd. 1/6.

DIAGRAM No. 74.

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



THE WHEAT GROWER'S BALANCE SHEET, 1922.

Scale: Each square of colour represents one penny.

ADMIRATION.

THERE has been marvellously little disputing among the philosophers about admiration. Why, I know not: unless it be their minuteness. They divide up all things into parts and elements, telling them over severally, this an essence, that a property, or an organ, or function or disposition or state. It is the fashion among them to divide and distinguish to the uttermost. And if a man were as a house to be resolved into stones, timbers, nails, and many other little things, they do well. But how then could a man's soul, that has many littles in it but exceeds them all, be known? How could any fulness or wholeness at all be known? If admiration were a part of man's soul, the philosophers had found it out long ago, and filled their books with disputing about it. Admiration, to speak truly, is man's prerogative, the touchstone of virtue and understanding, the pledge of friendship, love's elixir,—nay, the very nerve of goodness. Therefore those partition-mongers, the philosophers, have left it alone; for that which cannot be known as piecemeal is as nothing to them. Now the beasts desire and enjoy after their fashion, but man alone of all creatures has received admiration, wherewith to bridle and enlighten his will. As this faculty exalts man above the beasts, so one man excels another in the exercise of it, since admiring is very various. Some are transported by the prospects of nature, as noble hills or rich plains, and some spend themselves on houses, or carvings, or fine cloths, or other of man's works, or they gloat over precious stones, or the rainbow, or butterflies' wings, or other little sights, or smells, wherein truly none of them err, unless for surfeit thereof they can no more admire mankind. The best part of admiration is to admire the goodliness of man. Consider them that admire not so, how they suffer not their affections to be swayed towards any, and swerve not an hour from their coldness and unbelief, whereof neither is the one strength nor the other constancy, but both decline away from nature. Nay, their lack turns soon to far worse. For pride entering in, or scorn or brutishness, as it may be, numbs the lively coursings of their blood, so that at last, having dragged themselves down by their blaming and carping far more than their fellows, they live in blindness and beggary of love. Love is double, loving and being loved, and admiration likewise, and some must first give ere any can receive, but if none will overleap the bounds of his selfishness, then all stick fast. Thus small and weak

natures hang back doubtingly, or else they admire others in secret, though it were better done with openness and heartiness. Those that are better-grown and steadier and bolder search the actions of their fellows, and their bearing and countenance as well, for any worthiness, and this searching, truly, is finding, since love is the best uncoverer of other men's hearts. Admiring, if it be once started, draws out a man's force to discern goodness, and to love it and endeavour after it strictly, and it profits the other that is admired no less than himself, the encouragement being mutual and edifying both of them. It is good for them to point each other heavenwards a little distance, even though all their virtue weighs as nothing in God's scales, and humility became them best. For admiring is various, as has been said, some being of prettinesses, gawds, artifices, fineries, and other trifles, but the better sort comes by the power of a man's conscience, which is God's witness in him. And if conscience were all, how happy were man's lot! But the envious and the anxious, and the fearful and many more, have much ado to hear the small voice within. The sharp turmoil of their feelings soon darkens their understanding and divides their will, which were neither of them great or strong before: and being unstable they doubt of themselves, and justly, and doubt of their fellows too. They will neither see nor do, but wilfully hobble themselves, as it were, and they shrink from admiring, lest thereby they should enslave themselves to some other, whose service, to speak truth, were far better for them than their own hobble. The end of all this is to fall into hating, unless they congeal and coagulate crassly, as is the nature of beasts, and so drowse on till their death. Yet they are not wholly blameworthy: but nature herself, that opened not widely or firmly enough the door of their minds, is also in the wrong. They found not the golden way of admiration, to forget their own selves and climb up out of selfishness towards noble ensamples, and missing the slavery that might have saved them, they have stepped into that wherein they drift downward without light. None can escape slavery, but all, or by far the most, can choose which slavery they will serve. Whoever chooses the better slavery is made new again, and is refreshed, and receives many new friends. The best of all is that he is turned Godwards and loosed from himself. Admiring is next to worshipping, and without worship man's life is crownless.

CONTROL AND RESPONSIBILITY.

In a recent article in this journal it was argued with much force that whatever the scope of the workmen's control in industry, everything not actually included within it should come automatically under the decision of the employer alone, for control can never be indefinite, and, where there is no arrangement, to the contrary, the final word must, on practical grounds, remain with the head of the business. One important corollary of this fact is that the scope of the worker's control in a given industry must be limited to the amount which it is practically possible for him to exert. The inevitable term to the worker's claim must be the extent to which he ought and can be responsible for the proper fulfilment of the duties which such rights carry with them. Control involves responsibility, and is limited, therefore, not only by the capacity of the workmen to assume responsibility, but by the extent to which it is possible for the control to be divided.

Light may be thrown on the general principles at work by considering the case put forward by the employer and the workman respectively. The former argues that the business is his business, that he is definitely responsible for it, and has the right to keep it in his own hands. And, up to a point, the argument is sound, since on him success or failure, largely depends, and his will be the greatest loss if things go wrong. To this the workman replies by claiming, that he has likewise a right to control his own life. Work represents a large, generally the chief, part of his life, which is therefore vitally affected by the conditions under which it is carried out. In so far as the employer's claim involves the control not only of *his* business but of the lives of the men who serve his interests, it is obvious that there is good ground for the men's claim to a share in such control.

The next points in the employer's arguments are that responsibility cannot be divided without disaster, and that in any case the position of the workmen often unfits them for sharing responsibility and may even render them incapable of doing so. Instances are cited in which a share in responsibility has been offered or refused, or in which a claim to control without responsibility has produced damaging results.

The workmen, in their turn, controvert these arguments. They throw doubts, not always with justice, on the claims that certain classes of control cannot be divided; they argue, with more reason, that the workmen, given suitable opportunities, can by suggestion and co-operation contribute in many ways to the success of a business, and that in fact, given the chance, they have actually done so.

Needless to say, both sides are partly right and both are partly wrong. In every business a large part of the control deals with matter directly affecting the workman's life (e.g., the training of apprentices, which vitally affects his children's future; the conditions under which he himself is engaged, works and is paid, etc.), and in these departments not does his interest entitle him to a voice, but his circumstances and experience admirably fit him to contribute usefully. Through his representatives he can assist in shaping the conditions, which will conduce best to his own happiness and comfort, and consequently to his efficiency and to that of the business. He can also share the responsibility of enforcing the necessary regulations. Indeed, they are more likely to be enforced if the workman is given adequate part in shaping them. He can assist too, as firms where the experiment has been tried have discovered, in promoting improvements to increase directly or indirectly the productivity of his work.

On the other side the spheres of commercial and financial management require an undivided control. These parts of the business are far removed from the normal experience of the workmen, who are, therefore, not well fitted to deal with them. Further, they do not, as a rule, affect directly the lives and comforts of the men, though indirectly their livelihood is influenced by the success or failure of their employer. Thus they have not the same personal interest in securing control as they have in matters which affect their daily life or the future of their children. And so far as a demand for such control exists, it is probably motived in part by a desire to know the real facts concerning the position of the business. And for the claim thus restricted there is much to be said. For access to information, within the limits set by the need of preserving trade secrets, and avoiding disclosure of valuable information, might prove doubly useful. Not only would it help to secure the confidence and co-operation of the workmen, but might produce valuable suggestions and criticisms.

In short, from the workmen's point of view, it would appear

that where control is most desirable, the capacity for it is greatest. In these matters which directly concern his life, he is well placed by experience to assist both in improving his own conditions and in securing the smooth and efficient running of the business. But with much of the business management, especially in the commercial and financial side, he has not the same concern. The exact demarcation between the two will not always be easy to draw, and border-line cases may arise, in which one side will regard a matter as coming in the first class and the other will place it in the second. Generally speaking, however, a division on the above lines might secure wide, though not universal, acceptance both from employers and workpeople. On each side two schools of thought can be distinguished. Some employers are against admitting the workmen to any share in controlling their work. Others invite or at least acquiesce in a considerable measure of control, and are concerned mainly with fixing reasonable limits to it. Among the workmen there is an extreme class who desire unlimited rights of interference, generally without any desire to shoulder the consequent responsibility, or, at any rate, without any proper realisation of what control implies. A much larger number of moderate men, however, would probably be satisfied with more limited powers and prepared to accept the responsibility their assumption would involve.

The real force behind the extreme demands is not easy to estimate. In part it is composed of opponents of the existing industrial system, who desire control, or rather the power to interfere, as a means of destroying that system. Partly, also, dissatisfaction with conditions in individual firms and failure to obtain redress of concrete grievances have produced a desire to secure unlimited control in order to enforce the remedies desired. Or again, extreme demands may be put forward as a lever for securing the concession of more practicable claims.

On the other hand there is a general and wide measure of agreement among educated and intelligent workmen for more extended workshop conditions. The demand may for the moment, owing to trade conditions be dormant, but it is likely to revive. The experience of the war years accustomed the men to higher standards, not merely of wages and hours, but of general conditions of work. Moreover, many of them are increasingly conscious of ability to co-operate with their

employers, not only in improving such conditions, but in increasing the general efficiency of their work. In many ways employers stand to gain from the grant of extended control to their workmen. Indeed, the willingness of some firms to take their men further into a partnership of this kind is largely the result of practical experience of the benefits of their co-operation. Such concessions will also help to dissipate extreme and impracticable demands, whilst rigid resistance to granting them is likely to have an opposite effect

Difficulties may possibly be caused by those border-line subjects which are held by one side to be part of the purely managerial functions, and by the other to be proper subjects for workshop control. Such difficulties, however, need not be insuperable, if both sides are willing to give and take.

Some claims will probably be found by practical experience to be unnecessary or undesirable, and will be abandoned by the workmen themselves. Other disputed points will be automatically settled by the growing power and knowledge which the possession of responsibility will confer. Already in some firms the workmen are exercising functions, which a few years back the most progressive firms would hardly have deemed possible. Experience on Works' Committees and similar bodies has revealed unsuspected capacity, and shown that fitness for control grows with the exercise of responsibility.

The working class movement is putting forward a definite claim to control. This claim, as described above, may be either moderate, practicable and informed with a full sense of responsibility, or it may be extreme and impracticable and shirk responsibility. Willingness to meet the workmen on the former ground may fairly be expected to yield the same averagely good results that have already rewarded individual firms. Failure to do so may strengthen the hands of extremists. The policy of industrial peace and co-operation can find here a peculiarly favourable field. Working conditions are a special concern of the workman who is well-fitted to co-operate in a general policy of improvement; employer and employed have here an opportunity of working together on an ever-widening field for the improvement of their industry.

WORK *versus* DOLES.

The Leicester Method.

STILL another winter finds the country under the necessity of providing for nearly a million and a half of unemployed persons. The vast task imposes each year an increasing strain, and increasing loss. The present scale of the subsidies and their long duration reach nearly, if not quite, to the limits of what can be borne. The scheme of relief which has been devised at Leicester by the public authorities concerned with unemployment deserves, therefore, the attention of the public. It is not a scheme that could be applied everywhere, or that even at Leicester covers the whole field, but it shows what can be done, and its success, if only the public knew of it, would extend the revolt against pay without work.

Almost exactly two years ago the Leicester Guardians in response to demonstrations by the unemployed obtained the sanction of the Ministry of Health for a scheme of co-operation between the Guardians and the Distress Committee. A graduated scale of relief was adopted, its author being Mr. Harrison, a Labour member of the Board. Applicants for relief from the Guardians are assigned so many hours of work per week and are passed on to the Distress Committee to be employed on whatever work the Committee could provide. The wages money is paid by the Board to the Committee, which in turn pays the work people, half in cash and half in kind. The Committee allots the men to the various works of public utility which the Corporation Committees provide for this purpose. The Distress Committee has applied for no loans for relief work, but loans have been approved by the Ministry of Health and grants have been made by the Unemployment Grants Committee in support of relief works undertaken by the Corporation. The work thus provided has been almost entirely unskilled, though varied in kind.

The chief features of the scheme are the control of the Guardians over the acceptance of applicants, the conditions of relief and the fixing of rates, and the superintendence by the Committee of the tasks set the unemployed. The relief must not exceed 75 per cent. of the unskilled rates paid by the local authority, and it is in fact calculated at 10½d. per hour.

The scale is as follows:—

1. Man and Wife and no children	28 hours	£1	4s.	6d.
2. Man and Wife and one child -	32 ,,	£1	8s.	od.
3. Man and Wife and two children	36 ,,	£1	11s.	6d.
4. Man and Wife and three children	40 ,,	£1	15s.	od.
5. Man and Wife and four children	44 ,,	£1	18s.	6d.
6. Man and Wife and five (or more)	48 ,,	£2	2s.	od.
Scale A. Single Men - -	16 ,,		14s.	od.
Scale B. - - - - -	20 ,,		17s.	6d.
Scale C. - - - - -	24 ,,	£1	1s.	od.

The conditions imposed by the Guardians are naturally precise and searching. The scale presumes that the applicants have no income, but if they have an income, the consideration of which is not regulated by legislation, the amount of it is taken into account in the fixing of relief. The earnings of children under 16 are treated as income while of the earnings of those over 16 two-thirds are treated thus. Single men or women supporting a mother or other dependent receive the same rate as man and wife. In the case of widowers with children one child is reckoned in the place of a wife. Disablement pensions in excess of 10/- a week are included in total income, for married and single applicants alike.

The organising work of the Distress Committee is such as can readily be imagined, and need not be described in full. The fact that the City Treasurer is also Treasurer of the Committee is an obvious advantage. Payments in kind are effected by a ticket system worked by the shop keepers, and there is, of course, a good deal of docketing. The Committee, moreover, co-operates in certain other ways in the relief of the unemployed, for example, by distributing men sent from the employment exchanges among the corporation works, and also by disbursing the *Mayor's Fund*, which was voluntarily subscribed by the public. Further, arrangements exist whereby in certain cases the burden of relief is shared between the Unemployment Fund (Ministry of Labour) and the local ratepayers.

In these two years the cases dealt with by the Guardians have fallen from 2,000 to about 400, which is a small portion of the total out of work and in receipt of relief of one sort or another. The circumstances of Leicester may have been especially favourable for the concentration and the co-operation which have been practised there with so much success and harmony. It is true, too, that the corporation committees have little or no work suitable for skilled men. Yet what Leicester has done is a stroke of organising genius, and there must be many towns that would profit by following this example.

BONUS ON OUTPUT, IV.

If the evidence of a number of employers is at all representative the workshops of this country have experienced a marked change during the last three years. The workpeople are more diligent, and the general atmosphere is one of comparative peace and contentment. For this reason some are optimistic enough to believe that the labour troubles of earlier years have passed away never to return. It is possibly true that they will not, in future, take the same exciting form.

But it would be rash to assume, because the extremists have lost their power for the moment, that all is well in the workshop. During a period of extreme depression those who remain at work consider themselves fortunate: lesser evils are disregarded. The workers, knowing how precarious is their position, and how easy it would be to dispense with their services, are anxious to justify the preference which has been shown to them. They are content to shelter from the storm, however rough that shelter may be. That they are silent is not, however, a guarantee that they are happy. On the contrary, there is strong evidence that they are unhappy. Many feel that they have not been fairly treated. And it is to be feared that, when trade is restored, we shall again witness a period of 'labour unrest.' The majority of the workers still believe in the 'conflict of labour and capital,' and regard the last three years as a series of lost battles. Many of them are merely waiting for the change in the relative strengths of the two sides. This attitude towards industry is also observed by many employers, some of whom may be compared with labour extremists. They too have exercised greater influence than their numbers justify.

Continued strife can have but one result—national exhaustion and decay. There must be no war of attrition in industry. Without in any way ignoring or minimising the divergence of interests between capital and labour it may confidently be stated that their deeper and more fundamental interests are identical. Both may flourish on and through work: neither can flourish on idleness. Experience shows that the root of the trouble is to be found in the workshop, and that joint bodies representing industries are not likely to succeed in their efforts to secure peace unless individual employers are prepared to do their share. The great argu-

ment in favour of a collective bonus on output is the fact that it may prove to be the precise instrument necessary, in many cases, to change the relationship between the workers and their employer. If, however, it is to succeed it should not be forced upon the former.

The employer should be able to say, to his workers, "You and I have entered into business relations: we have entered into contracts. I accept all the obligations of contract, and I assume you do the same. I agree that, as an employer, I have duties to perform to you as well as to the community. I am anxious to do my duty. I expect you to do your duty. I expect you to do a fair day's work for a wage which is fixed by your representatives and mine in the parliament of our common industry. I cannot control or evade that rate. But I am prepared, for the rest, to share my fortunes with you. I offer you more than one alternative—profit-sharing, co-partnership, collective bonus on output. I am willing to consider any alternative which you care to suggest. I will submit to your representatives all the information which you find necessary in order to construct an acceptable scheme. But I expect you like myself to accept all the obligations which may be involved in any scheme which you approve." It is probable that in many cases the workers would prefer a collective bonus to any other scheme. And if it were adopted under such conditions can it be doubted that it would revolutionise the establishments? The workers would realise that they were being given a square deal—and realisation of fair treatment is necessary. The collective bonus, in such circumstances, would mean a great improvement in status. All the workers and staff would be on the same system, even though their basis rates and the method of ascertainment of such rates were different.

It is not too much to say that many schemes of payment have proved failures not because they were intrinsically bad but because they were 'imposed from above' or offered as a 'sop' to the workers. If the method of approach were different: if employers merely expressed their desire to do what was just, offered possible alternatives for consideration, invited other alternatives, and agreed to the scheme which seemed, after discussion, to be the one suitable in the circumstances (for mechanical perfection is not the sole criterion) there is strong reason to believe that peace and happiness would result.

FOOD FOR THOUGHT.

UNLESS the *Daily Herald* changes its tactics and its strategy the few months respite which it has been granted will be unavailing. It has based itself on the false belief that all other papers are conducted in the interests of capitalism. So they are, but not in the sense in which the *Daily Herald* supposes it. Other papers are run to pay—to pay the capitalists who have put their money into them, those capitalists and no others. In order thus to pay they have to serve the purposes of their readers. They must supply news and give both sides a hearing in debatable matters, and in general they must satisfy their readers. These papers can be used for political purposes, and are so used, but political matter and political prejudice are confined mostly to leading articles and signed contributions, which their readers may skip, if they like. But the trail of politics is all over the *Daily Herald*. As a purveyor of news it does not bear comparison with the *Daily Mail*, for example: there is no room in the same world for both of them. In the technicalities of newspaper work the *Daily Mail* is unsurpassed, and its "politics" have a far wider and more varied appeal than those of the *Daily Herald*. The "politics" of the *Daily Mail* consist in evoking and maintaining a vague alarm, now on one subject, now on another, and in the most varied tones It suggests that all is not well with this or that, or that something is being hushed up, or that unless something or other is being done about bread or smallpox, or whatever it may be, the heavens will fall. It has laid hold of what is deepest and steadiest in crowded communities—a vague mixed feeling of doubt, fear and suspicion, that directs itself against a politician, or a tax, or a trade, or what not. The essence of these "politics" is a sensation of alarm, not too sharp or clear, and just a little mysterious and soon to give place to some other. On the whole such "politics" are pleasant. Vague fear and half-grounded suspicion have great charm for most people. But the *Daily Herald* drives one fear all the time, unflinchingly and explicitly, and entirely without charm. The *Daily Mail* conveys an atmosphere of apprehension marked enough to interest the man in the street, but not so marked as to excite him seriously. The *Daily Herald* is a screech, and a monotonous screech. The *Daily Mail* offers itself to be enjoyed. Only those who have a certain fear on the brain can "enjoy" the

Daily Herald. Happily such persons appear to be too few to make the *Daily Herald* pay.

卐 卐 卐

Unfortunately this is, however, not the whole story and we cannot afford to dismiss the question on the assumption that because the paper won't pay, it will necessarily expire harmlessly. Moreover, it would undoubtedly be best for Labour and for the country, that the *Daily Herald* should die only to arise in new form, phœnix-like, from its own ashes. And to those who study Labour and Labour's paper, so-called, it would appear that there is no insuperable obstacle in the path of such metamorphosis. Generally speaking the Trade Unions have got excellent leaders—good men knowing well the people they serve, and having such understanding and knowledge of the other man's point of view as long years of experience necessarily bring. But one questions, do these men who financially control the *Daily Herald* really read the paper? If the leaders of Labour would set themselves the task of reading their own paper critically for the next month —or for the past month—they would know exactly how to act when Christmas comes. They would see clearly how far opposed are their own methods and their own outlook and ideals from those of the organ through which they must hope in part to train and educate their followers. They would see that not self-help with love and charity for all, but fear and hate and greed are the motive forces of the *Daily Herald* teaching. They would see that the Russian knout, not the dawn heralded by the crowing cock, is the fitting emblem of the newspaper they call their own.

卐 卐 卐

Mr. Ramsay Macdonald has recently warned the Independent Labour Party of the danger of Labour coming into power without a properly educated democracy behind it. He urges the leaders not to draw behind them a following whose loyalty and enthusiasm is based solely on great expectations of material gain, but to teach their disciples high ideals. Mr. Arthur Henderson, speaking at Newcastle recently, epitomised the views of the best men in the movement when he said that the Labour Party did not accept the existing order of social and economic organisation and was determined to establish new relationships in national and international life; but in the meantime it was prepared to use all its powers to raise the

8619

standard of life within the existing system. There is little danger, indeed there is great promise of progress in such teaching and practice. Change is inevitable, and change that seeks to extract the best from the existing system before passing to another will not be revolutionary. But whilst the earnest minority are learning moderation at the I.L.P. schools the masses, by whose vote the country will eventually stand or fall, no matter what party be in power, are fed monotonously and unremittingly upon distorted accounts of the world in which they live; accounts which rigidly exclude all that is good and palliating, and exaggerate all that is evil; accounts which tell ever of wealth to be despoiled, but say little or nothing of the toil of new creation when that is spent. Mr. Ramsay Macdonald should realise that in the *Daily Herald* he has an even more powerful instrument to his hand than I.L.P. propaganda. And the time is ripe for him to fashion it to his use.

卐 卐 卐

We invite the attention of our readers to the series of articles now appearing on Socialism. There seems little doubt that the public controversy on this subject will continue for many years to come. We do not believe that Socialism will ever become a practicable alternative to the present system. We believe that its results, if it were tried, would be extremely disappointing to its advocates. For this reason we welcome a careful comparison of the probabilities of the two systems. Advocates of something new always enjoy an initial advantage, partly because they are advocates and partly because what they advocate is new—we do not trouble to justify what is taken for granted. They gain many adherents, but the rate at which their numbers grow gradually diminishes. We believe the Socialist-party has almost reached the zenith of its power. But its creed calls for scrutiny.

The writer will deal with many issues raised by the Socialists. He will do so, not as an advocate, but as one seeking the truth. His aim will be constructive; his purpose to seek principles for the guidance of future policy. He will ask whether the motive of profit is ignoble, whether it will be likely to achieve useful results in the future, whether any practicable alternative can be discovered. He will describe the admitted evils from which we are suffering and ask whether Socialism might be expected—or is necessary—to cope successfully with them.

DAY BY DAY.

(A monthly Record of the principal events which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

Sept. 1st. The Ministry of Labour index figures show the cost of living to be 73 per cent. above that of July, 1914—a rise of two points since August 1st.

Recorded changes in rates of wages show an aggregate increase of £24,000 in the weekly full time wages of nearly 250,000 workpeople, and a reduction of £14,000 in those of 180,000 people.

Seventy-three trade disputes involved the idleness of about 68,000 people, and the loss of 1,200,000 working days.

Unemployment increased slightly during August. Among trade unionists 11.4 per cent. were registered as unemployed, and among insured workers the percentage was 11.5. At the Employment Exchanges in Great Britain and Northern Ireland, 1,266,000 workpeople were shown to be without work on August 27th

3rd. The Trades Union Congress opened at Plymouth. Mr. J. B. Williams (of the Musicians' Union) presided. A comparison between 1913 and 1923 showed that, although trade unions were going through a difficult time now, the net progress of the movement was very great. In 1913, the Congress was attended by 560 delegates representing 2,230,000 trade unionists. To-day there were 702 delegates representing 4,369,000 members. Mr. Williams' presidential address was disappointing, since he practically contented himself with sounding the call of peace among the nations and war within the classes In dealing with foreign policy, he called upon the League of Nations to impose its wishes upon Italy and Greece with a view to averting further conflict, and at the same time called upon England to show its confidence in the goodwill of other nations by boldly reducing, even entirely abolishing, our armaments. Commenting on the industrial situation, he declared that, "if anything, the desire of capital to crush Labour was greater to-day than ever." The remainder of the speech was not noteworthy. Resolutions were passed calling for an amendment of the Old Age Pensions Act, so as to make the qualification for pension that of age irrespective of income. Pensions for mothers and more adequate provision for the blind were also demanded.

4th. T.U.C. In a discussion on the advisability of the General Council taking over Ruskin College and other Labour Colleges, it was shown that whereas the stronger and more important leaders were in favour of a broad education to fit

the workers' leader for the bigger responsibilities of life, a considerable number of less prominent delegates strongly urged that the labour colleges should confine themselves to teaching the two or three subjects essential to fighters in the class struggle. A discussion of the "back to the Unions" movement gave rise to much bitter quarrelling anent the rivalries of the National Sailors' and Firemen's Union and the Amalgamated Marine Workers' Union, and between the Transport and General Workers Union and the Transport Union in Scotland. It was agreed that it would not be in the best interests of the trade unions to support the Bill promoted by the Association of Joint Industrial Councils, to secure legal sanction for voluntary agreements taken by J. I. Councils as to wages or conditions of employment.

I.L.P. Summer Schools: In a letter to Mr. Clifford Allen, Mr. Ramsay Macdonald states that the I.L.P. is the best socialist propaganda organisation in the country, and proceeds to outline a policy for their platform work. He warns the Party of creating a public expectation that will be of no use to the movement. The I.L.P. should explain Socialist ideas and work; criticise Capitalism, and relate socialist ideas to political action. When Labour comes to power, it must be supported by real Socialist opinion, i.e., by the ideal of public service as a duty. A following that was merely anti capitalist would be disastrous to a Labour government.

5th. T.U.C. In a previous discussion, it was agreed that trade unionism was not yet ready for an active policy of amalgamation, but the policy of the General Council as regards this and the question of craft *v.* industrial trade unionism was supported in the decision to refuse the application of the South Wales and Monmouthshire Surface Workers' Union for affiliation to Congress. The General Council's view was that, by previous amalgamation with the Miners' Federation, this Union had lost separate autonomy, and its refusal to abide by the Federation's ruling was really a breakaway and could not be countenanced by Congress. It is the policy of the General Congress to encourage the amalgamation of Unions enlisting workers with substantially identical interests and, in order to ensure stability, Congress has now decided that such amalgamation cannot be severed. A resolution was adopted in favour of promoting the organisation of foremen, supervisory and technical staffs within the movement, so as to prevent this class of worker from joining organisations under joint control with the employers. It was also resolved to oppose legislation intended to give effect to the recommendations of the Cave Committee regarding Trade Boards.

6th. T.U.C.: Mr. J. H. Thomas, in moving a resolution to call upon the British Government to use its influence to secure the mediation of the League of Nations in the dispute between Greece and Italy, warned Labour to be under no illusion as regards this country's necessity and responsibility if war broke out. Britain could not "clear out" of Europe, all the nations were interdependent, and if Europe went to war again we should be involved whether we wished it or not. The resolution was carried, a few Communists dissenting, on the ground that international Labour, not the British Government should be appealed to Mr. Fimmin, Secretary of the International Federation of Trade Unions, foreshadowed a revolt of the German workers—of whom 12,000 are trade unionists—against the hardships which they are enduring when the Ruhr question is settled. He expressed the hope that the workers of other nations would then stand by the Germans and not ask whether their methods were constitutional or not. The President's reply was sympathetic, but non-committal. A resolution was passed dealing with unemployment. The Government was called upon to promote schemes of public utility on a national scale as an alternative to unemployed benefit and poor law relief, and it was urged that heavily rated districts should be relieved of the financial burden due to unemployment by the use of State funds.

7th. T.U.C.: It was announced that, as a result of the intervention of special delegates sent to Newcastle by the Congress, the Co-operative Wholesale Society had agreed to refer all labour disputes to arbitration in accordance with the report on the C.W.S. proviso adopted by the Joint Committee on July 31st. A breach between the C.W.S. and trade unionism was thereby averted for the time being. A resolution to give the General Council greater powers to intervene in disputes likely to involve large numbers of workers was lost. It was generally felt that experience had shown that the movement was not yet sufficiently advanced and united to admit of such a scheme It was agreed that the Anderson Committee's report on Civil Service conditions of work should be strongly opposed. The General Council was instructed to examine the question of insurance by industry and report next year.

As a result of a number of private sessions to consider the position of the *Daily Herald*, it was finally determined that the Unions should raise £12,500 to carry on until Christmas, the three months being used in an endeavour to make the paper self-supporting. Advances and loans to the *Daily Herald* during the last twelve months have amounted to £100,000. This sum includes the capitalised value of the affiliation fees of many of the unions up to the year 1928.

8th. T.U.C. : The final session was devoted to a discussion of the French occupation of the Ruhr, and it was agreed that British Labour should endeavour to persuade the workers of France and Belgium to induce their Governments to reverse their policy and so promote peace among the nations. Mr. F. Bramley was elected Secretary in the place of Mr. C. W. Bowerman, M.P., who is retiring on a pension of £300 a year. It was agreed that henceforth the secretaryship should be a full time appointment, and the salary was therefore increased from £500 to £750 a year.

13th. The Engineering and Shipbuilding Trades Federation has decided to apply for a 10/- weekly advance on the wages of men employed in shipyards

14th. The Boilermakers' lock-out from the shipyards on the national overtime and nightshift agreement has now lasted twenty weeks. In the great majority of yards work is almost at a standstill. The Mayor of Tynemouth has called a meeting of Tyneside Mayors to consider means of bringing the disputants together. The loss in wages alone has been estimated at £2,000,000 but on the other hand, Mr. John Hill, Secretary of the Boilermakers' Society, states in his annual report that although unemployment is acute, the Society actually has at present less unemployed members than before the lock-out started.

17th. Payment by Results: The Amalgamated Engineering Union is balloting its members in the dockyards on the suggestion by the Admiralty that the principle of payment by results should be extended to the engineering trades. The principle is already in operation among employees of the Construction Department, but the men generally are opposed to it.

19th. The A.E.U., which is now holding its annual conference, passed a resolution calling upon the Government to put in hand immediately engineering projects of public utility with a view to the employment of skilled mechanics. It was stated that the union has paid over £4,000,000 in benefits during the period of depression, and that 16 per cent. of its members are at present unemployed, although many thousands of skilled mechanics have migrated.

21st. Boilermaker's lock-out: On the application of the Federation of Shipbuilding and Engineering Trades, the Minister of Labour has convened a conference on September 24th.

Labour's agricultural policy: The special committee of the I.L.P. has now issued a draft of its proposals for dealing with the farming problem. The policy is based on three measures,

(1) a national land bank to finance co-operation and progressive farming, (2) Control of prices, a Board of Food Supply to nationalise the import trade in meat and wheat, (3) The organisation of the industry by country committees, the setting up of a wages board and a fair rents court.

24th. Boilermaker's lock-out: Sir Montague Barlow successively interviewed representatives of the Federation of Engineering Trades, the Boilermakers' Society and the Employers' Federation, but made little headway beyond fixing a further conference at Carlisle on the 28th of this month. The meeting was held at the request of the Federation of Trades on behalf of the men rendered idle by the Boilermakers. These men, who constitute fully four-fifths of the total number idle, signed the agreement which the Boilermakers have repudiated. The Boilermakers maintain that they were never parties to the agreement, and that they will not resume work unless they have some guarantee that their particular grievances can be voiced

26th. The Trade Union Congress has elected Miss Margaret Bondfield as Chairman of the General Council for this year.

28th. Boilermakers' lock-out: The Shipbuilding Employers' Federation and the Federation of Shipbuilding Trade Unions met at Carlisle to consider the possibility of securing a settlement of this dispute. The Boilermakers' Union was not represented. The result of the meeting is embodied in a letter to Mr. Luke Thompson, M.P. for Sunderland, who had appealed for a clear statement of the facts. In this letter the Federated unions make it plain that their records show that the Boilermakers were expelled from the Federation some months after the agreement had been in force, and as a result of their refusal to accept its terms. The employers, accepting this view, state their willingness to give consideration to any special circumstances affecting the Boilermakers, providing that it does not involve arbitration of the overtime and nightshift agreement. The Boilermakers are now preparing to call a national conference, and the General Council of the T.U.C. will meet on October 1st to consider the situation.

30th. The National Association of Unions in the Textile Trade have endorsed the request of the Bradford Chamber of Commerce for an enquiry under the Safeguarding of Industries Act into the causes of unemployment in the wool textile trade. Although welcoming an enquiry by a committee representing employers, trade unions and the consumer, the Association does not hold the view that protective tariffs would constitute a panacea for unemployment.

ECONOMICS STUDY SCHEME, No. III.

THE work of the Study Scheme from the students' point of view ended on September the 6th, when the final papers were despatched, and this month we complete our share of the work by announcing the names of those whose efforts have gained them a prize. These words are carefully chosen, for it cannot be said that we are announcing the names of all the successful students. There is no doubt that many who just failed—or who entirely failed—to secure a prize have succeeded in the main task. We are encouraged in this belief by numbers of letters we have received from appreciative students—not all of whom will find their names in the lists below. We should like to acknowledge individually all the letters we have received, but that is not possible, so we must take this opportunity of thanking those who have written and of assuring them that we are greatly rewarded and encouraged to learn of the satisfaction and help the Study Scheme has brought them. One student, however, has had the happy idea of sending us an account of his impressions of the Study Scheme, and we think that instead of saying any more about our views we cannot do better than publish what he says about it—particularly as the writer has caught the main purpose of these Study Schemes, which is to encourage an informed interest in social and economic questions.

A Student's Impressions of the Economics Study Scheme.

"It is, we all know, commonly the case that big things arise out of small things, nevertheless, when I casually picked up a Sunday journal in the February of this year I little thought that I would encounter a paragraph which would be the means of setting me upon a course of study which would last all through the summer and influence the character of my future reading to no small degree. Following the advice offered by the writer of the paragraph I wrote up to the offices of *Industrial Peace* and in due course received an interesting leaflet which determined me to take part in the Economics Study Scheme. Economics was one of the subjects that I was always going to study but somehow never did. Here, however, was my chance, for I saw that by carrying out faithfully the very simple instructions I could achieve my desire to obtain some knowledge of this important subject, and although I did not for one moment think that I could win a prize, the generous scheme afforded an additional incentive.

"All through the course the way of the student was made as easy as possible. Books were easily obtained as the student had only to ask and in a few days his book arrived through the post. A series of very

interesting and well printed pamphlets on a variety of economic subjects reached every student through the same medium, and last but not least a copy of *Industrial Peace* reached him regularly every month.

"Although the scheme was only open to men and women whose days were already fairly occupied, ample time was allowed the student to complete his written work. Even the busiest of us had sufficient time to read the necessary books though no doubt all would have desired more leisure to study the subject more thoroughly.

"The questions set were by no means simple and every one necessitated a certain amount of serious thought before pen could be put to paper, so that the completion of the course left one with a feeling of satisfaction that at least it was "something attempted, something done." In any case one would never again be entirely ignorant on these important questions.

"For those who had the direction of the studies, for the Central Council for Economic Information who defrayed the expenses, the professors who acted as examiners, and the Central Library who forwarded the books, the whole of the students who undertook the course will, I am sure, have nothing but praise.

"The course establishes one thing clearly, that "he who seeketh shall find," and that to increase ones knowledge in modern England it is not necessary to be wealthy. All that is needed is a certain amount of enthusiasm coupled with perseverance. The road is then clear to all who have the will to attain."

卐 卐 卐

Before bidding farewell to all those who participated in the Scheme we would like to remind them that this work is only a beginning and to express the hope that they will continue to broaden their knowledge if not through the study of set books, by careful and critical reading of industrial and economic news in the daily and weekly Press. To those who would like to continue reading *Industrial Peace* we will send a copy monthly post free for 10s. instead of the usual subscription of 13s. Those who do not wish to subscribe and yet would like to have access to the journal, can consult copies in the local free libraries. We should be glad to have the addresses of any libraries where students do not find a copy.

卐 卐 卐

The list of prize winners is given below. The names are arranged in classes, and to each group of one hundred in any one class fourteen prizes have been awarded, one first prize of £20, one second prize of £15, one third prize of £10, one fourth prize of £5, and ten consolation prizes of £2 10s. each. In Class I there were over a hundred but less than a hundred and twenty competitors, and to this group £90 was, therefore, allotted. Three people tied for the second place and have

been awarded £10 each, a fifth prize of £5 has also been given and four extra consolation prizes. In Class II, owing mainly to the fact that by an oversight this class was not adequately advertised, less than fifty sent in papers, and only half the prize money has been earned. The first prize in this group is £15, the second prize £7 10s., the third prize £5, and there are four consolation prizes of £2 10s. each. In Class VI two competitors tied for the fourth place, and have shared the fourth prize of £5 and one of £2 10s., receiving £3 15s. each.

List of Prize Winners.

(Any Prize Winner who has not already received a cheque corresponding to the prize gained should write to the Secretary at once.)

Class I *Teachers in Elementary Schools or Students in Training Colleges.* *First*, Laverty, J. H., Rugby. *Bracketed Second* (£10 each), Ashley, J. W., Widnes; Llewelyn, M., Penycae; Scace, G. W., Crook. *Fifth* (£5), Greaves, C. G, Duxford. *Consolation Prizes:* Atkinson, C., Brockley, S.E. 4; Braithwaite, W., Morcambe; Boll, H. C., Manchester; Chidlow, F., Oldham; Gibbs, E. K, Birmingham; Greene, W. L, Abingdon; Harrison, C. B., Calverley, Yorks; Lewis, W., Lampeter; Raybould, A., Eston, Yorks; Rees, H. J. M., Kingsbridge, Devon; Robinson, M, Fleet; Sawyer, E. C., Palmers Green, N. 13; Williams, A. M. G., Wisbech; Yelland, F., Bromley.

Class II. *Secondary School Teachers or engaged in any other class of scholastic work.* *First*, Howland, R. C. J., Fulham. *Second*, Nichols, C. W., Croydon. *Third*, Humphries, A. L., Birmingham. *Consolation Prizes:* Arnold, L. E. M., Southampton; Butler, E., Leicester; Cowman, D. H. B., Dulwich Common, S.E. 21; Goldingham, K., Ware.

Class III. *Social and Industrial Welfare Workers.* *First*, Pyke, H. R., Balham. *Second*, Overstall, L. D., Rochdale. *Third*, Gray, F. W., Chatham. *Fourth*, Jeffrey, A. M., Thornton Heath. *Consolation Prizes*, Asquith, E., Pudsey; Birkett, T., Solihull; Cole, G. H., Shenfield; Davidson, J. M., Coatbridge; Gibson, J. L., Pudsey; Haines, G. M., Huddersfield; Parker, G. H., Streatham; Potter, P. C., Northwood, Middlesex; Ward, O. I., London, S.W. 1; Withers, J., Birmingham.

Class IV. *Members of Trade Unions.* *First*, Allen, A. M., London, N. 5. *Second*, Brown, J., Paisley. *Third*, Leatherland, C. E., Macclesfield. *Fourth*, King, W. J., Newport. *Consolation Prizes:* Box, L. J., Devonport; Easton, A., Glasgow; Farmer, K., Sunderland; Hughes, A., Manchester; Marriott, H., Brighton; Michael, S., Glasgow; Simpson, T., Stafford; Statham, A., Derby; Towers, G., Shrewsbury; Wood, B. T., Walton, Derbyshire.

Class V. *Ministers of Religion.* *First*, Shields, Rev. A. L. J., Manchester. *Second*, Owen, Rev. G. L., Birmingham. *Third*, Jones, Rev. T. W., Rhondda. *Bracketed Fourth* (£3 15s. each), Hainbrook, Rev. A., Nottingham; Haines, Rev. R. E. M., Huddersfield. *Consolation Prizes:* Cameron, Rev. T., London, W.; Colley, Rev. J. T., Croydon; Crump, Rev. R. J., Leek; Jones, Rev. W. P., Clynderwen; Roberts, Rev. F. W., Skewen; Sinclair, Rev. A. C., Manchester; Thomas, Rev. W., Liverpool; Whitehouse, Rev. T., Hove; Williams, Rev. S. E., Sheffield.

No. III

NOVEMBER

MCMXXIII

"Continual censuring is an embroilment. Prudence and tolerance bring a man farther than arms and offence."

INDUSTRIAL PEACE

CONTENTS

Paradox in Politics

The Facts of the Case in Diagram

Accountancy and Industry

Socialism: The Socialist Alternative

On the Wider Significance of the Domestic Service Report

Obedience

The Problem of the Non-Unionist

Food for Thought

Day by Day

PARADOX IN POLITICS.

THE problems that face the nation at this hour sober and silence the ordinary man by number and intractability. His silence is deepened by the realisation that the nation is less powerful than in the recent past; for it is demilitarised, and its business goes badly. The nation, having abolished conscription and cut down its fleet, having seen profits turn into losses and the multitude of the unemployed increase beyond parallel, is in no mood for heroic or ambitious schemes, nor is it in funds for them. It is apprehensive, self-critical, and almost penitent—if only it knew of what to repent. And on its anxious quietude there crashes the Socialist orchestra, every instrument blaring a policy, in a tumult of sound. Socialist policy is like some of Wagner's music; it makes up for its lack of aesthetic or intellectual appeal by sheer nerve effect. Perhaps it is good for the nation to be waked up thus. Socialism, anyhow, has a quick sense of the dramatic in politics. And in what else does the dramatic consist, if not in rapid changes of key, in sudden and baffling confrontations, in reversals of behaviour and somersaulting. The dramatic, if overdone, easily turns into paradox. Socialist thought, such are its energy and its haste, is by nature paradoxical. It damns the inevitable, and demands the impossible. For a weary and embarrassed nation Socialist policy is a ritual of fine fancies and rotund threats and splendid make-believe. It is like a "dram" when a man is exhausted. But a "dram" is not food or clothing or housing or any other comfort, or any method of getting them, but just a momentary "cheer-up." The illusion of immense resources and resourcefulness which Socialism tries assiduously to create may be doing the nation some brief momentary good.

But let us look at the paradoxes. The most besetting paradox of them all is to be anti-everything, and particularly to resist and disparage the nation's mood or action of the moment; in which Socialism inherits the function of one wing of the old Liberal party. Thus during the War our Socialists were Pacifists. Now they rail at the Treaties of Peace, and would throw the affairs of Europe back again into the Cauldron—and it would have to be the cauldron of war. Some of our conscientious objectors now sit in the House of

Commons, and are full of fight. The Socialist championship of Germany is paradox *à outrance*. The Editor of the *New Leader* (Oct. 26) writes in a leading article: "*Early this week it looked as if French policy were about to make German unity a memory.*" Now, Germans in a good many cases differ to disagree, and disagree to quarrel: and some observers believe that only terror of a common foe, or their own predatory instincts can weld them into one. A loose Federalism in Germany may be better for Europe and the world than thorough unification. But the Editor, "without finesse and without detail," says of the British Government: "*It must instantly and publicly, in blunt unconventional English, lay its veto on the formation of the Rhineland Separatist State. . . . . It must boldly require the evacuation of the Ruhr by France.*" This is magnificent, but it is not politics. It is War. No, it is only words.

Take next the motive of Nationalisation, which is partly paradox and partly sheer perversity. The nation had enough of State-control and bureaucracy during the War, though it gained by having its conception of the State widened. But Socialists preach that all our present woes would yield to complete State-control and all-round bureaucracy. They think, too, that the new sentiment for the State can be properly expressed only if the State owns and manages everything. The one view is bold nonsense; the other degrades patriotism.

Or take the problem of taxation. The burden of taxes is already too heavy for all classes. Incomes have diminished and taxes risen to such an extent that an all-round reduction is the one thing needful. There is no longer a balance of income for the Chancellor of the Exchequer to encroach on. If he must have more, he must needs come and take the goods of citizens, the various items in which they have sunk their money, and which are of use to them either in their business or in their daily life; that is to say, he must impose a capital tax. This is what the Socialist party is eager to do. It is right in one respect. When you come to the end of taxable income, the only thing left to tax or take is capital. But it is wrong in another, viz., in thinking that when you come to the end of taxable income, you should still endeavour to tax.

Take again the problem of the rates. In an article on "Municipal Finance" in the *New Leader* (Oct. 19), Mr. Herbert Morrison, L.C.C., an ex-Mayor of Hackney, lets the embarrassments of Socialist policy in face of popular hostility

to high rates appear very clearly. How do Socialists intend to deal with this hostility? Not by moderation or patience, not by limiting public expenditure, but by launching the municipalities on a career of profit-making. These bodies are to be free to conduct any lawful business. Anything that a Company may do they will do under the Socialist régime: though most Companies go bankrupt. Mr. Morrison mentions, with approval, that Hackney and St. Pancras both made profits on municipal dances in recent years. When the rates reach the limits of what can be borne, the ordinary man expects the municipalities to go easy. The Socialist bids them go into business. If they did, they would have to pay more for their money than they pay at present. But it is not necessary here to trace out the results of all-round municipal trading. In municipal finance, as in national, the Socialist coming to the limits of what can be done is not checked, but goes forward, impenitent and paradoxical, to find new sources of revenue.

The Socialists' belief in the State is as unhesitating and as amazing as their disbelief in human nature. In the *New Leader* (Oct. 26) Mr. H. N. Brailsford outlines a scheme for the regeneration of Agriculture. His machinery involves the nationalisation of banking, or at least a State Land Bank, a State monopoly for importing food stuffs, and County Authorities which, under the Board of Agriculture, would enjoy almost unlimited power. It need hardly be said that the scheme aims at state-ownership of land as well as State control. If the British nation deserves such rigours and refinements of regulation, let it drain the cup to the dregs. But what has it done to deserve all this? For Socialism is really a penalty, and the greatest of the Socialist paradoxes is that mankind profits most by punishment. And Socialism is no vague dream or future prospect. It exists here in our midst. You can find all its features and qualities in many a working model not far away. "Production for use, not for profit" and "Communal ownership of all the instruments of production, distribution and exchange" are the principles that rule there. Communal housing, clothing, feeding, communally provided work, communal doctoring, communal care and foresight down to the wearing of prescribed garments and the clipping of hair, are its notes. Socialism is precisely the scheme on which all prisons are run. Our paradoxists would make of all England one prison.

THE FACTS OF THE CASE IN DIAGRAM, No XLIII.

WHEN, a few years ago, a great Railway strike was imminent, the issue hung at a critical moment not on a matter of principle, not on one of policy, but on a mere question of elementary fact. There was a dispute as to the exact wages that were being earned by the various grades of railwaymen. The Government quoted one set of figures and the Trade Union officials relied on another. Eventually a neutral body brought the disputants together, an agreed figure was reached at the eleventh hour and the situation was saved, but only in the nick of time. That such a state of affairs could have arisen argued a degree of happy-go-luckiness which had to be experienced to be believed possible, and shows how vastly important it is that clear and unmistakable statistical data of this kind should always be readily available. With regard to the railways the lesson has been well learnt, and the Financial and Statistical Department of the Ministry of Transport is now pre-eminent amongst Government departments in preparing and publishing returns which should keep responsible people informed on all subjects that are susceptible to statistical treatment.

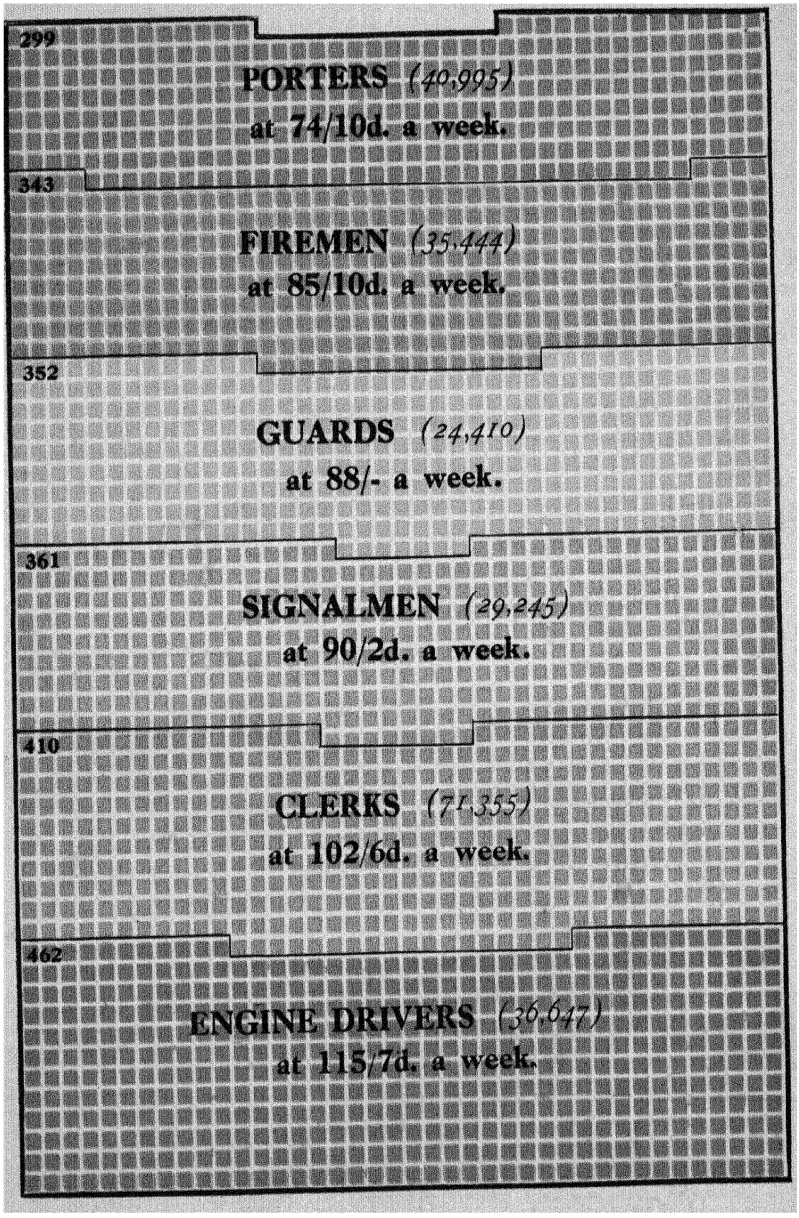
So far as the general public is concerned, however, the case is somewhat different The ordinary man is not going to take the trouble to analyse and digest elaborate returns containing a mass of detail and long columns of intricate figures. All that is necessary, in his case, is that he should not hold preconceived ideas which are incorrect and therefore calculated to lead him to embrace erroneous opinions at the instigation of that particular section of the press which happens to suit his journalistic fancy.

One of the many popular fallacies that have obtained current credence is that railwaymen constitute an army of workers who in point of numbers greatly exceed the shareholders whose interest centres round the financial results of railway management. As a matter of fact the boot is on the other leg and it is the railwaymen that are in the minority.* If

* In 1921 the "Railway Gazette" published figures showing that the number of debenture holdings in British Railway Stock was 219,886 and that the number of preferential and ordinary holdings was 827,391; a total of 1,047,277 individual holdings. The total staff employed by the Railway Companies in Great Britain, as revealed by the Census taken in March, 1921, was 735,870. That is to say, the number of shareholders exceeded the number of employees by more than forty per cent.

DIAGRAM No. 75.

(Note.—The figures in this diagram, left hand corners, indicate the number of squares in each group, and the figures in brackets indicate the number of staff upon which calculations are based).

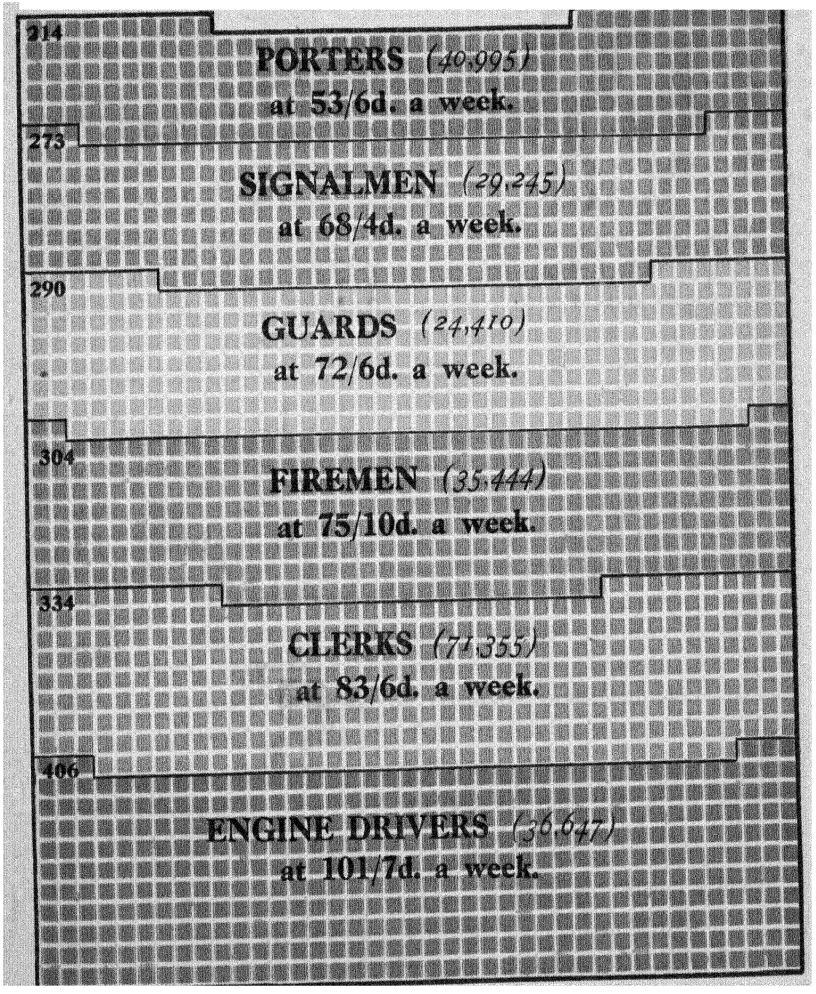


COMPARISON OF THE AVERAGE WEEKLY EARNINGS OF RAILWAY STAFF IN THE GRADES SHEWN. MARCH 1921.

Scale : Each square of colour represents three pence.

DIAGRAM No. 76.

(Note.—The figures in this diagram, left hand corner, indicate the number of squares in each group, and the figures in brackets indicate the number of staff upon which calculations are based.)



COMPARISON OF THE AVERAGE WEEKLY EARNINGS OF RAILWAY STAFF IN THE GRADES SHEWN. MARCH 1923.

Scale: Each square of colour represents three pence.

therefore the syndicalist idea of running the industry primarily for the benefit of the employees were to be put into operation the result would be to dispossess the many for the supposed advantage of the few—a project that would have little chance of proving acceptable under any democratic form of government.

Diagrams numbered 75 and 76, which we publish this month are in effect a broad simplification of part of a Return issued by the Ministry of Transport showing (1) the number of persons employed by the several Railway Companies of Great Britain during the week ended 24th March, 1923, and (2) a comparison of the rates of pay at 1st July, 1922, and at 1st July, 1923, and also of the average weekly salary or wage and the average weekly earnings for the weeks ended 19th March, 1921, and 24th March, 1923, for certain selected grades.

Our diagrams do not cover the whole of this ground. They refer only to the "average weekly earnings" of the principal groups of workers in what are known as the "Conciliation Grades," and do not include mechanics and artisans employed by Railway Companies.

The words "average weekly earnings" must be taken to represent salaries or wages, residual bonus (if any), war wage, piecework earnings, tonnage bonus, payments for overtime, Sunday duty, night duty, commuted allowance, and any other payments for work performed, but exclude compensation allowance, travelling and out-of-pocket expenses and meal and lodging allowances.

The Census took cognizance of a bewildering variety of Classes, Departments and Grades of Staff, and the Return gives particulars of the Standard Rates of Wages payable in the London Area, in Industrial Areas and in Rural Districts respectively, together with Bonus additions under the existing Sliding Scale. These refinements are too numerous and complicated for embodiment in a diagram, and we have therefore extracted for our immediate purpose only those figures which will present to the uninitiated a bird's-eye view of the emoluments earned by the six principal grades of railway workers during the weeks selected for comparison. The numbers enclosed in brackets as shown in the diagrams indicate the number of staff upon which the calculations of weekly earnings are based, they do not represent, in every case, the total numbers employed. The diagrams refer only to adult male staff, female and junior labour being ignored.

It is within the knowledge of our readers that the combined Railway Companies of Great Britain are, at this moment, submitting proposals to the Railway National Wages Board for permission to reduce the wages of certain grades of workers. This is an unprecedented step in the history of national negotiations so far as English railways are concerned. Hitherto, applications have invariably taken the form of demands by the men for higher wages or improved conditions of service. Nor is the latter element altogether absent on this occasion, for the Associated Society of Locomotive Engineers and Firemen, as also the Railway Clerks' Association, have tabled counter-proposals involving more pay or less work.

Our object in publishing these diagrams at this juncture is not to favour either party in the particular dispute which is now the subject of negotiation. We do not attempt to prejudge the issue, but only to clear the air by setting down, in a form which admits of easy comprehension, the salient facts of comparative wage-levels at certain critical dates.

In our view, the Railway companies ought to pay their staff the highest wages that the industry can afford, even if such wages are on a scale disproportionate to those that are being earned by other workers. We believe in levelling upwards not in standardising downwards. But who is to be the judge of the capacity of the railways in the matter of wage-rates? On what basis are the economics of railway management to be fixed, and to what extent ought the welfare of the railway workers to prevail against the interests of the rest of the nation? These are hard questions to answer satisfactorily, and can only be settled on lines of give and take. The contradictions which permeate contemporary thought, and the cross-currents which prevent the hope of any logical and permanent solution being found for these industrial puzzles are well exemplified in the problem that is now engaging the attention of the Railway National Wages Board, The representatives of the railwaymen claim to be Socialists. Their case may be good or it may be indifferent, but it is certainly not in conformity with the tenets of Socialism. Theoretically, that creed champions the principle of equality, yet they demand preferential treatment for certain grades, notably for Engine Drivers, Firemen and Clerks, and are particularly indignant at the mere suggestion that the earnings of railwaymen in general should be considered in relation to the wages of other industrial workers. Similarly the point is stressed

that every increase in the cost of living over that prevailing in 1914 should be met by a proportionate increase in wages, yet any mention of a corresponding decrease when the cost of living falls, brings the invariable retort that British workers will not submit to having their wages calculated on a "fodder basis." These apologies for argument are natural enough under the circumstances, and must be expected to be repeated in the course of every dispute, but the trouble is that in the opinion of many people this illogical attitude is the beginning, the middle and the conclusion of the whole matter.

Insistence upon relating all wage comparisons to July, 1914, does not possess the absolute merit which is claimed for it in practice. As long, however, as the cost-of-living index is based on that month, July, 1914, will continue to be the standard to which all subsequent changes are referred. It may therefore be useful to convert the weekly earnings given for March, 1923, in diagram No. 76, into figures which allow for the increased cost of living at the present time as compared with pre-war earnings. After such conversion, the equivalents will be as follows:—Engine drivers, 59/3; Clerks, 48/8; Firemen, 44/3; Guards, 42/5; Signalmen, 39/10; Porters, 31/2.

If we go back another seven years, however, we get a very different set of figures, although the cost of living in 1907 did not differ very materially from that in 1914. A census of wages of men employed on the Railways of the United Kingdom was taken in 1907 under the auspices of the Amalgamated Society of Railway Servants. Webb's "New Dictionary of Statistics" gives a table showing the distribution according to standard weekly earnings of the 259,280 men and boys of whose wages details were collected. Overtime pay and Sunday-duty pay were not included in their standard earnings. The average wage, as at present, was highest for Engine drivers, viz., 38/10 a week; Goods foremen got 27/7, Goods guards 26/10, Passenger guards 26/1, Goods porters 19/6 and Passenger porters only 17/5 a week.

The average weekly earnings, in the first week of December, 1907, of the workpeople (excluding clerical and salaried staff and persons casually employed) in twenty-seven Railway Companies in the United Kingdom were 26/5 per head for England and Wales, 23/6 for Scotland and 19/8 for Ireland.

卐 卐 卐.

ACCOUNTANCY AND INDUSTRY.

THERE is, perhaps, no profession which, in this country at any rate, has advanced so rapidly in importance and status as that of the highly trained accountant. Nor is there anywhere a better jumping-off ground for those who aim at responsible posts in business administration, for a good accountant is one of the most indispensable and versatile men in the world of business. Fifty years ago the accountant was merely an auditor of accounts. Many business people prospered without any exact scientific method of accounting, and the average firm was so small and its problems so simple, that even when it employed the approved method of bookkeeping the auditor's task presented no great difficulty. But the rapid development of joint stock enterprise and the enormous growth of the limited liability company have made it necessary for firms to keep strict accounts and make accurate trading returns. The accountant is, in a real sense, the trustee of the absentee shareholder, and the guide of the person who has money to invest. Without accurate records of past trading experience every investment would be a gamble. Further, the growth in the size of the business unit, the multiplication of departments and products, and the increasing importance of by-products have made the task of the accountant vastly more difficult. During recent years, moreover, taxation has become so onerous, and the administration of our tax system so strict, that even owners of small businesses hesitate to submit their financial statements to the Inland Revenue officials without first seeking the aid of the professional accountant. Accurate bookkeeping and accounting has become so important that large firms now maintain an internal auditing department. A railway 'business,' for example, is divided into four separate branches, engineering, operating, legal and auditing. And all four branches are represented or reflected in most of the large manufacturing enterprises. Nevertheless, the professional or outside accountant is called in at the end of the financial year to audit the accounts.

But the latter is more than the auditor of a complex series of accounts. His work brings him into contact with many types of undertakings in a large number of industries, and he remains a continuous observer, through many years, of the progress of each of his clients. Provided he is worthy of his profession, he is admirably suited by training and experience to be a financial adviser. He observes tendencies and calls

attention to them, and he is generally able, when these are unfavourable, to indicate defects in the organisation. The value of his work in this connexion has only achieved recognition in recent years, even in this country. In Germany the accountant is still regarded as merely an auditor — *Buch Revisor* — and his social status is not much above that of a clerk. But the growing complexity of business, and particularly the difficulties due to the war, have brought into existence a new and distinct profession, that of the *Treu-Handler*, an official, sworn to secrecy, whose function it is to give advice to firms which seek it. The separation of auditing and advisory work does not appear sound. The accountant becomes an expert consultant on questions of policy largely as the result of close observation of accounts which he audits over a series of years.

His experience makes him a valuable director, in which capacity his services are now in frequent request. His knowledge of business and finance, combined with the fact that he is an 'outsider,' accustomed to search for and reveal the truth, qualifies him for work as arbitrator in financial and even labour disputes. The professional accountant is detached and impartial. He is judge rather than advocate. His purpose is not to argue a case but to state the facts, and if called in as witness by an interested party he would still regard himself as an independent witness, and in an entirely different category from the barrister. It would be counted as unprofessional if he deliberately concealed, or denied important facts merely because they weakened the case of his clients. In other words, his approach is purely scientific. And it is this confidence in the professional standard and faith in the integrity of the accountant that has made him so valuable a factor in the economic life of the community.

Moreover, the wide experience of industry gained in the pursuit of his calling has given the accountant a favoured position in respect of secretarial appointments. A large firm will promote an intelligent clerk until finally he may achieve the position of assistant-secretary. But his prospects of becoming secretary are not very bright. His experience is limited to one firm: he knows little or nothing, at first hand, of other firms and other methods. When his directors require a secretary they are far more likely to invite an accountant to fill the post. Or they may appoint a young accountant to a more junior post for the purpose of training him for more responsible work. Accountancy has become an avenue from which many paths open out, leading to considerable eminences.

One of the most recent developments in the profession is in the direction of cost accountancy. In former times business men and accountants were wholly concerned with financial accounts, such as balance sheets and trading accounts. They aimed at a statement of profit and loss on the business as a whole, for a given period. More detailed records enabled them, later, to estimate the results for each department of the business. It is now possible to estimate, within limits, the cost (and therefore profit or loss) not only of each article, but even of each job or process in the manufacture of the article. The framing of this estimate is the business of cost accountancy. The time unit employed in financial accounts disappears and a new unit, the job, is substituted for it.

Although cost accountancy is but in its infancy its importance has already been recognised. In the printing trade and at least one branch of engineering, serious attempts have recently been made to establish uniform methods of estimating cost. The value and methods of costing will be considered in a future article; but it may be pointed out at this stage that a new and separate branch of the profession is emerging — that of cost accountant. It has already formed an Institute of its own, and it may be expected to become even more clearly differentiated as time goes on. But the place of the cost accountant (apart from the one with a consulting practice), unlike that of the accountant, is within a manufacturing firm, not outside and independent of it.

The new profession has already begun to pay attention to the question of training. Having sprung into being so recently, and grown so rapidly, it has been recruited from more than one source. Most cost accountants were either general accountants or engineers. The former maintain that a cost accountant must be, first and foremost, a trained accountant; the latter argue that unless he be an engineer he will be at sea in handling engineering costs — he is essentially a technician. The controversy suggests many questions (which we cannot here discuss) relating to the hierarchy of officials in an engineering establishment, where estimating and costing are important and difficult tasks; and it can only be finally ended after a close and comparative study of the problem. But one may venture the prediction that an intelligent youth who first takes a University course in engineering and economics and afterwards the full training of a Chartered or Incorporated accountant will enter the new profession fully equipped for a career of great usefulness to the industrial community and considerable profit to himself.

SOCIALISM.

The Socialist Alternative.

LAST month an endeavour was made to describe the indictment of the present system usually found in the writings of the best known Socialists. But no reference was made to the conditions prevailing during and since the war. The omission was deliberate. It is true that the most modern writers have paid considerable attention to the recent and continuing depression of trade and to other evidences of disorganisation and dislocation. Either explicity or by implication they attribute such evils to the 'capitalist system,' and they appear to believe that if we had had a Socialist state in being before the war, either the war itself would not have occurred, or its effects in the economic sphere would have been entirely different, and by this time would have completely disappeared. But such criticism is wholly irrelevant. In the first article it was suggested that we should not judge the possibilities of Socialism by our experience of State control under the highly artificial conditions produced by the war. It is no less unfair to attribute all the economic consequences of the world-conflict to a method of industrial organisation which was designed to meet the requirements of peace, but was never expected to satisfy the abnormal conditions which prevailed after 1914. It is for this reason that only those criticisms were considered which were directed to the system as we knew it before the peace of Europe was disturbed. Nevertheless, the manner in which the so-called competitive system adapts itself to the new and urgent requirements of our time must be reckoned as part of the test of its adequacy for the future. If, under its operation, economic society shows no power of recuperation, it is clear that we must seek an alternative better suited to meet modern needs.

Socialist Manoeuvres: *(a)* The Strategic Advantage.

Apart from the opportunity provided to undiscriminating controversialists by the disastrous economic consequences of the world-conflict, the Socialist enjoys a strategic advantage. He is attacking a system which has long been in operation, and is able to select the point, method and time of attack. Those who believe that the principles underlying the present methods of economic control are, on the whole, the best that can be devised are always on the defensive. The Socialist stresses

the imperfections of the present system and argues that they are inherent in the system itself, and cannot be eradicated without a complete revolution and the acceptance of principles of organisation and control which are in fundamental contradiction to those now governing economic society. He calls attention to evils which all are attempting to remove, and argues that they will exist until his own alternative is adopted.

When offering an alternative he frequently assumes that it will achieve the end in view, without attempting to indicate how it will do so. His opponent accuses him of committing a two-fold fallacy. He accuses him, as a critic, of confounding the essential with the accidental, even the irrelevant. The imperfections attributed to the present system may, he argues, be removed not by destroying, but by strengthening the essential features of that system—and the policies of Liberals and Conservatives, though differing in important respects, are alike in that they are designed with that object in view. Again, many of the evils from which society is now suffering have nothing to do with the present form of economic control, and would continue to exist if Socialism had become an accomplished fact.

(b) Begging the Question.

The second fallacy of which the Socialist is accused is that of begging the main question at issue, of assuming precisely what he has to argue, which is that a Socialist society would prove a better alternative. But such a method of defence, though it may be effective in small meetings of serious students, is not highly spectacular, and is apt to leave a popular audience cold. The first round is thus likely to end in favour of the advocate of change, merely because he is an advocate of change. Newness is an advantage in the initial stages of propaganda.

Citizenship under the Socialist Plan.

It is by no means easy to visualise an economic society constructed upon the Socialist plan, yet we must endeavour to do so if we are to make a serious attempt to estimate its probable consequences. 'Private enterprise' is to be abolished, and its place taken by public ownership and control. What exactly does this mean? We are frequently informed that it does not imply the abolition of competition, but only a change in its form. Personal competition, it is said, will remain, but it will be essentially competition of service. Such a contention opens up a large field of enquiry which will occupy our attention at a later stage. For the present we shall content

ourselves with an examination of other implications and corollaries of the statement that private enterprise is to be abolished.

(1) A nation of Civil Servants housed in Barracks.

The state will organise and control each industry in turn. We shall all be civil servants. No one will be allowed to invest capital for the purpose of selling goods or services in the market. No one will be allowed to open a shop or erect a factory, or build houses for sale or for letting purposes. It is, indeed, extremely doubtful if anyone will be allowed to own a house. If he is allowed to own the house in which he resides he will clearly be compelled to sell it if and when he removes to another house—if not, he will be a private speculator. In time we shall all be tenants of a public authority, either the state or the local authority. Our money will be invested in government loans. There will be no banks. Banks as we know them will not be required. For they exist to provide a safe deposit for our surplus cash and credit to those who require it for business purposes, i.e. for private enterprise. The state will provide money in payment of wages and salaries. But it will not be money in its present form, i.e., legal tender and credit instruments. Presumably the state will provide 'tokens' to represent the claims of the worker upon the stores of the government. These tokens will not circulate—they will simply be returned to the state stores as payment for goods. It will be impossible for them to circulate except in the form of gifts to needy individuals; and in that form they will not be required, for all unfortunate people will be a charge upon the State.

(2) Conscription of Labour.

Restrictions upon personal liberty will not be limited to preventing us from making and selling at our own risk, and for profit. We shall be told, not only what we may not do, but also what we must do. A youth may not decide his own career. He must adopt a career dictated by the State. This seems to be the inevitable consequence of collectivist organisation. If the State runs short of coal miners and is well supplied with teachers (not an improbable event) youths will be sent to the mines. Nor will the various State Departments be permitted to adjust rates of remuneration in order to induce people, by the offer of greater reward, to move from one service to another—that is the method of 'private enterprise.' We shall not be allowed to proceed from one part of the country to another if we desire to do so, though we may be compelled to remove, even if we desire to remain where we are. Coer-

cion will be substituted for the inducement of private gain. Collectivist control involves economic conscription. If 'personal competition' remains (and we do not deny the fact) it must be either the competition of people engaged in the same industry or service (and will merely determine the rapidity of promotion) or the competition of young people for entry into a particular industry or service, if and when recruits are called for. In other words, the principle of 'limitation of entry' will govern all industrial recruitment. The degree of harshness with which this principle will operate will no doubt depend, in practice, upon the character of the adminstration; but that it will be the governing principle is inevitable.

(3) The Abolition of Workers' Societies.

There will be no room for Co-operative Societies either for production or distribution. Co-operation is essentially a form of private enterprise. A Co-operative Society represents a group of people who aim at the elimination of profit but who, in fact, earn profit and distribute it among the members in a certain manner. It is no less a capitalistic organisation than is a joint stock company. Nor will there be any room for Insurance Companies and Friendly Societies; insurance as a function will, indeed, disappear. The State will be like a super joint stock company whose risks have everywhere been sufficiently spread to make insurance with an outside body superfluous.

(4) No "Right to Strike."

In the thorough-going Collectivist State there will be no trade unionism, conciliation and arbitration of the kind which are now so valuable. Trade organisations will be an administrative necessity. But there will be no 'bargaining,' no strikes or lock-outs. For the admission of the right to strike would be an admission of the right to strike for any length of time, and to collect, in advance, strike funds for this purpose. These organisations and methods are part and parcel of the present system of private enterprise. The Collectivist State, retaining the monopoly of all forms of economic effort, would be compelled either to provide occupation for every member of the community capable of work, or adequate maintenance for those for whom it could find no work. Clearly, therefore, it would retain the right to select the kind of work which anyone should do and to compel obedience on the part of the worker. It is essentially a 'military' rule: the country would become a 'barracks.' So much for the new society in so far as it affects work. Its relation to the consumer will call for examination later.

ON THE WIDER SIGNIFICANCE OF THE DOMESTIC SERVICE REPORT.

THE caricaturist and the sensation-mongers of the daily press have already filled us to repletion with criticisms, alarmed, jocose or earnest, of this quite curious phenomenon of modern social science—the Report of the Committee appointed to enquire into the conditions affecting the supply of female Domestic Servants. It may be that there is much in the report that could hardly be successfully adopted just now, other industries and services remaining as they are, but "wha does the utmost that he can, Will whyles do mair," and it is one of the accepted features of present day negotiations that we state our claims largely so that if we be made to retreat there is still a chance of getting away with the essentials.

In estimating the value of this work it is important in the first place to recall the circumstances of the inquiry. The Committee was not appointed at the instance of the domestic workers It was instructed to inquire into the conditions affecting the supply of a particular service because, on the one hand, the inadequacy of that supply is inflicting hardship on the whole nation and, on the other, there are some hundreds of thousands of women and girls totally "unemployed." The service, not the servant, is the crux of the inquiry.

Further, the service is domestic service. The last three years have accustomed us to inquiries into the causes of unemployment in this or that industry, and we accept, for lack of better argument, the plea that there is no employment because there is no demand from abroad. But the breakdown of domestic service despite a strong—an unusually strong—demand is quite another problem and, correctly viewed, it is serious, disquieting and fundamental.

The existence of the problem is an indication of a highly unsatisfactory state of affairs, not in this class or in that, but amongst all the women in the country. And it is not possible to dissociate the welfare of the men and the children, and of the country itself, from the adequacy of the women.

The evidence of the Report shows the women of the employing class to be lacking in the knowledge of the art of domestic management, and the majority of the working-class women and girls to have no understanding of domestic work. The supply of women and girls able to offer domestic service is actually insufficient, quite apart from the unattractiveness

of the demand. Capable exponents of the one craft in which every woman should be versed do not exist in sufficient numbers.

Now domestic work, both the management of a house and the actual accomplishment of the processes involved, demands practice and intelligence. It is skilled work, and both employer and employed require some training in their respective functions. In earlier days, when it was necessary for each household to do its own baking and brewing and curing and preserving, a thorough domestic training was as natural a part of the average girl's upbringing as school and games are now. But a variety of factors have tended gradually to destroy all real domestic art in this country, and ignorance and decay have brought into disrepute the most essential and in many ways the most interesting of women's accomplishments. There is much excuse for the working classes of the towns. For over a century and until quite recent times, the factory and the mill absorbed the energies of the potential housekeeper from early childhood. Generation has succeeded generation in which the mother had nothing to teach the child because she herself knew nothing, and life in the home, viewed as training, was barren because there had never been time or opportunity to learn the difference between making a home and merely herding beneath a roof. For the employing class there is less excuse. They err, too, through ignorance, but also through folly and false pride. They have despised and neglected the most important of their functions until a proper and intimate knowledge of good housewifery amongst so-called educated women has almost ceased to be.

The appointment of the Committee and the Report of their findings are in reality an arraignment of the women of this country, and it is an essential step in our national recovery and development that the nation—men and women—should realise the full significance of the indictment.

Whether or no the hand that rocks the cradle rules the world, it is at least indisputable that the whole of life is conditioned and limited by the rôle played by the womenfolk of a race. And by some fatal error of judgment on the part of men, women in England have been assigned an all-important rôle, difficult and complex, for which training is not given and credentials are not asked. Yet in our state of society good management in the home is the only foundation on which the economy of the State can be firmly built. The working man's efficiency is not so much dependent upon whether his wage is forty-five or fifty shillings, as upon whether his house is a

home, whether his wife knows how to spend his wages to advantage, to "make a good job" of cleaning, cooking, repairing, and of tending his and her children. Good housekeeping is essential to good industry, good citizenship, wise democracy and safe government. Orderly homes will produce an orderly State, and no amount of legislation or external help can cover up the deficiencies produced by a slovenly, ill-ordered home.

The Socialist Labour Party stress the lowness of wages and the evils of bad housing, and blame the capitalist system for both. But as a matter of fact small wages and bad housing—however objectionable—are less fundamental in the problem than is this ignorance of domestic economy, this complete failure to recognise the worth and difficulties of administering as against earning the family income. A woman must have a decent house in order to create a home, but the decent house is little good unless she knows how to manage it. Similarly, a large wage can more easily be squandered without advantage than a small one well-spent.

If the women of the working classes are trained and educated in the essential matters of washing, cooking, mending, and of rearing and managing children, the wages of the men will rise automatically because of their greater efficiency. And if domestic arts are properly taught to all girls, respect and liking for the occupation will quickly follow knowledge and understanding. Then, indeed, the domestic service problem will solve itself. For the real trouble lies in the general ignorance of employer and employed and the solution is a question of educational reform which shall give to all women the knowledge that is essential to the accomplishment of the minimum share they have to contribute to the national economy. The workers' standard of living can be raised and maintained at a high level only if the value of women's work is properly recognised and they are taught to pull their full weight.

For these reasons the Report on Domestic Service demands our earnest attention, and though its proposals may call for cautious study, its spirit and intention should be received with sympathy and insight. Let us interest ourselves in domestic service, let household management be studied in all its branches, let proficiency be crowned and honoured wherever it is found. Cultivate amongst men a proper recognition of the value of domestic arts and the problem of the domestic servant will resolve itself into the smaller question of hours and conditions which has been fought in every other walk of life.

OBEDIENCE.

It is man's nature to incline somewhat to obedience, and therefore authority is of nature, and both are good. If none inclined to obey at all, authority were void. Then had kings, laws, duties, judges, and powers been useless everywhere, nay, monstrous. The particulars of obedience and authority are mixed good and bad, since it is hard to command or obey rightly. Some men obey altogether too easily, being weak or slavish or worn-out, and others because they desire to please someone thereby, and others from an heretical opinion, or a vow. The hard-necked prefer liberty to obedience, and are more troublesome. It is better, to be sure, to hold fast by liberty than to back out of it, as some do, or sell it, or wager it away, since persuasion can sooner bring the stubborn on towards obeying than correct the weakness or the opinions of the other sort. The stubborn say liberty, but mean otherwise. Their moodishness incites them often against restraints, or ambition for rule makes them obey others ill, or they follow their impulses or greedy reckonings up of their advantage. Yet obedience, which they flout and despise, as if none could hit the mean therein, but any essaying it must sink into slavishness, is the price of safety and power, and action's root. Now, either conscience or the Devil must rule: and if it be the Devil, it is all one whether he fawns or rages. Some, dallying with that which is forbidden, lose their time and the sharpness and force of their minds as well, and all their brooding and hankering only makes them duller. Being drawn this way and that, they swell up with heat and doubt, and think their souls grown great and full of power, whereas their excitement is not strength, but the waste of it. Their evil flames not out in great sins, but consumes them smoulderingly 'ere they know it. The bolder sort flutter not thus, but plunge in, and are discomfited, though the quicker learners among them bestir themselves soon, and escaping out save often more of their substance from destruction than do the dalliers. How much better do they that turn aside instantly from evil! They save that the others cast away, opportunity and strength, which are man's whole riches. The commands of conscience are true economisers. They warn a man of evils and dangers, and direct him towards his good, for nature intends none

to live in civil war within himself or to spend himself wastefully. Though conscience forbids him in one matter, it adds courage and power thereby in another. Obedience is our thrift and saves us altogether, if we will. And just as some, defying conscience, waste themselves in dallying or in sinning outright, so some are set on fire by outward things, which draw them on to combat or improve them, though they are in no man's power to right, and scarcely in the power of all together, if all could be brought to act as one, and not for a moment only, but steadily for a space. Thus many must needs judge their fellows and reform all, 'ere they will work, for their ardour is without measure. But since no states or governments or customs are perfect, and the majority of men everywhere are burdened by faults and errors, the lessening of evils is a very long matter, and far exceeds man's span. The generous, who endeavour after the general good, are hard to tell herein from the multitude of the irritable and meddlers and gossips and other lovers of turmoil. Now each man is born, as Aristotle says, to be a citizen of some society, and therefore he owes obedience to the same, to put up with it on the whole, though duty bids him not to honour or consent to all matters equally. Nay, some rebelliousness is good. But since his course is strewn with dangers, he must steer warily towards his desired port. To suppose the evils in his society greater and more than they are, and to go tilting headlong at them will not help his voyaging. Continual censuring is an embroilment. Prudence and tolerance bring a man farther than arms and offence. Man's life is short and difficult and his strength small, so that without caution and thrift he cannot prosper. In this matter, too, obedience is an enricher. Those who choose this obedience are to be praised, as having learned that for a man to do his work and bear others goodwill is better than contention. By fiery dissent, and heady skirmishing at all and sundry, none comes towards his goal, unless this be strife. But obedience, though it be vigilant and swift, lacks not charity. It is a defence against sins within and distractions and strife without, and especially for those that dwell in cities and other populous places. But they incline rather to unruliness, and count obedience weak and profitless, instead of a quickener and a saviour.

THE PROBLEM OF THE NON-UNIONIST.

EVERY boom in industry sees a large increase of Trade Unionism, and as the bigger the boom the bigger the extension, it almost seemed during the period 1915 to 1920 as if the problem of non-unionism was approaching solution by the absorption of all non-unionists into the unions. But industrial depressions, too, have their reactions and the exceptionally severe period through which we are now passing, though it has not yet wiped out the previous gains, has brought about a great decline in trade union numbers. There are, moreover, signs that this defection has reached its maximum, and the proposals for co-operation between the N.U.R and the Transport Workers, and the searchings of heart at the Trade Union Congress suggest a desire to put their house in order, as a preliminary to a new forward move.

The nature of the problem is best understood by considering the reasons which keep men from joining the Unions. First, there are the non-unionists by necessity. Some are so simply because there is no Union in their trade or district. This till recently was the case with most agricultural labourers and many unskilled workers in industry. The difficulty, however, should be settled, in the natural course of events, by the gradual extension of Union organisation, and already far more adequate provision is available for the classes concerned. Others, again, cannot afford to pay, or at least to keep up regularly, their Union subscriptions. Such men are specially numerous among the unskilled, and are a main cause of the difficulty of forming strong and stable Unions among them. The same difficulty also arises with the less regularly employed of the skilled men, and is sometimes serious. In particular many of them drop out during a trade depression. These conditions are a grave handicap to the Unions. They strengthen the hands of the employers in enforcing reductions or resisting advances, and give opportunity to bad firms to undercut those who observe the standard conditions. A similar difficulty arises in the case of men who are too inefficient to earn the Union rates. Finally there are the men employed in non-union shops, to which the organisation has not yet been extended. Normally, the Unions only gradually secure recognition by employers, and until this becomes general, men in other firms may have to accept less favourable conditions.

to live in civ[illegible]titude of the Unions in such cases is different from Though[illegible] is towards other non-unionists. The men concerned and [illegible]willing but not able to become members. Union policy, Fri[illegible]herefore, strives to secure improved conditions, to extend I[illegible]ndly Benefits, and generally to develop its organisation. [illegible]thus makes Trade Unionism possible for these men and at [illegible]the same time removes a serious hindrance to its own progress.

The second class consists of those who are non-unionists from motives of self-interest. Some men prefer to stand aside, so long as the Unions are weak. They leave the pioneer work to others and thus save themselves from risk. They are not, however, the most serious problem, for sooner or later they will be drawn into the Unions. More important are those who either stand aside altogether or adopt an in-and-out attitude. Such a course, where possible, has many advantages. Sometimes the Unions are strong enough, when trade is good, to en force their conditions generally, but unable to prevent the employment of non-unionists. The latter, therefore, score both ways. They secure the advantages obtained by the Unions without contributing to the cost and, when trade is bad, can accept employment at less than the standard wage. They also assist unscrupulous firms to undercut their competitors. As a justifiably angry trade unionist once summed it up, "The non-unionists take advantage of all the benefits secured by the Unions, without contributing a penny towards getting them, and then steal our jobs and laugh up their sleeves at us."

To the loyal Trade Unionist such men are the shirkers and job stealers of industrial life. They are regarded, and with much the same justification, as many men who failed to enlist during the great war were regarded by men in the Forces. They are, moreover, a real hindrance to the organisation of the Unions. The non-unionists decrease their bargaining power and may increase their financial burdens by adding to the number of their unemployed. It is not surprising, therefore, that pressure is exerted by the Unions to induce them to shoulder the common burden with their fellows.

Thirdly, some are non-unionists on grounds of principle. They may have been well treated by their employer for many years and remain non-unionist out of loyalty to him. Or they may believe in the principle of individual freedom, especially if they possess abilities above the average, and wish to be free to take full advantage of them. Others again are influenced by the special circumstances of particular trades or localities.

Some men dislike the methods or characters of the members of their local branch. For whilst, normally, the Unions appear to attract the best and most competent men, there are exceptions, and then the good men are kept away. Again, in the case of those inter-Union quarrels which have been so prominent recently, men are pulled in two directions at once and consequently tend to go in neither. Finally, the increasing political activities of the Unions in the cause of a particular party tend to deter those of different views, even when they are sympathetic to the industrial objects of the Unions.

In such cases a hostile attitude on the part of Trade Unionists has less justification. It is, however, the nature of the extremist in every walk of life to try to force all into his own mould; and the Trade Unionist is no exception to this rule. In the first two cases at least the remedy lies with the Unions themselves. The political case is, in some respects, more difficult.

In short, the non-unionist belongs to three main types—those who would join if they could, those who from selfish motives stand aloof; and those who do so on principle. And the Union feeling appears to regard them, or rather the two latter classes, as the 'shirkers' and 'conchies' of the labour world; and there is a similar desire to force them, so far as possible, into the fighting ranks.

To the Unions, and indeed in many ways to the employers who recognise the Unions, the inclusion of the non-unionist is really essential. Feeling may differ towards the several classes, but the necessity for including them is the same for all. The Unions in bargaining with the employers are at an initial disadvantage. Their members are numerous and individually poor and lacking in reserves. Hence organisation is more difficult and apt to show weakness at a crisis. Only unity can overcome this difficulty and a strong body of non-unionists prevents this. To secure equality in bargaining power, non-unionism must be reduced to a minimum. The weakness which it causes may exhibit itself in many ways. Its most obvious influence, as a strike-breaking weapon, is not perhaps its greatest. Non-unionists can do much to prejudice the chances of a strike; but, at least when trade is good, cessation of work by a large proportion of the men will enable the Unions to secure their object. Probably, however, non-Unionism has a more serious influence in making it difficult to retain advantages that have been won. When trade is bad

and unemployment increasing, the existence of a body of men, who are not bound by trade agreements is a powerful lever for reducing wages and lowering conditions. It may, moreover, reduce directly the financial resources of the Unions. The men who accept reductions are employed, those who are loyal to the Unions are unemployed, and the Unions lose both in reduced contributions and in increased charges for unemployment benefits. Thus, if the non-unionists could be kept out of employment, the drain on the Union funds would be less; and if they were in the Union, they would be paying their weekly contributions.

In short, the practical elimination of the non-unionist is essential to the complete success of Trade Unionism. This explains the strong insistence on their own policy in this matter by Unions and employers alike. For the latter realise that the retention of freedom for the non-unionists is a valuable weapon. Hence some long and bitter struggles have taken place over questions which appear on the surface to affect only one or two men, whereas in reality a fundamental principle is involved.

Nevertheless a settlement of this question, on a basis that Trade Unionists can accept as satisfactory, would have advantages to employers which might outweigh the loss of a weapon of great but by no means uniform value. The interest of industry is in stability. This can best be secured by strong organisations on both sides able to speak for all employers and all workmen and to translate their words into facts. The presence of the non-unionists may be an immediate gain to employers, but it is a permanent cause of instability and irritation, and of a feeling among the men that the agreements which they have secured are not really safe. To many of them the use that can be made of the non-unionist may well appear to be a breach, if not of the letter, at least of the spirit of an agreement; and so tends to weaken among the rank and file the feeling of the sanctity of agreements—a weakening that in some instances has been painfully apparent of late. Moreover the non-unionist is often a source of weakness to the good employer, who is apt to find himself undercut by less scrupulous competitors. The elimination of the non-unionist would tend to eliminate unfair competition among employers themselves, and in the long run, judging from the experience of certain trades, should be a source of harmony and stability in industry.

FOOD FOR THOUGHT.

MR. BALDWIN'S Protectionist avowals, wise or unwise as they may be, have freshened politics. No one knows as yet towards what concrete proposals his yearnings will lead him, or how the public will take his suggestions. It is true that leading politicians on the opposition side have hastened into utterance. Mr. Asquith stands where he stood—save for the brief lapse of the Paris Resolutions—and looks forward with evident gusto to another crusade like that of 1903-1906. Mr. Ramsay Macdonald has lost no time in telling his followers how they are to regard the new proposals, and he seems to wish the Election to be rushed, as do some members of the Cabinet. What would happen in the Socialist Party if the campaign should be prolonged is an interesting speculation.

卐 卐 卐

The *Morning Post* has unearthed from the records of the Trade Union Congress in 1916 a very interesting debate on Protection in which Mr. Jack Jones, M.P., made a powerful onslaught on Free Trade. His argument was that it was no use for Trade Unions to struggle to protect wages and conditions of work, or for Parliament to pass industrial legislation for the protection of labour if cheap foreign goods made under "sweated" conditions, or at least under conditions that made their competition unfair, were given a free run in our market. The result of the debate was that a motion in the sense advocated by Mr. Jones was passed by a three to one majority. His argument is far stronger now than in 1916. Trade Union standards and industrial laws protect labour, but themselves need to be protected. So much for Mr. Jones in 1916 and the strictly Trade Union argument. In the *New Leader* (Oct. 26) Mr. Brailsford puts forward some radical suggestions for the improvement of agriculture. They involve vigorous State control of importation and production of foodstuffs, and in some points they resemble closely the proposals which the Australian Prime Minister put before the Imperial Conference. Thus the theorists and the Trade Unionists alike appear to verge towards Protection. It is noteworthy that Mr. Arthur Henderson has declared for a State monopoly in the importation of food. It is natural that the Social Party should spurn the idea of co-operating with the Liberals to resist the Government's proposals, for the Socialists stand far nearer to Mr. Baldwin than do the Liberals. Mr. Brailsford's machinery would suit Mr. Baldwin's purposes very well. Mr.

Baldwin already realises this. Before very long the Socialist Party may realise it too.

卐 卐 卐

It is the fashion to say that Feminism has failed, and there are grounds for this comment in the aims and arguments of the women's movement as the man in the street sees them. For the movement has concerned itself up to the present with the exceptional members of it. The movement is immersed in divorce questions, for instance, while the majority of women are interested in marriage. The movement seeks to remove disabilities and equalities so that women may work or compete on equal terms with men. But the majority of women are much more interested in those matters in which men and women are complementary to each other and have better things to think about and strive for than rigid equality or mere emancipation. Up to the present the "minority women" have had the field to themselves. The Report on Domestic Service, to which we refer elsewhere in this number, tempts us to think that the "majority women" and their needs may now have more attention. These women are the wives and mothers, the working home-makers and home-keepers of the wage-earning classes. They are the hardest-driven section of the nation. In small and ill-appointed houses they bear and rear their children, cook, wash, mend, play the parts of mother and wife, befriend a neighbour, and as best they may support the whole Commonwealth of England by the strength of body and mind and character which nature has given them, on that and no more. Overwork and overstrain make them the weakest part of the nation, and perhaps the bravest, yet no part is more essential than they to national efficiency and welfare.

卐 卐 卐

Mr. J. St. Loe Strachey, the Editor of the *Spectator* dedicated his last book, "Economics of the Hour," in an address of several pages to the "Working Mothers of England." Never was a dedication better deserved or better expressed. The report of the Committee on Domestic Service illustrates strikingly the negligence of the Community towards the girls who will grow into the "majority women," and who need to be trained for their all-important role. Perhaps we shall see the Board of Education and the local authorities at last wakening up to a great task which they have practically ignored in the past.

DAY BY DAY.

(A monthly Record of the principal events which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

Oct. 1st. The Ministry of Labour index figure shows the cost of living to be 75 per cent. above that of July, 1914. Since August 1st this figure has risen four points and the rise is chiefly due to seasonal increases in the prices of milk, butter, cheese and eggs.

Recorded changes in rates of wages resulted in an aggregate increase of £46,000 in the weekly full time wages of over 560,000 workpeople, and in a reduction of over £35,000 in those of 600,000 workpeople. This is the third successive month in which a small net increase in wage rates has taken place, after a continuous period of falling wages extending from January, 1921, to June, 1923.

Fifty-seven trade disputes involved the idleness of about 54,000 workpeople and the loss of about 1,029,000 working days. The principal dispute is that between shipyard employers and the Society of Boilermakers, which began on April 30th.

Unemployment showed little change in volume during September. Among trade unionists 11.3 per cent, and among insured workers 11 4 per cent. were registered as unemployed —a fall in each case of one-tenth of one per cent., as compared with August. The number registered on October 1st at the Employment Exchanges was 1,285,000, an increase of 19,000 since August 27th.

The National Federation of Building Trade Operatives have applied to the National Wages and Conditions Council for various amendments in the present working agreement which will give an immediate increase in the amounts earned. It is contended by the Federation that wages in relation to the cost of living are too low and that they are lower than the agreement warranted.

The Ministry of Labour's Juvenile Unemployment Scheme provides that all young people between the ages of 16 and 18 in receipt of relief shall attend five three-hour school sessions per week, or forfeit relief in proportion to their non-attendance.

3rd. Unemployment: On behalf of the Labour Party, the Rt. Hon. J. R. Clynes has written to Sir Montagu Barlow, stating that in his view adequate financial resources have not been supplied and that the Government has not fulfilled its explicit undertakings and, therefore, Parliament should reassemble at once. The Minister in his reply claims that

substantial progress is being made in administrative details which are a necessary preliminary to the public works to be undertaken.

4th. Coal Mining: A meeting of the National Coal Board was held at which the owners informed the miners that they could not agree to an alteration of the ratio of wages to profits fixed by the Wages Agreement, nor to an increase of the minimum wage rates The owners further intimated that if the miners took action to compel a review of the National Agreement the owners would call for substantial amendments in their favour. The miners refused to accept this reply as final, and it was agreed to hold a joint meeting later.

9th. Tea shop workers: A national campaign for the organisation of workers in the catering trade was inaugurated at a meeting called by the General Council of the Trades Union Congress in conjunction with the five unions which cater for them.

10th. Railway workers: The Central Wages Board met to consider the proposals of the railway companies for a revision of the national wages agreement, to which two of the three unions concerned have replied with counter-proposals. No agreement was reached and the matters at issue will be referred to the National Wages Board.

11th. Railway workers: The National Union of Railwaymen has decided to organise a national agitation against any reduction in wages or changes in Sunday and night work rates. Mass meetings are to be held throughout the country.

12th. Unemployment: The National Joint Council of Labour met yesterday to discuss unemployment. The Council expressed its deep dissatisfaction that the Prime Minister should have declined to call an early meeting of Parliament, and the Government was condemned for the utter absence of any constructive policy. Demonstrations to expose the alleged dangerous incapacity of the Government are to be held in all parts of the country, and Labour's policy for the provision of work and wages will be advocated.

14th. Railway workers: Mr. John Bromley, General Secretary of the Locomotive Engineers' and Firemen's Society, adduced the present wealth of the railway companies as an argument against the proposal to reduce wages. He stated that the total net income of the Railways in 1922 exceeded that in 1913 by £3,422,000, an increase of 7.3 per cent. The reserves had increased from £20,725,000 in 1913 to £129,737,000 in 1922. The average rate of dividend payable in 1922 was 4.74 per cent. and Mr. Bromley stated that

this represented an additional charge on the industry of nearly £69,500,000, which the railwaymen were being asked to bear.

15th. Fulham Borough Council dispute: On Saturday sixty dustmen ceased work as a protest against the Council's decision to introduce piece rates. The J.I.C. representing the non-trading services of the local authorities recently decided in favour of a weekly minimum wage, but the Fulham Council disclaims membership of the J.I.C. and is acting independently.

16th Piece-work opposed: The Admiralty's scheme to introduce a piece work system into the engineering departments of the dockyards is opposed by the workers, who voted five to one against it.

A co-operative scheme for building houses has been evolved by men employed by the London and North Eastern Railway Company. The directors have agreed to advance £50,000 at 4 per cent. interest and to provide land at cost price. The management of the venture, which is to be called the L.N.E.R. (Gosport) Garden Village, Limited, is to be entirely in the hands of the men, but the directors will nominate their estate agent, Mr. A. D. Stevenson, as chairman of the board.

Boilermakers' lockout: The employers, whilst appreciating the efforts of the Tyneside mayors to effect a settlement, have rejected their overtures on the ground that a Government Department has been set up to deal with such matters.

17th Fulham Borough Council dispute: More than half of the dustmen on strike have been replaced by unemployed men and the service is being kept going The men in the electricity works have, however, given formal notice of their intention to come out unless the dustmen's claims are conceded

18th Unemployment: Representatives of many of the larger municipalities in the North and Midlands met at Manchester to discuss ways and means of dealing with unemployment. A resolution was passed urging the Government to finance unemployment relief works of a national character, and to make a grant of at least 75 per cent. towards local works, as the burden on the local rates has become insupportable.

A world conference of all unions organising seamen is to be summoned by the International Transport Workers' Federation. It is alleged that shipowning interests in all countries are employing the fluctuations in currency to the disadvantage of seamen and an effort is to be made to organise resistance against such attacks upon the seamen's standard wages.

19th. Railway Shopmen's wages: The Ministry of Labour reports that the trade unions concerned are not willing to accept mediation in this matter and a deadlock has therefore been

reached. The Companies, however, intend to make a further effort to reach agreement before posting up notices to reduce the war bonus.

21st. The Independent Labour Party has nominated over 1,000 candidates for the Borough elections in November. The new programme issued by the National Council for the municipal campaign states that the first demand is for greater general power to initiate civic enterprise of every description, e.g., to carry on any business undertakings which may lawfully be carried on by a company. The policy of the I.L.P. is directed to modify the power of the Central Government by strengthening self-government both in localities and in industry.

22nd. Fulham Council dispute: Over 400 unskilled and semi-skilled men are now on strike and the electricians will come out at the end of the week unless the dustmen are reinstated.

24th. Boilermakers' lock-out: The delegate conference of the Boilermakers' Society has submitted to the Trade Union Congress Mediation Committee proposals for a settlement of this dispute.

Fulham Council dispute: After a lengthy conference the Council refused to accept any of the proposals of the Trade Unions for the settlement of the dustmen's strike and re-affirmed their intention of supporting the Works and Highways Committee in enforcing piece-work rates.

25th. Fulham Council dispute: As a result of yesterday's decision, the electricians brought industry to a standstill by cutting off power and light thoroughout the borough. The Council thereupon resumed negotiations and whilst nominally insisting upon piece-rates, agreed to pay a minimum weekly wage not less than the men earned prior to the dispute.

26th. The Independent Labour Party has addressed a letter to its branches urging them to be prepared for a general election next year. The members are warned not to allow the Socialist movement to be led into a fight on Tariff Reform *versus* Free Trade. They must boldly declare for a constructive Socialist policy as the only solution of the unemployment evil and the practical alternative to the Government proposals.

29th. Boilermakers' dispute: The Special Committee of the T.U.C. General Council is not satisfied with the representations of the Boilermakers' Society and Mr. John Hill, the Secretary, will therefore be called upon to state his Union's case before the General Council which will meet for that purpose to-morrow.

No. IV

DECEMBER

MCMXXIII

"It is the long ascent of the past than gives the lie to our despair."

INDUSTRIAL PEACE

CONTENTS

New Problems of Democracy

The Facts of the Case in Diagram

Obstacles to Industrial Peace

The Employer in Fiction, in Fact and in the Future

Socialism

A Past in Being

Food for Thought

Day by Day

NEW PROBLEMS OF DEMOCRACY.

It is not unlikely that the parliamentary election of this month will mark the beginning of a new epoch in the constitutional history of this country. Having resulted in a "stalemate" it is, at any rate, bound to force a return to the study of fundamental problems of democracy, and of the nature and functions of the State. The present generation of political writers have been singularly inattentive to these questions. Those who have contributed to the science of politics have been almost wholly concerned with the relations of the State to industry. Apart from Professors Maccunn and Laski, we can recall no writer who may truly be regarded as in direct line of descent from Mill, Mazzini, Green and Ritchie. It is significant, but by no means encouraging, that in most of our Universities the study of Political Science, once regarded as inseparable from that of History and Philosophy, is now linked up with the Study of Economics. The explanation is, no doubt, simple. During the nineteenth century the problems with which the community was confronted were mainly connected with the growth of civil rights, the extension of the franchise, the Catholic emancipation, and the general conception of freedom. And these were questions with which the economists were only indirectly and remotely concerned, and in which they evinced but little interest. But times have changed: the relation of the State to industry is now the dominating problem. And the fundamental problems of democracy are being conceived in too narrow a spirit. The nation needs a new Mill and a new Green to reconsider the nature and obligations of the State in the light of recent political and economic developments.

To the nineteenth-century philosophers democracy was the government of the people by the people for the people. The "community" consisted of a group of individual citizens whose main function was discharged when, by means of the ballot box, they had appointed representatives—not delegates—to give expression to the "general will." Leadership was expected, and valued. The leader's duty was to lead, and to educate. Democracy was far from being "mob rule." Again, the functions of the State were comparatively few and simple. Its primary function was to govern, and by governing to protect. Laws were evolved slowly, and by long discussion. They were precise, and left little or nothing to the discretion

of administrative departments. The State was not expected to interfere more than was necessary with the industrial life of the community. Freedom of enterprise was accepted as the governing principle, and any restriction on that freedom was, *prima facie*, a bad thing. Its necessity had to be fully proved before it was sanctioned. The problems, too, were comparatively simple: the population was only half the present population; industrial organisation was more elementary and industrial control assumed to be determined by "nature." Foreign policy presented fewer difficulties than is the case at the present time. Finally, the people who appointed representatives to the House of Commons were uneducated- most of them illiterate.

How different is the situation by which we are faced to-day! And how remote are the writings of our nineteenth century teachers! Perhaps the most significant difference between the old society and the new is that in the latter the vast majority of the male electors are members of associations controlling their occupations. A trade union is an administrative necessity and, wisely controlled, may do, as many are doing, admirable work for its members. But it represents a group of people with similar economic interests--interests which may be in conflict with those of the rest of the community. Almost all trade unions have now become actively engaged in political work. But the basis of membership and the real purpose of its existence render it unsuitable for such activity. Life is more than work. Nor can it be seen as a complete whole from the economic side. The member of a trade union may therefore find himself in a predicament. Loyalty to the State may be in conflict with loyalty to his society. A citizen who joins with other citizens for specific industrial or professional purposes may find himself called upon to join with them for political purposes, even though his views may be in hopeless conflict on all political subjects. The worker's dilemma is the more serious in that if he is loyal to his private convictions he may find it difficult to follow his trade.

Nor is this all. There has emerged, since the days of the older apostles of democracy, a third political party called the Labour Party. The foundation upon which this party has been built differs from that of the other two great parties in the State. The older parties represent associations of citizens who hold similar political beliefs. The Labour Party is essentially an association of trade unions. While it is true that individual citizens may become members in their indi-

vidual capacities, it is equally true that the party would not exist apart from the trade unions. The new party represents a departure from the first principle of democracy, as represented by nineteenth century writers, to whom the unit was not a functional association but the individual citizen.

Two results are already obvious. The first is that true leadership is at a discount; the second is that the individual has little or no voice in the determination of policy. The leader is driven from behind. In industrial affairs it has already become, in many cases, "mob rule"; and in a mob the individual loses his freedom and individuality. Signs are not wanting that recent experience in industry will be repeated in the political field. Already there is, perhaps, less room for independence of political thought and action in the Labour Party than in the older parties. "Unity without uniformity" is becoming "uniformity without essential unity."

The growth of the Labour Party, and the manner in which parliamentary constituencies are parcelled out among the different industries and professions represent the first step towards "functional representation" or a parliament representing economic interests rather than individual citizens. Many members of the party are frankly seeking the establishment of this new basis of representation, which many of us regard as the negation of democracy. We are, of course, aware of the argument which is employed in defence of the Labour Party and the methods by which it is assisted by the trade union movement. A large, and comparatively poor section of the community disagrees with the principles and policies of the older parties Being poor they would not be able to give effective representation to their views in the House of Commons without the assistance of a party resting upon the trade union movement. Members of trade unions are not compelled to subscribe to the political funds of such unions—they may remain outside the political movement if they desire to do so. Trade unions as such are not members of the Labour Party: for purposes of membership a new entity is conveniently formed, which all trade unionists join unless they express a desire not to join. Such, in brief, is the reply. And the present method may be accepted as useful for working purposes during the present stage of development. But it can hardly be regarded as a permanent method of political organisation. We believe that if the Labour Party is to remain one of the great political parties of the State it must free itself from the entanglement of vested interests, and be reconstructed on a basis of individual membership.

THE FACTS OF THE CASE IN DIAGRAM, No. XLIV.

The Distribution of Unemployment.

In the November issue of the *Labour Gazette* the Ministry make use for the first time of a new method of estimating and grouping the unemployed workpeople in Great Britain and Northern Ireland. The method employed is the same as that followed in the grouping of occupied persons in the 1921 census, and the resulting statistics would appear to give as complete and accurate a survey of the state of employment in each industry as is possible under existing conditions.

The statistics relate only to workpeople who come under the Unemployment Insurance Act, that is to say, with certain exceptions, to all manual workers and to all non-manual workers earning not more than £250 a year. The chief exceptions were agriculture and domestic service, permanent civil servants, pensionable teachers and permanent employees of local authorities and of public utility companies, including railway companies. The number of insured workpeople was estimated to have been about 11,502,800 at July, 1923. The estimate was arrived at by counting the number of insurance books issued, old books being called in and new ones issued annually in July. The classification was also based upon these books and will be corrected annually in accordance with the modifications constantly taking place in industrial occupations. This classification was carried out, so far as possible, on an industrial basis. That is to say, the worker insured is classified according to the nature of the employer's business—or, if unemployed, according to his last employer's business—and not according to the actual craft he follows. Thus, to give the illustration cited in the *Gazette*, a bricklayer employed by a firm of builders would be classified under the Building Trade, whereas a bricklayer in an iron and steel works would be classified under Iron and Steel.

In accordance with this principle the 11,502,800 workpeople estimated to be the total number engaged in insured industries in July last, were divided into a hundred groups corresponding to the trades in which the workers were engaged. In this table are shown the total numbers, male and female, employed in each of the trades, and the total numbers unemployed in June, July, August, September and October, respectively. The relation of the two sets of figures is also expressed in another column as a percentage.

Our diagram No. 77 depicts the total average number of unemployed during the five months June to October, 1923, arranged to bring out the relative importance of the problem in the various industries. The total average shown in the *Gazette* amounts to 1,334,324 workpeople, which would be represented by 2,668 squares, each square standing for 500 persons. Our diagram, however, consists only of 2,570 squares because we have omitted from the total two miscellaneous groups noted in the Table as "Other Industries and Services" and "Other Metal Industries," this description being too vague to admit of their being correctly placed. These two groups together account for 49,000 unemployed and would add 98 squares to the diagram. The remaining groups of trades have been divided into two sections, one containing seventy-three groups massed together. The average number of unemployed in any one of these trades is less than 10,000—in most cases less than 4,500—and the total number unemployed in the whole section averaged during the five months 334,447 and is represented in the diagram by 668 squares. The remaining twenty-five groups are depicted individually, the amount of unemployment in each industry ranging from 11,580 in "Chemicals Manufacture" to 134,980 in "Engineers' Iron and Steel Founding."

This diagram shows the actual volume of unemployment in each of the twenty-five industries in which the extent of the problem is most serious. Diagram No. 78 depicts unemployment in the same twenty-five industries shown as a percentage of the workers normally employed in that trade. A definite use has been made of the colours employed. Thus, red indicates less than 5 per cent. of unemployment; yellow, over 5 but less than 10 per cent.; purple, ten to 15 per cent.; orange, over 15 but less than 20 per cent.; green, 20 to 43 per cent. This colour scheme has been adhered to in diagram No 77 also in order to facilitate various comparisons, such as the relation between the actual volume of unemployment in a given industry and the total number employed, or the difference between the relative importance of the percentage unemployed and the actual volume. For example, three per cent. of unemployment in the Coal Mining Industry constitutes a problem of considerable magnitude, and throws a heavy burden of responsibility upon the nation, whereas the Stove, Grate, Pipe Making and General Iron Founding industry, with a percentage six times as high, has actually considerably less than half the number.

It should be noted that, on account of the exemptions enumerated on the first page of this article, some of the industries shown do not deal with the total numbers employed in the industry, but only with those who are insured. Thus in March, 1923, there were 681,778 men, women and boys in the employ of the Railway Services, whereas our diagrams deal with only 192,780, the remainder being presumably permanent employees.

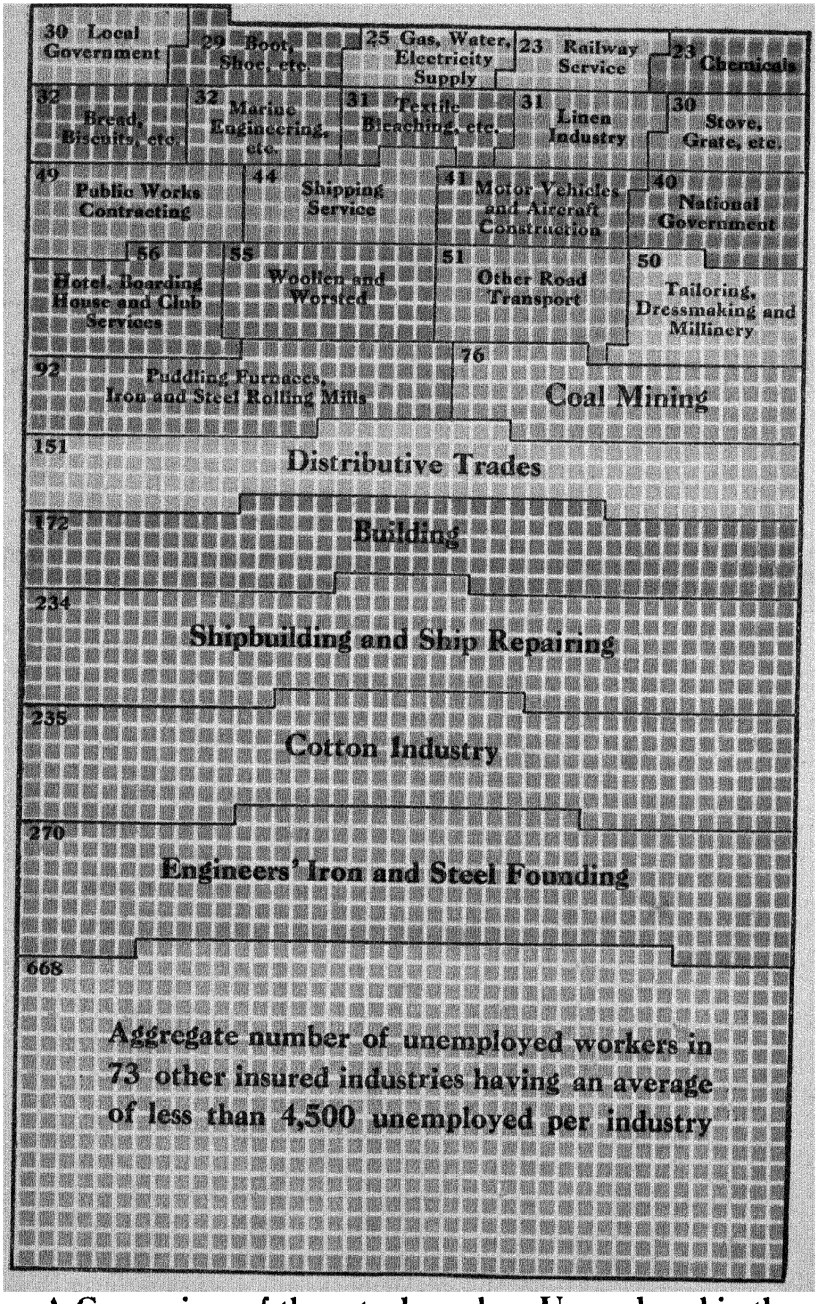
It is interesting to note that two of the largest groups in Diagram No. 77 may be expected to undergo considerable reduction in the immediate future. Unemployment in the Ship Building and Ship Repairing trades has been greatly aggravated by the prolonged strike of the Boilermakers and it is to be anticipated that their return to work last month will help to revive the industry. In the Cotton Industry the American Section has, after three years, at last abandoned short time and increased orders are already flowing in. Unemployment in the Building Trade presents a different problem. The demand is there, but apparently scarcity of bricklayers hampers the proper course of this industry. Still, the difficulty is not insuperable, and in view of all the facts it is again to be anticipated that increased employment in the Building Trade will soon reduce this block. Increased employment in the Building and Ship Building Industries involves some activity in the Engineers' Iron and Steel Founding trade, and the reduction of unemployment in these four industries necessarily reacts upon the Distributive Trades and upon all the trades supplying domestic needs, since it is obvious from this diagram that a very important part of the demand for commodities and services must come from these groups.

While these diagrams were being constructed the figures on which they are based attracted the attention of Sir William Beveridge who, by adopting another method of grouping the figures, showed that nearly three-fourths of the total of unemployment was to be found in industries not directly affected by competing imports, and from this fact endeavoured to show that, as regards unemployment, there was no case for Protection. Without entering upon a discussion of the relative merits of Free Trade or Protection as a policy for this country, a question which, in effect, rests on far more intricate and difficult reactions than the immediate effect of either fiscal policy upon a given industry—we would point out that a reduction of unemployment in any one group will always mean some reduction spread over a number of other groups, since employment in one industry calls for the raw materials and

DIAGRAM No. 77.

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

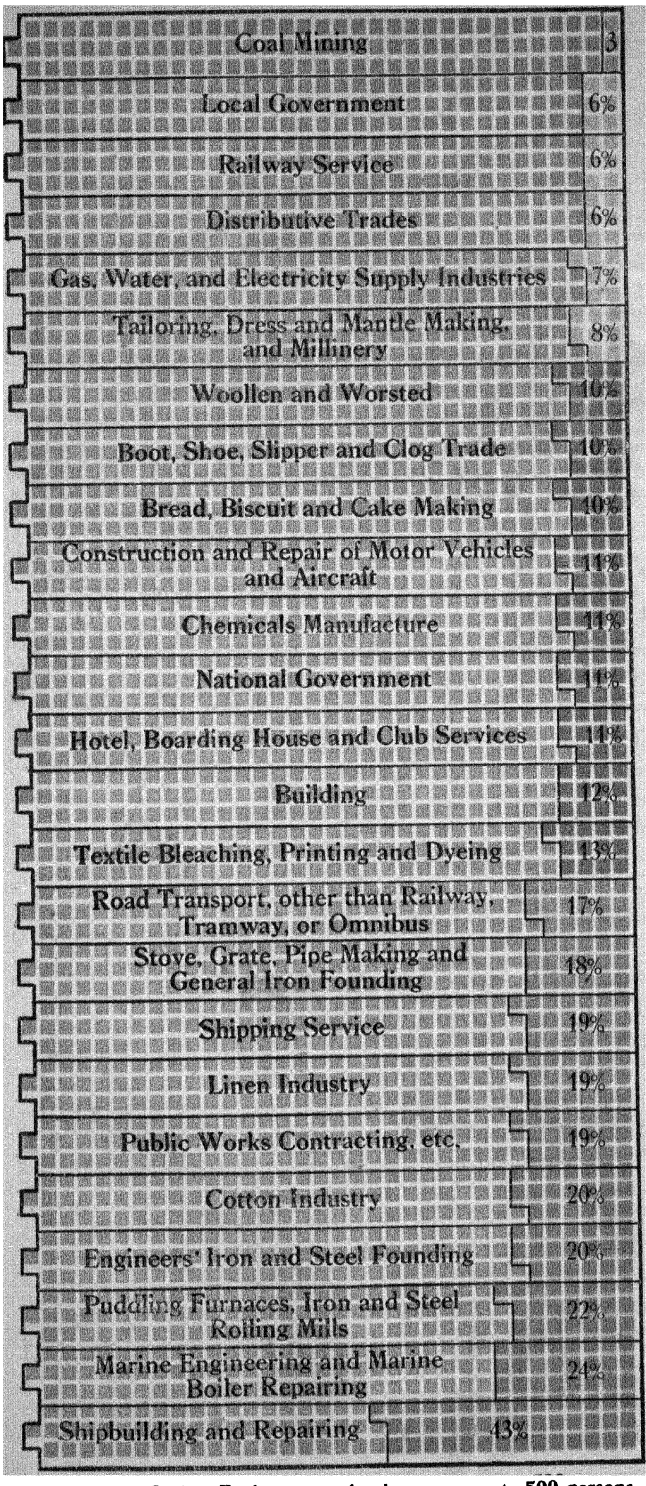
The Distribution of Unemployment in Insured Industries, June to October, 1923.



A Comparison of the actual numbers Unemployed in the Industries shown.

Scale : Each square of colour represents 500 persons.

DIAGRAM No. 78.



Percentage

of

Workers

Unemployed

in

each of the

25

Industries

shown

in

Diagram No. 7

Scale: Each square of colour represents 500 persons.

services of other industries, and puts purchasing power into the hands of the workers who thus increase activity in the food, clothing, housing, transport and other industries. Moreover, an increase in the volume of any new industry resulting in a demand for labour larger than the supply already in that trade, would directly reduce unemployment in other trades by absorbing therefrom workpeople whose skill could be adapted to the new work. In view of the fact that the abnormal demands of the war seriously upset the normal balance of labour, drawing, for instance, vast numbers into shipbuilding and metal and engineering industries, the obviously wise course is to look to reduce some of the unemployment in such industries by drawing their unemployed into other trades. Some part, at any rate, of our present inertia is due to internal causes, misdirection of our labour supplies being among them. It is possible that the trade revival which seems at last to be in sight would again for a time absorb the unemployed. We cannot so easily gauge what would be the effects of a policy of protection. Assuming that it did not have any of the adverse effects feared by those who believe in free trade, but served its avowed purpose of stimulating production, abnormal unemployment would again disappear, but the unemployed would this time be absorbed in other directions, in new and, presumably, in a greater variety of industries. The normal problem—which we have come now to view not so much as one of unemployment as of how to deal fairly with the unemployed without discouraging foresight, industry, and thrift—will not be solved by either the one or the other Fiscal policy. The political question really at issue is under which policy is the nation likely to be eventually most stable and most truly wealthy? Great Britain depends neither on this industry nor on that, she depends on the skill and energy of her people and upon their ability to make goods which they can exchange readily for the foodstuffs and raw materials of other countries.

The country's home market is like the ballast of a ship. A great part of her safety and of her power to make and to enjoy wealth, depends upon her capacity for acting independently. So long as we produce *efficiently* some commodities for which there is a demand abroad we can be sure of marketing them in exchange for foodstuffs and raw materials. If, meanwhile, we produce more and in greater variety for ourselves, asking less from other countries and sending less to them, we shall not necessarily enjoy less in the aggregate. For the sum total depends upon efficiency in work and management, in the first place, and upon fearless, honest and well-informed government in the second place.

OBSTACLES TO INDUSTRIAL PEACE.

PEACE is not everything. Energy, too, is all-important. Wherever men of good health and an enterprising spirit work and live close together, some of their force brims over naturally in unrest. Many things provoke unrest, of course. But suppose all these, by incredible reforms, were removed, we should still have unrest as long as we had life, or life worth speaking about. Energy and unrest go together.

The unrest of to-day cannot be traced exclusively to any such "pure" source as sheer energy. It has half a dozen causes, some deep, some temporary, some self-sought, some inflated by too much talking and brooding. But with all its causes, and they are not trivial, the wonderful thing is that unrest is of no greater volume than it is, and of no worse temper. The sobriety and patience of the nation, which consists mostly of wage-earners, do it great honour.

But we must look facts in the face, thankful that they are no worse, but concerned to discover how to make them better. There can never be better peace in industry than the natures of those who are engaged in industry permit. No one would accuse the two parties, employers and workpeople, of setting out chiefly to fight each other, or at any rate to obstruct and "*crab*" each other. It might fairly be said that they are at one in a desire to work together. They are often, unfortunately, at variance in the rest. Each desires to understand the other. But acquaintance is double-edged. They each learn, along with many helpful things, how different and alien the other is. Neither can be quite at ease about the other. It is hard to keep a certain "fretfulness" out of their relationship. Their minds are distracted. They hesitate between tolerance and dislike of each other, between envy and perplexity, between amusement and hopelessness. The master thinks his men are jolly good fellows; and then again he frets over what he thinks their deceitfulness or idleness or ignorance or shiftlessness or shortsightedness or instability, and he wishes they were less the slaves of impulses and feelings.

The men think their masters not such bad fellows after all, and then again they think them stupid, selfish, unfeeling, calculating, and drones.

The men pride themselves on following the dictates of human nature, and on having proper feelings. The masters think this instability and childishness.

The two parties know each other's worse qualities pretty

well. They exert themselves less successfully to discover each other's good qualities, or to balance the bad against the good, or to see how the faults and the virtues hang together.

Let us try to view the two impartially, as a third party should. In the mental make-up of working people sensibility is relatively strong; in employers it is, or should be, the tougher qualities of control and purpose and tenacity in action that are uppermost. Work-people have often the advantage in quickness and cleverness. Their sympathy is easily stirred, and their other feelings too. They are affectionate and humane. They have the family virtues of love and sacrifice and endurance, and great fortitude. In their homes and circles of friends they are happy and helpful. They are not so happy in their outlook on the world at large. They know less about it, and naturally doubt and suspect readily. It is a misfortune that Nature's gift of wonder turns often in them to suspicion. If they knew more, they would fear less. They lack social confidence, and thereby lose in strength. Their social imagination is often limited. Their trust of others reaches too short a way beyond what they can see and grip.

All these limitations are natural. Circumstances explain them. The poor have to live from day to day, responding only too well to each day's jolts and jars. They have to live so deep in the near problems that the farther off problems must wait. They must not take long views, or very wide views—so great is the pressure of each moment and its need on them

Much less can the womenfolk take long or broad views. For they must keep house, tend children, and make homes, under difficult and often damnable conditions. They never quite catch up with their weary tale of work. The Fates are against them, and very hard. The women of the working classes are continuously overworked and overstrained, and all this reacts upon the men. The hard lot of the womenfolk makes the men still more different from their employers.

Among the employers minds and natures are tougher; which is due partly to nature and partly to training and surroundings. Control and responsibility can be borne best by those who have schooled themselves to it. This is not a question of money. In this work-a-day world men and women are apt to divide themselves into two; those who can and those who cannot take responsibility. The desire for responsibility is not the same thing as the ability to carry it. The first is commoner

than the second. It is the difference between the appetite for a thing and skill in it And there is a certain cruelty about responsibility. Unless you can take a good deal of it, you may get none at all. It cannot be divided up or minced down so as to let everybody have some of it. Those who take responsibility have to live less under the guidance of feelings. Or they have to limit themselves to one or two feelings. They have to be on guard against being caught by easy views, or considerations of the moment. Hence their life and behaviour seem to the other sort of people somewhat unnatural, and sometimes monstrous. Their men read into them hard hearts, and mean motives, and think their own more spontaneous behaviour better and more humane. Thus the Children of Nature and the Children of this World (they are both really the children of both, and I have to exaggerate the difference to make it clear at all), thus they misunderstand each other. They have much to learn from each other. They are complementary to each other in certain ways. But they are apt to cross each other.

It is dangerous to belittle the mental gap between those who work with their heads and have natures corresponding thereto, and those who work with their hands and have natures to correspond. The educated men know the world better. Their education, which is on the whole uniform, makes them understand each other easily and quickly. It standardises their "social expectation." They know to give and expect a whole range of social services. Their more uniform standard of behaviour and thought gives them more confidence and steadiness and patience in many matters.

Workpeople notice how much those of the educated classes are at home with each other, and think it a plot. And so they well may. They suspect that they themselves are the victims of the plot.

This is an ugly conclusion to reach; but there is truth in it. It is better to be an insider than an outsider. What I have called the plot was nobody's intention. It grew automatically out of circumstances, and it is more apparent than real, but it cannot be resolved away, except by abolishing education and responsibility. There will always be insiders and outsiders, so that there would be no gain in interchanging them, though there might be loss and disorganisation and famine.

The only cure is to bridge the gap by education in the widest sense. More and more people must be raised to something like the mental development, the toughness, self-reliance,

will-power, and general force of the more favoured classes. There is no moral merit, just as there is no worldly advantage, in being an outsider. The great cure is to turn outsiders into insiders, as fast as can be, and as many.

It is not only the workpeople who need education. The employers of these days can hardly be said to realise fully all the duties which their special position and the capacities which ought to be theirs impose on them. They have the leadership and the responsibility. Their work can gratify and edify a man more than the tasks of the handworker. But if they yield to selfish temptations of greed, pride, tyranny, or such like, they can do far more evil than the handworkers. If their motives were better than they often are, their workpeople would feel it in the long run, and strive, in response, after better standards of work. Most vices spread easily downwards. Those who enjoy the chief advantages in life—position, money, leadership—ought to show a stricter sense of stewardship over wealth and power. It is not necessary to divest themselves of these quixotically. The right or wrong comes not in the possession but in the use and exercise. Bad stewardship high up fills those lower down with doubt and alienation. They cannot trust those whose motives they cannot look up to. No one can admire showy selfishness. And how quickly one little touch of admiration makes the world kin.

Education, then, in the widest sense is necessary to bridge or obliterate those gaps, or to make them endurable. Education is a slow process. And let spiritual education not be forgotten. If all our people in all classes were ruled by higher ideals, we should be doing very much better. Poorer and richer, higher and lower, employer and employed, we shall be to the end of the chapter. There has never been any civilisation without these distinctions. The question is, are we to make and recognise and enforce these distinctions selfishly with all that "*selfishly*" means in cruelties, affronts, injuries, imposed more or less unintentionally, more or less disregardedly? Or are we going to be in this world of class and money-making, and spending, but not so much of it as to let it dispiritualise us? The matter is economic and commercial, and involves technique and method, but these things are not all. It is also moral. It is really more moral than anything else. It is a matter of ideals, as I have said. It is just a matter of applying the Christian temper and principles to the ordinary affairs of life, of applying Christianity more widely, more fully, more methodically than in the past.

THE EMPLOYER IN FICTION, IN FACT, AND IN THE FUTURE.

THE place that any class of persons holds in the estimation of society at large exerts a powerful influence upon its usefulness. A calling that is well spoken of is likely to be on the up grade, its ethical standards tend to rise, and it inevitably responds to the stimulus which the recognition of public approval affords. To belong to an honourable profession is, in nine cases out of ten, to behave honourably, and those of whom little is expected are indisposed, for that very reason, to be altruistic. Give a dog a bad name and he is tempted to live and to act in accordance with his reputation. Though it may have happened, now and again, that the worth of some group of meritorious citizens has been underestimated or overlooked, justice is pretty certain to come into its own in the long run, and ridicule cannot long prevail against honest and solid achievement. It is therefore not only interesting, but also of some practical use to observe the phases through which public opinion has passed in its estimation of the Employer.

In the early days of the industrial era, writers of imaginative literature turned with a new zest to the task of delineating what was to them a virgin type of character. The wicked baronet, the dashing soldier, the sporting squire, and the meek parson, had been overworked and, as themes, were becoming threadbare, but when the industrial employer came on the scene he brought with him a fresh atmosphere, more real and dramatic than that which had surrounded his less vigorous predecessors. Here was a forceful personality shaped in an unfamiliar mould, handling big issues and in actual contact with the masses of unexplored humanity. In one aspect he was the hard-fisted, self-made man of the world, without education or manners, in another aspect he was the "honest broker," full of benevolence and integrity, yet possessed of a magic faculty for money-making.

At first the type was but crudely conceived, and the opinions current in the middle of the eighteenth century are about as different from those held to-day as any two things could well be; and we fear that the authoress of "Economic Tales" would have had to resort to her smelling-bottle if a copy of to-day's *Daily Herald* could have come to her notice. In Miss Edgeworth's "*Much may come of little*," which describes the rise and fall of some ironworks, the diligent workman observes

"The workmen are obliged to the masters, whose capital sets them to work, and the masters are obliged to the men for the labour which sets their presses going." The prig who owns the work expatiates in the same strain, and urges a friend to join his firm in the following words: "You would be a better citizen if you were . . . a partner in this concern." The chorus of women, country-folk and other uninstructed beings on whom most of these economic dissertations are inflicted, remark at this point, that employers are the "benefactors of mankind." Maria Edgeworth (1767-1849) was a widely read writer in her day. She was not peculiar or reactionary; she was only expressing, in a literary form, the general convictions of a large number of ordinary people. Examples of such sentiments are to be found everywhere in the current books on Economics, and in the ponderous periods of eighteenth-century parliamentary debates.

Buying and selling, even on a large scale, was held apparently in lower esteem than manufacture, and Jane Austen (1775-1817) in "Pride and Prejudice," makes one of her characters remark: "Mr. Darcy may, perhaps, have *heard* of such a place as Gracechurch Street, but he would hardly think a month's ablution enough to cleanse him from its impurities, were he once to enter it." Such snobbery must have been prevalent or Jane Austen would not have wasted her time in recounting it. To Charlotte Brontë's study (1849) of the love affairs of the brilliant Shirley there is a grim background of industrial strife and suffering. When reading of Moore, the egoistical, ruthless millowner, we cannot help being struck by the self confidence of the man. There are modern employers as self-centred as ambitious, but could the most thick-skinned of them feel as genuinely self-justified as Moore? Behind the arrogance and greed of those industrial pioneers there seems to have lain a strong conviction that the national welfare was bound up in their interests and prosperity. Even more strange, to modern readers, was the attitude of Shirley's vicar, "that conscientious, hard-headed, hard-handed, brave, stern, implacable, faithful little man," when, as a Justice of the Peace, he was asked to assist in the apprehension of some of the machinery wreckers at Moore's mill he replied, "It always agrees with me to be doing my duty and, in this case, to be doing my duty is a thorough pleasure. To hunt down vermin is a noble occupation, fit for an archbishop." It is true that this clergyman was unpopular amongst the more "jacobinical" of his parishioners, but to us it seems

extraordinary that such a man should be described as being held in high esteem not only by his colleagues but by the generality of people in his parish, which was thoroughly industrial. Charlotte Brontë had no intention of describing a monster or even an abnormality, and we are entitled to assume that Mr. Nelstone was a typical product of his age. However glaring may have been the now perceived faults of the type of industrial employer evolved towards the end of the eighteenth and the middle of the ninetenth century, he seems to have earned the respect, even the admiration, of his contemporaries. This perhaps may account, to some extent, for the failure of the employing class to keep abreast with ethical developments that were already stirring in the minds and hearts of reformers. Be this as it may, opinion in mid-Victorian England began to criticise, rather than to praise, employers. Dickens (1812-1870) and Charles Reade (1814-1884) dwelt on the seamy side of money-making almost to the exclusion of other aspects of industrial management. It became habitual to suspect employers of putting their financial interests in front of all other considerations, and generally to question the worthiness of their motives. Matters were improving, the great code of factory law was developing, and the responsibility of large scale industry for redressing the abuses it had brought in its train was in course of being recognised. Thereafter a higher standard was visualised, and this requirement has increasingly been both demanded and attained. Miss Edgeworth, for example, had applauded her hero's curt refusal to consult his men when adversity overtook his mills. To-day, an employer who refused consultation "ab initis" would find little moral support, and public opinion would make it impossible for any present-day iron master to make such a smugly self-congratulatory speech as that uttered by Miss Edgeworth's model employer, when in a temper he shut down his mills and threw his "hands" out of work. The thing might still be done, but scarcely with a smirk of satisfaction.

Towards the end of the nineteenth century matters had progressed until the whole conduct of industry entered upon a more exalted level than had hitherto been conceived as possible. The employer was no longer looked upon as an individual who was working out his own destiny, and incidentally providing a living for a number of workers. It began to be recognised that the whole national economy depended upon the enlightened advancement of managerial functions, that political progress was bound up with industrial efficiency,

and that only a highly specialised team of brain workers could enable Great Britain to hold her own against the world competition that was everywhere growing more and more acute. This new conception was lop-sided, however. The aspirations of the workers were still either ignored or resented as nothing but a hindrance. A manufacturer was reckoned as successful if he continued to deliver the goods and expand his business, even though his relations with labour were notoriously unsatisfactory, and though working conditions in his factory might be scandalous. To refuse to co-operate with labour, to offer passive resistance to the progress of factory legislation was not considered reactionary or short sighted. In some quarters, on the contrary, it was even esteemed meritorious to sail as near the wind as possible in these respects. At the time of which we are speaking something in the nature of a social ban still operated against the healthy development of leadership in industry. The public school-boy, whose father's name appeared on advertisement hoardings, had a bad time, and even to be known to hail from an industrial area was accounted something of a disgrace. This disadvantage, though perhaps trifling in itself, had disastrous reactions. The gap between the worker and the master tended to widen. They associated less and less on any social plane and their community of interest, though still fundamentally the same, was obscured by segregation and divergence of pursuits. These tendencies were accentuated by the growth of limited companies and the amalgamation of business houses. But this is an oft-told tale, and the old relationship can only be regretted, it cannot be recalled, at least not on its former basis.

It is in other directions that we must look for hope in the future, and the prospect is bright. The old social prejudice against "business" is as dead as a coffin-nail. Time was when to be "something in the city" was despised, now it is eagerly sought after. Admirals and Peers, ex-ambassadors, Viceroys and Cabinet Ministers think themselves fortunate in becoming directors of important commercial concerns. Formerly, men were drawn into trade for the sake of the money to be earned, now the *position* of a director is the attraction. This recognition that the *work* of a captain of industry is of first class importance, is of excellent promise. The initiation of Sir Aristides Galahad into the mysteries of industrial management is fraught with a potency for good that will benefit the whole nation. The respect which such a man

commands adorns his office and by pointing the road which the ambitious must follow helps to leaven the lump. Federations of employers are ethically, intellectually and socially uplifted by a chairman whose honour, whose brain-power and whose manners are exceptional, and he who excels his fellows in these respects will always be preferred before a man whose reputation stands less high. A bad employer may descend from bad to worse if he is isolated, but he cannot fail to be improved by professional contact with more enlightened colleagues. Such leaven works not only morally for the good of the backward soul, but also on lines of efficiency to the advantage of business. The bad employer is not even successful in money-making on a grand scale. An unscrupulous man may outstrip small rivals by sharp practice, but he will not rise to the top of his profession. Character is the most profitable quality of all, in business as elsewhere.

If we were really an intelligent nation we should confer the highest dignities on men who stand out as model employers because they are the most valuable asset that any country can possess. The man who grows rich by dint of his own exertions deserves consideration; his wealth is the measure of his success and, if his business is clean, he benefits others even more than himself. The man who gives munificently, of his abundance, to hospitals and other public institutions is a fit recipient of social reward, and in addition, he is valuable because he encourages others, but the man who by grit, character and intelligence has created a great industry whose integrity has enhanced the good name of Britain in the market places of the world, who by fairness, kindliness and sympathy has won the hearts of his workmen stands head and shoulders above the merely rich, above the merely blue blooded, above the merely generous, and above the merely clever.

The conferment of Honours is a controversial subject, but if a new departure is required, the Government could not be better advised in the national interest and for their own credit, than to search for a Sir Aristides Galahad, and to beg of him to accept the highest honour that it is in their power to recommend.

卐 卐 卐

The Consumer in the Socialist State.

It has been argued that the ownership and management of industry by the State involves the virtual conscription of the worker. The nature and place of his work will inevitably be determined by a superior authority. We now suggest that as consumer, too, the individual will lose the freedom to which even the poorest has been accustomed. The most 'Socialistic' measure ever passed by a government is the 'Prohibition' law of the United States.

Freedom of private enterprise, in respect of alcoholic drinks, has been abolished. The State has enacted that no one may consume certain specified liquids. The Socialist State would go further; by supplying them it would specify those things which people would be allowed to consume. It is doubtful whether Socialists have ever fully examined the corollaries of the policy which they advocate. Progress consists as much in the creation of new desires as in the satisfaction of those already existing. One of the chief purposes of private enterprise is to reveal new possibilities, and so prevent stagnation. The most striking illustration of the possibilities of progress resulting from private initiative is provided by the cinematograph. An evening at the 'pictures' is now one of the most constant charges upon the weekly earnings of the city worker, whose method of employing leisure has been revolutionised in our lifetime. Does any Socialist suggest that the picture-house would have become so important an institution in a Socialist State within such a short period? A public authority dislikes what is new, merely because it *is* new. Most experiments, even in connexion with education and libraries (both of which are regarded as admirably suited to public control) have been either initiated or stimulated by voluntary effort.

Municipal Enterprise.

The State preserves and stereotypes what already exists. It will not readily destroy its own vested interest. Where, for example, a large city now owns the tramway system, it usually provides an excellent service of trams; but it does not initiate a new form of local transport, even when the latter is urgently needed. It prefers to rest upon the monopoly which it has secured. If public authorities possessed that initiative which is characteristic of private enterprise, they would now

have been well on the way to decentralise the populations of our large cities. But municipal control of industry has done more, on the whole, to aggravate the evil of congestion than to remove it.

Importance of Private Enterprise.

There is no reason to suppose that the state would be more successful in dealing with other forms of economic activity. Hitherto, for example, it has done nothing to provide the type of house desired by the tenant. Nor, in a Socialist State, would there be any hope that a public department would endeavour to meet the wishes of the consumer. Everything would be standardised as far as possible. Even present-day Socialists show that they have no great faith in State initiative. They propose that the government should first nationalise the railways and the coal mines, and afterwards, insurance and banking. If they had any real faith in the power of the state to provide an adequate substitute for private initiative and enterprise, that is, if they had faith in the ability of the State to take industrial risks, they would advocate a start from the other end. They would propose that the State should initiate all new industries and take all future risks connected with the exploitation of new fields of economic activity. For example, they would say that the State should insist upon a monopoly in exploring the commercial possibilities of aviation, broadcasting, the application of chemistry to industry, etc. It is in new fields of activity such as these that fortunes are won — and lost. Why do they not advocate such a policy? Clearly, for the reason that they fear its effects on economic progress. They realise the importance to society of private enterprise. Risk-taking is the first condition of progress, and the State cannot be expected to take risks of the first magnitude. Socialists believe that risk-taking, as a function, has been reduced to a minimum in railway enterprise and coal mining, and in all standardised industries, and that these are therefore the most likely to succeed under public ownership and management.

Stagnation under Socialism.

But are they right? Suppose, after the State, as now organised, had taken over the coal mines, a new and cheaper source of heat, light and power were discovered, would that State be willing to 'scrap' the mines, write off their former value as dead loss, and develop the new form of energy? Would not a Socialist State be even more likely to preserve

what already existed? The danger of stagnation is even more evident in the sphere of industrial insurance. Competition has resulted in a reduction of charges to the minimum amounts consistent with the nature of the risks, and the competing companies are compelled to explore new possibilities. Every year the field of insurance is enlarged — witness recent developments in the insurance of stocks in factories and warehouses—and manufacturers, having unloaded risks which are a drag upon industry, are able to undertake further risks inherent in private enterprise and essential to industrial progress.

False Tests of Success.

If it be admitted that the State is not now, and shows no promise of becoming, a useful explorer in the industrial field, the case for Socialism is seriously weakened, if not destroyed. For it cannot be repeated too often that industrial exploration is a large part of economic progress. The alternative to exploration and the exploitation of new fields of activity is stagnation. The Socialist State would become a stationary State: its standards would remain constant: its members would become creatures of unchanging habit—the food upon which new habits are nourished would not be forthcoming. It might be regarded as a success by many for the reason that it reached the standards set by itself. But those standards would not be subject to continuous tests. Extreme poverty might be abolished: but the average standard of living would be accepted as something inevitable. A competitive State will always be regarded as in one sense a failure. Its standards are constantly rising, and remain far in advance of what is attained, and immediately attainable, for the many. What is now called poverty was once regarded as wealth: what is now accepted as a satisfactory standard of living will, in due course, cease to satisfy. Many of the so-called wastes of competition—though by no means all—represent the cost of social experiment. They are the price paid by society for industrial exploration.

It is worth while quoting one example which is frequently employed as evidence in favour of Socialism. A "flash photograph" of any large industry, such as coal mining or steel manufacture would reveal many methods of production and types of organisation. Some would be antiquated, others quite "up-to-date." The majority would lie between the too extremes. The Socialist would argue that if the industry

were nationalised every establishment would be equipped with the most modern appliances and organised in the most efficient manner possible. The reply is that what is "modern" one day is antiquated the next. If all the units were modernised they would all quickly become antiquated, and remain so for a considerable period—for it is not always economy to scrap machinery as soon as better is found. Provided competition is effective, variety of type is a sign of health and progress. Businesses pass and repass each other on the forward march. Those who fail to do so fall out altogether. This year one shipping company has the largest and quickest vessels, next year another will take its place. And the crucial question is whether the average or representative factory or ship represents a greater advance over a given period than would be the case in a Socialist State.

Fundamental Considerations.

We believe that the two most fundamental economic considerations are those which have now been examined. The first is the effect upon the citizen as worker, and we have suggested that Socialism involves economic conscription. The second is the effect upon the citizen as consumer, and we have suggested that the average consumer is likely to be worse off than he is at present or shows promise of becoming. We suggest that his freedom of choice will be restricted to those commodities and services which the State cares to provide; the growth of new wants will be retarded; the methods of supply will become stereotyped. But these considerations do not finally dispose of the question whether this or that industry should be nationalised. Tramway enterprise is usually controlled by public authority. There may possibly be special considerations which suggest that some other industry, such as railways, should be taken over by the State. Each case should be considered on its merits. But there is a fundamental difference between nationalising any selected industry in a State essentially competitive and converting the State into a Socialist State.

A PAST IN BEING.

Sunday at the Stockholm Open-air Museum.

"*While young hearts beat in the North they should cherish the heritage of their fathers*": is written above the entrance to the great Nordeska Museet at Stockholm; and the wonderful collections of old peasant handiwork there and in the neighbouring Park of Skansen are being accumulated as a record and reproduction of the days before the arcadian simplicity of peasant life lost its individuality, or the character of the national rural life became blurred by contact with a wider world.

As one wanders through the natural thickets of the "museum," one comes, haphazard, on scattered cottages and farms of old Sweden, that have been collected from all over the country and re-erected here, with all their appropriate plenishings—the gay peasant handicraft work in the dim, old rooms, the rude, wood-formed implements in the ancient steadings. It is like living through Maeterlinck's charming thought that the dead are called back to life when the living remember them, as one stands in the simple, colourful, intimate interiors and longs to re-people their emptiness by the dead folk who fashioned them and whom they served.

On Sunday afternoons a steady stream of townspeople passes over the little bridge that leads to Skansen. They are mostly quiet, sturdy family parties of the lower-middle and artisan classes, and they wander through the pleasant park and sit in the restaurants there, solemnly drinking coffee or light beer and consuming sweet cakes. Then the empty little houses are gradually filled by the descendants of the plain folk who lived in them, and, with all their wealth of lovingly fashioned ornament, once more bring brightness into the drab lives of working people, and serve them in a new and higher way by teaching them to appreciate the beauties of form and colour in the old national crafts.

On the porch of the Nordeska Museet one reads: "*The day may come when all our gold will fail to give us a picture of bygone ages.*" Are we too late, has the day come? Or could we still, from amongst the picturesque remains in England and Wales, construct for our people a portion of the homely life of the past?

FOOD FOR THOUGHT.

If the Election has done nothing else, it has brought the ideas of Nationalisation and Capital Levy a stage nearer their burial. The crusade for Nationalisation has owed much to Socialist propaganda imported from Germany, but much also to the war. In those fierce years the State laid hold on all citizens, for fighting or for work, and its merciless hand, in imposing toil and tears and blood and death, gave life new meaning and nobility. There awakened in the mass of the nation a new feeling for the State. The Socialist party rushed in to guide and express the new sentiment of belonging to a great active corporate whole. The State, according to them, must own all, manage all, produce all, distribute all, and control everyone. The Socialist saw only one way of making the State more powerful and more beneficient, viz., to hand over to it the whole province of private enterprise. They clamoured, not for natural expansion or bold development, but for the crudest form of usurpation. We have all been taught by the war that the pre-war views of the State's functions were too narrow. Sensible men realise that the State, working within its own province, can do far more to foster the best interests of citizens than was thought before the war. But the State has its duties, its rights, and its province, and private enterprise has equally its field. To set the State and private enterprise at loggerheads is fool's or devil's work. There is room and need for both: and between them tolerance and goodwill should reign, for both have to serve the community. In proportion as citizens realise this common burden of service, so will the blundering cry for nationalising the undertakings of private enterprise die down.

卐 卐 卐

The solicitude of Socialists for the repayment of the National Debt is one of the curiosities of politics. Britain has a good record as a debtor, the best record, indeed, of all countries. The Debt, in point of fact, is being paid back, and too fast. In our opinion, the fixed sinking fund of 40 millions, along with tho surplus of 100 millions, all of which went to repay the Debt, is too heavy a charge on the nation in these bad times. Industry and employment would have benefited greatly had the vast sum of 140 millions been left to be used in business.

It is quite true, as the Socialists say, that if we paid off half the total debt we should be clear of half the interest. And if we paid off the whole there would be no interest to pay at all. A man who has furnished his house on the instalment plan might as well be advised to pay off the whole sum at once, and so save himself from the monthly drain. The Socialists, besides, seem to have forgotten,—if they ever knew it,—that a Capital Levy exists: the Death Duties instituted by Sir William Harcourt. The maximum duty on big estates began at 8%, and is now 40%. Last year these Duties produced 47 million pounds. This huge sum was not obtained without good valuing and very careful realisation, nor without a certain dislocation of trade and credit and the markets for securities. But the Socialists propose to raise 3,000 millions at one stroke! Every market for property would be convulsed, every employer would find himself in straits, and the credit system of the country and of private traders would be shattered. Yet the Socialist election addresses gravely stated that the Socialist party would use the national credit to start great public works and improvements whereby to re-employ the unemployed.

卐 卐 卐

The nation's credit is not compatible with Capital Levy. Employers subjected to the levy would be obliged, of course, by the reduction of their credit, to curtail their business and dismiss men. The biggest employers would be hardest hit: an employer assessed at half a million would lose half his estate, and could scarcely be more than half the employer he was. Some Socialists, unfamiliar with business, think the wealth of the rich is kept in gold or paper in a secret safe, and that nobody would be the worse if the cash were removed, and that nobody need know. If this were so, burglary would be better than taxation, and the rich themselves would not know of it or suffer, unless one fine night they undid the locks to feast eyes and fingers with the yellow metal. There are some Socialists, too, who reckon that not a few employers, driven to despair by a Capital Levy, would throw up the sponge, and say "Nationalise us and have done with it."

On the whole the signs suggest that the nation is turning away from the two Socialist policies. Among the signs are to be reckoned the cynical editorials of the *New Statesman*, which condemn Capital Levy as an impossibility but congratulate the Socialist leaders on their clever and sincere use of it for catching votes.

As always happens after a general election, the air is thick with recriminations, each party charging the others with misrepresentation. That untruths are allowed to masquerade as facts, and that facts are distorted so as to square with the political faith of the speaker, are accusations which apply to all parties, but we believe that this is due to ignorance rather than to guile, and one looks in vain for any growth of realisation that calamity must result as surely from blind ignorance as from dishonest electoral tactics. The worst feature of the present situation is that most people are either too indolent or too cocksure to make any effort to get down to the root of any matter which is politically contentious. They seem to prefer the hot excitement of mass psychology to the cool logic of argument based on ascertainable fact.

卐 卐 卐

Mr. Ramsay Macdonald, it is true, was prompt to remark that the Socialist party would use the breathing space afforded by this inconclusive election to carry out an educational campaign, but if he analysed his statement impartially, would he not be compelled to admit that education in the real sense of the word is likely to be conspicuously wanting? Does he intend to make a stand against those particular fallacies which he knows to be advantageous to his party at the polls, or to discard any of those half truths which, though expedient at the moment, are harmful in the long run? We fear not. The lion of militant politics is difficult to tame, he thrives only on strong meat and is not averse to carrion. Liberals and Conservatives may be more fastidious in some respects, but if the Socialist party went out of business general elections would still be used by the less worthy amongst parliamentary candidates to debauch, and not to instruct public opinion.

卐 卐 卐

DAY BY DAY.

(A monthly Record of the principal events which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

Nov. 1st. The Ministry of Labour index figure shows no change in the cost of living since October 1st, when it stood at 75 per cent. above that of July, 1914 The cost of food alone showed a rise of one point during the month.

Recorded changes in rates of wages during October resulted in an aggregate increase of nearly £14,000 in the weekly full time wages of about 190,000 workpeople, and in a reduction of £8,500 in those of 66,000 people.

Fifty-nine trade disputes involved the idleness of about 56,000 workpeople and the loss of 1,167.000 working days. The principal dispute was that involving the Boilermakers in federated shipyards.

Unemployment remained approximately the same as at September 1st. According to the *revised* figures published by the Ministry, the percentage unemployed among nationally insured workers was 11.7 at 24th September, and the same at 22nd October. Among trade unionists 11.3 per cent. were unemployed at the end of September, and 10.9 per cent. at the end of October. The Employment Exchanges registered 1,296,000, of whom 970,000 were men, as un-unemployed at October 29th.

Boilermakers' Lockout: At a further conference between the Boilermakers' Society and the Federation, it was decided that the Trades' Union Mediation Committee should again approach the employers with a view to arranging a further consultation between the Employers and the Boilermakers.

Railway Shopmen's Wages: All the craft unions concerned have followed the lead given by the A.E.U. in rejecting the Companies' proposals that the demand for a reduction in the war bonus should be referred to arbitration. The N.U.R. have not yet given any decision.

The Labour Party's election programme was outlined by Mr. Ramsay MacDonald at an official gathering of the various elements representative of Labour and Trade Union interests. The speaker announced that the Labour Party, in seeking election, would offer the country not Free Trade as the alternative to Mr. Baldwin's Protectionist policy, but the Labour Programme, viz., the cure of unemployment by the development of our own country; the reduction of taxation by means of a Capital Levy, and increased production which would increase the wealth of all, to be effected by

turning the unwilling into the willing producer by producing for common use and not for private profit.

2nd. Railway Shopmen's Wages: The N.U.R. met to consider the question of arbitration. The Union is to ascertain the exact powers the proposed Board would possess, before giving any decision on the point.

In the Municipal Elections in England and Wales the Labour Party secured a net gain of sixty-nine seats as compared with last year.

The Conservative Programme was outlined by the Prime Minister in a speech at Manchester. Mr. Baldwin advocated Protection for British industries as the only policy for the revival of trade and relief of unemployment. He proposed that a tax should be put on manufactured goods entering this country, especially upon those imports causing unemployment here; that substantial preference should be given to the Dominions; that neither wheat nor meat should be taxed. Further, the Government should investigate most carefully the best way of helping agriculture, and should examine and co-ordinate and improve existing schemes of insurance against old age, ill health, and unemployment. Lastly, the increasing welfare of the nation should be sought in the development of the Empire.

8th. Railway Wages: The National Wages Board met to consider claims made by the Companies for a revision of the conditions of service. The Companies desire to withdraw the remaining war bonus and to abolish the existing sliding scale when the cost of living reaches 70 points above 1914, to discontinue paying night duty at rate and a quarter; to pay Sunday work at the rate of time and a half, the minimum period to be two hours; to make certain alterations in the locomotive grades basing the day wage on a mileage of 150 instead of 120. The Associated Society of Locomotive Engineers and Firemen are making counter claims for double rates for Sunday duty, time and a half for night duty, the mileage for locomotive grades to remain at 120, the wages of engine drivers to be 20s. not 15s. as now, nor the 16s. proposed by the companies as compensation for the 150 mileage basis. The Railway Clerks' Association are asking for 25 per cent. extra for night work. Mr. W. Clower, who stated the case for the Companies, based the claim primarily on the necessity for running the railways on the same lines as commercial competitors. The present rate of wages, he submitted, were not consonant with the Legislature's stipulation that the railways should be managed efficiently and economically. He urged that railwaymen's wages should bear some relation to those of the agricultural labourer, and that if the railways were run on com-

mercial lines the lowest rate of wages would be 25s. to 32s. a week, instead of 40s. Railwaymen are at present guaranteed a full week's wage at 100 per cent. above 1914 rates. By the changes now claimed the Companies hoped to save £4,000,000 a year. If the Companies had been able to reduce wages to a commercial basis, viz., 70 per cent. above pre-war, labour costs would be reduced by £37,000,000.

9th. Railway Wages: In defence of the proposition that Class III drivers (electric motormen) should be paid a maximum of 14s. a day, Mr. Clower stated that tramway drivers were paid 57s. a week. In reply to Mr. J. H. Thomas, who asked for the broad general ground of the application, Mr. Clower said that the chief grounds on which the Companies based their claim was the fact that the men were earning too much in present conditions and as compared with other trades.

13th. Railway Wages: In the course of questions put to Mr. Clower, Mr. E. Poulton pointed out that in 1914 over 100,000 railway workers were receiving less than £1 a week and that for this reason the 100 per cent. increase was required. Mr. Clower replied that at that time railway wages in this country were 19s. a week, while agricultural workers were getting much less. Asked what reductions in passenger fares might be expected as a result of the suggested saving of £4,000,000, Mr. Clower replied that it was unwise to count chickens before they were hatched.

14th. Railway Wages: Mr. C. T. Cramp (N.U.R.) in stating the case for the railway workers, urged that the Companies' claim was put forward not with the idea of reducing traffic charges, not because the Railways were working at a loss, but in order that railwaymen's wages might be made consonant with those of certain outside industries. He claimed that when the 1919 agreement was made, the Companies undertook that there would be no reduction at any time below a figure which would, on the average, give every grade twice as much as it got before the war, even when the cost of living got back to the pre-war figure. He pointed out that the men had willingly submitted to reductions amounting to about £43,000,000 under the agreed operation of the sliding scale, but reductions contrary to the terms of 1919 would be regarded by all the men as a breach of faith and could only occasion unrest and distrust. On the subject of comparative wage rates, he pointed out that London dustmen received £3 0s. 5d. a week. In his opinion the abolition of the war wage and the sliding scale would cause incessant agitation. The men believed the financial position of the Companies warranted the present rate.

15th. Railway Wages: Mr. J. Bromley (Society of Locomotive Enginemen and Firemen) opposed the demands affecting the men he represented on the ground that the standard fixed in 1919 was not too generous, the men having compromised them on most points. The understanding the men had when the settlement was made was that things should remain as they were unless and until the financial position of the companies improved greatly. The resulting contentment among the men had been of great advantage to the companies.

Coal Miners' Wages: The claims made by the Miners Federation for a revision of the National Agreement whereby the minimum wage would be increased and the ratio of wages to profits altered in favour of wages, have been formally rejected by the mine owners. The miners have, however, agreed to the suggestion made by the owners that a Joint Committee shall immediately examine the amendments suggested by the miners and also certain claims put forward by the owners.

16th. Boilermakers' dispute: After three days' conference in Edinburgh the Boilermakers' Society signed an agreement, the terms of which they will submit to a ballot vote of their members with a recommendation to accept. A committee of the Shipbuilding Employers' Federation and of the Boilermakers' Society will consider how far the national overtime and night-shift agreement needs special adaptation to the peculiar circumstances of the Boilermakers. Failing agreement, the points of difference will be submitted to the Industrial Court for arbitration. Meantime the men, so far as work is available, will return to the yards on the terms of the national agreement. Any agreed revisions will be applied retrospectively from the time work is resumed. The dispute has lasted over seven months.

Railway Wages: At the concluding session of this enquiry Mr. Clower deprecated accusations of bad faith made against the Companies and suggested that if one side were free to suggest improvements in conditions of service, the other must be equally free to call for a revision of terms. Mr. Clower gave the following statement as to wages and numbers employed at various periods.

	Wages Bill.	Nos. Employed.	Cost of Living.
—— 1913	£47,000,000	591,000	100.
April, 1920	£145,000,000	728,000	232.
Jan., 1921	£172,000,000	736,000	265.
Nov, 1923	£117,000,000	681,000	175.

The Board will announce their decision after consideration of the evidence submitted.

19th. The Liberal Party published a manifesto signed by Mr. Asquith and Mr. Lloyd George in whose opinion neither trade restrictions nor Socialism and a capital levy can cure unemployment. They advocate a programme of social reform, provision of housing accommodation, rating and land reform, assistance to agriculture in the way of credit facilities for the farmers and co-operative marketing on a large scale with Government assistance. They further stand for the principles of partnership between Capital and Labour, security of livelihood for the worker, and public advantage before private gain.

20th. The National Union of Railwaymen has given £10,000 towards the Labour Party's election expenses.

24th. Boilermakers' dispute: The ballot of members of the Boilermakers' Society shows a majority of two to one in favour of accepting the agreement reached on the 16th of the month. Work will be resumed on Monday, the 26th.

27th. Cotton trade prospects: Organised short time in the American section of the cotton trade ceases to-day as a result of a ballot of the federated mills. With the exception of one brief period short time has been worked in this section for three years.

29th. The unemployed workers in occupied Germany were officially estimated at 1,250,000 on November 15th.

30th. Dockers' Wages: The Transport and General Workers' Union held a national delegate conference to consider the policy to be adopted when the Shaw Agreement comes up for revision on January 1st. It was agreed to press for conditions which would provide a daily minimum of 12s. and 10s. in the larger and smaller ports, respectively, coupled with a guaranteed weekly wage. The present minima are 10s. and 9s., and it was the enforcement of these in July last that led to the unofficial strike of the men.

No. V

JANUARY

MCMXXIV

"Individual interest is the indispensable incentive to labour and economy."

INDUSTRIAL PEACE

CONTENTS

The Industrial Outlook
Leviathan and His Keepers
The Facts of the Case in Diagram
Industry and Deflation
Socialism: Industrial Administration
The Builders' Opportunity
Food for Thought
Day by Day

THE INDUSTRIAL OUTLOOK.

FEW people will regret the passing of the year nineteen twenty-three. The only important statement which may be made in its favour is that the last quarter probably heralded the dawn of better things. The occupation of the Ruhr by the French made confusion worse confounded on the Continent. It also produced considerable economic reactions in this country. Deprived of its chief source of supply of coal, the rest of Germany was compelled to turn to us for that mineral. Passive resistance in the Ruhr further meant that Austria, and even France herself, bought coal largely in this country. Our coal industry enjoyed a modified boom in trade, and was able to employ practically all the available miners. But the indirect consequences of the Ruhr occupation were disastrous, not only for Germany but also for this country and for others which depended largely upon the German market. European recovery has been delayed at least two years.

The gloom on the continent was not unrelieved. Austria was struggling bravely to her feet. The scheme of reconstruction initiated by the League of Nations in 1922 proved highly successful in its operation. Austrian finances were reduced to order and Austrian currency was stabilised. The measures of economy introduced as part of the larger scheme of reconstruction at first created considerable unemployment, but the new confidence reacted on private industry and the resulting activity enabled a large and growing number of the discharged workers and public officials to find alternative employment. Austria is convalescent and shows promise of an early restoration to economic health and strength. Hungary and other parts of central Europe have been so impressed by the success of the Austrian scheme that they, too, desire the same treatment. Even more important is the fact that the recent experience of Austria may serve as a useful guide in dealing with the larger and more difficult (though essentially similar) problem of Germany.

In spite of the serious economic consequences of the Ruhr occupation, we feel justified in suggesting that the year 1923 was better, in the economic sense, than statistics suggest at first sight. Over half a million people must have been absorbed into industry during the year. For, it is evident, that to the number by which total unemployment has been reduced we should add the large number of youths who left school

during the year. We do not believe we are exaggerating when we state that at present as many people are employed as in the years immediately preceding the war. It is true that considerably over a million workers are still registered as out of work. But the extension of unemployment insurance during the war has enabled us to register unemployment much more effectively than was possible before the war, when it was calculated that in a normal year approximately half a million people were out of work at any given moment. The majority of these were not registered as unemployed. Moreover, the working population has increased considerably since 1914, and before prosperity is restored our trade must develop sufficiently beyond the pre-war stage to absorb at least the increase in the population. Another factor which is frequently ignored in an examination of unemployment figures is that some industries are over-staffed (as the result of abnormal development during the war) while others are in need of workers. Many must be 'squeezed' out of engineering and shipbuilding, for example, and transferred to house-building before equilibrium is restored.

Not only was trade better last year than the year before, but the rate of improvement quickened towards the end of the year. This acceleration suggests that the present year will show still greater improvement. If further evidence to justify optimism were needed it would be found in the stability of the general price level during the last twelve months. Retail prices varied, on average, less than five per cent. Wholesale prices fluctuated between wider limits, but even they, on average, showed a marked approach to stability. The consequences are likely to be of the first importance. A price level which is rapidly falling is always accompanied by trade depression. Constructional trades, in particular, suffer at such a time. But when it is thought that costs have reached 'rock bottom' capital development is stimulated.

During the last few months of 1923 business men began to wonder whether the price level—and cost level—had almost reached the lowest point likely to prevail in the near future. Their stocks were running low and they decided that it was time to replenish them; their factories were in urgent need of repair and extension, and they began to make provision—not without hesitation—for the future. Their action gave that slight impetus to trade which was necessary to strengthen the market and to produce that very stability which they desired and by which they were influenced. In most of the larger industries it is now assumed that prices are more likely to rise slightly than to fall much further.

One result of this stability has recently been widely published. The Railway companies have announced important plans for development. Doubtless they are in part influenced by the need for providing work for the unemployed. But the more important factor is that the Railway companies realise that the need for development is urgent and that the costs of replacements and extensions are not likely to fall much, if any further. It is well known in business circles that in recent months traffic needs have increased to such an extent that the railways have not been able to cope with them, and that the competition of road traffic is becoming keener every day. The recent announcements of the railway companies suggest that a bold attempt is to be made to recapture this traffic as well as to provide adequately for existing traffic needs. The policy of the Railway companies is likely to be copied, in the near future, by other public utility companies and by public authorities. In other words, a stable price level is achieving what political effort and propaganda failed to achieve.

We believe that we are on the eve of considerable activity in the constructional trades, and that unemployment will steadily decrease during the present year. All trades will not be equally affected. Those which depend largely upon export trade, must await the settlement of outstanding questions in Europe, and even the constructional trades will relapse into depression unless development at home is followed by restoration of foreign markets. Is it too much to expect that before the domestic market for capital goods has been satiated the European nations will have rediscovered the value of policy based upon sound economic principles? In any case, it is far better in the meantime that we should be putting our own house in order than that we should be sitting, clasping our hands in despair. The stability in the price level of the last few months has provided the inducement to do so. We have not, however, solved all our domestic difficulties. The pre-war relationship of the wages paid in different occupations has not yet been restored. Attempts will no doubt be made to secure the necessary adjustments. If they lead to strikes or lock-outs the consequences may be disastrous. We hope that the problem will be considered as a whole, and that, in particular, the relationship of wages and currency policies will be carefully investigated. Why should there be open warfare between employers and workers about a question the answer to which will inevitably be found in the currency policy pursued by the Treasury?

LEVIATHAN AND HIS KEEPERS.

A GENERATION ago the Liberal Party claimed to be peculiarly the people's party, and the hold of Liberalism on its working-class backers seemed to be secure. In those days Labour could be counted a Liberal wing, even though its tone and its topics were its own. To-day, Labour outnumbers Liberalism by the forty seats which were its total strength in 1910. Thus the small cloud of those still recent times now dominates the weather: its lowering bulk threatens the two-party system, and much besides. In the chilly eclipse of beliefs and sentiments grown hoary and beloved, more than two-thirds of the nation ask in aggrieved incredulous accusing tones whether the new party need have emerged, or having emerged need have broken with Liberalism, its parent, whom it has handled so murderously. Thus, instinct enjoins the search for a scapegoat. And who so apt for blame as the unnatural child's parent?

The Liberal Party cannot be absolved wholly of blame for the behaviour of its offspring. Towards the end of last century several influences which had been working quietly began to bear fruit. Popular education, the successive widenings of the franchise and the growth of multifarious class agencies united to ripen the working-class movement. The awakening Leviathan was stretching himself, while obscure desires floated across his vision, and ambition began to sting his wits. Of his two keepers, the less congenial was busy with imperial ventures which Leviathan bore with for the moment, but repented of soon. The other Keeper suffered so badly from weakness and internal troubles between 1895 and 1905 that what was passing in Leviathan escaped him. The adolescence of Leviathan demanded sympathetic and alert study: but quarrels clouded the Keeper's mind and numbed his heart. Even when the Liberals regained office, Leviathan got little attention. The Campbell-Bannerman and Asquith Governments did not typify for Leviathan insight or energy or concord. The first few years of office saw little done, although the issues of the 1906 election, negative as they were, had interested the working-classes deeply, and had aroused formidable hopes of benefits. The House of Lords and the Irish questions delayed social reform, even if they cleared the way for it. Leviathan, always a little short-sighted and selfish, felt himself baulked by mere politics.

He began to turn away from Liberalism, though he said little.

Then came the war. The Liberal party, now smothered in the cares of office, abandoned its rôle as Leviathan's initiator into politics. The 1916 split forbade the resumption of the rôle, even when both fragments of the party found themselves in opposition in 1922. Meanwhile Leviathan, though left to himself for the moment, was learning rapidly, for the war had drawn him into a great discovery. The power which he had known, by the slightest of contacts, as a remote and venerable agency had now asserted the most complete claims on him. The State demanded of him time, strength, health, and life. In imposing toil and sacrifice it called new motives into being. The new sense of the State and the new breath of citizenship kindled his energies and illuminated the depths of conscience. Leviathan's mind reached out. As he stumbled painfully towards his Calvary he saw, amid his tears and blood, a vision of the worth of life and the power of brotherhood. The vision is with him still. Its novel vividness made him amenable and receptive. But as the Liberal party was cumbered with much serving, and later took to quarrelling, Leviathan fell into other hands. Thus it came about that in his soul's hunger he fed on narrow ideas imported from abroad, and drew in from new Socialist mentors their marxian prejudice against employers and their Prussian view of the State. In that great hour Socialism had nothing better to say than "the State is God, and private enterprise is of the Devil."

For the present the Liberal party is in no position, nor even in the mood to resume its old rôle. It scarcely knows what it wants to say to Leviathan or how best to address him; and before he can learn from Liberalism he must unlearn much that he drank in while his keeper's back was turned. Worst of all, the unteaching of Leviathan is not a politicians' task. Those who attempt it must pursue the sowers of Socialist tares through the wide fields of economic and historical theory. Without recourse to the longest of all Arts, education, Liberalism cannot win back its old influence over Leviathan. It is doubtful, indeed, if he can be freed from his errors by mere reasoning and dissuasion What has sunk in so deep and engendered so much heat only time and the hard rod of experience can root out. So little able is the Liberal Party to undo the evils which its negligence caused, or at least hastened and increased, that it is in danger of perishing by them.

What are these evils? First, the two-party system is

endangered, a system brought to perfection during the last century. It drew its virtues from the three spheres of instinct, dialectic and expediency. Its basis was temperament, its method was discussion *pro et contra*, and it gave an easy outlet for the alternating phases of political desire. It was a representative system so far as regards emphatic masses of opinion and great shifts of opinion; and its lack of statistical accuracy in representation amounted, in practice, to a political merit. Thus the nation was enabled to align itself easily, and, after discussion, to discharge its will. The régime of *katharsis* ensured rapid and safe progress. Franchise rights, the machinery of government, and the tradition and the technique of public work developed at break-neck speed. The system and the needs of the time tallied precisely. But if it be true—and it is certainly not unthinkable—that the impulses of political change are spent, and that the century's political gains must be consolidated rather than new gains sought, the advent of the three-party system may be timely and right. When no party is strong enough to compel, but all three are strong enough to prevent, sensible men will try to turn the apparent deadlock into a virtual coalition. Legislation will have to be by agreement. And the legislation towards which public opinion veers cautiously, curiously but not unhopefully ought to be done by agreement rather than by party triumphs. For legislative interest has passed over, in a measure, from the strictly political sphere to intimate questions of life and work. If politicians turn away from the crudities of party conflict and the half-justice of majority rule to rebuild social life, knowledge insight imagination and touch must count for more than weight of votes. There can be no sound bettering of the people's life without the patience and the harmony of the constructive temper. If the three-party system makes political fights peculiarly barren, why, these, the fights must stop, even if domestic politics tend thereby to become the monopoly of experts. But though all this may be both true and comforting, the two-party system must not as yet be presumed dead. The left side in politics is peculiarly liable to divisions: and the present Liberal-Labour crisis may turn out to be little more than an extreme fit of factiousness. The Labour Party's nervous vehemence against Liberalism proves it to be aware of the nation's instinctive dislike of third parties. Labour may well be pardoned for thinking that its own superior discipline entitles it to the reversion of the Left. It has, too, the advantage of the offensive posture and the prestige of growth. With Liberalism on the defensive but ready to co-operate, if Socialist projects are banned, and Labour bent on Supersession and loud against Com-

promise, the impartial observer can easily see on which side the luck of the fighting is likely to lie and to which the nation's instinct will probably incline. But to fight and win is one thing, to hold conquests another. Leadership and discipline are the assets of Labour as a third party. As the authentic Left Labour would inherit the incidentals of the Left, factiousness not excepted. The two-party system, to tell the truth, has always been modified and sometimes nullified by the fissiparousness of the Left. It is a reality when the Left is in office and at all other times a euphemism.

The other evil is the menace of Socialism. The working-class movement, it is true, has been committed to the policy of all-round nationalisation. But the origin and character of Leviathan are more important than the Germanised catchwords that were current at his awakening. Nationalisation has been argued out of court as a universal principle for the ordering of work and trade and ownership. Future discussions will necessarily base themselves on ideas of suitability and advantage. Leviathan's real nurture has been British. The Socialist *Credo* which uncoils so readily upon his tongue is one thing, the almost pathetic violence of his self-assertion another, his equipment of nature and habit a third. The first matters least. The second serves the third: though it is also a formidable thing in itself. For Leviathan has gathered his senses and his forces, and he will not relax again until he has accomplished somewhat. The allurements of power draw him on. Pride of class pushes him from behind. He has a crusader's energy, and the fanatical temper as well. Camaraderie is not lacking to him, nor is zeal, nor the impulse to proselytise, nor a hard dry laughter at his foes, which is better than no laughter at all. He has a mission, he feels, but whether to make all things new or to enter on the full heritage of citizenship and social opportunity and all the rich tradition from which circumstances and his own long sleep have excluded him, he scarcely knows. Things have moved too fast with him: and he has to manage himself as well as events, with but little practice beforehand in managing either. Will he stake his power on theory, on pedantic resolutions and romantic Utopias? Or will he fall back on instincts and sentiments and aspirations that are common to all Britons, and combine therewith an enthusiasm for legislation upon those intimate and sensitive matters of poor men's daily life and work that really lie outside politics, and can only be handled successfully by Parliaments that hold party warfare in abeyance?

JOHN MURRAY.

THE FACTS OF THE CASE IN DIAGRAM, No. XLV.

CONSIDERING the immense importance of the subject and the widespread interest taken by the public in the recent General Election, it is remarkable that any element of doubt should be permitted to exist as to the precise nature of the results of the polling. Yet such is the fact. The number of Unionist, Labour, Liberal, and Independent members who are entitled to sit in the new Parliament is, of course, a matter of common knowledge, but with regard to the hardly less significant question of the total number of votes cast in support of, or against, each of the contesting policies, there is no authoritative record. The daily newspapers have published their summaries, but no two of them agree, and in some cases the margin of discrepancy is considerable.

Nobody seems to know whether the Government acts at haphazard in preparing statistical data or whether any general principle is followed in the selection of what it is considered advisable to publish, but to the ordinary mind it appears incredible that no official pronouncement should be made of the detailed results of a national event of the first magnitude which is organised and controlled by a government department.

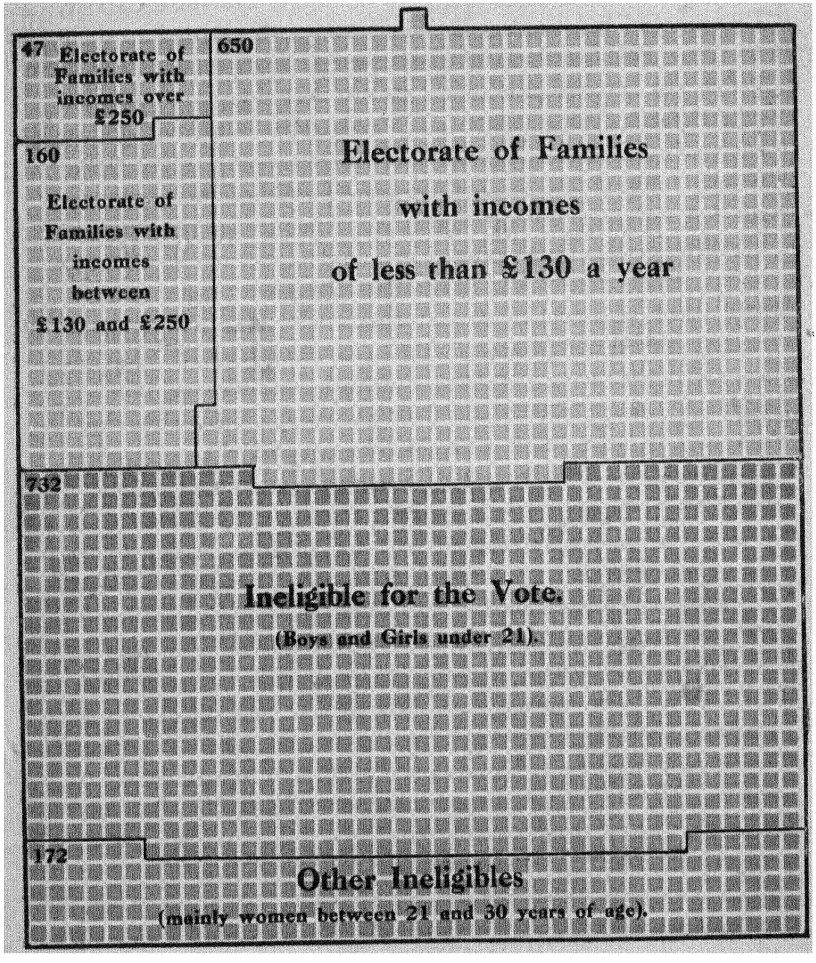
The figures used in this article and in the accompanying diagrams, so far as they relate to electoral results, are based partly upon the summary published by *The Times* on the 8th December, as amplified by subsequent notices, and partly upon the list of unopposed returns as announced in the press on the morrow of nomination day. It has been found necessary to make a few corrections where faulty arithmetic or inaccurate figures have crept in, but these alterations, many of which cancel out in the working, have little effect on the final result.

Each diagram (numbered 79 and 80) consists of 1,761 squares which, at 25,000 persons per square, accounts for the total estimated population of Great Britain and Northern Ireland, viz., 44,025,000 men, women and children. By deducting the total electorate from the gross population the number of "ineligibles" is arrived at, and these are divided up on the basis of the last available census figures, which gives us the percentage of boys and girls under 21 years of age, leaving a remainder representing the block of "other ineligibles." Diagram No.

DIAGRAM No. 79.

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

GENERAL ELECTION, December, 1923.



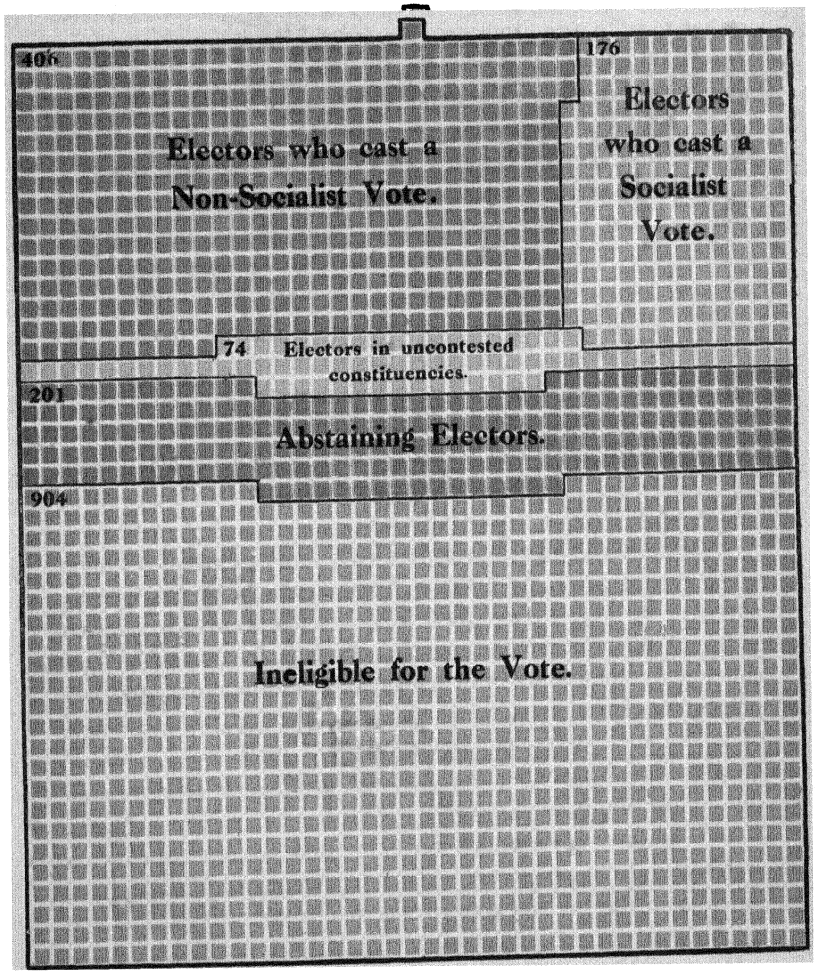
AN ANALYSIS OF THE ELECTORATE.

Scale: Each square of colour represents 25,000 persons.

DIAGRAM No. 80.

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

GENERAL ELECTION,
December, 1923.



AN ANALYSIS OF THE VOTING.

Scale : Each square of colour represents 25,000 persons.

79 next proceeds to analyse the electorate, and endeavours to convey a fair estimate of its composition, not as between men and women and not as between political parties, but according to income. It is impossible to define with any exactitude the precise limits within which the so-called "working-class" is constituted, but, speaking broadly, it may be assumed that all weekly wage-earners, as well as the recipients of salaries of less than five pounds a week, belong to the "working class" rather than to any other group. Inland Revenue statistics for 1919 showed that 1,257,000 persons had incomes of over £250, and that 4,490,000 persons had incomes of between £250 and £130. These calculations referred to an estimated population of 47 millions, whereas, owing to the secession of Southern Ireland, we are now dealing only with just over 44 millions, and we must therefore reduce the number of incomes accordingly. When this is done, and the result worked out at our adopted scale, it is found that 47 squares will represent the number of incomes over £250, and 160 squares the incomes between £130 and £250. There remain those electors whose income falls below the £130 mark. As the total electorate consists of 857 squares, of which 207 are already accounted for, it follows that 857 less 207, that is to say, 650 squares, must represent the electors (including their wives) who belong to the most poorly-paid category.

These are the figures incorporated in the upper portion of Diagram No. 79. Admittedly they are only approximately correct, as they do not take into consideration the present wave of unemployment and the consequent loss of income suffered by thousands of wage-earning families, nor do they pretend to enter upon the intricate question of the proportion of wives, aged between twenty-one and thirty, which should be distributed amongst the different groups of electors. In this connection it need only be added that the results obtained by the method of computation here used do not differ very materially from those arrived at by employing the figures taken from the tables given in *The change in the Distribution of the National Income*, published by Dr. Bowley in 1920.

Diagram No. 80 deals with the question of "How the nation voted." It shows that 68 per cent. of the electors went to the poll, a high proportion when one considers that an additional 9 per cent. of electors, living in uncontested constituencies, had no opportunity of voting. The number who abstained from voting was only 23½ per cent. of the total electorate. Four million four hundred thousand votes were

cast for candidates who subscribe more or less to the Socialist creed. These votes are represented in the diagram by 176 squares, which is approximately 30 per cent. of the votes cast and about 20 per cent. of the electorate. On the other hand, ten million one hundred and fifty thousand votes were cast for non-socialist candidates. These votes are represented in the diagram by 406 squares, or nearly 70 per cent of the votes cast and over 47 per cent. of the electorate. It cannot be gainsaid, therefore, that if the Socialist party takes office at the present juncture it will do so in opposition to the recently expressed opinion of more than two-thirds of the electorate.

It is by comparing the two diagrams, however, that the really interesting aspect of these figures is brought to light. The parliamentary Labour and Socialist Party claims to speak for the working class and yet they secured less than one quarter of the votes of the *working class* electorate and only about one-fifth of the *whole* electorate. Of voters whose income is under £5 a week, and who actually went to the poll, 36½ per cent. supported socialist candidates and 63½ per cent. voted against them. It will be seen therefore that any mandate given by the working class as a whole is most emphatically, almost overwhelmingly, anti-Socialist.

This situation has not altogether escaped the notice of Socialists themselves and under the headline "Millions didn't vote right" the *Daily Herald* prints an article by Dan Griffiths who says "Four and a half million workers have voted Labour, whereas nine millions of the workers have voted anti-labour. In other words twice as many *workers* have voted *against* the Labour Pariy as have voted *for* Labour . . . . . of the 21,000,000 possible electors over 18,000,000 are working men and working women. Of these 18,000,000 working-class electors not more than 4,500,000 voted *for* us, whereas 9,500,000 voted *against* us. The remaining 4,500,000 *worker* voters did not vote at all—not even against us."

The figures in our diagrams do not precisely coincide with those quoted by Mr. Griffiths but the two versions are sufficiently close for all practical purposes and they both draw attention, though from different view-points, to a most significant and most important aspect of contemporary politics.

卐 卐 卐

INDUSTRY AND DEFLATION.

A STABLE currency is the foundation of the industrial structure. Currency instability converts investment into a gamble and makes provision for the morrow a mockery and a sham. It leads straight to economic chaos. German currency inflation, during the early stages, produced the appearance of industrial prosperity; but its logical end, which is now at hand, means utter confusion in industry, or starvation for a large and growing section of the community. Currency Deflation (or what passes under that title) in this country has intensified a trade depression unparalleled in our history. Inflation, by steadily reducing the value of the currency, penalises saving in money and compels people to buy goods even if, in spite of discouragement, they retain their thrifty habits. Deflation, by steadily increasing the value of the currency, encourages people to save in cash, but penalises them if they invest their savings, and so hinders capital development. Inflation produces what appears to be an orgy of extravagance; deflation what seems to be niggardliness and is, in fact, stagnation in trade. Both are unhealthy; both are enemies of economic progress; both have a disintegrating effect on society, splitting it into factions, each in turn suspicious of the other's designs; both foster industrial unrest. Little wonder, therefore, that the cry has gone forth, once again, for a stable currency.

The industrialists of this country blame the Treasury. They recall the recommendations of the Cunliffe Currency Committee of 1918 to the effect that we should eventually return to the bold standard and in the meantime pursue a cautious policy of gradual deflation. They have witnessed the suffering caused by a heavy and continuous fall in prices following the adoption by the Treasury of a policy apparently based upon those recommendations. They connect the two as cause and effect, and now request the appointment of a new currency committee to reconsider our financial policy in the light of recent events. We would welcome the appointment of such a committee, for we need a far clearer pronouncement of Government policy than has yet been vouchsafed. Until industry knows the permanent financial framework within which it is to operate it will be compelled to work from hand to mouth. Our industrial leaders are now advancing in the dark, and have to feel their way forward. The spirit of enterprise, which has done so much in the cause of economic pro-

gress in the past, is being given no scope. For it can only work if there is a reasonable expectation that public service will receive due reward. Where there is no clear financial policy there can be no such 'reasonable' expectation Industrial service may be penalised by an erratic price level due to an erratic currency.

Nevertheless, we should not fall into the error of assuming, in the absence of clear proof, that the difficulties of the last three years are largely attributable to the Treasury policy now in operation. There is, indeed, a strong presumption to the contrary. Our currency is now regulated by the Treasury minute of 1919, which states, in effect, that the issue of Treasury notes in any one year may not exceed the actual maximum issue of the previous year. It was brought into operation during a period of expanding trade, and was clearly *intended* to stabilise, not to deflate, our currency. But a year later the tide of trade turned, and the actual requirements of currency fell. The fall continued, largely as the result of wages reductions, and has continued to this day. With the steady fall in actual requirements the legal maximum has fallen, and next year it is likely to be between fifty and sixty million pounds less than the actual issue of 1920.

In spite, however, of the fall in the Treasury note issue, the reserves in our banks remained high. The credit requirements of the business community (as the result of the depression and wage reductions) were steadily reduced. It was, indeed, this fact which led to the fall in the note issue required by the community. As the reserves were high, the Treasury, in 1921, converted a large part of its floating debt into the $3\frac{1}{2}$ per cent. Conversion loan, and so cleared out some of the cash deposits in the banks. And since then it has redeemed or converted further amounts of the floating debt. Nevertheless the bank reserves have remained relatively high, and there is therefore an ample supply of credit for the next few months.

But what of the future? Will the existing issue of currency notes and the corresponding supply of credit prove sufficient for our purpose? Or, if a trade boom is not to be nipped by a scarcity of credit, will it be necessary to recast our financial policy? These are questions which seem to us of sufficient importance to call for investigation by a new currency committee, which, unlike the Cunliffe Committee, will regard currency not as something which can be isolated, but as constituting a problem intimately connected with industry.

SOCIALISM.

Industrial Administration.

It was stated in previous articles that Socialism would mean, in practice, economic conscription for the worker, and the control of consumption. Almost inevitably it would tend to stereotype methods of production and largely reduce industrial exploration. It would be extremely difficult, if not impossible, to maintain material progress at its present rate. Socialism, in short, would represent a costly method of economic organisation. Would it secure advantages which would be worth the cost and which could not otherwise be secured? In seeking the answer to this question it is necessary to emphasise the distinction between the Legislature which enacts laws and the administrative department which would be controlling any single industry within the framework of such laws. The former would continue to be important. It would still lay down minimum conditions of work, and provide such agencies as employment exchanges and insurance departments. These agencies, in fact, would perform new functions and acquire far more executive power: they would serve as the instrument for enforcing conscription. The administrative department in control of an industry would be required to observe the minimum conditions laid down in Acts of Parliament. But it would not, on its own initiative, set up new and better conditions for the workers and officials under its control, having regard to the nature of their work. By so doing it would deliberately be creating precisely those precedents which it is the aim of a government department to avoid. It dare not offer higher wages than another department offers for the same class of work and for the purpose of attracting more efficient labour, for such a policy would lead immediately to inter-departmental difficulties, and in extreme cases result in a conflict between the department and the State.

Status of the Worker.

The consequences are obvious. 'Sweating' would be abolished, as it is rapidly being abolished by the method of Trade Boards. But the minimum conditions laid down by law would become the operative conditions for the average workers in all establishments. Those now employed by the

most progressive firms, at rates above the standard rates for the industry, would probably lose more than they would gain, unless it could be shown that the wages of the average worker in the industry would be raised. (It will be argued later that this is a very improbable result of Socialism). Nor is it likely that the worker would enjoy a greater measure of control than he does under the present system. He is now a party to a wage contract, and through his trade union he is able to negotiate the terms of that contract with the other party, on an equal footing (in law) though not always with the same success. Under Socialism he would lose the right to strike, i.e. the right to negotiate. There can be no ambiguity on this point. The other party to the contract would be the State of which he formed part, and against which he could not stand. The nature of contract would now be changed. The government department, moreover, would delegate only those powers and responsibilities which it would be compelled to do by law and (within narrow limits), those which efficiency dictated. Comparison even of existing conditions in public service and private industry suggests that the employee has greater real freedom and power in the latter than in the former. For, as is well known, behind the 'superior officer' in a public department stands all the might and majesty of the State. Bureaucracy is unavoidable; but its power over the individual is at least restricted, in practice, by the fact that private industry offers an avenue of escape. 'State ownership combined with control by the workers' expresses a vague desire, not a practicable proposal. Control and responsibility cannot be separated. A Socialist State would inevitably attach less importance to individual worth and initiative than does the system of private enterprise. And 'personal competition'—'competition of service'—which, it is said, would still remain, would be quickly infected with a poisonous germ. The era of 'wage-slavery' would at last begin.

The Right to Work.

In return the State would guarantee not work, but 'work or maintenance.' Some causes of unemployment would still operate. 'Seasonal' work would vary with the seasons; dock labour would remain, in essence, casual; some industries would decay and others flourish. Workers would be moved about like pawns on a chess-board. As the alternative to work would be maintenance, fresh work would be found as quickly as possible. But the worker would have no choice of

work. The new state of the worker would probably be worse than it is at present. When foolish writers contend, in the correspondence columns of our newspapers, that unemployed women workers should not be paid the "dole" while there are so many vacancies in domestic service, they are merely foreshadowing the inevitable policy of a Socialist State. 'Right to work' would come to mean obligation to work, and to do the precise work offered. It would be possible to secure all the benefits (in this connexion) of Socialism under the present system, and at the same time avoid the harshness of the former and retain that freedom of choice which, combined with security, is the true symbol of what is loosely called 'status.' We are only now beginning to explore the possibilities of social insurance.

Control of the Trade Cycle.

The great industrial evil of modern times is not, however, unemployment due to the causes already described, but that periodic and widespread unemployment which accompanies general trade depression. The 'trade cycle' (that is, the alternation of booms and slumps) is the most difficult economic problem with which society is confronted. Its persistence is due to a combination of circumstances which have not yet been fully revealed. It is a world phenomenon, and its connexion with industrial specialisation has been firmly established. Clearly a Socialist State, working in a competitive world, could not eliminate its causes (which are international in their operation) and guarantee that its own industry would advance on an even keel. It would be rash either to affirm or to deny that the intensity of trade fluctuations could be reduced to a greater extent under Socialism than under the present system. It is now agreed that it would be possible, by international action, to modify both boom and slump, and to do so without any radical change in the method of economic control. If it could be shown that a Socialist State, acting alone, could smooth out (without flattening down) the curve of trade and employment to an extent which would be impossible under the present alternative system, a considerable (though not decisive) argument for Socialism would be established.

Policy of Public Authorities.

It has been suggested by Mr. Sidney Webb and others, that general trade fluctuations could be largely reduced if public authorities would withhold their demands for capital goods

during trade booms, and concentrate them upon periods of depression. The possibility and desirability of action along such lines have now been recognised by all these political parties, and by most writers on economic subjects. Nor do we suggest that they are wrong. Nevertheless, recent experience suggests that serious difficulties would be encountered in giving effect to such a policy. Public departments, such as the Post Office, or a municipal tramway department, are subjected to the usual tests of efficiency; and if their 'business policy' is to be subordinated to policy dictated by other considerations, their heads will no longer accept the customary tests of their efficiency. In spite of the fact that the need was more urgent early last year than at any time in modern history, how many public departments allowed the fact to influence their policy? Again, suppose, when the next trade boom appears, a City Council is controlled by a labour majority, or the Government of the Country is in the hands of the Labour party, is it likely that either will consent to postpone what it regards as an urgent reform (such, for example, as providing adequate houses and schools) merely because trade is active and the work could with advantage be postponed until the next depression? Will they not be more likely to press forward such schemes precisely because trade is active and the nation appears prosperous and is able to afford such improvements? These are practical difficulties which are not, perhaps, insurmountable. But, in so far as they can be overcome, the policy is one which is not inconsistent with the present form of economic organisation. It may even be argued that the attempt made by public authorities (with the important weapon already at their disposal) to operate such a policy would provide not merely a test of their ability to encroach still further upon private enterprise, but also training for further and more difficult tasks in the sphere of economic effort.

Rising Prices and Profits.

The control of the trade cycle and the stabilisation of prices would go far to eliminate one of the most serious evils in the present system. It is an established fact that a period of rising prices is a period during which excessive profits are made in industry, and business men and shareholders secure a greater share of the nation's income, at the expense of the average wage-earner, the average recipient of salary, and the bond holder. Large fortunes were made during the decade

immediately preceding the war, and these fortunes owed their existence not to unusual business ability but to the steady influx of gold into this country and the consequent rise in prices. Even when prices do not show an upward trend over a long period of years they may, and do, rise sharply during a trade boom, and profits again come easily. If such instability is inherent in the system of private enterprise it reveals a serious defect; and if, further, it can be shown that Socialism would overcome this evil, an important argument in its favour would be established. But it is by no means proved that undesirable fluctuations are inevitable in the present system. New possibilities of currency control have recently been revealed, and it may be possible, in the near future, to secure such a degree of stability that profits will cease to be so largely of the nature of gifts, but will represent a fair remuneration for risk and intelligent effort.

The considerations set forth above show the importance of distinguishing between the administrative action of the departments controlling separate industries and the legal framework by which their power is limited. It is submitted that the real safeguards of the citizen would be found in the legal framework, and that an equally effective and protective framework may gradually be evolved without destroying what is vital in and for the present system of private enterprise. It remains for us to consider first the difficulties of Socialistic control in relation to international trade, and secondly, the possibility of improving (by means of Socialism) the distribution of wealth between the different classes in the community.

(To be concluded).

卐 卐 卐

THE BUILDERS' OPPORTUNITY.

THE restoration of normal conditions in Europe, which is the necessary preliminary to our own prosperity, is likely to be of slow growth. In the meantime, hopes of revival must depend on the opportunities provided by other markets at home and abroad. Though the depression is general, development at home seems possible in a few industries. Such development would have a three-fold effect. It would absorb the unemployed members of the industries concerned; it would increase their power of purchasing the materials and instruments which they require and the goods upon which their profits and wages are spent; and the consequent extension of business would help to restore confidence and revive enterprise generally.

The greatest opportunity of this kind is presented by the Building industry. There is an almost unlimited demand for houses. Housing of some sort must be obtained; and at present it is often obtained only in overcrowded lodgings at high and even exorbitant prices. There is the income, therefore, to spend on the houses as soon as they are built.

At first sight, there seems to be a good deal of labour available in the industry. It had about 100,000 men unemployed during the summer (80,000 in house building and the rest on other constructional work). Many of these men, however, were unskilled labourers who are dependent upon the skilled men for employment. A good many of the latter were also unemployed; but they consisted chiefly of men, such as painters and plumbers, who are engaged on the later stages of building, and, to a lesser degree, of carpenters and joiners who effect the intermediate processes. In the earlier and fundamental operations of bricklaying and masonry, on the other hand, there appear to be few unemployed. In some districts, indeed, there is an absolute shortage: but the information available suggests that elsewhere there are still a certain number of unemployed.

A small increase in building, therefore, could be effected by the absorption of these latter; and something might also be done by the use of alternative methods of construction, which economise the work of bricklayers and masons. But at best such expedients will not lead to more than a small increase in employment. Moreover, even if all the available skilled men

in the industry generally were fully employed, their numbers would probably be inadequate to the needs of the housing programme. The chief emphasis must be laid on the bricklayers, because with them the shortage is most pronounced, but it must be borne in mind that there is a similar shortage in other branches. Large numbers of additional men are required for the industry as a whole.

In the case of the bricklayers the trade is a skilled one, but permits of the employment of less skilled labour after a short intensive training. The same thing seems possible in some at least of the other skilled trades in the industry. Hitherto, however, proposals to increase the labour supply by these or other means have met with a resolute and apparently united resistance, which seems, moreover, to be shared by the ex-service men in the industry. The latter even take the lead in refusing to run the risks which they think they foresee.

"Once bitten, twice shy." The building industry as a whole, and the bricklayers in particular, have in the recent past suffered from an excess of labour following a big boom. The present time seems to offer some resemblance to the circumstances of the years 1895-1900. An immense boom in the industry then led to the entry of much fresh labour. As at the present time, the prospects of employment appeared to be practically unlimited, and newcomers flocked into the various trades. In the sequel the industry experienced probably the worst and most prolonged depression in its history. This depression continued almost uninterruptedly through the trade boom of 1906-7, and the industry did not fully recover even in that of 1913-14*. Many men left their trades and, of those who remained, large numbers were out of work for very long periods.

The bricklayers suffered as severely as any. They had more unemployment than most of the skilled trades, and then, as now, were handicapped by broken time as well. Their numbers decreased considerably under the stress of unemployment, and this decrease accounts largely for their relatively favourable position to-day. Past experience, therefore, has led them, and, to a lesser degree, the whole industry, to oppose the introduction of labour from outside. Men who have suffered from long spells of unemployment, sometimes as much as a year on end, refuse to risk a repetition of such conditions, and

* During these years the percentages unemployed in the Building Trades were decidedly higher than in other Insured Trades.

the general unemployment in the industry again during parts of 1921 and 1922 has naturally confirmed this attitude.

Moreover, the workpeople in all industries are apt now to be suspicious of the argument that ample work is available, and that not employment, but labour, is lacking. Employers have been known to complain that labour is unobtainable whilst the Trade Unions have had a considerable percentage of members unemployed. The probable explanation is that employers, being short of first-class workmen, assume a general shortage, whilst the trade unions have still before them the task of securing full employment for all their members.

The opposition to dilution or any sudden method of increasing their numbers is, therefore, intelligible and, up to a point, justifiable. The Unions have been asked to consent, in the national interest, to an abnormal immigration of labour into their trades, and to the abrogation, for the time being, of their normal rules and customs. These are big concessions, and their leaders are right in insisting upon reasonable precautions and adequate safeguards.

Proposals for the introduction of fresh labour into the industry were the subject of prolonged negotiations between the Government, the employers and the Trade Unions in the years which succeeded the Armistice. At first suggestions were made for a general "dilution of labour," of a type somewhat similar to that which was adopted in munitions work during the war. These suggestions aroused considerable hostility among the men, and do not appear to have found favour with the representatives of the employers. Other proposals, less open to objection, were subsequently put forward by the Government; but these also met with strenuous opposition from the workmen. No agreed solution had been reached when, in 1921, the depression in trade and the restriction of the Addison housing schemes entirely altered the situation.

The workmen have been freely accused of ungenerous behaviour towards the ex-service men and of lack of public spirit. And it cannot be denied that the rank and file were often obstinate, suspicious and ungenerous. The leaders, on the other hand, did much admirable work for which they have not received sufficient credit. To their efforts were largely due the training of some thousands of disabled men for the industry, and the successful working of the Interrupted Apprenticeship Scheme. Moreover, there were faults on the other side. Neither the Government nor, on the whole, the

employers appear to have realised the nature and the strength of the men's demands for security against future unemployment, and the concessions suggested by the Government were as a result either inadequate or unsuitable. Further, insufficient attention appears to have been paid to the proper distribution of any new labour that might be introduced, so as to avoid bringing men into the one or two branches, like painting, which had already an adequate supply.

The revival of the demand for housing now gives a fresh opportunity for the industry to assist materially in the general recovery of employment, by the carrying out of the full housing programme. But, for this to be possible, the mistakes of the past must be avoided.

The crux of the question is security. Re-assure the men as to this and much of the difficulty should be removed. Such an assurance really involves two things. First, the labour in the industry must not be increased beyond what can be permanently absorbed. Secondly, the country must not, as in the 'nineties, become overbuilt. The latter object can be secured by a careful distinction between the leeway of the war which must be made up once for all, and the permanent demand for housing. When this leeway is made up the labour left in the industry must not be in excess of normal needs, though the numbers required may well be larger than they are at present. The war leeway creates a big, but essentially temporary, demand. The proper procedure, therefore, seems to be to train men quickly for the simpler work, utilising war experience, and as the abnormal demand becomes satisfied, to draft these men systematically to other employments. For when a real revival and expansion of industry comes, it should provide fresh openings for which they are suited.

In any case the guarantee that the influx would be temporary, should meet the legitimate fears and objections of the permanent building operatives. The houses could then be built; the efficiency of many who would otherwise remain unemployed for a still further period would thus be preserved, and the regular building tradesmen would not be the losers through their concessions to the public need.

卐 卐 卐

FOOD FOR THOUGHT.

THE political horizon is clouded and prophets have to contend with an unprecedented condition of what airman call 'low visibility.' There are many, perhaps too many, writers who are confident enough to forecast future events and to tell us what is to be the upshot of the three-cornered contest that is now being staged on the floor of the House of Commons. We lay claim to no such prescience and will not even hazard a guess as to how many rounds will have to be fought, as to what tactics will be pursued or as to which party will gain the ultimate verdict. If we expect anything it is the unexpected. We are sure of one thing only, which is that the next six months will retrospectively be viewed as being amongst the most pregnant of all periods in parliamentary annals.

卐 卐 卐

There is a kind of tolerance, bred of security, tinged with a sense of superiority and most galling to inexperienced enthusiasts which has attached in a peculiar degree to the British House of Commons. There will be no room for this mental attitude in the new parliament. In future nothing can be taken for granted and first principles will have to be fought for with the gloves off. The reign of the dialectical expert is passing, if it is not already moribund, and traditional usage will be unequal to the task of confining discussion within traditional limits. A more primitive, and consequently a more real, atmosphere will prevail and sincerity will be put to a severer test than has been common in the past.

卐 卐 卐

If the strenuous months before us are to bear good fruit it is above all things essential that those who have the true welfare of the nation at heart should not lend themselves to aught which savours, in the remotest degree, of sophistry or intrigue. A fierce light will beat on the Chamber and short shrift will be given to any party or group that is convicted, or even reasonable suspected, of not playing the game. The issue of the next election will depend not so much on the policies submitted to the nation, when dissolution comes, as upon the antecedent behaviour of the parties with whom those policies are associated. The judgment of the masses is often fickle and inconsequent when they have to decide between conflicting political programmes, but they have an unerring instinct as to what constitutes " cricket " as they understand it.

Each of the three parties has its own peculiar problems to face and, should Labour take office, Mr. Ramsay Macdonald will require almost superhuman seamanship if he is to escape both the Scylla of redeeming his promises and the Charybdis of doing the reverse. His best, if not his only, chance of success lies in taking advantage of the mistakes made by his opponents. If this is denied him, the edifice of Socialism is in danger of falling by reason of its own weakness. Those of us who believe whole-heartedly in the instability of the foundations of the Socialist doctrine have nothing to fear, under the present circumstances, from a collapse which occurs automatically and which owes nothing to manipulation from outside.

卐 卐 卐

The breadth of the gap that separates industrial from political considerations is greater than many people imagine or remember, and Mr. Macdonald, sobered by the cares of office, will find it no easier to co-ordinate the two than he in his salad days of virtual irresponsibility. To encourage industrial unrest and to foment strikes may appear to be good business to a free-lance when he is in opposition to authority, but when he is at the head of the government he must perforce restrain those tendencies which he formerly was wont to provoke.

It is deplorable, but unfortunately true, that industrial workers are more disposed to employ the weapon of the strike when they are relatively prosperous than when times are bad. The fear of unemployment normally acts as a sedative but especially is this the case when the demand for labour is short. If the Socialist party should carry out its undertaking to provide work or full maintenance for all and sundry, the risk attaching to a declaration of war by an insurgent industrial group is reduced to vanishing point. Nobody can doubt what is likely to be the outcome of this situation—and there is every probability that any revival of trade which might otherwise develop in the spring of 1924 will be checked by an epidemic of strike fever. The Mining industry will almost certainly be involved in a new upheaval before many months are passed, and there is a danger that a repetition of mine-flooding tactics may again be resorted to by the extremists. How will Mr. Macdonald's government deal with such a situation? Will they dare to withstand extremism, and if not, can any limit be placed to the ever-growing demands of the strikers? This is the dilemma in front of Mr. Macdonald, and if he can find a way out of his difficulties

without bringing destitution to the workers, he will thoroughly deserve the fruits of his achievement.

卐 卐 卐

The steady increase in the numbers absorbed in industry since the end of 1923 is an excellent omen. The improvement in trade has been due both to foreign and to home orders, and it has even touched shipbuilding. After the delays which the institution of the new railway groupings made unavoidable, the railways have at length begun their expenditure on renewals. Those who care to enquire what or who has been responsible for the improvement will find that the credit belongs not to Governments but to private enterprise. It is undeniable that in the post-war period all Governments everywhere have shown themselves less equal to their tasks than private persons and agencies have been to theirs. We are reminded of a happy adaption of Clough's well-known lines which occurs in Professor Zimmern's "Europe in Convalescence" (1922), page 181:—

"While the 'tired waves' of International and Governmental action have seemed 'no painful inch to gain,' private enterprise, working imperceptibly through a thousand creeks and inlets, has come flooding in."

Prosperity depends ultimately on the bounty of Nature, and of all Nature's bounties that of the corn-field is the greatest. A good harvest enables the farmers to buy freely; and the demand thus started spreads until all trades share in it. One real cause of the fall in unemployment is to be seen in the great harvests reaped all over the world in 1923, Germany not excepted. The efforts of German farmers to recover the brilliant productivity of German agriculture before the war are more likely, as we have often urged in these pages, to help to solve the German problems than are the nervous and erratic policies of her governments, or even the work of her great industries. In general the agriculture of the countries of central Eastern and South-Eastern Europe must recover before these countries can buy British goods on the pre-war scale. The damage done to tillage by the war was grave enough to require several good harvests for its repair.

卐 卐 卐

The state of the British working-classes can scarcely be normal as long as European agriculture is under par. It would be foolish to suppose European agriculture incapable of recovery, or incapable of replacement as a contributory to British trade.

The exceeding leanness of these years justifies temporary expedients of considerable magnitude, but enforces no such conclusion as that capitalist free enterprise has failed. We dissent from the view expressed by Major Harry Barnes, who represented East Newcastle as an Independent Liberal from 1918 to 1922, in his recent book on Housing, that the housing of the working classes has now definitely to be classed with education and certain other services as an expense of the State. The present unhappy experiences of State building suggest rather that the State should normally leave house-building alone, and, interfering only upon compulsion, should undertake the least possible iniative and the least responsibility that will secure the end in view.

If Nationalisation were a wise policy, the prime rule in applying it would still be the principle of parsimony. The modes in which the State may interfere with citizens to vindicate a law, or preserve a social standard, or safeguard a public interest, are exceedingly various. Some people think that the State, if it can prove any interest at all, should be entitled to interfere and should actually interfere in the most complete manner. As to entitlement there can be no argument. On the other hand State interference is such an awkwardly barbed instrument that it may be the surest way to harm or lose a real interest. In those cases in which interference is desirable, it is usually all-important that the interference should be done in the best possible manner. What is that but that the simplest and directest possible means should be chosen, and used for the shortest possible time, so that no results but those aimed at shall be caused, and that with the least trouble or expense, and the least chance of compromising or disturbing other interests? It is no part of statecraft to cheapen or blunt or stale the power of the State by excessive or undiscriminating use. Through the long centuries of European civilization a technique of Government has been evolved very slowly and painfully: and the history of the past, while it warns us against the weakness that fails to use the State's power, warns still more against too frequent resort to it, and clumsy use of it.

While the political internationalism of the League of Nations makes no headway, the International Labour Office, the League's Industrial side, continues to score successes. It is, perhaps, by solving in concert the more subordinate problems

that the nations will learn to handle the questions that touch sovereignty closer. A little labour legislation makes the whole world kin. The East begins now to present the same phenomena of industrial effort and organisation, the same openings for abuse, and the same risks therefrom of social and political strain as does the West. And India, for instance, shows the same laudable anxiety in the State to devise remedies and palliatives, and to conciliate the parties. Three years ago, Sir George Lloyd, Governor of the Bombay Presidency, could say to the Trade Union Congress in Bombay:

> "Next to the maintenance of the fundamental conditions of all orderly and progressive Society there is no more important social or administrative problem than the position of Labour in the community."

Since September, 1921, the Labour Office of the Bombay Government has published a monthly, the *Labour Gazette*, which is modelled on the Ministry of Labour's well-known monthly. Welfare work has taken root in some Indian factories. The Government of India has made workmen's compensation for accidents obligatory; and the Federated Malay States intend to do the same. And just as Lancashire is nervous about Indian cotton mills, so Indian manufacturers complain that China no longer buys yarn from India, but only raw cotton, to their double disadvantage, since the price of the raw material is raised and the outlet for yarn and cloth curtailed.

Bombay therefore takes a close interest in the decree issued by the Chinese Government for the carrying out of the Washington Draft Convention on hours of work. The chief items of the decree are

Application—all factories employing 100 or more hands.
10-hour day for adults.
8-hour day for workers under 17.
2 days rest (minimum) per month for adults.
3 days for males under 17 and females under 18.
Prohibition of employment of boys under 10 and girls under 12.

The various restrictions apply to factories employing less than 100 if the conditions are dangerous or unhealthy.

The terms of the decree, judged by western standards, are distinctly moderate, which may commend them to the Chinese. But the industrial results will depend not on what is put into the decree, but on efficient inspection and enforcement, and it may be doubted whether either is as yet available in China.

DAY BY DAY.

(A monthly Record of the principal events which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

Dec. 1st. The Ministry of Labour index figure shows a rise of two points in the cost of living since November 1st, which is estimated to be 77 per cent. higher than at July, 1914.

Recorded changes in rates of wages during November showed an aggregate *decrease* of £150,000 in the weekly full-time wages of nearly 950,000 workpeople, and an increase of £36,000 in those of 400,000 people.

Fifty three trade disputes involved the idleness of 54,000 workers and the loss of about 1,016,000 working days.

Unemployment decreased slightly, the percentage among insured workers fell from 11.7 to 11.5, and among trade-unionists, from 10.9 to 10.5 The Employment Exchanges registered 1,257,000 as unemployed at November 26th.

Sheffield Cutlery Trade: During 1922 some 26,780,316 pieces of cutlery were imported into this country from Germany. It is estimated that the wages bill for these goods would amount to at least £488,728. During the same period approximately one-half of the workers in the industry in Sheffield were out of employment and the other half working short time.

4th. Third Shift: The experimental period for the operation of a third shift for coal tippers and trimmers in Welsh ports has expired Despite instructions from their Union Executive, and the fact that ships are awaiting loading at all the docks, the tippers have decided to abandon the third shift at once, and to hold a mass meeting on the 9th to consider what further action shall be taken.

7th. Dockers' Wages: The General Council of the National Union of General Workers has endorsed the demands formulated at the Dockers' Conference last month. The Unions will therefore unanimously press for a complete restoration of the conditions operating prior to September, 1920. This is roughly equivalent to a demand for an increase of 2s. per shift.

10th. Third Shift: As a result of conferences between representatives of both sides, a resolution was passed recommending an immediate resumption of work until January 5th, without prejudice to the men's claim to terminate the third shift thereafter.

11th. General Election: The final result of the polling shows the relative strength of the various parties in the new parliament

to be as follows: Conservatives, 256; Labour and Co-operatives, 191; Liberals, 159; Other Parties, 8.

An analysis of the votes recorded at the General Election (exclusive of the Universities) shows that of the 19,193,754 men and women entitled to vote, 14,551,920 actually exercised their power. These were distributed as follows:—Unionist, 5,514,103 (or 38 per cent.); Labour, 4,506,935 (or 31 per cent.); Liberal, 4,265.462 (or 29½ per cent.); Other Parties, 265,420 (or 1½ per cent.) A French journal expresses the view that the 1,200,000 unemployed with their wives would account for half of the strength of the Labour vote. It is, however, by no means certain that unemployment would determine in mass to vote Labour.

12th. The N.U.R. Officials state that at the end of the current financial year they expect to have approximately £2,000,000 in their reserve fund.

Labour and Government: The National Executive of the Labour Party adopted a resolution to the effect that, should the opportunity arise, the Labour Party should accept full responsibility for the government of the country and not compromise itself with any form of coalition. The General Council of the T.U.C. also passed a similar resolution.

13th. Miners' Agreement: The Joint Committee of coal owners and miners concluded their enquiry into the National Wages Agreement. A delegate conference of the Miners' Federation will meet to morrow to consider the report The owners will not contemplate any increase in the minimum wage, as they consider that this would defeat the spirit of the agreement, which is based on the principle that the industry must be self-supporting. They are, however, willing to alter the present wages and profits ratio in favour of a somewhat higher proportion for wages Any such concessions would be contingent upon the miners accepting an arrangement which would permit the owners to carry forward deficiencies in the amount of available profits after the payment of the "minimum" wage.

16th. Engineers' Employment: Mr. J. T. Brownlie, president of the Amalgamated Engineering Union, in his monthly report, states that there are still nearly 20 per cent. insured workers in the engineering industry unemployed. Wages of turners and fitters average 56/8½d. per week, or 46 per cent above the average of December, 1914.

Mines Agreement: The Miners' Federation have decided to ballot on the question of giving notice to terminate the wage agreement. The owners' concessions are considered inadequate as a basis of negotiation. The executive com-

mittee advise that the agreement should be cancelled. The proposed ballot will not include authorisation to strike. Mr. Frank Hodges has resigned his office on becoming a Member of Parliament, but will continue in office pending the appointment of his successor.

18th. Railway Wages among the lower-paid grades of workers will, in accordance with the sliding-scale agreement, be increased one shilling a week to meet the increased cost of living.

Labour Ministers' Salaries: Scottish Labour circles are advocating that if Labour forms a Government, the maximum payment to Cabinet Ministers should be £1,000 a year.

Trade Union Disputes: The Disputes Committee of the General Council of Labour have held an enquiry into the action of the Stevedores' Labour Protection League, which body was largely responsible for the unofficial dockers' strike last summer. The Transport and General Workers' Union alleged that the new union had established itself by actively poaching members of the Transport Union. The charge was held to be true, and members of the new union who formerly belonged to the Transport and General Workers are to be returned to that Union

20th. Railwaymen's wages: The National Wages Board issued its report on the claims of the Railway Companies for a revision of the National Agreement and of two of the Unions for certain concessions. Some slight concessions were made to the Companies, but generally speaking the men's conditions remain unaltered, and, in particular, the cost of living sliding-scale principle is to be maintained for the present. The report was endorsed by every member of the Board.

Dockers' Wages: A special delegate conference of the National Amalgamated Union of Stevedores, Lightermen, Watermen and Dockers passed a resolution to demand a 25 per cent. increase on present-day piece rates.

Trade Union Disputes: The Stevedores' new union has notified its refusal to comply with the findings of the Disputes Committee and release members "poached" from the Transport and General Workers.

28th. The Ministry of Labour has intervened on behalf of 30 unemployed men who refused work at Welshpool under a relief scheme. The men were engaged to clean out the town reservoir but refused on the ground that the wage rate offered (28s. a week) was inadequate for the work. As a result the men's unemployment allowances were stopped, but the Ministry has endorsed their view and ordered that the benefit be restored.

No. VI

FEBRUARY

MCMXXIV

"For every problem solved by Socialism a dozen new problems would be created."

INDUSTRIAL PEACE

CONTENTS

A Setback
The Facts of the Case in Diagram
Socialism
Leviathan and His Thoughts
Accountancy and Industry
Small Unions and National Settlements
Food for Thought
Day by Day

A SETBACK.

THE present year promises to be one of the most critical years in the history of industrial conciliation. As we write, the transport workers are negotiating for an adjustment of wages and an improvement in working conditions. The miners have provisionally decided to terminate an agreement which represents the most important industrial experiment of the twentieth century. The workers employed in the building trades are endeavouring to secure guarantees which, to judge by the reports hitherto published, are unique in character. The trade barometer is set fair, and, given peaceful and equitable settlement of these and other labour problems, we may reasonably anticipate a steady increase in employment. But if every problem is to denote a strike, or serious threat of strike, the chances of trade recovery will become more remote. Trade is begotten of confidence.

The recent railway strike is not calculated to engender such confidence. It was probably the most indefensible and disastrous strike of modern times. We refer to its moral rather than its material aspects. Fortunately it is not difficult to disentangle the issues which were involved, and to separate the financial from the moral. The case may be summarised in a few paragraphs.

(1) The wages of railway workers are governed by an agreement whereby the rates vary with the cost of living. The wages of most workers employed in manufacturing industry are governed by other circumstances, and, during the last few years, have fallen more rapidly and heavily than the cost of living. Manufacturing costs have thus fallen much more than traffic costs, and the burden of the latter is regarded as an obstacle to trade recovery. Consequently traders have appealed, again and again, to the Railway Companies and the Rates Tribunal, for a reduction in railway charges which, it may be added, are (relatively) far higher than freights rates for shipping. It was mainly for this reason that the Railway companies applied for special reductions in wages in addition to those automatically following the fall in the cost of living. And they further justified their claim by pointing to the serious disparity in the wages of their own workers on the one hand and, on the other, the wages of engineers and others

employed in competitive industry. As the Railway Wages Council failed to reach an agreement, the matter (on appeal) was referred (in accordance with the terms of the Railway Act, 1921) to the National Wages Board, which differs essentially from the Council in that it includes representation of the community in the form of four members. The Board arrived at a unanimous decision whereby certain reductions were to be made in the wages of one group of workers, engine drivers and firemen.

(2) Railway workers (other than clerks, etc.) are members of one of two unions, the National Union of Railwaymen and the National Society of Locomotive Engine-drivers and Firemen. The former is an industrial union which includes all grades, and, in fact, includes a considerable proportion of engine-drivers and firemen; the latter is a craft or occupation union and, in fact, includes the majority of those on the engines. Some of the 'footplate' men belong to both unions. Though differing enormously in membership, the two unions are equally represented on the National Wages Board, each having, under the act, two representatives. The 'award' of the board was unanimous — that is, it was signed by the representatives of the craft union, of which Mr. Bromley is Secretary.

(3) The Railway Companies gave notice of their intention to give effect to the terms of the award, whereupon Mr. Bromley gave notice terminating the contracts of those who were members of his union. It is universally agreed that one cause of the strike was to be found in the relations between the two unions. History repeated itself. The personal relations of the two Secretaries may be ignored. They may have influenced the leadership of Mr. Bromley, but they do not fully explain the obedience of his constituents. The root of the difficulty lies deeper. Industrial and craft unions do not usually work together amicably in the same industry. The former charges the latter with 'sectionalism,' that is, indifference to the welfare of others. The latter charges the industrial union with the sin of sacrificing the few to the many — in this case, of sacrificing the drivers and firemen in the interests of the majority. It represents but another illustration of the inevitable conflict between the one and the many.

(4) Mr. Bromley justified his action by referring to the fact that the findings of the National Board are not legally binding. If they were, he said, it would represent a system of compulsory arbitration. He desired to prove that compulsory arbitration did not exist. His argument was quite

irrelevant. It is true that a decision of the Board is not legally enforceable; no one ever contended that the workers were under any legal obligation to observe its terms. But that had nothing to do with the case. What created an obligation—not a legal but a moral obligation—was the *unanimous* decision of the Board, that is, the signature of the accredited representatives of the recalcitrant Union. Either they were authorised to act or they were not. If they were not authorised to act they should not have sat on the Board. If they *were* authorised to act for Mr. Bromley's constituents the latter should have honoured their signature. Obviously they were empowered to act on behalf of the Union. If they had any doubt about the equity of the award they should have withheld their signature and allowed their constituents to exercise their own discretion. In that event the Union would have been free to take any further steps they desired. In appending their signatures the representatives were binding their constituents in exactly the same way as accredited representatives bind unions and their members to wage agreements at Conciliation Boards in other industries. The capital sin of the enginemen and firemen, in our opinion, was not that they rejected the terms of the National Wages Board, irrespective of the character of the award of that Board, but that they rejected what was, in effect, an agreement signed by representatives appointed by themselves for the purpose of reaching an agreement, if possible. If such is not the case then Conciliation loses its meaning and wage settlements become mere scraps of paper to be burned at will. It is for this reason that we regard the railway strike as a disaster of the first magnitude, and falling into a different category from the unofficial strikes which were so frequent immediately before, and during, the war.

(5) The other point made by Mr. Bromley was to the effect that the Railway Companies could afford to continue to pay the existing rates of wages. He would fight against any reductions in wages so long as the Companies were able to show such favourable balance sheets as they had done in the years immediately preceding. This argument raises one of the real difficulties of the Act of 1921. The Act provides for the setting up of two bodies, a Wages Board and a Rates Tribunal. It is sometimes stated that the Act guarantees to the Companies the pre-war rates of profits. This is a serious error. The intention of the Act is to *restrict* the powers of the Companies by preventing rates from rising above the level

necessary to provide such profits. Rates are to be fixed at such points as will give reasonable expectation of pre-war profits, and such restriction is necessary for a two-fold reason—the semi-monopolistic character of railway transport and the vital character of the service. But in fixing rates the tribunal is, officially, indifferent to the wages rates prevailing. It fixes those rates which, in the circumstances of the time, promise reasonable profits. Higher wages mean higher labour costs and therefore higher traffic rates. Even the Companies themselves are only indirectly affected by the wages which they pay. Hence the system is of the nature of a vicious circle. The two tribunals work in water-tight compartments. The workers will not accept lower wages while profits remain high: and profits are largely independent of wages rates. The nature of transport and the sheltered position which it occupies enable both capital and labour to escape most of the effects of depression. We believe the Act should be carefully reviewed in the light of recent experience. There is much to be said in its favour as it stands at present. For, although railways escape the worst of the depression they fail to share all the benefits of a boom, when the restriction of rates becomes onerous. Nevertheless, the present complete separation of the Rates Tribunal and the Wages Board is open to serious criticism, from more than one point of view, and we suggest that, failing a Government enquiry, the Federation of British Industries, or some other competent body, might, with advantage to the community and its trade, conduct an investition into the operation of the Act and the possible way out of a serious difficulty.

卐 卐 卐

THE FACTS OF THE CASE IN DIAGRAM, No. XLVI.

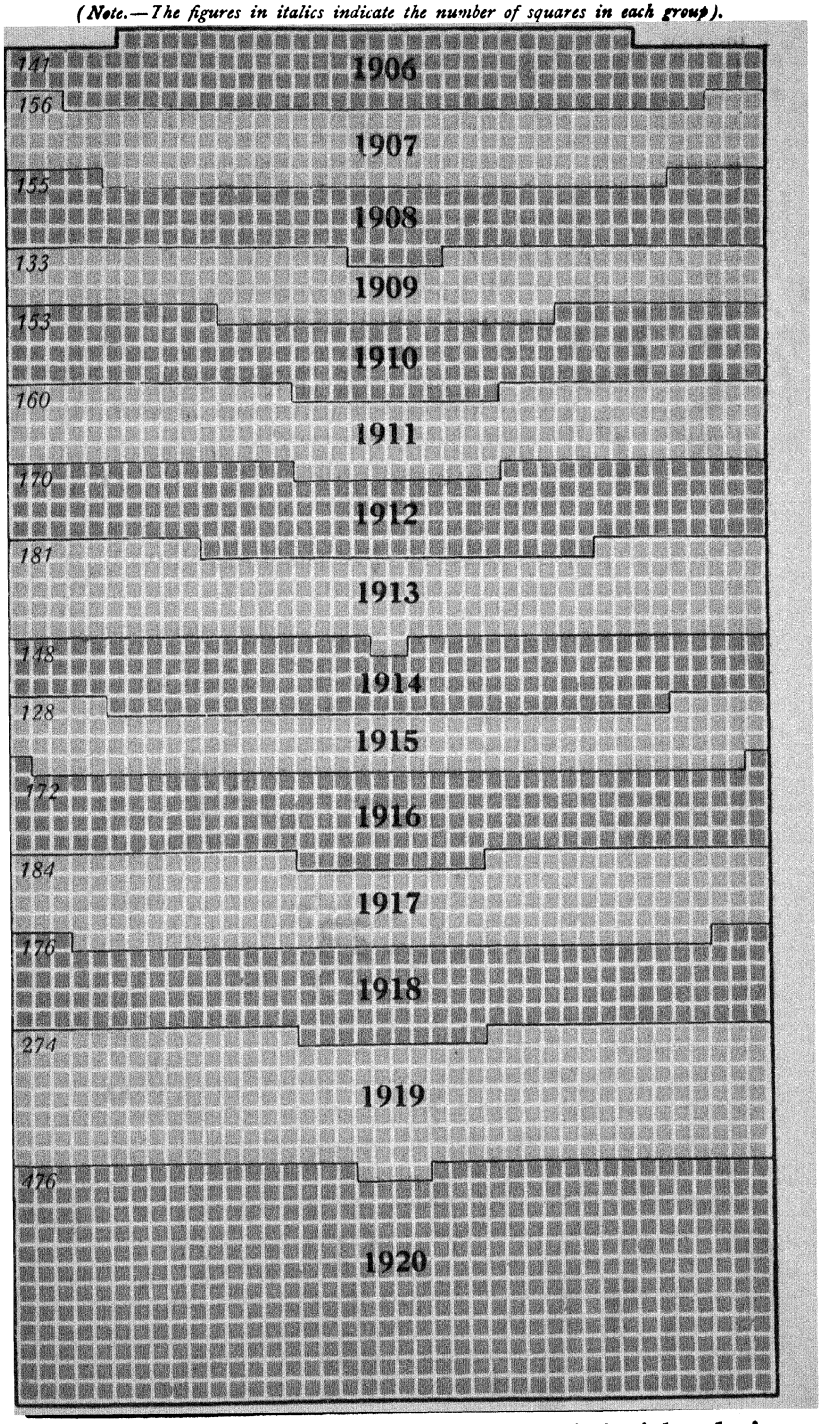
THE trade of Great Britain operates on so vast a scale that it cannot be viewed as a whole. When over forty millions of people live, day in and day out and year after year, by rendering services not only to each other but to foreigners all over the world, complication is piled on complication and the final outcome defies all attempts at comprehensive analysis. Threads as intangible as gossamer stretch round the globe, and transactions, apparently insignificant in themselves, re-act with such frequency and such infinite variety that anything which upsets the self-found equilibrium of trade may lead to far-reaching and unforeseen consequences. Normality does not consist, however, in stagnation. Changes are always taking place but, by the operation of natural laws the working of which is as yet imperfectly understood, adjustments are continually being made with the result that extreme fluctuations are the exception rather than the rule. Nor does it necessarily happen that events of the first magnitude bring about the greatest measure of disturbance in the economic field. The War has changed the political face of Europe, it has shaken the foundations of society and has produced widespread poverty, but the line of war-stress is far from coinciding with the line of economic stringency, and enterprising trade, coupled with sound finance, has held its own with remarkable tenacity. Of the many lessons that the last decade will bequeath to posterity perhaps the clearest is that destruction of wealth can be tolerated and repaired more quickly than loss of credit.

It was generally assumed before Armageddon overtook us that whilst our home-trade might possibly survive the onslaught, our foreign trade would certainly collapse; and Britain appeared to take greater risks in this direction than her enemies or her allies. The influence of sea-power on history again asserted its predominance, however, and we owe it to the Navy that we stand to-day in a position which, if relatively weaker than some of our trade rivals, has allowed us nevertheless to retain so considerable a hold upon foreign markets and upon our exporting capacity.

We have said that the whole volume of trade cannot be investigated as an entity. Such statistical data as are available do not tell the whole story, and the ramifications of

DIAGRAM No. 81.

(Note.—The figures in italics indicate the number of squares in each group).



British Exports (Values) of Manufactured Articles during 15 consecutive years.

internal trading have never been satisfactorily explored. Indeed, since the Census of Production was taken seventeen years ago, no comprehensive attempt has been made to estimate the annual value of the national product. With regard to foreign trade, however, sufficient material can be found in "The Statistical Abstract for the United Kingdom," and elsewhere, to enable us to obtain a clear view of our exports and imports in particular years.

Diagram Number 81 deals with what is from many points of view the most important section of this part of our national trade, not only by reason of its volume but also because the levels of employment, wages and the cost of living in this country are so intimately related to its expansion. Based on the above-mentioned Statistical Abstract, the diagram shows the declared value of those articles, *wholly or mainly manufactured in the United Kingdom*, which were exported from these shores in each of the years from 1906 to 1920, inclusive. The figures are not given in gross but in the more easily comprehended form of totals calculated per 100 of our population in each year. To deduce gross values our figures would have to be multiplied, therefore, by one per cent. of the number of persons residing in the United Kingdom at any given time. Other exports, e.g., those scheduled under the headings of (a) Food, Drink and Tobacco, (b) Raw Materials and articles mainly manufactured, (c) Animals, (d) Parcel Post, (e) Foreign and Colonial Produce, (f) Bullion and Coin, (g) Transhipments, are not included in the present diagram, but may be investigated later.

The impressions gained from a cursory glance at the diagram are, firstly, the comparative stability of this section of trade throughout the whole period under review. Secondly, the resisting power to adverse circumstances exhibited during the war, and thirdly, the apparently phenomenal recovery achieved in the years 1919 and 1920.

The worst slump in the pre-war period was that which occurred in 1908, when a drop of about 45 million pounds worth in value was sustained as against a drop of about seventy-three millions in 1915. It is interesting to compare these two periods and to observe which branches of trade suffered the most severe depression on each occasion. In 1908 the heaviest losses were incurred in the following sections, viz., Cotton Yarn manufactures, fifteen millions; Iron and Steel manufactures, eleven millions; Wool manufactures, five millions; other textile manufactures, three millions. In 1915

Cotton manufactures fell by seventeen millions, vehicles by eleven millions, machinery by nine millions and apparel by three millions. Chemicals, however, gained to the value of three millions, and woollens by two millions. It is not difficult to perceive how the particular conditions created by the war were answerable for these results.

The rise in the value of exported manufactures in 1919-20 is, of course, apparent, rather than real, being due in great measure to the decrease in the purchasing power of the sovereign. For example, in 1913, seven thousand million yards of cotton piece goods were valued at ninety-eight million pounds, whilst in 1920 four and a half thousand million yards were valued at three hundred and fifteen million pounds. In the particular case of cotton piece goods, therefore, four-fifths of the 1920 value must be attributed partly to the increased cost of the raw material and partly to the diminished purchasing power of sterling.

Although this is admittedly an exceptional case we must be careful not to fall into the error of imagining that the increases in the value of certain exports as shown by the diagram for the three years from 1918 to 1920 is evidence of a healthy condition of trade. If we are to keep our ever-growing population employed at wages which will satisfy the demand for a constant improvement in the standard of living, we must manufacture larger and ever larger quantities of goods to pay for the increasing quantities of food and raw materials that we must needs import to meet our requirements. We live from hand to mouth, and the margin between relative prosperity and absolute destitution is alarmingly narrow. If we allow our reserves of capital to become depleted, or if the amount of horse-power employed per worker fails to expand, we are courting disaster of the gravest kind. At the present moment trade is undoubtedly beginning to revive, overseas markets are gradually absorbing more of our products, and confidence, the parent of credit and enterprise, is reawakening. We shall do well to remember, however, that stability is still far from being attained, and that every strike or lock-out is in the nature of a luxury which can only be indulged in at our peril, and which sooner or later has to be paid for in terms of unemployment and increased cost of living.

Fundamental and Inherent Difficulties.

THE difficulties of collective control in an isolated community would be so serious as to outweigh, in our opinion, any possible advantage secured by its exercise. But the difficulties are infinitely more serious for a nation dependent for its existence upon the maintenance of a large trade with other nations, working different systems and controlled by other laws. The importance and intricacy of its export trade is one of the most weighty objections which may be urged against the proposed nationalisation of the coal-mining industry. For it is difficult for any state to act in a dual capacity, as a political entity controlling all relationships with other states, and as a trading unit entering into commercial relations with private citizens in other countries. To foreign customers and other states our Nationalised Coal industry would be regarded as a super-trust, and all its actions might be interpreted as attempts to exploit their necessities. Nor is there any evidence that it would refrain from pressing any advantage which it might possess. It would not be easy, in any case, to adjust the frequently conflicting interests of domestic and foreign consumers. In the event of shortage, for example, would the State give priority to the domestic consumer, or ration the latter and supply the foreigner, thereby strengthening, it may be, the competition of foreign industries using our coal?

But the difficulties of State ownership restricted to one exporting industry would be insignificant compared with those experienced in the export trade by a State owning and controlling all industries. Not only would every trade problem assume a political aspect, but the problem of price fixing under such conditions would be well nigh insoluble on any scientific plan. Certain operative principles of price fixation would emerge in practice, and these would be subjected to severe scrutiny abroad. If other nations were also controlled on socialist lines, trade would take the form of exchange between elephantine trusts, and all such exchange, if it were practicable, would be the subject of diplomatic negotiation.

It is more likely, however, that State ownership and control in the export trade would break down quickly in practice. The machinery of such trade is inevitably intricate and delicate. It is typified by the work of tramp steamers, which are responsible for considerably more than half the world's carriage of goods by sea. A British tramp may leave Glasgow with a

cargo for Valparaiso. When that port is reached the captain receives a telegram commanding him to proceed to Chile to load a cargo for China. There he finds another telegram directing him to take a cargo to Australia. He may be sent from here with a cargo to South Africa—and so on, and he may travel twice round the world before he returns home. The economical use of shipping necessitates a complex system of chartering of vessels, and parts of vessels. The whole machinery of trade, under ordinary peace conditions, is inevitably elaborate and, at first sight, wasteful and costly. But appearances are deceptive. Under State management it would break down completely.

Here, indeed, is the fundamental difficulty of Socialism, namely that of controlling every economic activity of over forty million people. Even if, in the spirit of service, sufficient driving power could be found to set it in motion, the administrative machinery would be so heavy and unwieldy, and would shake so badly, that its nuts and bolts would be loosened, and it would fall to pieces. The Government is fully occupied legislating for and administrating a few social services and controlling a few simple, sheltered industries. How could any Government, through its departments, own and manage what would be, in essence, trusts in hundreds of industries, some of which would be considerably larger than any of the largest of American trusts; and adjust the relations between such trusts? For every problem solved by Socialism a dozen new problems would be created. And many such problems would involve other nations as well as our own.

A New Tyranny of Wealth.

Nor is there any real justification for the belief that, by removing excessive inequalities in the distribution of wealth, the standard of living of the average worker would be improved. We have already referred to the probability of a serious reduction in the production of the things which minister to our needs. Apart, however, from such consideration, it is usually suggested that the present owners of capital should be compensated for any loss due to the change of system. In other words, present owners of industrial property are to become sleeping partners, who (followed by their descendants) will draw a perpetual annuity from the State. As things are some of the poor grow wealthy, and a large proportion of the descendants of the wealthy become poor. Under Socialism a particular group would be permanently favoured. It is difficult

to see how such a procedure is likely to improve the position of the average worker. The Socialist himself is aware of the dilemma. He hates the word confiscation: he realises the corollary of full compensation. In practice, therefore, he usually evades the question at issue, or replies in such vague terms as to throw no light on the problem. A capital levy we understand; the honesty of a policy of confiscation we appreciate; but the combination of nationalisation with full compensation seems impossible if the purpose is to secure an improvement in the distribution of income as between labour and capital.

Private Enterprise Essential to the Remedy of Social Ills.

In the second article we endeavoured to describe the Socialist indictment of modern society. The Socialist, it seems to us, assumes that his policy will cure the evils which now exist, and in so doing begs the question. On examination it is found that most of these would be remedied, not by nationalisation as such, but by the erection of a legal framework within which the industrial departments would carry on their work. We believe that it is possible to build up such a framework without destroying private enterprise, and that better results may be achieved by allowing plenty of scope for private initiative. According to this view the function of the State is to direct, assist and restrict, to hold a watching brief, to refrain from interfering unless there is a clear case for doing so, and then to do so with courage. We are slowly building the necessary framework. It is not yet complete—it will never be complete; for the objective conditions under which people live are constantly changing, and such changes necessitate constant adjustment of the framework. Yesterday a Railway Act was sufficient to control inland transport; to-day road transport is a serious rival. Yesterday any form of social insurance was a dream; to-morrow its ramifications will be endless. And so with all activities and compartments of life. Old clothes wear out, and new needs and fashions appear. The specific functions of the State are constantly changing, and usually expand—always in response to the governing principle of appealing to the strongest and most widespread motive and preventing the response to that motive from bringing injury to the rest of the community.

(Concluded).

LEVIATHAN AND HIS THOUGHTS.

THERE is nothing simple under the sun, and Leviathan is not simple. He has his thoughts, as well as his passions, emotions and instincts, though some of his critics are blind to his variety. They have this excuse that as fighting braces the will so it narrows the vision. In the heat of battle the enemy is but the enemy, a being of murderous violence. Only victory can show whether the victor has a mind, and, if he has, what broods there. Many held simple views of Leviathan and Labour a few weeks ago, and now expatiate, surprised and pleasantly curious, on the compositeness of Mr Macdonald's cabinet. But the working classes are as diverse in character as other classes. The working class movement is even more diverse, since it stages the well-mixed elements of working-class aspiration, not without foreshortenings and magnifications. Political Labour epitomises the whole movement. What may be doubted is not whether Leviathan harbours desires various enough to save a Labour Government from the reproach of being a crude class crusade, but whether Labour is not too variegated altogether for the work of governing.

Yet Labour has bonds of unity, and strong ones too. Not the least of them is its view of this very business of Governing. To Labour half-measures, amateurishness and intermittency are repellent. Government, Labour thinks, is a task that can be formulated precisely, completely, even, perhaps, with finality, and practised without reserve. Thus the prerogatives, the methods and the machinery of power should be planned out scientifically and put in force for the various ends of central and local government. The problem of governing should be faced entire, and solved by thorough co-ordination of authorities and functions. "Thorough" is the Labour motto. The party which some critics think revolutionary thinks itself the only party that has the courage of the constitution. In a new party and a new electorate, both sprung up within a generation, these views are natural. Labour disdains the party game as Liberals and Conservatives have played it these hundred years. Neither party, to be sure, dared ever be thorough. Both were more concerned to keep the country quiet and hold enemies at arm's length than to build the new Jerusalem. What was done came little by little, haltingly, in a series, as might seem, of ill-related extemporisings. No Statesmen of either party tried to order and organise the State as a modern captain of industry, for instance, organises his undertaking. If these parties and

Statesmen had attempted napoleonics they must have failed and fallen. For them politics were no technical effort, but a steady fight to keep a modest control over great forces: and fighting thus they succeeded in three generations in guiding the country through vast changes to fortunate conclusions. One might well doubt whether the flowering of British political instincts and institutions during the last century has any parallel in history: and the political developement has done no more than keep pace with the growth of population and wealth and work.

The political methods of the past have been sounder than Labour thinks, and the results greater. Nor can politics be reduced to a technique in any vigorous nation. But it may still be true as Labour holds, that political instincts have been so widely evoked and so well trained in this country and that constitution-building is so far advanced on its various sides that the time has come for the fullest co-ordination of efforts and agencies. The improvisation that is pardonable, and indeed inevitable, during growth should give way to scientific adjustments and completions in the adult stage. A grown-up nation surveying its circumstances, endowments, powers, and needs, should equip itself with a full political outfit, and solve thus some problems for ever and win peace for work after the embarrassments of growth. What the outfit should be political science can disclose, if carefully questioned,—and Labour assumes too that the dicta of the experts would be accepted readily.

They would be accepted now more readily, perhaps, than at any past time. The view of politics as a technique to be exercised, as it were, upon a basis of full information and orthodox professional theory, has many supporters. Even those questions that are incurably political permit and invite technical handling on certain sides. This is merely to say, however, that the Liberalism of the last century has permeated all classes and all parties. Without a common basis for political action, technique cannot hold its ground against partizanship and passion. The reality of the hope that political questions may be turned increasingly into technical questions is proved by the work of the Coalition governments during and after the war. The 1918-1922 Parliament had a peculiar facility for rescuing questions from the realm of partizan controversy and solving them on a technical basis. Leviathan is hoping, therefore, for something that only the accumulating results of the Liberalism of last century has rendered possible, and which Mr. Lloyd George's government alone has realised.

It is not only constitution building that Labour inclines to

regard as a technical problem, but also matters of legislation and the problems of Government action in general. The expedient and the just in taxation, for instance, or in emigration or in industrial legislation, would reveal themselves cogently, Labour thinks, if only the facts were fully known. So long as the facts are unknown, or suppressed, or ignored amid the fuss, the heat, the hypocrisies of party contention, the plainest duties of the State will be shirked, and the biddings of social justice will remain unheeded. Thus, Labour advances hand in glove with sociologists and scientific experts of various kinds. Researches and publications have helped it to electioneer both by the light they have thrown on various facts in detail, by the boldness of their theorising, and also by the broad intimation that Labour is bringing a spirit of scientific enquiry into politics. The other parties make no comparable effort in research or in propaganda about the technical material of politics, but leave such things to individual politicians, or to journalists, or to professors, or to the statisticians in Government offices. In all this Labour, unquestionably, is right. Political interest flows now towards many questions which, though debatable, are really technical, and can be handled advantageously in the politico-scientific method. Leviathan says in effect: "*If you knew more about me and my lot, you would do better by me, more wisely and more justly.*" His reflexions may be a little selfish, and his hopes, like his reading of history, may be naïve. There is irony in his championing the technical method and temper in the midst of his onslaughts on the Liberal tradition and the Liberal sentiments which, expanding throughout all parties and among those, too, who scoff at party-politics, have made the technical attitude possible. In the act of deriding Mr. Lloyd George he demands what Mr. Lloyd George almost alone among British Premiers has achieved — the replacement of party strife by constructive legislation devised on the technical plane of discussion. Yet the Time-Spirit works, plainly, by the hand and the mouth of Leviathan, whose wisdom is not his own. A decision to gather the fullest information on a political problem is in itself a long step towards a solution. From facts so won and duly pondered, good regulative ideas and suggestions for action may be expected to disengage themselves. And from these it is natural to hope for a practical result conformable to reason and humane feeling. As Knowledge increases, partizanship is abated and malice rebuked. Such is one of the prophecies that Leviathan has taken to himself.

JOHN MURRAY.

OBSERVATION may be casual, periodic or continuous. All three forms are valuable. Casual observation awakens or stimulates interest and leads to further and regular study. In 1906 the Government made a census of production the results of which were so useful that, if the war had not occurred, it would probably have been repeated with the same regularity as the census of population. Every year the various Government departments issue blue books containing valuable information, such as the volume of exports and imports for the period under review. Together they form what may be called the Trading Accounts of the nation. And any one of these publications, examined for a long series of years, affords material for continuous observation; which, for many purposes, is the most valuable form of observation. In recent years it has become the practice of many economists and some institutions to carry out continuous observation in far greater detail than is possible from the national trading accounts. The results are so encouraging that it enables future movements to be foreseen with far greater clearness than was once thought possible. Business forecasts can frequently be made which prove of inestimable value to manufacturers and merchants.

What is true of the nation or an industry as a whole is also true of an individual business. It has long been customary to prepare a balance sheet for the financial year. This gives a bird's eye view of the state of the firm at the end of that year. It provides a static view of the business. Comparison of the returns over a period of years provides information regarding the progress which is being made. And the dynamic view is more important, for the purpose of estimating future prospects, than the static.

But in such accounts the unit is the firm, or an establishment or department under the control of that firm. The unit with which the firm itself works is the product which it makes and sells, and the balance sheet is built up from the series of transactions connected with that unit. The achievement of cost accountancy is to provide a continuous balance sheet for the product or process unit, and thereby to afford information of extreme value to the firm.

A good system of cost accounting serves many purposes. First it enables the manufacturer, by weekly examining one special card, to read the past history of the production of any

article. He may compare costs at different times, or under different methods of manufacture, and so locate waste and inefficiency. By comparing a group of cards, each giving the factory history of one article or process he is able to determine the relative profitableness of different classes of work. This knowledge in turn enables him to determine the line of most profitable advance if he decides to extend his factory, or the most advantageous class of work to surrender to his competitors if there is no room for further expansion. It is not suggested that a good system of costing is a guarantee of profit. Success in business will depend upon the qualities of the manufacturer. "Business" is an art, not a science. No amount of scientific knowledge will compensate for the absence of the personal qualities necessary in industry. Nevertheless detailed and accurate information will serve as a valuable guide, and will give the business 'instinct' far greater scope than it would otherwise enjoy. Elaborate cost accounts provide that information, and thus represent, within limits, economy rather than waste

Moreover, as one authority and pioneer states, they serve "as an undoubted moral check; a proper cost system is a silent, unseen power felt by every employé, a power he himself willingly or unwillingly must put and keep in operation; it works alongside of him, and is automatic and and inexorable." This very power of checking results sometimes forms one of the obstacles in getting a cost system introduced. Managers and clerical staff who work away in rule-of-thumb fashion, guessing and approximating, charging too much here and too little there, dread the revelations which would result from the searchlight effect of a scientific record.

Finally, cost accounting is an indispensable preliminary to estimating on any scientific plan. Many manufacturers still underrate the importance of the function of the estimating clerk. Foolish price-cutting inevitably follows, and contracts which appear at first not unprofitable are ultimately found to be extremely unremunerative. It is assumed that during a period of depression contracts which cover prime or direct costs are less unprofitable than idleness. Even when normal conditions are restored the firm is apt to make wrong estimates of the additional costs of manufacture.

The total cost of production should be divided into three compartments, prime costs, fluctuating on-costs and fixed on-costs. Prime costs are those elements in cost which vary directly with the output, and may be proportionately reduced

by reducing output. They include costs of material and the wages of process workers. Fluctuating on-costs consist of those items which are roughly constant for small changes, but which vary with big changes in output. They include some of the expenses for lighting and heating, foremen's wages, some of the selling expenses, etc. Fixed on-costs are those which are practically constant for considerable periods, irrespective of variations in output.

It is clear that a manufacturer loses less on a very small order by selling at a little above prime costs than he would if there were no sale. But he would be foolish to repeat the order, again and again, on the same terms. Such repetition perpetuates expenditure on fluctuating on-costs which would be avoided if the contracts were rejected. The statement, in that form, is a truism. Nevertheless, the practice is frequently followed, and its folly is only discovered when it is too late to mend matters. The failure to maintain a costing system which clearly shows the items falling under the head of fluctuating on-costs has driven many firms into the bankruptcy court. They worked on the assumption that expenses other than prime costs were inevitable, and that by selling at a price slightly above such costs they were cutting their losses, whereas, in reality, they were incurring fresh, avoidable and uncovered expenses. The cheapness resulting from indiscriminate price-cutting is not a real economy to the consumers, for, sooner or later, errors of calculation fall as a burden on their shoulders.

The case for a careful system of cost accounts has been established, But cost accountancy is still in its infancy, There remains much that is arbitrary in its method, which, moreover, is so cumbrous as to entail greater expenditure than many are prepared to sanction. The arbitrariness of existing methods appears in the distribution of on-costs unless the product is standardised. In any industry where the products vary from day to day, a sound principle of distribution cannot easily be found. The difficulty is at present insurmountable in such industries as agriculture, and the coke oven and by-product industry, where the production of one commodity inevitably means the production of a number of others. Here is a wide field for research. Economy of effort, elimination of waste, greater efficiency in production and greater success in competition are the prizes which are offered for the discovery of a highly scientific system of costing in these and other industries.

SMALL UNIONS AND NATIONAL SETTLEMENTS.

THE recent strike of the Associated Society of Locomotive Engineers and Firemen, like the Ironfounders' Strike in 1919 and the Boilermakers' Lock-out of last year, emphasises a particular problem in industrial negotiation. On the surface all these disputes, arising as they did in opposition to national settlements in the industries, present an appearance of bad faith or of mere turbulence and indiscipline. Such conditions may have been present in each of the disputes, but they were not the whole, nor even the main cause. There were deeper underlying influences, which explain, if they do not excuse, the actions of the Unions concerned, and the chief cause of the trouble in each case seems to have been due to certain flaws in the present system of negotiating national agreements.

The negotiation of wide national agreements by big Federations, or bodies such as the National Wages Board on the Railways, which represent practically all the employers and workpeople in a big industry, has many merits. It admits of uniformity of settlement, and the application of common principles, and, with the qualification referred to below, it enables different trades in an industry to be dealt with on a common plan, in relation to the general conditions of the industry and to their own individual position. Past experience in other industries, notably in the Cotton Trade, suggests that this may prove to be the best practicable form of industrial negotiations.

But the system presents its own difficulties, especially at certain stages of development, which, until they are solved, give rise to genuine grievances. The National Agreement is not always well suited for dealing with smaller sectional wrongs. It may even aggravate them, because the consideration of wider problems may cause the smaller claims to be overlooked. Individual Unions have their special difficulties, and it is not only possible, but has actually happened, that these are inadequately provided for. The most obvious case, though by no means the only one, is that of a relatively small group of highly skilled men, forming part of a much wider Federation mainly composed of the less skilled, the case, in fact, of the Locomotive Enginemen. In the Cotton Industry, which possesses perhaps the most successful organisation for industrial negotiation of all our trades, difficulty was for a long time experienced in reconciling the needs of the highly skilled

spinners with those of the bulk of the workpeople in the industry, and the fact that these difficulties have been successfully overcome in this industry suggests that the difficulty is not necessarily permanent in its nature, but that the system of national agreement in many industries is still incompletely developed and requires adjustment.

There appear to be two main causes of trouble. In the one case the skilled grades do not, or think they do not, receive adequate consideration. Here, therefore, is a distinct difference of interest among the workmen themselves, which is apt to lead to serious disagreement, especially where rival Unions are at work. The latter may be the consequence, and not the cause, of a perfectly legitimate divergence of interest, but the danger is increased where the separate interests are in the hands of different Unions, and the settlement, as in the case of Railways, is made by a Wage Board on which both are independently represented. For in such circumstances there is apt to be an unconscious tendency, on the part both of employers and of the majority of the workpeople, to overemphasise the claims of the larger body and overlook those of the smaller. It is not necessary to attribute the result to motives of jealousy or selfishness on the part of the larger Union. It is simply that the problems of the smaller union are not, or, as with the N.U.R , are only to a minor degree, their problems; and their importance is not adequately realised. The problem does not arise to the same degree in a single Union, because the cases of skilled and unskilled are dealt with by the same officials, and because the former are often able to exercise an influence in proportion not to their numbers, but to their superior economic and educational position. In some cases, therefore, such problems will eventually be solved by further amalgamation of Unions, but there may be others, where this is not possible.

To return to the case of the Railways, the drivers and firemen claim that, whilst doing the more skilled, responsible and arduous work, they are the only branch of railwaymen to suffer a serious reduction in wages, and that, in addition, they will lose certain privileges, which have been enjoyed for as long as 20 years. The Companies' reply is that in wages the skilled men have benefited hitherto to a greater degree than other grades from war and post-war conditions. The locomotive men, however, argue that they are being called upon to submit to much more than their fair share of the reductions. The Companies' argument, moreover, does not appear

to touch the loss of pre-war privileges. Some of the Union officials, indeed, apparently favoured acceptance of the award; but the very strong vote of the men to the contrary testifies to a general and genuine sense of grievance, and to the existence, rightly or wrongly, of a feeling that their case had not received proper consideration.

The second main difficulty depends upon the existence of special circumstances affecting particular classes of men. Additional wages may be claimed, for instance, because of the conditions under which an individual trade is carried on, or certain parts of an agreement may need adjustment to the needs of a particular craft. Such matters may thus fall outside of the scope of a general agreement, since it may not be possible to deal in detail with all special claims. This appears to have been the real basis of the Ironfounders' Strike of 1919 and the Boilermakers' Lock-out last year. Indeed the agreements quoted below, whilst not conceding the actual claims of the men, appear to recognise in principle that special conditions existed which required separate and independent treatment.

The strike of Ironfounders, Coremakers and Irondressers started in September, 1919, with a claim for advances of wages exceeding those granted not long before to the Engineering Industry as a whole. The real grounds for this claim appear to have been, first, that conditions in foundries are necessarily more arduous and entail more discomfort than in other branches of the Engineering Industry, and, secondly, that special hardships had arisen from the application of the 47-hour week in the foundries. The general claim failed, but the final agreement in January, 1919, provided for a Joint Conference "for the purpose of discussing the working conditions in the foundries, including the questions arising out of the introduction of the 47-hour week, with the view, *inter alia*, of fixing, on their merits and having regard to any special arguments, minimum standard rates for the various districts." This appears to recognise in fact the existence of both the special questions referred to, since the agreement, whilst emphasising the 47-hour week, refers generally to working conditions and provides the means of dealing jointly with questions affecting them.

In the case of the Boilermakers, the actual issue turned on questions of overtime and night-work; and the formal initiative was taken by the employers who declared a lock-out. The trouble originated in the settlement which terminated

the Engineers' dispute in 1922. A Joint Committee of the employers and the Federation of Shipbuilding Trade Unions sat to draft a national agreement dealing with workshop control. After these negotiations the United Society of Boilermakers and Iron and Steel Shipbuilders withdrew from the Committee, and subsequently refused to accept the agreement on overtime and night-work which was finally reached in February, 1923. The Society was therefore expelled from the Federation and its members locked out by the Shipbuilding Employers Federation. The lock-out lasted from April 30, 1923, until November.

Here again special conditions appear to have existed. The fluctuating character of much of the work of boilermaking necessitates very frequent overtime and leads to exceptional irregularity of employment. The men, therefore, claimed that this presented a special problem, and demanded special measures for controlling it. In the final settlement this seems to have been conceded in principle, for whilst the Union were compelled to accept generally the national overtime agreement, it was provided that "the Federation will consider in committee with the Society how far, on five points named by the Society, the operation of the terms of the national overtime and night-shift agreement reveals anomalies which need correction, or special circumstances, peculiar to members of the Society or any class of them, which need adjustment." Thus, as with the Ironfounders, the final settlement in regard to conditions peculiar to their trade is being negotiated outside the National Agreement. This was inevitable in the circumstances; and it is likely that eventually special provision will be made for dealing separately with such matters in close connection with, and as a necessary result of, any national settlement.

In short, the experience of these trades does appear to suggest that there is a problem of the type indicated, and that, if our system of industrial negotiation is to be made complete, adequate provision for it is required. That the problem is not an insoluble one is proved by the past experience of some of our most successfully organised industries, and this is a hopeful sign. But it is necessary that the existence of the problem should be clearly realised and a resolute effort made to tackle it. The present position not only tends to give rise to unnecessary interruptions of industry, but is liable to discredit the whole basis of negotiation, and to be a serious obstacle in the way of the more permanent establishment of industrial peace.

FOOD FOR THOUGHT.

MR. RAMSAY MACDONALD has dissociated himself from future programmes and manifestoes of the Independent Labour Party by resigning his membership of the National Administrative Council of that Party. The Premier is, as he says, sufficiently occupied with the affairs of his office, but it is also obvious that his position demands that he should stand nominally free of a political body whose publications he could not control, even if his inclinations impelled him in that direction.

卐 卐 卐

One of the main planks of the Socialist policy is, of course, the nationalisation of the land. Mr. Noel Buxton, the Minister of Agriculture, is not a member of the I.L.P., but it will behove us, nevertheless, to examine his actions critically in the light of the very complete Report drawn up by the Agricultural Committee of the I.L.P. and now finally adopted by the Party Executive. The Report is printed in full in *The New Leader* (February 8th), and those interested would do well to study it in detail. The extent of its possibilities for tyranny are exposed in a clause giving a Committee of Farmers, Farmworkers and Government experts the power to get rid of any tenant who made an inadequate use of his land or cultivated below its (the Committee's) standards, *and to dispossess the landlord who had tolerated this bad cultivation.* An alternative power in the hands of the Committee is "compulsory purchase," and as the first object of the programme is the nationalisation of the land it seems obvious that the landlord, whatever his efforts or his merits, would have little hope of reaping where he sowed.

卐 卐 卐

The action of Mr. Wheatley, the Minister of Health, in rescinding the "Mond Scale" was the first material shock calculated to rouse the country from the calm of bewilderment following upon the peaceful advent of the Socialist Party to office. Mr. Edgar Lansbury emphasises the point that the Minister's decision has no effect upon actual disbursements, and does no more than relieve the Poplar Guardians from the fear of distraint and imprisonment. And the Ministry has published an explanation to show that "the action does not involve or imply any alteration in general Poor Law policy." "The Poplar Board of Guardians," it is stated, "will remain in exactly the same position as every other Board of Guardians

in the country." But it is equally true that all other Boards of Guardians will be in exactly the same position as Poplar, and for this reason we think that non-Socialists should examine the whole ground very carefully for themselves. We would suggest that the real significance of isolated actions undertaken by the present Government must be gauged by reference to the published policy of the I.L.P.—the thinking and planning head of the Socialist Party. John Wheatley is himself a member of the Executive Council of the I.L.P., and part of the policy of this body is admittedly to modify the power of the Central Government by strengthening self-government in localities and in industry. In rescinding the Mond decree Mr. Wheatley was not, we think, solicitous to remove fear from the heart of Mr. Edgar Lansbury. Mr. Lansbury knew perfectly well that he had nothing to fear from a Labour Ministry of Health. Is it not possible that the proper interpretation of the event is that by this action Mr. Wheatley (with the approval of the Government) cleverly tried to lay the first brick of the Socialist edifice while nobody was looklng? The Poplar Guardians needed no relief; they were not fearful. But the action of the Ministry surely implies a general attitude towards all Boards of Guardians who exceed the legal standard of relief, and thereby a powerful instrument for strengthening the Socialist offensive is slipped unobtrusively into the hands of Poor Law Guardians throughout the country.

卐 卐 卐

If the I.L.P. is the brain, the T.U.C. may aptly be regarded as the legs and feet of the Labour body politic—unruly members which cannot always be brought to obey in action the dictates of the brain. The placation of the organised trade unionists is likely to be the Government's most difficult internal problem. For their power is great; they have been taught by the politicians to realise their strength, and their wants are well-defined, and not easily side-tracked. For this reason the "Unemployed Workers' Charter," issued by a joint Committee of the T.U.C. General Council and the Unemployed Workers' Committee Movement, cannot be regarded as altogether insignificant. The "Charter," which is to form the basis of a national campaign among organised workers, contains six "points" which we reprint here in full:

1. Work or effective maintenance for all unemployed workers and increased Government assistance to be provided through trade unions. All unemployment relief to be completely dissociated from Poor Law Administration.

2. The immediate development of government schemes of employment to absorb the unemployed in their own trades at trade union rates of wages and conditions.

3. The establishment of State workshops for the purpose of supplying the necessary service or commodities to meet the requirements of government departments.

4. The reduction in the hours of labour necessary to absorb unemployed workers, the normal working day or week to be regulated by the requirements of the industry.

5. The establishment of occupational training centres for unemployed workers, providing proper training with effective maintenance, particularly for unemployed boys and girls and able-bodied ex-Service men.

5. The provision of suitable housing accommodation at rents within the means of wage earners, and the proper use of existing houses.

卐 卐 卐

Railway strikes can never, perhaps, be popular, but they can be instructive, and the Enginemen, vexatious and inconvenient as their action was to the public, made a good point. Of all railwaymen the grade for which travellers have the highest regard, the enginemen have the least contact with the public. Those who work on the footplate must be picked men of skill, resource and character. The nature of their work and their qualities have led them naturally to organise in a special union of their own Mr. Bromley's union is strongly rooted in the craft instincts and preferences of an exceptional set of men. What was the fate of these "aristocrats of the line" in the recent negotiations? The advantage in numbers, and a huge advantage, lay with the N.U R. Mr. Bromley's union did not even include all the enginemen. The issue being one of wage reduction, the finding penalised Mr. Bromley's men, the higher-paid grades of special skill, in the interests of the lower-paid and comparative low-paid majority. A Communist might commend the finding as a measure of equalisation. An extreme individualist might complain that it robbed the few instead of taxing the many. The principle of the finding is one on which taxes have been based all too freely in recent years. Money was needed urgently: the levying of it had to be done quickly: and distracted legislators and treasury officials, hastening to where money was, seized it with little ado.

Mr. Bromley's forceful protests were sounder than they seemed to those who were so much incommoded by the lack of trains. The lesson of them is a god-send, for here within the

trade-union world itself was a quarrel about money between the few and the many. In Socialist circles a lax view of taxation prevails, as if those who possess money were on that sole ground fair game for the Chancellor of the Exchequer, and fiscal measures that tend to equalisation of means could not err. Mr. Bromley's union is a reminder that these matters are not so simple as that.

卐 卐 卐

We have urged from time to time that a substantial share in the control of the Employment Exchanges should be given to employers' and workmen's organisations, on the ground that a centralised bureaucratic system can hardly be the best way of finding jobs for unemployed men. The experience of the Brussels Labour Exchange may be quoted in support of our plea. This comparatively new agency has been remarkably successful in finding posts, as the following figures quoted in "*Industrial and Labour Information*" (Vol. VIII, Nos. 6-13, International Labour Office) show. The number of posts filled have risen from 2,503 in 1919 to 45,630 in 1922. The cost per head of placing applicants in employment was 8.87 francs in 1920, 6.32 francs in 1921, and 5.30 francs in 1922. Each industry is represented by a special section, the work being in the hands of joint Committees of employers' and workpeople's representatives. Besides filling vacancies the Exchange deals with emigration and the introduction of foreign labour, it undertakes conciliation and arbitration, and it prepares and publishes statistics of wage movements. The progress of the Exchange is commented upon thus in "*Industrial and Labour Information*": "It would seem that this success may be attributed principally to the fact that the institution is administered directly by representatives of the workers' and employers' organisations subject merely to the supervision of the Ministry of Industry and Labour, which allocates the necessary credits."

卐 卐 卐

DAY BY DAY.

(A monthly Record of the principal events which have a direct bearing upon the maintenance, or otherwise, of peace in industry).

Jan. 1st. The Ministry of Labour index figure for the cost of living remained at 77 per cent. above that of July, 1914. In January, 1923, the corresponding figure was 78.

Changes in rates of wages during December resulted in an aggregate reduction of £5,000 in the weekly full-time wages of 73,000 workpeople, and an increase of £4,600 in those of 55,000 people. During the year 1923 recorded changes showed that a net reduction of nearly £480,000 had been effected in the weekly full-time wages of over 3,000,000 workpeople; a net increase of £170,000 in weekly full-time wages was awarded amongst 1,200,000 workers. The corresponding figures for 1922 were, (reductions) £4,200,000 weekly, affecting 7,600,000 workers, (increases) £11,000 weekly, affecting 75,000 workers.

Twenty-four trade disputes were in progress during December. About 10,300 workpeople were rendered idle and 83,000 working days were lost. During the year 1923 there were in all about 400,000 workpeople involved in disputes and about 10,640,000 working days were thereby lost. In 1922 the loss in working days was 19,850,000.

Employment continued to improve slightly. Among Trade Unionists the percentage unemployed fell to 9.7 at the end of December, and in insured trades to 10.7. The Employment Exchanges registered 1,174,000 as unemployed at 17th December, but at Christmas there was the customary seasonal decline, and early in January the figure rose to 1,266,000. Employment throughout 1923 was bad, but there was, generally speaking, a steady tendency to improve on the conditions of 1922. The proportion unemployed among the 11,500,000 workpeople covered by the Unemployment Insurance Act was reduced from 12.6 per cent. in December, 1922, to 10.7 per cent. in December, 1923.

Three-shift problem: The Industrial Court of Inquiry have issued their decision that it is in the interest of all concerned that the partial third-shift should be retained at Welsh ports at present. The tippers and trimmers have been recommended by their union to continue to work the shift until January 19th.

5th. Three-shift problem: The Coal-tippers have agreed to work the third shift until January 19th, but the trimmers have confirmed their resolution to discontinue the shift after to-day.

7th. Railway Dispute: The ballot of the members of the Associated Society of Locomotive Engineers and Firemen (A.S.L.E. and F.) shows a large majority against accepting the findings of the National Wages Board. The terms of the ballot authorise the Union officials to call a strike if necessary. The Executive will, however, first approach the Companies on the subject of re-opening negotiations. The findings of the National Wages Board are not binding, and the Union is within its rights in asking that the present finding as regards their members should be used as a basis for further discussion and not accepted without modification. According to the *Daily Herald*, the original claims made by the Railway Companies represented nearly £4,000,000 in wage reductions. The present finding of the Court allows of nearly £1,000,000, nearly all of which will be at the expense of the locomotive men.

German seamen on a number of German steamers in dock at Hull have struck work and are demanding equal wages and conditions of work as British seamen. Mr. J. Havelock Wilson states that the German seamen have the official support of the National Sailors' and Firemen's Union, his view being that the present conditions are an unfair handicap to competition between British and German shipping services.

Building Trade Wages: In accordance with the sliding scale agreement, craftsmen in the building trade will receive an increase of ½d. an hour from February 1st. Labourers will receive increases from ¼d. to ½d. an hour.

12th. Railway dispute: The Railway Companies, having met the representatives of the A.S.L.E. and F. on the previous day to discuss the objections of the Union to the findings of the Wages Board, informed Mr. J. Bromley that they could find no ground for departing from their expressed intention to carry out the findings in their entirety. Mr. Bromley, in reply, intimated that the men of his union would come out on strike. The Railway Companies, in a statement of their case, point out that hitherto the findings of the National Wages Board have always been observed by all parties. That in this case the Companies asked for alterations in wages and conditions which would yield a saving of £4,000,000 a year. The findings of the Board would save them barely £500,000, but they had announced their intention of accepting the findings, and, however disappointing these were, they intended to keep their word. The negotiations had been very complete, and the two representatives of the A.S.L.E. and F. on the Board had signed their agreement with the findings which the Union now rejected.

14th. Railway dispute: The General Council of the Trades Union Congress, after sitting in conference for three hours, decided to "adjourn pending further developments" The London members of the Council were appointed to act as an Emergency Committee if occasion should arise.

15th. Railway dispute: Mr. J. H. Thomas, General Secretary of the N.U.R., in a written statement to the Press, emphasises the fact that the Wages Board report, the result of exhaustive enquiries, was duly signed by the representatives of both the Unions.

Both *The Times* and the *Daily Herald* give publicity to the view that the men in voting did not realise that they were doing more than urge their Union to fight their case further. A writer to the *Daily Herald* suggests a second "strike ballot." It was, however, stated on the ballot papers that the ballot would be taken as authorising a strike if necessary, and the A.S.L.E. and F. have already issued a challenging strike manifesto.

German Seamen's dispute: This strike has now spread to Hull, London, Newcastle, Cardiff; nearly 1,000 men are involved.

International Labour: The Trades Union Congress General Council and the Labour Party Executive have sent out an appeal to Trade Unions and other sympathisers for subscriptions to help the Labour movement in Germany. The International Federation of General Factory Workers will meet next month to discuss means of helping the German workers to resist the attempt to abolish the 8-hour day.

16th. Railway dispute: Mr. Arthur Henderson, in his capacity as Secretary to the National Joint Council which links up the T.U.C. and the Labour Party, visited Mr. Bromley, but apparently without helpful result.

Dockers' Wages: The representatives of the Port labour authorities, after some conference with the Transport and General Workers' Union, announced that they were unable, in the present state of trade, to concede the men's demands for wage increases amounting to 2s. a day The question of the guaranteed week was not discussed. The Union will hold a conference on January 29th to discuss their next move.

17th. Railway Dispute: Mr. Arthur Henderson, after repeated visits to the Managers and the A.S.L.E. and F., between which parties he is acting as intermediary, stated that his efforts had been unsuccessful and that he feared a strike was now inevitable. The managers insist that they must apply the decision of the Wages Board as from Sunday night, (20th January,) as any other course would be prejudicial to the prospects of col-

lective bargaining. They are willing to reconsider cases of hardship as they arise. It is believed that the N.U.R. share this view. In a statement to the Press Mr. Bromley emphasises the existence of bitter feeling between his Union and the N.U.R. by intimating that Mr. J. H. Thomas, in an interview with the Managers, undid any good work that seemed likely to result from Mr. Henderson's efforts.

18th. The Miner's Federation have decided by ballot vote of 510,303 to 114 558 to give notice to terminate the National Agreement at the end of three months. The ballot does not authorise a strike, it merely enforces the leaders to negotiate for better conditions.

Railway Dispute: The General Council of the T.U.C. held a series of meetings in an endeavour to find a way through the present difficulty, but without success. Mr. Thomas and Mr. Cramp issued an appeal to members of the N.U.R. to continue at work. In it they deplored the threatened strike as a blow against the machinery of bargaining set up by the Unions themselves. They further endorsed the statement issued by the Companies, which they said represented truly the facts as understood when the representatives signed on behalf of the three Unions, and they repudiated the suggestions made by Mr. Bromley as to unforeseen consequences arising. Mr. Bromley replied in a statement complaining of the inimical tone of the N.U.R. circular and recalling the support given by the enginemen to the N.U.R. in the 1919 strike. In his opinion the strike would strengthen collective bargaining because if it is established that the findings of the Board amount to compulsory arbitration, Railway men will put an end to its use.

19th. Railway dispute: The Managers, the General Council of the T.U.C. and representatives of the Railway unions again conferred. The Companies gave a definite assurance that there should be no dismissals arising out of the application of the findings and that meetings should be held immediately to consider and remedy hardship affecting individuals or groups of individuals. The General Council recommended the A.S.L.E. and F. to accept these terms and withdraw the strike notices.

20th. Railway dispute: After deliberations which lasted throughout Saturday night, the A.S.L.E. and F. rejected the recommendation and declared that the "obstinacy" of the managers in refusing to give any guarantee for the variations of the findings left no alternative to the strike.

21st. Railway dispute: The Railway enginemen of the A.S.L.E. and F. came out on strike. It is stated that this Union controls about 59,000 enginemen, the N.U.R. accounting for

between 20,000 and 30,000. The Railway Clerks' Association will remain neutral. Mr. Bromley informed a meeting of the A.S.L.E. and F. held on Sunday night in London, that the General Council of the T.U C. asked the Society to end the dispute because of the near future promised by Labour, but the Society felt that it was impossible to sell their honour and position. Both here and at a mass meeting in York considerable hostility was shown towards Mr. J. H. Thomas. The publication of circulars issued by the Unions to their respective members further reveal the intense jealously and mistrust existing between the two Unions.

22nd. Railway dispute: As on Monday, the railways maintained a modified service and dealt successfully with essential passenger traffic. *The Railway Review*, the official organ of the N.U.R, publishes a bitter attack on the A.S.L.E. and F. accusing that Society of having for years carried on a propaganda of "subtle lying and slander" destined to destroy the power of the N.U.R. At a late hour the A.S.L.E. and F. requested the Managers to meet them in conference with the object of securing the adjustment of existing differences. This request was repeated in the face of the Managers' reply that the proposals previously endorsed by the Labour Council still represented the full extent to which the Companies would go.

23rd. Railway dispute: The Managers will confer early to-morrow with the A.S.L.E. and F. executive. It is presumed from the correspondence exchanged that the Union have abandoned their demands and that a settlement will be reached. Hot recriminations continue between the two Unions, the A.S.L.E. and F. formally accuse the N.U.R. of organised black-legging and the N.U.R, after accusing the A.S.L.E. and F. of deliberately poaching members, announce that they will accept the membership of any A.S.L.E. and F. men who offer to join them.

24th. Railway dispute: After a further exchange of letters in which the Managers made it clear that they would not discuss any revision of the decision of the National Wages Board, the A.S.L.E. and F. announced their intention of continuing the strike with a view to enforcing the recognition of the fact that the Board was not an arbitration court and that its findings were not binding. It is officially reported that N.U.R. engine men who had gone on strike are resuming their work.

Politics and Trade Union Leaders: The following Ministers and Parliamentary Secretaries have resigned their trade union offices:—Mr J. H. Thomas, political secretary of the N.U.R., Mr. C. J. Ammon, organising secretary of the Union of Post Office Workers, and Miss Margaret Bondfield, Chairman of the General Council of the T.U.C.

25th. Railway dispute: South Wales miners are being severely affected by the strike and 125,000 men are reported to be idle. There was no development in the conduct of the dispute.

27th. Negotiations were renewed over the week-end by the Emergency Committee of the T.U.C. and on Sunday afternoon all the parties met in conference for several hours. No announcement was made but Mr. Bromley, addressing a strike meeting at Willesden Hippodrome on Sunday night, assured the men that the news was good and that if they stood firm there was every likelihood of a settlement in the next few days which would give them many of the things they were striking for.

Dockers' wages: The Bristol Transport Workers, presided over by Mr. Ernest Bevin, passed a resolution authorising the Union to press for further negotiations on the question of the 2s. a day wage increase, or call a strike in the event of the employers refusing to negotiate.

29th. The Railway dispute was settled in the early morning and the strike immediately terminated. The settlement (1) restated the fact (not really in dispute) that the decisions of the National Wages Board were not binding; (2) revised the conditions under which the new mileage conditions should operate, spreading the total increase of 30 miles a day over the next 12 months; (3) guaranteed that there should be no dismissals consequent on the award or on the strike; (4) gave certain undertakings protecting the prospects of drivers employed in shunting The settlement is conditional upon all the railwaymen working together amicably.

Dockers' wages: At a conference of seventy-six delegates, representative of the Transport and General Workers' Union and of all the other Unions catering for dock workers, a resolution was passed that all members should be instructed to withdraw their labour on February 16th, 1924, unless a satisfactory settlement of the wages question is arrived at in the interval.

30th. Dockers' wages: The National Council of Port Labour Employers will meet the Transport Workers' representatives next week to discuss this question.