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# SELF-GOVERNMENT IN INDUSTRY

# SELF-GOVERNMENT IN INDUSTRY

BY

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"THE WORLD OF LABOUR," "LABOUR IN WAR TIME"
"TRADE UNIONISM ON THE RAILWAYS"
ETC.



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TO THE
NATIONAL GUILDS LEAGUE

# PREFACE

THIS book was originally planned in 1913, as a sequel to my "World of Labour." I threw it aside on the outbreak of war; but during the past year I have thoroughly revised it, and added so much new matter as to make it practically a different book.

Various portions of it have appeared in various newspapers between 1914 and the present time. The largest debt I owe to the *New Age*, in which several whole chapters appeared in their original form. Another chapter is based upon a series of articles which appeared in the *Nation*. Other portions have been published in the *Church Socialist*, the *Herald*, the *Highway*, and the *Labour Leader*.

I owe so many debts to friends who have helped me with ideas, suggestions and criticisms that, instead of thanking them individually, I prefer to thank them collectively in my dedication.

G. D. H. COLE.

LONDON, *June*, 1917.

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# A NOTE ON BOOKS

The reader who desires to know more of the application of the principle of self-government to the industrial system should study, above all, in the columns of the *Guildsman* and the *New Age*. He will also find much to help him in the *Herald* and in various other papers.

The books which he will find most useful are the following:

NATIONAL GUILDS: an Enquiry into the Wage System and the Way Out. By S. G. Hobson. Edited by A. R. Orage. (Bell, 5s. net.)

THE WORLD OF LABOUR. By G. D. H. Cole. (Bell, 4s. 6d. net.)

THE MEANING OF NATIONAL GUILDS. By M. B. Reckitt and C. E. Bechhofer. (Palmer and Hayward, 7s. 6d. net.)

LABOUR IN THE COMMONWEALTH. By G. D. H. Cole. (Headley Brothers, 5s. 6d. net.)

OLD WORLDS FOR NEW. By A. J. Penty. (Allen and Unwin, 3s. 6d. net.)

THE MEANING OF INDUSTRIAL FREEDOM. By G. D. H. Cole and W. Mellor. (National Guilds League, 1s. net.)

And also the series of pamphlets published by the National Guilds League.

# SELF-GOVERNMENT IN INDUSTRY

## CHAPTER I

### INTRODUCTORY TO THE EDITION OF 1919

I AM not satisfied with this book; but I do not know how to mend it. I believe that it includes some of the most important things that I have written; but I fully recognise that it is not so much a book as a series of independent studies in the problems of Trade Unionism and National Guilds. In revising it for this third edition, I have done no more than excise two chapters which were mainly occasional in character and have lost their *raison d'être* in this book since the time at which they were written.

I do not to-day agree with every statement that is made in this book. Many things are here stated far too dogmatically for truth or likelihood. When I wrote them I felt that the chief need of the day was to give body and definiteness to the Guild idea, even at the risk of being prematurely dogmatic or even absolutely wrong. I do not repent of taking this course; for I believe the widespread public discussion that has taken place since I wrote has been helped to take definite shape by some of the arguments and proposals which I put forward. As a result of these discussions,

Guildsmen have learnt to be less dogmatic than they were, not because they believe less in National Guilds, but because, as National Guilds come nearer, the complexity of the problems of social structure involved in the Guild system are of necessity more clearly realised.

Two great changes have come over the social situation since the studies in this book were written. In the first place, State Socialism or Collectivism, as a creed capable of inspiring idealism among decent people, is dead and buried. Secondly, there has appeared, in the Soviet system, a new form of social structure with which every social theorist has to reckon.

When I say that State Socialism is dead and buried, I do not mean, of course, that the movement towards State intervention in industry is over. Far from it. The State has immensely extended the sphere of its industrial and economic action, and much of the extension is certain to be permanent. But the very extension of State action in practice has greatly helped to cause the downfall of Collectivism as a form of Socialist theory. The State has become thoroughly unpopular; and no one who is at once a democrat and young enough to change his mind is likely again to build a theory upon the universal competence of State action.

The downfall of State Socialism has opened the way for other forms of Socialist theory; but no new theory has yet succeeded in establishing itself firmly in the vacant place. There is, indeed, almost general agreement among the younger Socialists and Trade Unionists that, in the coming free Society; the actual administration of the various industries and services ought to

be placed mainly in the hands of the organised workers themselves. This view is common to Guild Socialists, Syndicalists, Industrial Unionists, and many others who profess no '-ism' at all; but at this point the agreement ceases. There is no common attitude on the functions, if any, of the State in the new Society, no common view on the question whether the State will, or will not, continue to exist, or on its relations to the industrial organisations of the workers in the event of its continuance, or on the type of organisation which should succeed it in the event of its disappearance.

This lack of agreement no doubt arises in part from real differences in principle and attitude among the various sections and groups concerned; but it also arises in part from a failure to agree on the facts. 'What is the actual character of the State to-day?' is a question which might be answered without serious disagreement; for it is generally recognised among the various schools of thought concerned that the State of to-day actually operates as the protector of property and the champion of the economically dominant class. But if we ask what is the fundamental character of the State as a form of social institution, there will certainly be no such ready agreement among the answers that will be given.

The Collectivists always regarded the State as, potentially at least, the representative and protagonist of the consumer. When they argued in favour of the State ownership and State management of industry, they did so explicitly on the ground that industry ought to be owned and managed by and on behalf of the consumers. They regarded the State and the local authorities as greater and more inclusive kinds

of Co-operative Societies, and held that, with the establishment of effective democracy in politics, the consumer would enter on the control of all industries and services.

When Guild Socialists began to argue with the Collectivists, most of them accepted the Collectivist analysis of the State, and endorsed the definition of the State as representing the consumers. They pointed out to the Collectivists that control by the consumers would not establish industrial democracy, and demanded direct control by the producers over the various industries and services. At the same time, they recognised the right of the consumers to an important share in control, especially in deciding what things should be produced and at what prices they should be sold or under what conditions distributed. Accepting the Collectivist definition of the State, they concluded that the problem of the relation between producers and consumers in the control of industry could be identified with that of the relation between the Guilds nationally and locally on the one hand, and on the other the State and the local authorities. They therefore advocated State ownership and Guild control of industry, and devised a machinery of joint action between the State and the Guilds to settle points of difference or questions affecting producers and consumers alike.

Many Guildsmen were throughout discontented with this theory; but it usually carried the day, because those who believed in it knew clearly what they wanted, while its opponents were as a rule content with rather negative criticisms, or at least, when they presented alternative views in constructive form, failed to secure general acceptance for them. Gradually, however,

a clear divergence of view upon one fundamental point at least became manifest, and a prolonged controversy raged between Mr. S. G. Hobson and myself, with other Guildsmen joining in from time to time, on the question of State sovereignty. Mr. Hobson—and with him were Mr. Orage and other *New Age* writers—insisted upon the sovereignty of the State as an essential point of Guild doctrine. They refused to regard the State as in any sense the representative or protector of the consumer, and insisted that its function was nothing other than the exercise of sovereignty, the ultimate representation of the 'civic' point of view, as something apart from and behind the point of view of producer or consumer. They desired that the control of industry should be in the hands of the Guilds of producers, and held that, in the normal case, the Guilds would adequately protect the interest of the consumer as well as the producer; but they desired to preserve the ultimate authority of the State as owner of the means of production, the State as owner representing men not as consumers but as citizens.

A curious position thus arose. Mr. Hobson and his supporters were firm in their insistence on State sovereignty in the economic as well as in other spheres; but they did not desire that the State should play any part at all in the normal conduct of industry, or recognise the need for any continuous representation of the consumer's point of view in relation to the organisation of production. Theoretically, they claimed for the State an unlimited authority; but actually they wanted it to intervene considerably less than those of us who desire to place a strict limitation upon its theoretical sphere of authority.

Those of us who took the other side urged that in the organisation of the communal industries and services there were two distinct points of view to be considered—the point of view of man as a producer or renderer of services, and the point of view of man as a consumer or user or enjoyer of the services rendered. I argued that the Guilds—industrial and civil—represented men in the former aspect, while the State (and the local authorities) represented them in the latter. I denied that either form of organisation could be regarded as superior to the other, and insisted that each was complementary to the other. I therefore rejected the theory of State sovereignty, and insisted on the co-sovereignty of the Guilds and the State in the economic sphere, a co-sovereignty possibly to be shared with other bodies in other spheres of social action.

I no longer believe that I was completely right, or that Mr. Hobson was completely wrong, in this controversy. I am as strongly opposed as ever I was to the theory of State sovereignty; but I am no longer satisfied with the State as the final and only representative of the consumers.

In arguing that the State was the representative of the consumers, I never sought to deny that the State has also other functions outside the economic sphere. I was only trying to define the economic functions of the State, and not all its functions. I took my stand upon the view, or rather the fact, that the State and the local authorities are primarily geographical, or 'neighbourhood' organisations, and therefore fitted, among other things, to express the point of view of the consumer or user. The structure of Trade Unions or Guilds is industrial: they *select*,

from among the dwellers in a particular area, those who follow a particular occupation or work in a particular industry or service. They are therefore marked out as the organisations fit to represent men as producers or service-renderers. The structure of a Town Council or a Parliament, on the other hand, is geographical: it includes all the persons who, as dwellers together within a particular area, have certain common needs and requirements.

I still hold that this analysis is fundamentally sound, and that, while the management of industry ought to be placed in the hands of the functional organisations of producers, the ultimate control ought to be shared between these organisations and 'neighbourhood' organisations representing men as consumers and users. But I believe that my past insistence on the State as the typical 'neighbourhood' organisation was, to say the least of it, misleading, and that the theory which I have put forward on this point needs to be reconsidered.

Let us for the moment leave the State out of mind, and consider only the fundamental character of 'neighbourhood' organisation. Clearly, the intensity of such organisation will have the greatest intensity at the point at which the common needs of its members are most intense. In a free Society, I believe that this intensity would be greatest within comparatively small areas, and that accordingly 'neighbourhood' organisation would tend to express itself primarily as a local, and only secondarily as a national or international force. An intenser community of need would be found in the city (or shall I say commune?), or at least in the 'Region' or 'Province,' than in any national or international form of association. I do

not mean that any of these would exclude the others, but only that the point of maximum intensity would be local or regional.

Obviously, the Guild and 'neighbourhood' organisation of such a Society as I am envisaging would have to run on parallel lines. If the 'neighbourhood' organisation were strongly localised, the Guilds would have to be strongly localised as well. Readers of this book will see that, in the chapter on 'Freedom in the Guild,' I have given reasons for supposing that, in a free Society, industrial organisation would show a strong tendency towards local autonomy. The two things therefore run together, and, in its fundamental character, Guild Society must be envisaged even more as a local than as a national or international partnership of producer and consumer, or service-renderer and service-receiver.

The use of the term 'State' tends nowadays to obscure this essentially local character of fully developed Guild Society. For, when we think of a 'State,' most of us no longer think of the City-State of Greece or of Rousseau's *Social Contract*, but of the national or super-national State of the modern world. And, to a certain extent, it is necessary and desirable that we should so think, especially when we are dealing with the period of transition from Capitalism to Guild Socialism.

Under capitalist conditions, both economic and political organisations tend to assume colossal proportions. Industry and finance tend to the national and international trust or syndicate: political organisation achieves integration in national States and Empires. It is already manifest, even within the British Empire, that democracy involves a reversal

of this process; and the tendency is, of course, far more manifest in those countries in which proletarian revolutions have taken place. This does not necessarily mean that the huge politico-economic groups of capitalism fall asunder into small independent groups; but it does involve a vast spread of decentralisation, or even of dissolution followed by re-integration on federal lines.

At present the organisation of labour, both politically and industrially, is largely compelled to follow the organisation of Capitalism and the capitalistic State. This happens, and happens inevitably, wherever Labour works by other than catastrophic means; for, its immediate object being the conquest of the economic and political institutions of Capitalism, it has to adapt its organisation to the particular objects which it has in view. Politically, it forms a party and contests parliamentary and local elections: industrially, it forms national Trade Unions which tend to closer and closer combination for the purpose of meeting the massed organisations of Capitalism on equal terms. These tendencies towards large-scale organisation and centralisation, however, clearly arise out of the situation in which Labour finds itself at present. They prove nothing with regard to the form of organisation which the people will choose when Capitalism has been overthrown.

Indeed, wherever the sudden dissolution of the old order, or the conscious adoption of catastrophic methods, absolves Labour from the necessity of working within the institutions of Capitalism, the tendency to local organisation at once makes itself manifest. This is true of Soviet Russia: it is true of Spartacist Germany; it is true, in a far more limited degree,

of the rank and file movements which have sprung up among the workers in this country. Whether or not this form of organisation is the right one for consummating the overthrow of Capitalism, there can be little doubt that the localising tendency will assert itself very strongly indeed in a free and democratic Society.

Let us, then, once again put the misleading word 'State' out of our minds, and try to see what form or forms of organisation or representation would be necessary in a free Society to express the standpoint of men as consumers, users and enjoyers of goods and services, as persons with a common concern in the satisfaction of common needs. If we are to do this, we must first enquire what are the needs that have to be fulfilled: we shall then be in a better position to suggest the best means of securing their fulfilment.

Take first the individual needs of an ordinary citizen. He or she needs to be housed, and the need for housing includes the need for furniture, for textile fabrics and for many other amenities. Secondly he or she needs to be fed and clothed and provided with an infinite variety of household and personal requirements, from books to house-flannels and from beer to cod-liver oil. These are purely personal and domestic requirements, which do not take us beyond the ordinary citizen or family, or include any reference to goods or services of a more communal character.

Then there are needs of a rather more communal sort which lead us at once beyond the individual person or family into the life of a whole neighbourhood. Water, light, heat and sanitation, roads and open spaces, trams, 'buses and perhaps taximeter-cabs, places in which to eat, drink or be entertained, in-

structed or stirred to emotion, married, buried or cremated, places in which to hold meetings, and places in which to pray if we are so minded. Then there are schools and colleges, hospitals and medical service, and countless other civil needs which will exist in any form of society. All these are needs of the dwellers in a single town, even if they never stir beyond its boundaries into the world beyond.

Next come needs whose communal character is national rather than local. To local transport by road and rail must be added national transport—national railways and coastwise shipping, doubtless in the future a growing amount of national transport by road and by air. To local means of communication by word of mouth, letter or telephone must be added national systems of postal, telegraphic and telephonic communication. Moreover, many of the services mentioned above, and many others, have aspects which are national as well as local. The vileness or excellence of the hotels in London concerns the 'provincial' more than it concerns the Londoner.

Last comes the growing volume of international services—international transport by sea, air, road, rail or tunnel, international communication by post, telegraph, telephone or wireless—all these the keys to a vast network of international exchange of material and immaterial commodities, services and ideas. Not a national, not even a local, service to-day that has not its international bearings and complications.

In all this essentially incomplete analysis I have said hardly a word of the great productive industries. That is because I have been speaking in terms of individual needs, whether domestic, local, national or international in character. Very broadly speaking,

the great national industries to-day do not come into direct contact with the individual consumer, or even, save to a limited extent in the Co-operative Movement and perhaps in the municipal services, with the associated consumers. The middleman or indirect or intermediate consumer stands between as 'factor,' merchant, wholesale or retail distributor. Thus, when we look at the satisfaction of need the great productive industries largely drop out of sight, and only such smaller industries as baking, tailoring, and other forms of domestic or personal supply remain partially, and to a diminishing extent, in view.

It will be noticed that in the foregoing analysis—which, let me say again, I do not mean to be complete—I have grouped together indiscriminately the needs which are ordinarily called economic and those which would often be regarded as non-economic in character. In doing this, I do not mean to imply that the difference is unimportant; indeed, its importance will appear at a later stage in the argument. What I am concerned with here is to point out that, if we consider purely the 'spread' of human needs, there emerge four categories more or less clearly distinct—domestic and personal, local or regional, national and international. I do not mean that each group is clearly marked off from the others, but I think that in broad outline each of the groups is sufficiently distinct.

First comes the group in which the element of individual taste and choice is, or should be, predominant, and in which variety in production and consumption is of the greatest possible importance.

Second comes the group in which there must be local uniformity, at least to a certain extent. This does not exclude a considerable degree of local variety

and choice—choice of theatre or cinema, eating-house or inn, lecture hall or church; but it does mean that each man or family cannot have absolutely unfettered choice, because the services concerned are to some extent essentially communal. In this group, then, a certain degree of local uniformity is essential; but there is no inherent reason for national or international uniformity, and the danger is rather of undue national centralisation than of undue local variation.

Third comes the group in which national uniformity is essential to a considerable extent. Local train-services, local telephones, and local postal deliveries can no doubt be largely determined by local opinion; but they must fit into a national scheme, and the principle of national co-ordination must be paramount.

Last comes the group in which international uniformity, if not absolutely imperative, is at least highly desirable, and certain to develop as the nations grow closer together in material and spiritual intercourse.

If we can determine the proper form of representation of men and women as consumers and users of these various types of services, we shall at least have progressed a long way towards the determination of the non-Guild structure of Guild Society. We shall have still to deal with the problem of consumers' representation in the big industries, that is, in relation to the great industrial Guilds; but we may well find that this will follow logically from what we shall have already determined.

Let us begin with the first group, and let us see first how, in this group, the producers and renderers of service would be organised in a Guild Society. Clearly, we have at least two great Guilds and a number of smaller Guilds to consider. The Building Guild falls within

this group to the extent (I hope an increasing one) to which individuals actually choose, or order to be built, reconstructed or decorated, their own houses. Then the Distributive Guild will be the means of supplying most of the domestic or personal needs which are the product of factory or other large-scale industries. Thirdly, a whole group of Guilds of small-scale producers or at least purely local producers, bakers and confectioners, tailors and dressmakers, furniture makers and many others, will also be mainly concerned with the supplying of individual or domestic needs under conditions admitting of a wide variety of taste and choice.

In so far as the relations between producer and consumer in these cases require organisation at all, or pass beyond the stage of purely personal relationship, I believe the Co-operative Movement to be, within this vastly important sphere, by far the best means of representing the consumer. I want to see these industries of production and distribution organised in local Guilds working in the closest possible conjunction with the Co-operative Movement on the same lines as I suggest in the body of this book for joint working locally by the Guilds and the municipality. A Co-operative Movement, dominated largely by housewives (or will it be by their house-husbands?), and concentrated on the one function of expressing the consumers' point of view, is the best possible form of organisation so far as this group of services is concerned.

When we pass to the second group, we have a more difficult and complex problem to consider. We are now in the sphere of those 'public utility' services which have come to be regarded as falling within the

legitimate sphere of municipal trading or collective action by a local authority of one sort or other, and of the great local and national services of public health and education, and also of many forms of public instruction and entertainment and worship which are in the hands of private profiteers or of voluntary associations. From the Guild point of view no difficulty arises. Industrial Guilds will organise the conduct of the various public utility services, Civil Guilds the conduct of the services of Education and Public Health. Music, drama and other forms of entertainment are fully susceptible of Guild organisation. Churches are really Guilds of religion, and the problems of Church government assume every year more and more a Guild aspect. What, then, are the consumers', or users', or neighbourhood organisations which correspond to these Guilds and quasi-Guilds, and must work in conjunction with them?

Broadly speaking, I believe it is a right tendency that places the representation of users of these services in the hands of local or neighbourhood bodies elected by universal suffrage. I do not think we have found the right areas for such bodies, and I believe that it is a wrong tendency to concentrate all the functions described above in the hands of a single body. Representation of the communal, or neighbours', point of view in relation to education, for instance, should, I think, clearly be in the hands of a body chosen for that purpose especially; for it calls for a different kind of personality and interest from the supervision of drains and trams. I would have a special neighbourhood body dealing with amenities and things of the mind, with education for adults as well as children, with libraries, with theatres, cinemas, lecture halls,

museums, parks and open spaces, statues and public buildings. Then I would have a distinct neighbourhood body dealing with utilities—with transport and communication, water, light and heat, restaurants and hotels, and with many other forms of communal supply. Then for health and housing perhaps, though I am not sure of it, a third neighbourhood body—each body working, of course, in close conjunction with the appropriate Guilds and other voluntary agencies, and none making its business the regulation of those things which are best left unregulated.

The fundamental reason for this variety of 'neighbourhood' bodies is one with the reason for the whole functional organisation of Society. Different kinds of men are the right men for doing different kinds of jobs, and the problem of democratic efficiency is that of getting the right men into the right places by popular choice. In the case of the Guilds this is secured by means of a vocational electorate: in the case of the neighbourhood forms of organisation, it is not practicable or desirable to divide the electorate, but it is practicable and desirable to define clearly the purpose of the election and the function to be exercised by the elected person. To elect a single body to do all manner of quite different jobs, in the hope that somebody who is good at each of them will get elected more or less by accident, is folly and the negation of real democracy. It is one of the poisons that spoil both national and local politics at the present time.

If local government areas were reorganised on sensible lines, this division of function would not mean an increase in the number of local elections, and certainly not in the number of quasi-independent local authorities which exist at the present time.

I believe that there is a great future before the ' region ' or the ' Province ' as an area of local administration, and that it will be both necessary and desirable in a Guild Society to have powerful regional Guilds working in conjunction with regional Councils over larger economic areas. To enter into the problem fully would take me too far afield ; for some of its developments I will only refer readers to ' regionalist ' literature in general, and especially on the economic side to Mr. C. B. Fawcett's pamphlet on ' The Natural Divisions of England,' [1] and to the records of the methods of coal distribution adopted by the Coal Controller's department during the war.

Turning now to the third group of services—those in which the principle of national co-ordination must from their nature be paramount—we find ourselves at once in the presence of certain great Guilds, including those of the Railwaymen and the Post Office. We have also to deal in this sphere with the element of national co-ordination required in those services which would be in their actual working locally organised. What, we have to ask, is the right body, or what are the right bodies, to represent the consumers or users or requirers in relation to this group of services ? Is this the function of some special organisation or organisations chosen for that purpose alone, or should this form of representation be entrusted to the same body as undertakes the national ' political ' work of the community, *i.e.* the State ? This problem is considerably more difficult than any of those which we have yet discussed, and does not, I think, admit of a simple or comprehensive answer.

Let us begin merely with the problem of national

[1] First published in the *Geographical Journal* for February, 1917.

co-ordination of the services which will be actually administered locally. The teachers and the doctors, the road transport workers and the distributors, will all have not only their local Guilds but also their National Guilds in which all the local Guilds in each service will be united. The National Guild organisations, as I point out in the chapter on 'Freedom in the Guild,' will be dealing mainly with national co-ordination from the Guild standpoint. Is it not clear that, if the proposed structure of local government under Guild Socialism is accepted, the proper bodies to act as co-ordinating agencies on behalf of the neighbours or users will be federal assemblies representing the various local or regional functional bodies—a National Congress of Public Education and Amenities, a National Congress of Public Utilities, probably a National Congress of Public Health and Housing, and perhaps others? To these, of course, must be added, for the services falling within the first group, a National Co-operative Congress.

Local transport and local communications will fall within the sphere of the local public utility organisation, and their national co-ordination, from the users' point of view, within the sphere of the Public Utilities Congress. Could not this Congress also fitly undertake the national organisation of transport and communication in conjunction with the National Guilds of Railwaymen, Seafarers and Postal Workers?

Into the organisation of the fourth group of services —those of an international character, I do not propose to enter in any detail; for the form of their organisation depends upon the whole question of the international structure of Guild Society, and raises questions too large to be discussed in a paragraph. It can,

however, be said that the national organisation which international regulation always requires and presupposes should be in the hands of one or other of the National Congresses or 'functional Parliaments.' Thus the mercantile marine is a public utility, the international exchange of educational facilities a matter for the Educational Congress, international distribution to a great extent a matter for the Co-operative Congress, medical research for the Public Health Congress, and so on. Always, of course, international Guild action is presupposed as the accompaniment of international action by any of these Congresses, and the principle of joint working is everywhere involved.

We have still to face the vital question of the organisation of consumers in relation to most of the great productive industries—mining, engineering, printing, cotton and the rest. This depends, I think, on the immediate and also on the ultimate destination of their products. Take the case of mining. Coal enters into every industry and service as a more or less important factor in production and achievement, and it is also an article of general domestic consumption. I do not know whether in the Guild Society household coal would be distributed by the co-operative or the public utility organisation, and I cannot see that there is any principle involved. Whatever organisation undertakes the work will have to be in close touch, through some sort of joint committee, with the Miners' Guild, and so will all the Guilds which are large and regular consumers of coal. Even under capitalist conditions *ad hoc* consumers' organisations have come into existence in relation not only to coal but also to many other important industries and services, and I fully believe that, in the future Society,

this form of organisation will be maintained and developed on democratic lines.

This, however, does not help us to a solution of one crucial problem in the relation of producer and consumer, service-renderer and service-receiver, under the Guild system. The remaining problem is that of the financial relation—the ultimate methods of determining and apportioning income and directing the flow of national capital or 'savings.' Here at last I believe that we approach the province of the State; but I cannot give my direct answer to the question until I have said something of the political organisation of Guild Society.

All the problems with which I have dealt so far have been problems arising out of either industries or services or amenities of one kind or another. Measured by the volume of work, the vast bulk of the activities of local authorities, and hardly less of the internal activities of the national Parliament and Government, fall within one or other of these classes. Outside them, however, fall such purely social functions of government as the legal and administrative regulation of personal relationships, the police and judicial system, and methods of taxation and rating in so far as they deal not with paying for industrial or other services, but with adjusting the balance of income among various classes of the community. In addition, there is that unclassifiable something which causes many people to regard the State as in some sense the guardian of the 'spiritual tradition' of the nation.

Postponing for the moment the consideration of this 'something,' let us enquire how the 'social' functions mentioned above would be organised under a Guild Society. I believe that the crowning achieve-

ment of the Guild system will be to disentangle these social functions from the industrial, commercial and professional or ' service ' functions, and to enable them to be dealt with apart by the right sort of representatives. There will have to be both local and national bodies for this purpose, their relative importance depending on the centralised or regional character of the community as a whole. I do not know whether the national body—the ' State,' if you will—should be federal or unitary in structure, whether it should be a Parliament or a Congress or political Soviet. That can be determined at a later stage. But I do believe that such a body will be of great importance, and that the whole question of income will be primarily its concern.

This view involves a modification in the ideal structure of Guild Society as I outlined it in the body of this book. I there treated the State as the representative of the consumers, and envisaged the solution of difficulties arising between producer and consumer by a double procedure—first of conference between the State and the Guild concerned, and secondly of conference between the State and the Guilds Congress as a whole. I no longer conceive of the State as entering into such conferences in the first instance, except for the particular purposes mentioned below. The normal method of settling such differences, as I now conceive it, would be by conference between the Guild or Guilds concerned and the appropriate Congress of users, Co-operative, Public Utility or whatever it might be, or the *ad hoc* consumers' organisation existing in any particular industry or service. Only if no solution could be found in this way would the ultimate appeal lie, in industrial questions, to a joint session

at which not only the Guilds Congress and the State, but also the various functional Congresses would be represented.

On the fundamental question of the allocation of national resources, the division of income in the community and the provision for collective 'saving,' my position remains substantially unaltered, except that I would make the joint body dealing with this problem more fully representative in the way described above, by including in it the great Congresses representing the people as consumers, users and enjoyers in common of the fruits of the earth and the labour of man.

Doubtless it has been apparent to the readers of this Introduction that, at least so far as the economic and 'service' organisation of Society is concerned, my attitude has been influenced by the emergence of the Soviet form of social structure. As I understand the Soviet idea—I do not pretend that I understand it fully—it has nothing fundamentally to do with industry as such. It is not based on the idea that the community ought to be dominated by industrial organisations, but on the idea that communal organisation ought to be based throughout upon the principle of free association. Finding itself in conflict with the capitalist organisation of Society, it adopts in certain cases as a temporary expedient the 'dictatorship of the proletariat'; but such a dictatorship is not part of the Soviet organisation, though its temporary adoption is a part of Bolshevik doctrine. In fact, the Soviet idea is the Guild idea, or at least has very much in common with it. It cannot be too clearly understood that there is no essential connection between the Soviet from of organisation and Bolshevism. Bolsheviks will favour Soviets as

a means to the temporary dictatorship of the proletariat ; but Soviets may also find favour with many people who are in no sense Bolsheviks.

I do not pretend that in this development or correction of what I originally wrote in this book I am in any sense approaching finality. Guild Socialists are only at the beginning of the consideration of the problems involved in the structure of Guild Society. Of the Guilds themselves they have a fairly clear and adequate vision, clear enough at all events to serve as a working hypothesis, though even I do not profess to believe all that I have written in this book about the future structure and internal Government of the Guilds. But in that sphere a good deal of thinking has been done, whereas Guildsmen have barely scratched the surface of the wider implications of Guild Society. I put forward the observations contained in this Introduction, not as a solution of the many problems which they raise, but in the hope that they may stimulate discussion and at least show that Guild Socialists are alive to the difficulties involved in the establishment of Guild Society.

## CHAPTER II

### THE CASE FOR NATIONAL GUILDS

No movement can be dangerous unless it is a movement of ideas. Often as those whose ideals are high have failed because they have not kept their powder dry, it is certain that no amount of dry powder will make a revolution succeed without ideals. Constructive idealism is not only the driving force of every great uprising ; it is also the bulwark against reaction.

If, then, Trade Unionism is to be the revolutionary power of the future, it will become so only by virtue of the idealism that inspires it. While it remains merely materialistic, it will not stand a dog's chance of changing the capitalist system into something better. Socialists, therefore, when they put their trust in organised Labour, are expressing their belief that Trade Unionism means something more than the desire of its members for greater material comfort.

The old-fashioned attitude towards Trade Unionism is summed up in the text-book definition: " A Trade Union is a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their employment." At first sight, this seems a fair enough description ; for certainly in the past the Unions have been mainly concerned with this aspect of ' collective bargaining.' The definition is indeed an

adequate account of Trade Unionism as it was conceived by the 'Old Unionists' themselves. Historically, the primary function of the Unions has been to maintain the price of the labour-commodity within the capitalist system.

When Socialism first became strong in England, the Unions were still reformist to the last degree. It is not too much to say that, crossed in early youth in its love of revolution, Labour had taken the vow of celibacy, and refused to mate with any idealistic movement. The revolutionary Unionism of the time of Robert Owen moved prematurely out to battle, and suffered ignominious defeat: to those who survived its downfall, the only possible course seemed to be that of saving the relics of the Trade Union army by turning it into a sort of civil guard—by abandoning every form of militancy and confining its activities, wherever possible, to peaceful negotiation with the employers. All thought of ending capitalism was banished from the Trade Union world; and every suggestion of political bias was repudiated. The Unions accepted a frankly reformist position: sliding-scale agreements and arbitration boards came to represent the height of their ambition.

It was not unnatural, therefore, that the early Socialists, including most of the prominent members of the old Social Democratic Federation, regarded the Unions as too hopelessly reactionary to be of any assistance in achieving the Socialist Commonwealth. The result of this natural mistake was, however, none the less disastrous. English Socialism, as it grew up, remained a doctrine almost wholly political in character: on the industrial side, its last word concerning the future organisation of production was nationalisation.

Meanwhile, largely under the influence of the spreading Socialist ideas, the Unions themselves began to change. The Dock Strike of 1889 was, of course, the first great visible sign of the new spirit; for it meant nothing less than the dawn of a new class-consciousness. Trade Unionism could thereafter no longer mean only the corporate egoism of the skilled tradesmen; the unskilled workers came to take their place along with their fellows in the battle for industrial freedom. This change of spirit is even now far from complete; but it was certain from this point that the substitution of class-consciousness for trade-consciousness in the Trade Union world was only a matter of time.

The growth of the new spirit marks the lost opportunity of Socialism. Then was the time for political Socialism to make itself complete by including the idea of self-government in industry, by recognising the Trade Unions as the future masters of production. Their failure to do this meant a set-back of a quarter of a century to the Socialist cause. The events which culminated in the Dock Strike were not, indeed, without their effect upon Socialism, since they led directly to the foundation of the Independent Labour Party. But the I.L.P., instead of declaring for the true industrial democracy, chose a purely political programme gleaned half from the Fabians and half from the S.D.F. Though they owed their being to an industrial revolt, Keir Hardie and his friends still utterly failed to understand its meaning. They had not grasped the true function of Trade Unionism, and they remained sceptical of its ultimate value.

When, however, a few more years had elapsed, and there still seemed no signs of the conversion of the bulk of the working-classes, the Socialists at last realised

the futility of ignoring the Unions. Their next step was accordingly the creation of the Labour Party, a federation of Trade Unions and Socialist Societies. But here their failure was no less remarkable. Driven by the logic of facts to see the necessity of Trade Union support, they wholly failed to see more than this, or to understand how their appeal ought to be made. Instead of enlarging their theory on the industrial side, and recognising the Unions as entitled to the control of industry, they endeavoured to collar Trade Unionism in support of their own political programme. By this move, which reflects equal discredit on the commonsense of both parties, they gained a great accession of immediate strength; but at the same time they lost a great opportunity, and sowed the seed of their own weakness in the future. Instead of trying to inspire the Unions with an industrial idealism, they attempted to make them purely political idealists and to pour the political wine into the industrial bottle. The result was inevitable; the Trade Unions did not become idealistic, and the composite political body in which the Socialists chose to merge their identity was not only utterly without ideals, but also very soon emasculated the idealism of its Socialist wing. The final result we know: it is a Labour Party of which Capitalism has long lost all fear.

Human nature, however, came to the rescue. While the recognised leaders of Trade Unionism in too many cases frittered away their strength in politics—which, necessary as it may be, is not their job—the rank and file were being slowly fired by the new idealism which the Socialists had failed to understand. Half-unconsciously, the revolt against despotism in the workshop began to take form, and the workers began to realise

that there could be no end to their subordination until they themselves were masters of their own industries. The conduct of the nationalised services, too, made them feel that the management of industry by State departments, though, generally extended, it might result in a fairer distribution of income, could never by itself answer their demand for industrial freedom. Syndicalism, or at any rate doctrines tinged with Syndicalism, began to take root, and, when the industrial unrest took form, it was found to be not merely a demand for higher wages, but an insurgence against tyranny and an aspiration towards industrial self-government.

This new spirit grew up within the Trade Unions, and to a great extent outside Socialism, simply because Socialists had no imagination. But, growing up in this way, it was inevitably one-sided and incomplete. It was a purely industrial doctrine, when the need was for a doctrine at once industrial and political. It is the business of Socialists to-day to achieve what should have been achieved at the time of the Dock Strike twenty-five years ago, and to make a synthesis of the twin idealisms of Socialism and Trade Unionism. The working out of the new Socialism should be the main business of all those who know the value of ideals, and desire to bring about a social revolt imbued with constructive idealism.

In the Society of to-day the State is a coercive power, existing for the protection of private property, and merely reflecting, in its subservience to Capitalism, the economic class-structure of the modern world. The Trade Unions are to-day merely associations of wage-earners, combining in face of exploitation to make the conditions of their servitude less burdensome. Out of

these two—out of the Capitalist State and the Trade Union of wage-earners—what vision of the future Society can we Socialists conjure up?

Realising rightly that the structure of our industrial Society finds its natural and inevitable expression in the class-struggle, and preoccupied ceaselessly with the demands of our everyday warfare with Capitalism, we are too apt, despite our will to regenerate Society, to regard the present characteristics of the State and the Unions as fixed and unalterable. Some regard the State as essentially the expression of Capitalism, and hold that with the rise of the worker to power, the State and all its functions will disappear automatically. This is Anarchism, to which one kind of Syndicalism approximates. Others, again, regard the Trade Union as essentially a bargaining body which, with the passing of Capitalism, will have fulfilled its purpose, and will at once cease to exist or become of very minor importance. This is the attitude of pure State Socialism—of collectivist theory, as it has been commonly misunderstood, both in Great Britain and abroad.

Both these views rest on false assumptions. One side presupposes that the State must be always much as it is to-day; the other assumes that its narrow conception of the function of the Trade Union under Capitalism includes all the functions the Unions ever could, or ought to, assume. Both views are one-sided in that they accept the possibility of transforming one of the two bodies in question, and deny the possibility of transforming the other. But nothing is more certain than that both State and Trade Union, if they are to form the foundation of a worthy Society, must be radically altered and penetrated by a new spirit.

A stable community, recognising the rights and personality of all sections of consumers and producers alike, can only be secured if both the State and the Trade Unions take on new functions, and are invested with control in their respective spheres. Collectivism which is not supplemented by strong Trade Unions will be merely State bureaucracy on a colossal scale; Trade Unions not confronted by a strong and democratised State might well be no less tyrannous than a supreme State unchecked by any complementary association.

The proper sphere of the industrial organisation is the control of production and of the producer's side of exchange: its function is industrial in the widest sense, and includes such matters as directly concern the producer as a producer—in his work, the most important and serviceable part of his daily life. It has no claim to decide 'political' questions: for its right rests upon the fact that it stands for the producer, and that the producers ought to exercise direct control over production.

The proper sphere of the State in relation to industry is the expression of those common needs and desires which belong to men as consumers or users of the products of industry. It has no claim to decide producers' questions or to exercise direct control over production; for its right rests upon the fact that it stands for the consumers, and that the consumers ought to control the division of the national product, or the division of income in the community.

Industry, in the widest sense, is a matter of both production and use. The product has to be produced, and it has to be determined who shall have the right to consume it. On the one hand, the decision of the

character and use of the product is clearly a matter primarily for the user: on the other, the conditions under which work is carried on so vitally and directly concern the various sections of organised producers that they cannot afford to let the control of those conditions remain in the hands of outsiders. The old Collectivist claimed everything for the democratic community, and maintained that the workers would find their grievances adequately ventilated and their interests thoroughly safeguarded by means of a reformed Parliament under democratic control. He looked forward to a future Society in which the State and the Municipalities would employ all the workers much as they now employ men in the post office, the Government dockyards, or on the tramways, with the difference that the goodwill of the whole body of consumers would secure for the worker decent wages, hours and conditions of labour. The new Syndicalist claims everything for the organised workers; he would have them so organise as to secure the monopoly of their labour, and supplement this first principle of economic power by the provision of economic resource, and then he would have them, by direct action, oust the Capitalist from the control of industry, and enter themselves into complete possession of the means of production and distribution.

There is in this more than a clash of policies; there is a clash of fundamental ideas. The Collectivist, immersed in the daily struggle of the worker for a living wage, has thought only of distribution. High wages under State control have been the sum of his ambition; he has dismissed, as artists, dreamers, or idealists, those who, like William Morris, have contended that no less fundamental is the question of

production—the problem of giving to the workers responsibility and control, in short, freedom to express their personality in the work which is their way of serving the community. The problem of Socialist theory in the present is the reconciliation of these two points of view; for either, alone, is impotent to form the framework of a noble ideal. Political democracy must be completed by democracy in the workshop; industrial democracy must realise that, in denying the State, it is falling back into a tryanny of industrialism. If, instead of condemning Syndicalism unheard, the Socialist would endeavour to grasp this, its central idea, and harmonise it with his own ideal of political justice, Collectivism and Syndicalism would stand forth as, in essentials, not opposing forces, but indispensable and complementary ideas.

A close analysis of the Syndicalist demand points the way to the only real solution. That absolute ownership of the means of production by the Unions to which some Syndicalists look forward is but a perversion and exaggeration of a just demand. The workers ought to control the normal conduct of industry; but they ought not to regulate the price of commodities at will, to dictate to the consumer what he shall consume, or, in short, to exploit the community as the individual profiteer exploits it to-day.

What, then, is the solution? Surely it lies in a division of functions between the State as the representative of the organised consumers and the Trade Unions, or bodies arising out of them through industrial Unionism, as the representatives of the organised producers.

These bodies we call National Guilds, in order both to link them up with the tradition of the Middle Ages

and to distinguish them from that tradition. We who call ourselves National Guildsmen, look forward to a community in which production will be organised through democratic associations of all the workers in each industry, linked up in a body representing all workers in all industries. On the other hand, we look forward to a democratisation of the State and of local government, and to a sharing of industrial control between producers and consumers. The State should own the means of production: the Guild should control the work of production. In some such partnership as this, and neither in pure Collectivism nor in pure Syndicalism, lies the solution of the problem of industrial control.

Naturally, such a suggestion needs far more elaborate working out than can be given here, and, in particular, much must be left for decision in the future as the practical problems arise. We cannot hope to work out a full and definite scheme of partnership in advance; but we have everything to gain by realising, even in broad outline, what kind of Society we actually desire to create. We need at the same time to satisfy the producers' demand for responsibility and self-government, and to meet the consumers' just claim to an equitable division of the national income, and to a full provision of the goods and services which he justly requires.

Some sort of partnership, then, must come about; but there is a notable tendency nowadays for persons to adopt the phrase without intending to bring any effective partnership into being. The partnership, to be worth anything, must be a partnership of equals, not the revocable concession of a benignant and superior State, and, to make it real, the Guilds must

be in a position to bargain on equal terms with the State. The conditions upon which the producers consent to serve, and the community to accept their service, must be determined by negotiation between the Guilds and the State. The Guild must preserve the right and the economic resource to withdraw its labour ; the State must rely, to check unjust demands, on its equal voice in the decision of points of difference, and on the organised opinion of the community as a whole. As a last resort the preservation of equality between the two types of organisation involves the possibility of a deadlock ; but it is almost impossible to imagine such a deadlock arising in an equalitarian Society.

I have stated my ideal very baldly, because it has already been stated well and fully elsewhere, and I do not desire to go over again the ground which others have covered. I must, however, state briefly the fundamental moral case both against Socialism as it is usually conceived and in favour of the ideal for which I am contending.

What, I want to ask, is the fundamental evil in our modern Society which we should set out to abolish ?

There are two possible answers to that question, and I am sure that very many well-meaning people would make the wrong one. They would answer POVERTY, when they ought to answer SLAVERY. Face to face every day with the shameful contrasts of riches and destitution, high dividends and low wages, and painfully conscious of the futility of trying to adjust the balance by means of charity, private or public, they would answer unhesitatingly that they stand for the ABOLITION OF POVERTY.

Well and good! On that issue every Socialist is with them. But their answer to my question is none the less wrong.

Poverty is the symptom: slavery the disease. The extremes of riches and destitution follow inevitably upon the extremes of license and bondage. The many are not enslaved because they are poor, they are poor because they are enslaved. Yet Socialists have all too often fixed their eyes upon the material misery of the poor without realising that it rests upon the spiritual degradation of the slave.

I say they have not realised this, although they have never ceased to proclaim that there is a difference between social reform and Socialism, although they have always professed to stand for the overthrow of the capitalist system. For who among our evolutionary Socialists can explain wherein this difference consists, and who of our revolutionists understands what is meant by the overthrow of Capitalism?

It is easy to understand how Socialists have come so to insist upon the fact of poverty. Not one of them, at least until he has eaten of the forbidden fruit of office in the political Garden of Eden, but is moved by an intense conviction that our civilisation is beyond measure degrading and immoral. His first object, then, is to make others see that he is right. What more natural than to exhibit, before the eyes of all men, the open sore of physical misery? Even the least imaginative can see the evils of poverty, and the majority are supposed to lack imagination. We, therefore, confront the world with the incontrovertible fact that the few are rich and the many poor. The idea that the fundamental aim of Socialism is the abolition of poverty begins in an *argumentum ad hominem*.

I have not time to describe the effect of this attitude on the practice of Socialists in the political field. I can only say, in a few words, why I believe it to have been disastrous. Our preoccupation with poverty is the cause of our long wanderings in the valley of the shadow of reformism : it is the cause of that dragging of Labour into a Liberal alliance which has wrecked every chance of successful political action for a generation to come. There are too many to whom Socialism has come to mean a steeper graduation of the income-tax, the nationalisation of mines and railways and the break-up of the poor law, together with a shadowy something behind all these to which they can give neither name nor substance. The very avidity with which we clung, like drowning men, to the somewhat bulky straw of the Minority Report was a clear indication of our bankruptcy in the realm of ideas. To many of us, that very adroit and necessary adjunct to the capitalist system seemed the crowning expression of the constructive Socialism of our day. Our generation was seeking for a sign ; but there was no sign given it save the sign of the prophet Jonah. And Jonah, if my memory serves, was a minor prophet.

The biblical Jonah once had the fortune to be swallowed by a whale. In our days, the tables have been turned, and, instead of the Labour movement swallowing its Jonah, Jonah has swallowed the Labour movement.

Inspired by the idea that poverty is the root evil, Socialists have tried to heal the ills of Society by an attempt to redistribute income. In this attempt, it will be admitted that they have hitherto met with no success. The gulf between rich and poor has not grown an inch narrower ; it has even appreciably

widened. It is the conviction of Guild-Socialists that the gulf will never be bridged, as long as the social problem is regarded as pre-eminently a question of distribution.

Idle rich and unemployed poor apart, every individual has two functions in the economic sphere—he is both a producer and a consumer of goods and services. Socialists, in seeking a basis on which to build their ideal Society, have alternated between these two aspects of human activity. The Fourierists, the Christian Socialists and the Communists, with their ideals of the phalangstery, the self-governing workshop, and the free Commune, built—and built imperfectly—upon man the producer. Collectivism, on the other hand, which includes most modern schools of Socialism, builds upon man the consumer. It is our business to decide which, if either, of them is right.

It is the pride of the practical social reformer that he deals with ' the average man in his average moments.' He repudiates, as high falutin nonsense, every attempt to erect a new social order on a basis of idealism ; he is vigilantly distrustful of human nature, human initiative and human freedom ; and he finds his ideal in a paternal governmentalism tempered by a preferably not too real democratic control. To minds of such a temper, Collectivism has an irresistible appeal. The idea that the State is not only supreme in the last resort, but also a capable jack of all trades, offers to the bureaucrat a wide field for petty tyranny. In the State of to-day, in which democratic control through Parliament is little better than a farce, the Collectivist State would be the Earthly Paradise of bureaucracy.

The Socialist in most cases admits this, but declares that it could be corrected if Parliament were demo-

cratised. The ' conquest of political power ' becomes the Alpha and Omega of his political method : all his cheques are postdated to the Greek Kalends of the first Socialist Government. Is, then, his ideal of the democratic control of industry through Parliament an ideal worthy of the energy which is expended in its furtherance ?

The crying need of our days is the need for freedom. Machinery and Capitalism between them have made the worker a mere serf, with no interest in the product of his own labour beyond the inadequate wage which he secures by it. The Collectivist State would only make his position better by securing him a better wage, even if we assume that Collectivism can ever acquire the driving power to put its ideas into practice : in other respects it would leave the weaker essentially as he is now—a wage-slave, subject to the will of a master imposed on him from without. However democratically minded Parliament might be, it would none the less remain, for the worker in any industry, a purely external force, imposing its commands from outside and from above. The postal workers are no more free while the Post Office is managed by a State department than Trade Unionists would be free if their Executive Committees were appointed by His Majesty's Minister of Labour.

The picture I have drawn, it may be said, neglects an essential factor—Trade Unionism. The Collectivist relies upon the organised bargaining power of the worker to correct the evils of bureaucracy ; he looks forward to a time when, in every State department and in every municipality, the right of the Unions to speak on behalf of their members will be fully recognised. As Mr. and Mrs. Webb, the pioneers of scientific Trade Union

studies, laid down in the 'classic' final chapter of *Industrial Democracy*, Trade Unions, so far from becoming unnecessary in the Socialist State, will find there only their full development. Strong enough to resist bureaucracy, they will embody that industrial freedom which the worker demands as his right.

When Syndicalism first became a recognised force in this country, there was a regular scurry among the back-numbers to drink again of the invigorating draughts of *Industrial Democracy*. The famous final chapter was constantly quoted to prove that there was really nothing new in the essential parts of Syndicalism, and that Socialists had all along recognised the importance of Trade Unionism. The cobwebby solution that is no solution at all was called to the aid of the reaction: and it was proposed to find, in *Industrial Democracy*, a *via media* which should satisfy the Syndicalists without violating the worn-out phrases of the Collectivists. Needless to say, such a solution has pleased none save its authors; but a discussion of it is the shortest way to the heart of the problem.

The Collectivist is prepared to recognise Trade Unionism under a Collectivist régime. But he is not prepared to trust Trade Unionism, or to entrust it with the conduct of industry. He does not believe in industrial self-government; his 'industrial democracy' embodies only the right of the workers to manage their Trade Unions, and not their right to control industry. The National Guildsman, on the other hand, bases his social philosophy on the idea of function. In the industrial sphere, he desires not the recognition of Trade Unions by a Collectivist State, but the recognition of a democratic State by National Guilds controlling industry in the common interest.

Those of us whose hopes of working-class emancipation are centred round the Trade Unions must be specially anxious to-day. When the war broke out Trade Unionism was passing through a critical period of transition, and it is just at such times that external shocks are most dangerous. Weary of their long struggle to secure 'reforms,' weary of trying at least to raise wages enough to meet the rise in prices; weary, in fact, of failure, or successes so small as to amount to failure, the Unions were beginning to take a wider view and to adopt more revolutionary aims. Mere collective bargaining with the employers would, they were beginning to feel, lead them nowhere; mere political reforms only gilded the chains with which they were bound. Beyond these men began to seek some better way of overthrowing Capitalism and of introducing into industry a free and democratic system.

The first effect of this change of attitude was seen in the more militant tactics adopted by the Unions. The transport strikes of 1911 and the miners' strike of 1912, little as they achieved in comparison with the task in prospect, served as stimulants throughout the world of Labour. The Dublin strike and the London building dispute quickened the imaginations thus aroused and set men thinking about the future of Trade Unionism. If there were comparatively few Syndicalists, Syndicalist and Industrial Unionist ideas were having a wide influence throughout the movement, while the new doctrine of National Guilds was slowly leavening some of the best elements in the Trade Union world. In short, wherever the Unions were awake, the thoughts of their members were taking a new direction, and growing bodies of Trade Unionists were

demanding the control of industry by the workers themselves.

This idea of the control of industry, which was forced to the front by the coming of Syndicalism in its French and American forms, is not new, but is a revival of the first ideas of working-class combinations. It represents a return, after a long sojourn in the wilderness of materialism and reform, to the idealism of the early revolutionaries. But this time the idealism is clothed not only with a fundamentally right philosophy, but also with a practical policy. The new revolutionaries know that only by means of Trade Unionism can Capitalism be transformed, and they know also by what methods the revolution can be accomplished. They aim at the consolidation of Trade Union forces, because beyond the Trade Union lies the Guild.

Out of the Trade Unionism of to-day must rise a Greater Unionism, in which craft shall be no longer divided from craft, nor industry from industry. Industrial Unionism lies next on the road to freedom, and Industrial Unionism means not only 'One Industry, One Union, One Card,' but the linking-up of all industries into one great army of labour.

But even this great army will achieve no final victory in the war that really matters unless it has behind it the driving force of a great constructive idea. This idea Guild Socialism fully supplies. The workers cannot be free unless industry is managed and organised by the workers themselves in the interests of the whole community. The Trade Union, which has been till now a bargaining force, disputing with the employer about the conditions of labour, must become a controlling force, an industrial republic. In

short, out of the bargaining Trade Union must grow the producing Guild.

In the Middle Ages, before the dark ages of Capitalism descended on the world, industry was organised in guilds. Each town was then more or less isolated and self-sufficient, and within each town was a system of guilds, each carrying on production in its own trade. These guilds were indeed associations of small masters, but in the period when the guilds flourished there was no hard-and-fast line between master and man, and the journeyman in due course normally became a master. The mediaeval guilds, existing in an undemocratic society, were indeed themselves always to some extent undemocratic ; and, as Capitalism began to take root, inequality grew more marked and the guild system gradually dissolved. Our age has its own needs ; and the guilds which Guild Socialists desire to see established will be in many ways unlike those of the mediaeval period ; but both are alike in this, that they involve the control of industry by the workers themselves.

In the earlier half of the last century there flourished a society, animated, no doubt, by the best intentions, which called itself ' The Society for the Diffusion of Useful Knowledge.' It was the aim of this body, which had a most influential backing among capitalists, politicians and University professors, to demonstrate to the working class the benefits which they had received from the introduction of machinery and the growth of the industrial system. In its pamphlets, which were widely circulated, it pointed to the immense increase in the supply of material commodities which machinery had made possible, and to the consequent greater prosperity of the whole community. It also

demonstrated to the workers the appointed functions of capital and labour in the industrial system, and the laws of political economy which finally determined their relative positions. Having done this, it paused satisfied, and thanked God that things were as they were.

It is as a disturber of this commercial complacency that William Morris takes a foremost place among democratic writers. As poet and craftsman alike, he found his impulse to self-expression thwarted by commercialism; he opened his eyes and saw around him the products of commercialism, and knew that they were not good. He strove, in a commercial world, to make beautiful things that were not commercial; but, though he made beautiful things and made them a commercial success, he was not satisfied. He desired to make beautiful things for the people; but he found that the people had neither money to buy, nor taste to value, what he made. The more he sold his wares to the few rich, the more conscious he became that under commercialism there could be for the many no beauty and no appreciation of beauty.

Thus it was that Morris passed from Art to Socialism, because he saw that under Capitalism there could be no art and no happiness for the great majority. As an artist, he based his Socialism upon art, as each of us who is a Socialist must base it upon that in life which he knows best and values most. For commercialism is a blight which kills every fine flower of civilised life.

Morris's conception of art was a great and wide conception. Art was not for him a mere external decoration of things made: it was the vital principle that inspires all real making. He did not mean by

art merely pictures, sculpture, poetry, music, or 'arts and crafts'; he meant the making of all things that can be made well or ill, beautifully or without regard to beauty. He held that all true art springs from the life of the people, and that, where their life is good, art will flourish naturally—that, where life is base, art can never flourish. He saw clearly that, so long as men remained in thrall to the industrial system, there could be no good art and no good life for the mass of the people.

Perhaps he did not see so clearly the way out—that was less his business. What he did was to put clearly before the world the baseness and iniquity of industrialism, and its polluting effect on civilisation despite the increase of material wealth. That was enough for a man to do, and Morris did it well and thoroughly.

Himself above all a craftsman with a joy in the labour of his hand and brain, Morris could not rest content with a world in which this joy in labour, to him the greatest thing in life, was denied to all but a few. He was by nature a maker of things, but the age in which he lived forced him to divert more and more of his energies into the making of trouble. Many people are puzzled at first to find in him at once 'the happiest of poets,' as Mr. W. B. Yeats called him, and a preacher of militant Socialism. They fail at first to reconcile the quiet beauty of his poetry and his romances of his printed books and his decorations, with the idea of a revolt against anything. Yet the very qualities that went to the making of these things also made Morris a Socialist. He wanted passionately that the things men had to make should be worth making—'a joy to the maker and the user.'

It is unfortunate that so many people, especially in

the Labour movement, know Morris only, or mainly, as the author of *News from Nowhere*. They will get a far clearer idea of his view of life from his books of lectures, such as *Hopes and Fears for Art*, in which he set out clearly his conception of the relation of art to the social system. They will find there the patriot who loves his own country without hating or despising others, and loves it for what it is in itself and not for its position in the race of nations. They will find the believer not only in a popular art, but in an art springing directly from the free life of a free nation. Or, in the *Dream of John Ball*, they will find still more clearly spoken the message of a free England, in which men can be happy because their lives are worth while, and they count as comrades and not merely as ' hands ' in a profit-making system. Or, of his verse, let them turn to *The Pilgrims of Hope*, one of the greatest of modern epics, unfinished as it is. There again they will find the hope of a better world arising through the striving and willing of the common people upon the wreckage of the old world. When they know these, they will be better able to understand *News from Nowhere*, and it will seem to them less a vision of a far-off and even impossible Utopia than an expression of Morris's firm faith in the ultimate value of human happiness.

I have dwelt thus upon the Socialism of William Morris because I feel that he, more than any other prophet of revolution, is of the same blood as National Guildsmen. Freedom for self-expression, freedom at work as well as at leisure, freedom to serve as well as to enjoy—that is the guiding principle of his work and of his life. That, too, is the guiding principle of National Guilds. We can only destroy the tyranny

of machinery—which is not the same as destroying machinery itself—by giving into the hands of the workers the control of their life and work, by freeing them to choose whether they will make well or ill, whether they will do the work of slaves or of free men. All our efforts must be turned in that direction: in our immediate measures we must strive to pave the way for the coming free alliance of producers and consumers.

This is indeed a doctrine directly in opposition to the political tendencies of our time. For to-day we are moving at a headlong pace in the direction of a 'national' control of the lives of men which is in fact national only in the sense that it serves the interests of the dominant class in the nation. Already many of the Socialists who have been the most enthusiastic advocates of State action are standing aghast at the application of their principles to an undemocratic Society. The greatest of all dangers is the 'Selfridge' State, so loudly heralded these twenty years by Mr. 'Callisthenes' Webb. The workers must be free and self-governing in the industrial sphere, or all their struggle for emancipation will have been in vain. If we had to choose between Syndicalism and Collectivism, it would be the duty and the impulse of every good man to choose Syndicalism, despite the dangers it involves. For Syndicalism at least aims high, even though it fails to ensure that production shall actually be carried on, as it desires, in the general interest. Syndicalism is the infirmity of noble minds: Collectivism is at best only the sordid dream of a business man with a conscience. Fortunately, we have not to choose between these two: for in the Guild idea Socialism and Syndicalism are reconciled. To it Collectivism will yield if only all

lovers of freedom will rally round the banner, for it has a message for them especially such as no other school of Socialism has had. Out of the Trade Union shall grow the Guild ; and in the Guild alone is freedom for the worker and a release from the ever-present tyranny of modern industrialism.

# CHAPTER III

## THE RE-ORGANISATION OF TRADE UNIONISM

THE events of the war have shown clearly to all the world, as nothing else could have done, the potential strength and the actual weakness of Labour. To intelligent Trade Unionists all over the country they have brought home the need for a drastic re-organisation of the machinery of the Trade Union movement. More and more, the younger workers are seeing that no mere piecemeal adaptation of the old Trade Unionism will meet the case: what is wanted is a new policy and a thorough reconstruction.

Those who hold this view are not blind to the enormous difficulties that are in the way. We are a conservative race, and our conservatism is exaggerated in our institutions. The structure of the Labour movement has been erected piecemeal and without a deliberate plan, and in the good old way we should vastly prefer still to proceed. But the moral of recent events is too plain to be ignored. The machinery of Trade Unionism is giving way under the pressure of new circumstances, and nothing short of drastic re-organisation can save it from collapse.

There are at least two groups of events that are a clear sign of the crisis in Trade Unionism. Beginning before the war, but continuing without interruption

during the war, the struggle between Craft Unionism and Industrial Unionism has done much to undermine the old order. The National Union of Railwaymen stands not only for a new conception of Trade Union structure, but also for a new policy. It is the ' new model ' of twentieth century Trade Unionism as surely as the Amalgamated Society of Engineers was the ' new model ' of 1850.

Secondly, within the Unions themselves, we have the growing conflict between the leaders and the rank and file. This conflict finds expression in many different ways; but by far the most significant are the various rank and file movements centred in the workshop which have sprung up in many of the largest engineering districts. When Mr. Arthur Henderson and Mr. Lloyd George accuse the Clyde Workers' Committee of being ' in revolt against Trade Unionism,' they mean simply that the shop stewards who compose the Committee have a new conception of Trade Union action which they desire to substitute for the conception of Mr. Arthur Henderson and his fellows, and in pursuance of which they are driven to take unconstitutional action and to set the officials of their Unions at defiance. There is a real conflict of policy and purpose between the old school of Labour leaders and the new school of ' rank and filers,' and, whatever the issue may be, this conflict is likely to cause drastic internal changes in the Trade Union movement.

The third problem has to do neither with the relations between particular Unions nor with the internal government of the Unions, but with the general co-ordination of Trade Union activities. The war has brought clearly into the light of day the general disorganisation of the army of Labour and the absence of any authority

able either to speak for Labour as a whole or to reconcile and co-ordinate the separate policies of the various sections. This weakness is especially clear in relation to the formulating of Labour policy for the period after the war, most particularly the demands to be made in connection with the Government pledges to restore Trade Union conditions. It seems to be no body's business, or at any rate not to be within any body's power, to do so much as attempt to bring together and reconcile the conflicting sections of Labour opinion, or to provide a common policy for the skilled, the unskilled and the women Trade Unionists.

Our programme, therefore, of Trade Union reorganisation will fall mainly under three heads. We shall have to see what changes are necessary, first, in respect of the structure of the Trade Union movement; secondly, in respect of its internal organisation and government; and thirdly, in respect of the better co-ordination and solidarity of the whole army of Labour.

I do not propose to go over again the ground already covered with some fullness in an earlier book of mine,[1] but merely to summarise the various problems and to suggest possible solutions, particularly in view of more recent developments of Trade Union action and theory. These developments have not altered the views suggested in that book; but they have in some respects materially added to and supplemented them. A short summary of the situation as I now envisage it will probably serve better than anything else to bring home the need for a thorough everhauling of the whole Trade Union movement.

In theory, the great bulk of active Trade Unionists seem to agree that drastic changes are required. Put

[1] *The World of Labour.* Third edition. 1917. G Bell & Sons.

the case for amalgamation, or the case for internal re-organisation, or the case for working-class solidarity before any big meeting of Trade Unionists, and they will cordially and heartily agree. But ask these same Trade Unionists to take the steps necessary to give effect to these ideas, and a very large proportion of them will draw back or remain apathetic. At once difficulties will suggest themselves; at once the whole force of Labour's conservatism will array itself on the side of reaction. A movement that has grown as old as our Trade Union movement without any thorough overhauling has naturally gathered much moss, and the picturesque appearance which this moss presents seems to be regarded as a sufficient reason for not clearing it away. Moreover, like all movements, Trade Unionism tends to develop into a vested interest. The official too often regards his job as a gilt-edged security, and his members as his private property. The member, especially in the Craft Union, is apt to look on all amalgamators and advocates of better organisation as sinister plotters with designs on the friendly benefits to which his contributions entitle him. These, and other similar causes, hinder the re-organisation of Trade Unionism on more efficient lines, and cause the advocates of solidarity, after a while, to give up the task in despair.

How far has the war been able to shake Trade Unionism out of its lethargy, and how far are after-war conditions likely to stir it still more? On the answer to these questions largely depends our hope of re-organisation and of advance. It is certain that the events of the war, and especially the industrial changes which have resulted from the war, have awakened among Trade Unionists a quite unprecedented amount of intellectual

activity. In every district up and down the country men have been trying to get a clearer view of Trade Union purpose and method. Circles have been formed for the study of Trade Union problems: special committees of enquiry have been started by Trades Councils and Trade Union branches: the workers have realised more clearly than of old the need for education and enlightenment. These things will certainly produce their effect. Members of different Trade Unions and industries have been brought closer together, and have come to realise, not only each other's point of view but the point of view that is common to them all. There is, then, hope that, if the need is clearly realised and the remedy clearly set forth, the Trade Union movement will rise to the occasion, and re-adjust its machinery to meet the new conditions. If it does not, it is safe to prophesy that what it fails to bring about by voluntary re-adjustment will emerge in the long run out of devastating internal conflict.

TRADE UNION STRUCTURE.—No one who has any claim to speak with authority in the Trade Union world now questions the need for amalgamation of Trade Unions on the most extensive scale that is possible. Every one agrees that the continued existence of eleven hundred odd distinct Unions is both absurd and disastrous, and agrees in theory that the number ought to be drastically reduced. But every one is not agreed on the form which amalgamation ought to take, and still less is every one willing to make the mutual concessions by which alone amalgamation can be brought about.

Broadly speaking, there are two conflicting theories of Trade Union structure. One party believes that skilled and unskilled should be organised in separate

societies, and regards Trade Unionism mainly from the point of view of the skilled craftsman, who desires to protect his standard of life not only against the employer, but also against the unskilled workers below him. This is the Craft Unionist position. Curiously and yet naturally this position finds allies among the unskilled, who hold that by organising apart they can protect their interests against the skilled workers as well as against the employers, whereas if skilled and unskilled are organised together they hold that the skilled interest will inevitably triumph.

On the other side are ranged those who believe that skilled and unskilled should be organised in the same Unions, and regard Trade Unionism mainly from the point of view of the class struggle. On this view, the differences between sections of the working class are fatal to the advancement of that class and of the community, and such differences, which can be only secondary, should be harmonised inside a common organisation built on a class basis. This is the Industrial Unionist position ; but it belongs also to certain other types of Union which are not strictly ' industrial ' in structure.

These two theories lead to two differing forms of Trade Union organisation. Craft Unionism groups in the same organisation all workers who are doing the same kind of work or who are engaged upon the same process—all weavers, all carpenters, all clerks, all labourers. Industrial Unionism, on the other hand, groups in the same organisation all workers who are co-operating in producing the same product or type of product—all workers in or about mines, on or about railways, all engineering and shipyard workers, all building workers, etc.

This is a very rough statement of the rival theories, and there are numerous complications when we try to apply it in practice. For instance, either form of organisation may be broad or narrow. A Union may be confined to a single craft or industry, or several kindred crafts or industries may be grouped together in a single Union. In such cases, broad may fall out with narrow, and yet broad and narrow may combine to do battle with Unions of the opposite type.

Roughly, however, despite complications, the distinction holds. Above the countless subordinate types of Trade Union organisation stand out the two main types—crafts and industrial, and between these two the battle rages.

There are two main arguments, either in itself sufficient, in favour of Industrial Unionism. But both these arguments hold good only on an initial assumption.

The first argument is that Industrial Unionism provides the stronger force to use against the capitalist. Advocates of Industrial Unionism always point out that against the mass formation of Capitalism a mass formation of Labour is needed, that Craft Unionism has not the strength to combat the vast aggregations of Capital, that it leads essentially to dissension in the workers' ranks, that it enables the employer to play off one set of workers against another, and so to strengthen the capitalist organisation of industry. These arguments are overwhelming in force if, but only if, Trade Unionism is regarded as a class-movement based upon the class-struggle. If it is not, may not the skilled worker be right to fear alliance with the man further down, and may he not see more hope for himself in holding the unskilled worker under, and thereby preserving his

own monopoly of labour? May he not be right, I mean, if, and only if, there is no class-struggle?

Jack London in *The Iron Heel* and H. G. Wells in *The Sleeper Awakes* have both envisaged a state of Society in which Capitalism has triumphed for the time by buying over the skilled workers to its side, and with their help exploiting the unskilled the more securely and completely. Far be it from me to say that this, or anything like it, is in the mind of the Craft Unionist to-day; but it is, I feel, the logical outcome of Craft Unionism. If the skilled workman so much needs protection from the man beneath him that they cannot organise together against Capitalism, is it so long a step for him to ally himself with Capitalism, and to sell his class for security and better conditions under Capitalism?

I do not for a moment suggest that any Craft Union would do this, though I do suggest that some capitalist will play for it in the period of reconstruction after the war. They will come to the skilled Trade Unions with specious proposals that offer immediate advantages to the craftsman, and in return for these advantages they will endeavour to bring the skilled Unions over to Capitalism, to achieve a 'National Alliance of Employers and the Better Class of Employed,' and so to make easier the path of exploitation. I do not suggest that there is any danger of such offers being accepted, if they are understood; but I do suggest that the sooner we abandon Craft Unionism the safer we shall be.

We must base our Trade Union organisation firmly upon the class-struggle: we must so organise as to promote the unity of the whole working class. Does not that mean that we must move constantly in the direction of Industrial Unionism?

The first argument in favour of Industrial Unionism then, is this. It alone is consistent with the class-struggle : it alone is true to the principle of democracy and fraternity.

The second argument is no less fundamental, and it again rests on an assumption. If the purpose of Trade Unionism is merely protective, if it exists only to maintain or improve conditions of employment within the wage-system, then there is no case for one form of organisation rather than another. We can decide as expediency may suggest. But if the purpose of Trade Unionism is a bigger and a finer thing than the mere protection of the material interests of its members ; if, in fact, Trade Unionists have set before themselves the positive aim of winning, through their Unions, self-government in industry, there can be no doubt about the right structure. Clearly, Craft Unions, based on process and not on product, cannot make any effective claim to control industry. Only an Industrial Union embracing the whole personnel of an industry, can assume control over that industry.

It is, no doubt, natural that, in the past, Trade Unionists have thought more of the immediate effect of their organisation in maintaining or improving conditions than of the provision of a constructive alternative to the existing system. This is not true of the advanced sections in the Labour movement to-day. Some of them at least see that their effectiveness depends on the possession of a constructive alternative ; but there are still some who are impatient of theories about the future organisation of Society. Such men feel that it is their first business to attack and overthrow Capitalism, and that, till our industrial system lies in ruins, it is hopeless to think of detailed

methods of reconstruction. This is certainly a short-sighted view, and it is of the greatest significance that the Guild idea is now taking hold of the workers with growing strength and rapidity. For, when once they grasp the central dogma of National Guilds, they will see that along with the work of destruction must go a process of building up, and that the new Society must be developed by the workers themselves out of the materials which the capitalist system affords.

Guildsmen, at any rate, are in no danger of failing to understand this. They agree with the Syndicalists in recognising that the Trade Union is the germ of that body which will in the fullness of time assume the conduct of industry. It is important that they should go further, and see clearly that the success of their efforts depends on the development of Trade Union structure in the near future. Guild Socialists cannot afford to dismiss this question of structure as being merely a problem for experts in industrial action. It does matter, from the point of view of economic reconstruction, no less than from that of efficiency in the class-struggle, that Industrial Unionism should triumph as quickly as possible.

Collectivists who pretend to be more or less sympathetic to Guild Socialism always plead that enlarged powers should be given to the Trade Union under Socialism as an 'organ of criticism.' They maintain that the Unions, so far from losing their importance, will remain powerful, and will receive large powers of representation and consultation from the Socialist State. In short, they dream of industry run by a series of State departments which concede to the Unions, as bargaining bodies, complete recognition. But, in their vision of the future Society, the Trade

Union remains, so far as control is concerned, always external, advisory, critical. It never assumes control, and leaves to the State the function of advising, criticising and bargaining as an external body.

It is not necessary or relevant here to expose the futility of the Collectivist view. What is important now is to point out that either of the two possible bases of Trade Union organisation might conceivably suffice under Collectivism, though even here the 'industrial' basis is, from a fighting point of view, by far the more efficient. For the Guild Socialist there is no such choice. He looks forward to a state of Society in which the actual conduct of industry will belong to the Guilds, and he sees clearly that this will come about, not through the voluntary concession of such powers by the State, and still less through the 'setting-up of Guilds by the State,' but as the result of the persistent demands of the Trade Unions themselves. Only by the impetus of their own intelligence and economic power can the workers pass from the era of collective bargaining to the era of collective control, to Guild Socialism from the wage-system.

If, then, the workers are to demand control from the State or from the employers, they must build up an organisation capable of assuming control. Clearly such a body must be 'industrial' in structure. All workers in or about mines must be in the Miners' Union, the whole personnel of the cotton mills must be in the Union of the Cotton Industry. A body consisting of clerks or mechanics or labourers drawn from a number of different industries can never demand or assume the conduct of industry. It can secure recognition, but not control. A Postal Workers' Union or a Railway

Union, on the other hand, can both demand and secure producers' control.

This is no doubt why not a few Collectivists—many of whom are less fools than bureaucrats—have an exceeding tenderness for the principle of Craft Unionism. They are wont to dwell lovingly on the nature of the bond which binds fellow-craftsmen together; and, when they are driven from the advocacy of old-fashioned Craft Unionism by its obvious impotence in face of modern Capitalism, they fall back upon a 'greater occupational unionism,' which unites several kindred crafts in one Union, but preserves intact the occupational or 'craft' principle.

One instance will explain this. Advocates of amalgamation on an industrial basis often have thrown in their faces the *Amalgamated* Society of Engineers, and we are told either that this is amalgamation of the right sort, or that the A.S.E. has failed to eliminate such 'craft' Unions as the Patternmakers, the Coremakers, and the Ironfounders from the engineering trades, and that, therefore, 'craft' Unionism is right and amalgamation wrong. Whichever is said, the answer is obvious. The A.S.E. is not an *industrial* but an *occupational* amalgamation. It includes men of a number of skilled crafts; but it has never aimed at organising every worker in the engineering industry.

It is, therefore, not at present a body capable of assuming any great measure of industrial control, though it may prove to be the nucleus of such a body. But it could only become capable of control by becoming a complete Industrial Union.

The structure of Trade Unionism, then, must be industrial, if it is either to serve its purpose of fighting Capitalism, or to take on its newer and higher function

of control. Out of Craft Unionism, however widely its net is spread, can come only bureaucracy tempered by recognition: Industrial Unionism will not only serve as an instrument in the war against the wage-system, but will also prepare the workers, while they are engaged in the struggle, for the period of direct industrial control which awaits them at its end.

I have dealt with the problem of structure briefly and without any attempt to face the obvious difficulties, because I wish here to paint in very broad outline the steps necessary for a re-organisation of Trade Union methods and policy. We have seen now, first, that amalgamation of Unions is urgently needed, and secondly, that amalgamation ought to follow 'industrial' lines. We must now turn to the problem of internal government.

Long before the war, difficulties between the leaders and the rank and file were a familiar feature of Trade Union politics. Moreover, the situation in this respect was steadily worsening as the rank and file movement grew stronger. The war has served very greatly to intensify the old differences, and there is no doubt that, as soon as the burden of war is removed, there will be warm times for certain Trade Union leaders. The industrial truce and the suspension of normal movements directed against employers through constitutional Trade Union channels have driven the rank and file to some extent to take matters into their own hands. Unofficial movements have grown up, and unconstitutional action has been taken only to be discountenanced by the officials and executives of the Unions concerned. Many hard things have been said of officials, and, on their side, the officials have not only said many hard things of the rank

and file, but also become less democratic and more prone to insist on their right to power. This tendency has been aggravated by circumstances: the Government and the Press have not wearied of appealing to the nice, good, well-behaved leaders against the naughty rank and file, and the leaders have been encouraged in the belief that it is for them to command, and for their members to obey.

'I am a blesséd Glendoveer:
'Tis mine to speak, and yours to hear.'

There are Glendoveers and to spare in the Labour movement, and the powers that be take great delight in calling them 'blesséd.' In fact, as we have prussianised our national life, we have, to the measure of our power, prussianised Trade Unionism. But, since it has not been possible to do the job with any completeness, the result has been the creation of a truly formidable movement of revolt.

Let us take two instances of this tendency. Realising the need for centralised control, the railwaymen before the war placed full power over trade movements in the hands of their executive. At once came a reaction towards more democratic control. First, the general meeting of delegates managed to get control of big questions of policy, and subsequently to amend the rules so as to recognise its right to control. Secondly, the District Councils, which are explicitly barred by the rules from taking any share in the formulation of policy, have in fact been the motive power in every forward movement during the war period. They have pushed the executive and the officials; they have largely controlled the general meetings; and now, they are playing the foremost part in the formulation of N.U.R. policy. Thus the rank and file organisation

has, in this case, established its control over the official machinery of the Union.

The second instance is that of the various Workers' and Shop Stewards' Committees which have sprung up in a number of engineering centres, notably the Clyde and Sheffield. These committees are probably the most significant of all the developments of latter-day Trade Unionism, and the problem which they raise is one which calls urgently for solution.

Active Trade Unionists have long lamented the lack of interest among their fellows in Trade Union branch meetings. The branch meetings are usually, except on the occasion of some general forward movement, ill-attended, and serve in the main only as places at which contributions can be paid. The members of the branch have in common one with another their membership of the same trade or industry ; but, apart from general trade questions, they have few common pre-occupations or problems. They work, as a rule, for various employers, and the employees of a single firm are scattered in a large number of distinct Unions and branches. In fact, in most cases, the Trade Union branch is based not on the workshop, but on the private residence. The Gorton branch of a Union will consist not of the men who work in Gorton, but of the men who live there : those who work in Gorton, but live elsewhere, will be scattered far and wide in other branches.

It has long been the practice of certain Trade Unions, in certain districts, to appoint shop stewards to look after the interests of their members in the workshops. In a good number of cases, there have also been formed, either by the Unions or spontaneously, shop committees with the same object. Wherever such organisation in the worshop has been strong, it has undoubtedly helped

to make Trade Unionism a more vigorous and aggressive, if also a more unruly, force. In the last two years the workshop movement has received a great impetus. Not only have more and more districts been setting up shop stewards and workshop committees: there has also been a tendency for the shop stewards from all the shops in the district to come together in a Central Committee, and for this committee to arrogate to itself very considerable powers.

For instance, the Clyde strike of February 1915 was the work of an *ad hoc* organisation, the Central Labour Withdrawal Committee. About the middle of 1915, this body adopted its present title of the Clyde Workers' Committee. It is, in the main, a committee of shop stewards, drawn from all engineering and shipbuilding Unions, and representing a very large proportion of the Clyde establishments. A similar committee, no less strong, exists in Sheffield, and there are similar organisations in many of the larger districts.

Now, these committees are both hopeful and dangerous. They are hopeful in that they have clearly found a method of organisation that is far more effective and stimulating than the older Trade Union methods: but they are also dangerous in that, by usurping the powers and functions of the recognised local machinery of the Unions, they throw Trade Unionism out of gear, and cause a deal of energy to be wasted in friction between the officials and the rank and file.

The true basis of Trade Unionism is in the workshop, and failure to realise this is responsible for much of the weakness of Trade Unionism to-day. The workshop affords a natural unit which is a direct stimulus to self-assertion and control by the rank and file. Organisation that is based upon the workshop runs the best

chance of being democratic, and of conforming to the principle that authority should rest, to the greatest possible extent, in the hands of the governed. This will fail to recommend it to those Trade Union leaders who resent every sign of activity among the rank and file as a slight upon their personal capacity for government, and who desire, in the true fashion of parliamentarians, to subordinate both the people and the legislature to the executive.' But with their opinion we are not concerned. More conscious democracy is needed in the Trade Union movement, and this organisation based on the workshop does at least help to provide.

If the workshop is the right unit for Trade Union organisation, surely the moral is plain. Colossal waste of energy is involved where the workers have to build up an unconstitutional workshop organisation outside the recognised local machinery of the Trade Unions. Take the present position on the Clyde. There are in the Clyde area several hundred Trade Union branches connected with the engineering and shipbuilding industry. The vast majority of these are based, not on any particular works or workshop, but on the habitancy of their members. Above them come a considerable number of District Committees of various Unions, consisting of delegates from branches. Then come several allied trades committees and the District Committee of the Engineering and Shipbuilding Trades' Federation. This is the official and constitutional machinery. On the other hand, there are in most shops shop stewards, elected by the men in the shop, but ratified by their own Unions; sometimes there are shop committees also; and there is over these the unofficial Clyde Workers' Committee, which is

usually in conflict with the two most powerful official bodies, the Engineering and Shipbuilding Trades' Federation and the District Committee of the Amalgamated Society of Engineers.

It is not difficult to realise that this machinery involves a very great deal of unnecessary duplication. I am speaking now, not of the senseless sectionalism and overlapping between Union and Union or the crying need for amalgamation, but of the duplication of the branch and the district committee on the one hand, and the shop stewards and their joint committee on the other. Would it not be the best way out of the difficulty to sweep away this duplication by altering the basis of Trade Union organisation.

Instead of the 'residence' branch, let us have the 'works' branch. Let large works be split, where necessary, into more than one branch, and small works be combined into a single branch; but let the general principle of organisation be that of the 'works' branch. Then the shop stewards will become the branch officials, and the shop stewards' committee the branch committee. The District Committee, consisting as now of delegates from branches, will then consist, as the unofficial committees do to-day, of the leading shop stewards drawn from the shop branches. The unofficial workshop movement will have been taken up into, and made a part of, the official machinery of Trade Unionism.

Should we be better off if this came to pass? I think we should, for two reasons. In the first place, the rank and file would be far better equipped for taking into their own hands the direction of policy, and for controlling and guiding their leaders; and, in the second place, the Trade Union movement would

have received a new orientation in the direction of control.

It is certain that, where workshop organisation is strongest, the Trade Union demand for the control of industry is also strongest. The natural striking point for Trade Unionism is the workshop, and it is in the workshop that the most advanced demands will be formulated, and by workshop action that the greatest concessions will be secured. If we want Trade Unionism to develop a positive and constructive policy, it is in and through the workshop that we must organise ; for there alone will constructive demands be made.

The present organisation of Trade Unionism was suited to the movement in its negative and critical stage. But as soon as Trade Unionists set before themselves the object of supplanting the employer in the control of industry, they must take the works as their basis of organisation, and strain every nerve to win in the workshop and the works a direct control of production.

I am here concerned with this policy only in so far as it suggests structural and governmental changes in Trade Union organisation. The changes I have outlined above seem to me to be the smallest that can avert calamity in the Trade Union world. Unless they are made, officials are doomed to get more and more out of touch with the rank and file, the official machinery of Trade Unionism is bound to find itself confronted with stronger and stronger unofficial machinery based on the workshop, and a vast amount of the energy which ought to be directed to the winning of control by the Trade Unions will inevitably be dissipated in internal conflict. If we would avert these things, we must overcome our conservatism, and have

the courage to attempt a drastic reconstruction of Trade Unionism.

I have dwelt at length upon this question, because it seems to me at the moment the most important of the many questions of internal policy that confront the Trade Union movement to-day. I can only deal more briefly with other changes that are hardly less urgently required. We have seen that amalgamation on 'industrial' lines is an essential step in the direction of control. But we must not imagine that amalgamation is simply a matter of taking a number of Unions and throwing them into one, or a mere absorption of small Unions by large ones. Amalgamation both necessitates and makes easier large changes in internal organisation. For instance, there could be no better opportunity for a change in the basis of the Trade Union branch from 'residence' to 'works' than an amalgamation of Unions, which would enable a new constitution to be drafted to suit the new conditions. Again, amalgamation must make provision, wherever possible, for the representation, within an industrial Union, of crafts, sections and departments. It must safeguard, and provide means of expression for, sectional interests within the amalgamation which expresses the solidarity of the whole industry.[1] Yet again, the Industrial Union, by reason both of its size and complexity and of its class structure, calls for more elastic and democratic methods of government than have hitherto prevailed.

The problem of legislative and executive power in the Trade Union movement has always been one of considerable difficulty. Every Union has its Executive

[1] See *The World of Labour*, Ch. VIII., for a fuller treatment of this and the following points.

Council, which is, under the rules, the supreme executive authority; and every Union has also some higher authority, more of a legislative character, for the making of rules. Rules, however, deal mainly with internal matters, and the most important part of a Union's work is concerned with its external relations, negotiations and settlements with employers, or with the State. Of recent years, there has been a growing struggle for the control of these questions of policy between executives and delegate meetings. Old-fashioned Trade Unionism generally solved the difficulty by the use of the referendum; but the weakness of the referendum, except where a very simple and definite question can be submitted, is now generally realised. The old problem therefore recurs with renewed intensity.

The miners settle all important issues of policy by means of large and representative delegate meetings. The railwaymen at first vested final power of settlement in the hands of their Executive; but almost at once they took this power away and placed it in the hands of their General Meeting of representatives. Among the engineers, while the districts enjoy considerable autonomy in local movements, the supreme control of policy rests upon the Executive.[1] Here interesting developments have taken place during the war; for, without constitutional sanction, the Executive have twice called National Conferences and thrown upon them the onus of taking difficult and detailed decisions which could not have been dealt with by referendum.

These developments point clearly in the direction

[1] Subject to possible interference by a Delegate Meeting of a somewhat unrepresentative character.

of an enlarged use of representative meetings for the decision of important issues of policy. There is a very great advantage in getting such matters dealt with and settled by men coming directly from the workshops, who will be able to go back and report fully to their fellows what they have done and why they have done it. Only by some such method can the Executive and the Head Office be kept closely in touch with feeling in the districts, or the districts be made aware of the exact nature of the problems with which the Executive and the Head Office have to deal.

We must, if we would fit Trade Unionism for the new tasks which lie before it, make the machinery of the Unions more democratic, and adjust it more thoroughly to the new conditions. If the employers are learning the lesson that obsolete machinery in the workshop does not pay, it is time that Trade Unionists learnt that it does not pay in the Labour movement either.

So far we have been speaking only of the structure and government of individual Trade Unions. It remains to say something of the co-ordination of the whole army of Labour. We have seen that the Industrial Union possesses this enormous advantage over the Craft Union, that it does express in miniature the class structure of Society. It does bring skilled and unskilled together in one organisation, and thereby go far to destroy snobbishness and exclusiveness within the working class. But even Industrial Unionism is not without its perils, especially in view of the immediate economic situation. May not the workers in a particular industry see the prospect of greater immediate advantage to themselves by combining with their employers to exploit the consumer than by combining with their fellow-workers in other industries

to fight against Capitalism? I have no great belief in the reality of this danger; but it is as well to face it, such as it is. Especially under a Tariff system, will not the interest of the workers be enlisted on the side of the employers in securing preferential treatment for their industry? This, at least, I should regard as an argument rather against Tariff Reform than against Industrial Unionism. And, in any case, I do not think the danger is made greater by Industrial Unionism. The gravest danger, as I have said, appears to be that of an alliance between skilled workers and employers; and the coming of Industrial Unionism would certainly serve to remove this danger.

It will, however, be agreed that it is not enough to amalgamate Unions by industries, or even to create blackleg-proof Unions in each industry. There is also the problem of the unification and co-ordination of the whole force of Labour. The events of the war have brought out very clearly the fact that there is no body which can really claim to represent Labour as a whole or to direct Labour policy. They have also shown no less clearly the need for some such body.

We have now a number of bodies which serve, more or less, to co-ordinate Labour activities. First, there is the Trades Union Congress, an annual gathering of most of the principal Unions, primarily official in character, meeting for one week in every year, and always clogged with futile and detailed resolutions of minor importance. The Congress elects annually its executive, the Parliamentary Committee, consisting entirely of officials, and meeting monthly during the year. Secondly, there is the Labour Party, a federation of Trade Unions, Trade Councils and Local Labour

Parties, Socialist Societies and one or two miscellaneous bodies. This too holds an annual conference, and has an Executive Committee corresponding to the Parliamentary Committee of the Trades Union Congress. Thirdly, there is a Joint Board, representing the two Committees.

Moreover, during the last few years there has developed a regular practice of joint meetings, joint pronouncements on policy, and on occasion of Conferences jointly called by the two bodies. This form of co-operation does not work in all respects as smoothly as it might ; but it is at least a beginning towards a real co-ordination of the industrial and political forces of Labour. The war certainly did something to bring the various bodies closer together, both by calling special temporary co-ordinating agencies into being, and by forcing closer community of action upon those which were already in existence.

There is, then, no lack of machinery : the trouble is in quality rather than quantity. For none of these bodies has really any power or authority, either in external or in internal policy. They cannot bind the Unions in dealing with the employers or the State ; and they cannot harmonise with any authority internal differences within the Labour movement. Under present conditions, this is certainly fortunate for Labour ; for the Trades Union Congress and the Labour Party are at present dominated by the old ideas of Trade Unionism. The dominance of the official element, the ruthless use of the block vote, the congestion of business and the manipulation of the platform combine to secure reactionary decisions. In the quarrel between Craft and Industrial Unionism the Trades Union Congress is on the side of the crafts-

men. the Labour Party is dominated by the big Unions, which desire to make it rather a federation of trades than a class organisation. Merely to increase the powers of the central bodies will not, then, achieve the end in view; what is wanted is a change in their composition and outlook, a destruction of the block vote and the card vote, the re-admission of the Trades Councils to the Trades Union Congress, a freer rank and file delegation from the Unions—above all, freedom for the individual chosen by his fellows to represent them at the Congress or Conference to cast his vote freely as a representative, and not as a mere delegate of the Union as a whole.

At present, before the Trades Union Congress or the Labour Party Conference meets, there are in many cases separate meetings of the delegates from the various industries—miners, cotton operatives, transport workers, engineers. At these meetings, the agenda is discussed and the attitude of the group decided upon. Thereafter, however narrow the majority may have been, the whole voting strength of the group is not infrequently cast on the side of the majority. For instance, the miners may have decided by a small majority to support a particular resolution: if subsequently this resolution comes up for a card vote, the whole 600,000 votes of the miners will be cast in its favour.

This distorting mirror of Trade Union opinion is an unmitigated nuisance. It robs the Congress proceedings of all real interest: it makes the individual delegate a mere voting machine, and impels him to regard the Congress more as an annual outing than as a serious conference on urgent problems. Not till this and similar abuses have been swept away can we set about

the building of a real central authority for the Labour movement.

Centralisation is needed not only nationally, but also locally. The Trade Union branches in a town or district to-day are far too isolated, and have far too few points of contact or opportunities for interchange of feeling and opinion. The Trades Councils have been ostracised by the Trades Union Congress, deprived of industrial functions, and starved for money. Only with the coming of a political Labour movement have they found any encouragement or opportunity for effective action. One of the most urgent problems of the day is the direction of the activity and energy of the Trades Councils into effective industrial channels. They are in many ways the soundest part of the Labour movement, the most imbued with the class spirit and the most accessible to new ideas. It is criminal to allow their energy and initiative to run to waste.

What, then, should be the function of the Trades Councils in a re-organised Trade Union movement? First of all, they should serve as the centres of Labour propaganda and education. They should make Trade Unionists, and, having done this, they should make good and enlightened Trade Unionists. The Trades Councils should be linked up closely with the educational side of the Trade Union movement, with the Workers' Educational Association and with the Labour Colleges. They should run, in connection with these bodies, classes on industrial and kindred subjects, and they should serve to bring together into one fellowship the whole Trade Union life of their district. Secondly, they should be given new industrial functions. The control of the Labour Exchanges, either wholly or jointly with the employers, should pass into their hands,

and they should assume a share in the control of the provision for and against unemployment. Local federations of Trade Unions should be linked up with the Trades Councils; they should be kept fully informed of all local movements, and should serve as centres for information about and research into local industrial conditions. Moreover, the waste and overlapping involved in the separate existence, in many towns, of Trades Councils and Local Labour Parties should be done away with, and there should be one body with two distinct wings, or aspects of activity.

Clearly, if the Trades Councils are to fulfil these functions, they must have money. They will need buildings of their own to serve as centres for the whole Labour life of their district, for meetings, demonstrations, conferences, concerts, plays and all other aspects of the industrial, political, educational, research and social work of the Labour movement. Whence, then, is this money to come? Clearly, it can come only out of Trade Union contributions. Every Trade Union should insist that all its branches shall affiliate to the local Trades Councils, and Councils should be formed wherever they do not exist. Then it should be made possible for branch contributions to the Trades Councils to be increased, in order that the local life of Trade Unionism might be made more vigorous and more class-conscious.

No doubt, there will be many to whom these hopes of Trade Union re-organisation will appear as dreams unlikely of fulfilment. I reply that the only hope for Trade Unionism lies in a recovery of its power and will to dream dreams—and to fulfil them. Trade Unionism has got into a rut: it has become no less conservative than the institutions which it is its mission to destroy

and to supplant. The things we need most in the Trade Union movement to-day are not even the big structural changes which I have endeavoured to outline, but faith and idealism and mutual trust—not in leaders, but of the rank and file in themselves. If we can get these, or even get a strong minority imbued with these, the changes in machinery will be easily brought about.

It is often said that what the Trade Union movement needs most is intelligent and clear-sighted leadership. This is both true and untrue. It is not mainly upon great national leaders that the future of Labour depends, but on local and workshop leaders, upon the intelligent minority among the rank and file. We need a policy and a method of organisation which will make the Trade Union movement the best possible training ground for such men—which will at once keep them in the most direct contact with the mass of Trade Unionists, and give them responsible work to do which will call for all their intelligence and all their force of character. There are great obstacles to overcome. We have to draw these men from industry, and industry under present conditions is organised by Capitalism to provide not intelligence and self-reliance, but servility and automatism. Only through their own organisations can the workers hope to counteract this tyranny of industrialism : and the method clearly prescribed for them is that of a progressive invasion of capitalist control of industry, a progressive wresting of the right to make decisions from Capitalism and a vesting of it in the workers themselves, a progressive atrophy of Capitalism corresponding to a development of function and opportunity and power for the proletariat. This is the true line of advance ; and this policy Trade

Unionism must pursue, not only in its dealings with employers and with the State, but also in refashioning its own organisation. New functions call for new methods and new machinery; but above all, they call for new men. Trade Unionism must become again a democratic movement, basing itself upon the workshop, and finding in the workshop the source and replenishment of its power. And, in proportion as the workshop is made the centre of Trade Union life, these other things will be added unto it—new functions, new methods, new machinery and new men.

# CHAPTER IV

## THE ABOLITION OF THE WAGE-SYSTEM

### I. Pay and Wages

We are all familiar with those critics of the economics of National Guilds who protest that the difference between 'pay' and 'wages' is purely nominal, and refuse to recognise 'the abolition of the wage-system' as a reasonable or practicable aim. Always, they tell us, there will have to be some form of payment for service rendered, or for citizenship, and to them it makes no difference whether this is called 'wages' or something else. National Guildsmen are inevitably impatient of such critics; because, in their minds, the abolition of the wage-system is present as the economic postulate of National Guilds. They do not mean by 'wages' merely 'some form of payment': they mean a quite definite form of payment which is an economic postulate of capitalism. In speaking of the wage-system, they are speaking of the system under which labour is bought and sold in the labour market as an article of commerce. In demanding the abolition of wagery, they are repudiating utterly the idea that labour is a commodity, or that it ought to be bought and sold for what it will fetch in a 'labour market.' By 'wage,' they mean the price paid for labour as a commodity, and for this method of

payment they wish to substitute another and a better method.

National Guildsmen have always recognised that there is more than one alternative to the wage-system. In general, they have contrasted chattel-slavery, wage-slavery, and National Guilds, and, with special reference to the propaganda of nationalisation, they have pointed to the danger that the wage-system might continue under State Socialism, and the State continue to buy its labour as a commodity. Just as the labour of postal or tramway workers is treated as a commodity to-day, even though their employer be a Government department or a local authority, the labour of all workers might be so treated under a universal régime of Collectivism. It might, or, again, it might not. The omnipotent State *might* decree the abolition of rent, interest, and profits, and thereafter pay its employees on some basis other than the wage-system—perhaps equality. Or, again, it might not. There is no assurance that State Socialism would abolish the wage-system: indeed, there is every probability that it would not. For it would not strike directly at the wage-system, which is the root of the whole tyranny of capitalism; and only a direct blow at the root is likely to avail.

There are four distinguishing marks of the wage-system upon which National Guildsmen are accustomed to fix their attention. Let me set them out clearly in the simplest terms.

1. The wage-system abstracts 'labour' from the labourer, so that the one can be bought and sold without the other.

2. Consequently, wages are paid to the wage-worker only when it is profitable to the capitalist to employ his labour.

3. The wage-worker, in return for his wage, surrenders all control over the organisation of production.

4. The wage-worker, in return for his wage, surrenders all claim upon the product of his labour.

If the wage-system is to be abolished, all these four marks of degraded status must be removed. National Guilds, then, must assure to the worker, at least, the following things :

1. Recognition and payment as a human being, and not merely as the mortal tenement of so much labour power for which an efficient demand exists.

2. Consequently, payment in employment and in unemployment, in sickness and in health alike.

3. Control of the organisation of production in co-operation with his fellows.

4. A claim upon the product of his work, also exercised in co-operation with his fellows.

These four claims I propose to analyse in what follows ; but, first, let me try to clear away what seem to be real misunderstandings in the way of the acceptance of our economics—misunderstandings which come partly of terminology, and partly of the illustrations which we employ.

We are fond of saying that in the Army men's sense of service is heightened because they receive not wages, but pay. But, in fact, the conditions of service in the Army are, as we all know, very far from removing the disabilities of labour. Our Army is a class Army, in which the private has no effective share in the organisation of the Service. Nor has he any share in the disposition of the spoils of victory ; for these are apportioned by a secret class diplomacy. His ' pay ' may not be determined accurately by the state of the labour market ; but there is no doubt that the prevail-

ing standards of wage payment have a very great influence in determining its amount, especially with regard to separation allowances and the variation of pay and allowances between grades and ranks of the Service. Only in one of the four respects we have mentioned does he differ *toto cœlo* from the wage-earner, and that is in that he is paid alike in employment and temporary unemployment, in sickness, short of discharge, and in health. National Guildsmen, therefore, use the example of the soldier in order to emphasise one of the four great iniquities of the wage-system ; but they do not, therefore, imply that the soldier's condition is that of an economic or social paradise. Indeed, they explicitly affirm that this feature of the soldier's service, wherein it differs from the wage-system, is found also in chattel-slavery.

This point is emphasised here, because it is one in respect of which National Guildsmen are often misunderstood. Both in the case of the Army, and in the parallel case of the Panama Canal, our arguments have been assailed on the ground that the discipline in these cases is more autocratic and the subordination of the worker proportionately more complete than under the unmodified wage-system. This is perfectly true ; but it does not alter the fact that in these cases one of the four great disabilities of the worker has been removed without a return to chattel-slavery. At the same time, it serves to emphasise the danger of mistaking the abolition of one factor in the wage-system for the abolition of the system itself. There is, as we shall see, a real peril that the abolition of one factor apart from the others may in effect bring with it a virtual return of chattel-slavery.

Under chattel-slavery, two of the four iniquities of

the wage-system did not exist. Labour was not abstracted from the labourer, and, consequently, employment was not abstracted from unemployment. Let us profit by reflection upon this fact. We must demand, and that firmly, the removal, not of one or two or three of the four disabilities, but of them all. And, if we are to make our demand effective, we must have to our hands the means.

## II. Labour and the Labourer

I have so far done little more than repeat, with a few cautions, the classic diagnosis of wage-slavery advanced by National Guildsmen. I want now to turn to the examination of the first of the four diseases which afflict the industrial system, and to the remedies proposed. It is the essence of wage-slavery that it abstracts labour from the labourer, and countenances traffic in labour while it no longer permits traffic in men.

There was a time when this abstraction seemed to those who fought to bring it about the realisation of human freedom and equality. No longer, they proudly proclaimed, could man be treated as a commodity, devoid of rights, to be bought and sold in the market for a price, and to be owned and controlled absolutely by his lord and buyer. The world put away chattel-slavery as an unclean thing, and in name made all men equal before the law. But it did not make the law itself equal before men; nor could it make men equal before capital.

To chattel-slavery, therefore, succeeded 'the economy of wages,' forerunner of the 'economy of high wages.' The employing class easily reconciled itself to the loss of ownership over men, when it found

the hiring of their labour a cheaper and more efficient instrument for the making of profits. The landlord readily acquiesced in the emancipation of the serf when he saw that thereby he escaped the responsibilities of landholding, and gained his freedom to exploit his land at will. In short, under chattel-slavery and serfdom the ownership of capital and of labour was in the same hands; for the rich man effectively owned both land and capital, labour and the labourer. The wage-system has changed all that by divorcing the ownership of labour and capital; for it has left capital in the hands of the few, and has made of the many a class that possesses nothing save its own labour.

Fundamentally, then, in its economic aspect the change to wage-slavery is a change from integration to disintegration; a division between two classes of the ownership of the means of life. The effect of this disintegration was at once not simply to divorce the ownership of men from the ownership of commodities, but to divorce the majority of men from the labour embodied in them. Under chattel-slavery, the owner bought a man entire; under the wage-system, he buys merely so much or so long of a man's labour.

This once seemed a great advance, and in many ways was an advance. But so far as industry was concerned, it was a set-back as well as an advance. It constituted a recognition of the fact that all men have rights as men, and that no man ought to be, in the absolute sense, lord of another; but it also effectively prevented those whose rights were thus recognised from exercising their most important right, the free disposition of their service. We must not minimise the importance of the step taken by the abolition of chattel-slavery; but we must also fully recognise how far progress has

been thwarted by the separation of the ownership of labour from the ownership of capital.

Some who recognise this are too fond of describing the revolution wrought by the abolition of chattel-slavery purely as a division between the labourer and his labour. It is even more profoundly a division of ownership, a disintegration of industry, which is at the same time a step towards a new integration. They who own both capital and the labourer exercise an indisputable control over both: they who own only labour must sell their labour to the owners of capital: they who own capital continue to control, though not to own, the labourers. There is, therefore, no way out of the wage-system by a mere re-uniting of labour and the labourer; the only way out is for the labourer to secure control of capital as well as labour.

Thus far the arguments of National Guildsmen are practically identical with those of the Distributivists and of Mr. Belloc. They begin to diverge when the words 'ownership' and 'control' come to be more closely examined. Mr. Belloc looks to a distribution of capital among the owners of labour: National Guildsmen continue to insist on the need for collective ownership of capital by the State. What bearing have our reflections upon these two views?

I must divide my answer into two parts, the first relating to the complete system of National Guilds which I have in view, and the second to the period of transition to that system. Why do I maintain that National Guilds will serve to realise economic freedom if they will not give to the individual owner of labour any direct ownership of capital? I do so because they will give him, with his fellow-citizens, a collective ownership and control of capital, which will

be one guarantee of his exercise of his right of ownership and control of labour. That is to say, National Guilds imply a democratic State.

There may be some to whom this seems, at first sight, an admission of the Collectivist case. Surely, I shall be told, this is an admission that a democratisation of the State can bring about industrial freedom. The verbal truth of such a statement, I, at least, have never denied; for precisely what National Guildsmen have held is that democratisation of the State is impossible except by a frontal attack upon the wage-system itself. Everything, therefore, turns upon the period of transition, and the means to be adopted in destroying the wage-system.

The operation of the wage-system has caused both labour and capital to pass from an individual to a 'joint stock' exercise of ownership. Both profits and wages still pass ultimately to the individual, but their control has been transferred to companies, syndicates and rings, on the one hand, and to Trade Unions on the other, in all the principal industries. The problem of transition, therefore, cannot be regarded in terms of the individual, but must be regarded in terms of the combine. It seems to me the main fallacy of the Distributivists that they refuse to envisage the period of transition in terms of human aggregates. Even if the individual distribution of ownership were the end, it could not be the means or the method of destroying the wage-system.

The real problem, then, is that of the nature of Trade Union intervention in industry. Must that intervention take the form of demanding an ever-increasing share in the ownership of capital, or can it be content with assuming a complete control in addition to its

present ownership of labour? What we have said above seems to indicate that it cannot stop short of a demand for the ownership and control of capital.

We have said above that, under National Guilds, this ownership would not be exercised by the Guilds but by the State. But National Guildsmen, of course, do not recognise the State of to-day as a body capable of exercising ownership on behalf of the community. We are, therefore, driven back, in relation to immediate policy, upon a further question. How far, in the transition period, can the ownership of capital which the workers must have be achieved by means of the State, or how far must the workers themselves provisionally assume ownership in order to create a democratic State to which they may transfer it?

The answer would seem to be this. The first and most important task for the workers is that of perfecting and completing their control of labour, which will, at the same time, place in their hands the power of conquering and democratising the State; but if at any point it becomes necessary for the control of labour that they should assume any measure of ownership or control of capital, they should not hesitate to fight for this also in the industrial field.

The exact implications of this view are not, perhaps, immediately clear. It means no less than this; that at some time before the wage-system is ended, it may become necessary for Labour to take a hand in the running of industry, and to accept what is sometimes called 'a common responsibility with capitalism.' There may come a time when, owing to Labour pressure, capitalism and the capitalist State are no longer strong enough to control industry alone, and, at the same time, the workers are not strong enough to assume

complete control. Then may come the offer of partnership, envisaged long ago by the authors of *National Guilds*. In such case, what could Labour do but accept a sort of partnership, with a firm intention of dissolving it as soon as the requisite strength had been attained ?

This way clearly lies a danger ; but the danger is less in the suggestion itself than in the possibility of its acceptance as an immediate plan of campaign. For it is certain that the time for such a partnership is not yet. It could be acceptable only when the fabric of capitalism had been undermined by the perfection by the workers of their control over labour ; and it could be assumed only upon terms of, at least, full equality. Nothing less than half can be good enough to balance the danger involved for Labour in a joint responsibility with capitalism. But the day of such equality of Labour has by no means arrived ; and it will arrive only if the workers concentrate for the present upon the perfecting of their control over their labour, by a constant extension of their power and authority in mine, railway, factory and workshop. The extension of control over labour is for the immediate future the true path for Labour to pursue.

Lest I seem to have digressed idly and in vain from my starting point, let me try to sum up in a few sentences the general purport of these reflections. Chattel-slavery combined the ownership of capital and of the labourer in the hands of the few. Wage-slavery divorced these two forms of ownership, and thereby also divorced labour from the labourer. The wage-system must end with a re-integration, with the placing in the hands of all of both capital and labour. In order to bring this about, the wage-earning class

must assume control of capital. This control, under National Guilds, will be exercised collectively, through the State ; but, as the State can be democratised only by the growth of Labour's industrial power, the workers must be prepared, if necessary, to assume, through their Trade Unions, a half share in the ownership of capital, as a step in the direction of National Guilds. They must not, however, accept any joint responsibility with capitalism in return for less than a half share in ownership, and the day for such a share is not yet. For the present, therefore, the task of the workers is to concentrate on increasing and perfecting their control of their labour, which is the basis of their industrial power.

### III. Security

The inevitable result of the divorce of the ownership of labour and capital has been the loss of security by the wage-earner. Speaking broadly, the slave was secure ; his job was continuous, and his master was obliged to maintain him in employment and in unemployment, in sickness and in health. This security, which was a security without rights based upon the denial of freedom, the wage-system swept away. For an actual security based upon bondage it substituted a no less actual insecurity based upon an incomplete personal freedom. Our problem to-day is that of re-establishing security without re-instituting virtual chattel-slavery.

In the Tudor period, when the migration of workers from agriculture to the factories threatened to deprive the landowner of the means of tilling the land, legislation was enacted to prevent the workers from moving

freely. Without a security at all comparable to the security of chattel-slavery, the worker was tied to his employer. In our own time, the passage of the Munitions Act placed for a time many workers in a similar position. The employer could refuse his employee a leaving certificate, and so prevent him from getting work elsewhere, and, at the same time, withhold from him both work and wages. Even now, though this abuse has been modified, the worker who is subject to the Munitions Act is virtually tied to his employer, receiving in return security of employment. The War Munition Volunteer and the Army Reserve Munition Worker are even tied, not to a particular employer, but to any employer to whom the Government may send them. Under such conditions, the worker recovers the security of chattel-slavery ; but he does so at the sacrifice even of the limited freedom to choose his employer which the wage-system has hitherto allowed.

One of the objects which National Guildsmen must attain in destroying the wage-system is the re-establishment of security ; but they must beware lest, in seeking this, they succeed only in riveting the chains more firmly upon the working-class. This is the peril that lurks in some of the projects for the re-establishment of security which are now being put forward in the name of reconstruction.

The proposals fall into two classes. On the one hand, it is suggested that the State should assume the responsibility for security of employment or for maintenance in unemployment on behalf of the whole working-class. On the other hand, it is suggested that the maintenance of the worker in employment and unemployment alike should become a direct charge

upon industry itself. And these proposals are applied to periods of sickness as well as to unemployment.

Within restricted spheres, both principles are operative at the present time. On the one hand, we have the State administration of Health and Unemployment Insurance, and a certain amount of State relief of unemployment under the Unemployed Workmen Act: on the other, we have the employers' contributions under the Insurance Act, and, what is by far a purer case, the Employers' Liability Act and the Workmen's Compensation Act. Moreover, in the Insurance Act we have a mixed principle, which makes the employer to some extent an agent of the State and an intermediary between the State and the workman.

It is, however, generally recognised that none of these measures constitutes an establishment of security, and active propaganda is proceeding in respect of the two rival methods. The advocates of State action desire the complete assumption by the State of the liability for the provision against and for unemployment, on a non-contributory principle—that is, out of revenue raised by taxation. To this it is objected by employer and workman alike that it would immensely increase the element of bureaucratic control over industry, and by workmen, in addition, that it would place Labour as completely in the hands of the State as it is now placed there by the Munitions Act and the Military Service Acts. The saner advocates of State action reply that the remedy lies in placing the administration of Employment Exchanges and of the provision for and against unemployment, not in the hands of State officials, but in the hands of employers and workmen jointly. Here, again, objection is taken on the ground that this would involve the expenditure of money

raised by public taxation by bodies not publicly responsible, or, at least, not publicly controlled. This is, indeed, a serious objection, because it will probably shipwreck the scheme. If 'public money' is to be expended, Parliament and the Treasury will insist on controlling the expenditure of it. If this happens, we at once find ourselves back under the domination of bureaucracy.

We shall be better able to meet this difficulty if we first look at the opposing solution of the problem. By the opponents of State control, among whom National Guildsmen, as advocates of industrial autonomy, most naturally find their place, it is urged that the way out of the difficulty is for industry itself to assume the burden. Nor is this put forward as a mere expedient; for it is clear that National Guilds must afford security by assuming responsibility for the Guild members in employment and in unemployment, in sickness and in health.

This suggestion at present lacks precision; but it seems to assume roughly this form. Each industry, it is proposed, should assume the responsibility for its whole personnel, in bad and good trade alike. The unemployed, and probably the sick also, should be a charge upon the industry, and should be maintained out of its product. To the capitalist, it is pointed out, this principle already applies: he, at any rate, can be maintained by the industry, whether he is well or ill, working or idle. It applies, further, to the management, and, to a considerable extent, to the salaried staff. Why should it not apply to the workers also? Would it not, indeed, be a most important step in the recognition of industrial democracy that the workers' right to full maintenance out of the product of their industry should be securely established?

The peril of this suggestion clearly lies in the fact that we are as yet very far off the establishment of National Guilds. To make unemployment and sickness a charge on the Guilds is one thing; to make them a charge on industry, as it is now constituted, is clearly quite another, and might easily involve the placing of the worker in a more complete subordination to capitalism than ever. If he who pays the piper calls the tune, there is evidently a danger that capitalism, in assuming the responsibility for the worker in sickness and unemployment, might also virtually assume ownership of the worker. In that case, we might have made a breach in the wage-system; but we should have substituted for it a new form of chattel-slavery.

There seem to me to be insuperable objections both to the complete assumption by the State of the provision for and against unemployment, and to an assumption of the same responsibility by capitalism. It is, however, evident that somehow this responsibility must be assumed, and that Labour is not in a position, and cannot fairly be asked, to assume it. There seem to be two further alternatives which we have not yet considered.

First, there is the 'Ghent system' of unemployment insurance, by which the State subsidises Trade Unions to the extent of a proportion of their expenditure on unemployment benefit. This system already occupies a subordinate position in the scheme established under the Insurance Act, one of its defects lying in the State's insistence on a fairly large element of control in return for its subsidy. But there is a more serious defect; for it makes the amount of State assistance depend upon the amount spent by the Trade Unions on voluntary unemployment insurance. This both rules out those

classes of workers who cannot afford to insure themselves at all, or adequately, at their own expense, and is, besides, unfair in that it places a large part of the cost of insurance upon the shoulders of the wage-earner. It is not, and cannot be made, a universal scheme of maintenance in times of unemployment, and, what is more important, it is wholly ineffective in furthering the decasualisation of labour.

This should be one of the first objects for National Guildsmen; for casual labour is one of the greatest obstacles to blackleg-proof industrial organisation. Can we not, then, devise means of getting round the objections to the assumption by industry of the burden of unemployment? Clearly, if the burden is placed upon industry, those who control industry will have every incentive for making it as light as possible.

This brings me to the remaining alternative, which is the control of maintenance benefits in sickness and unemployment by the Trade Unions, the cost being borne by a levy upon industry exacted under authority of an Act of Parliament. Let an Act be passed setting up for each industry a statutory body representing employers and Trade Unions, with power to levy a rate upon all the firms in the industry in proportion to the numbers employed by them. Let the payment of benefits from this fund be placed absolutely in the hands of the Trade Unions, and let Parliament have no control either of the amount of the levy or of its expenditure. This would be a clear step in the direction of industrial autonomy.

This, however, would not solve the whole problem; for industry is not yet decasualised, and there are many workers, and not a few employers, who cannot be assigned definitely to any industry. For these there

would have to be a general body, on which, from the Labour side, the General Labour Unions would be strongly represented, and this body would levy a general rate on all employers employing such unallotted labour.

To these bodies, and to a Central body co-ordinating them all, should also pass the control of the Labour Exchanges, and of any other industrial agencies set up by the State for dealing with questions of employment.[1]

That there are perils in this scheme, as there are perils in all forms of co-operation between employers and Trade Unions, cannot be denied. But, under capitalism, we are, perforce, driven to choose between evils. We have the choice between bureaucratic State control and a limited co-operation with the employers for particular purposes, and it seems natural that advocates of National Guilds should prefer the second alternative to the first. Those who dwell upon the danger seem to hold that the effect of co-operation with the employers will inevitably be that Labour will fall in love with capitalism. Is it not far more likely that a taste of control will produce a taste for control? National Guildsmen have never believed that the new Society can spring full grown from the old, like Athene from the head of Zeus. The new conditions must germinate within the old, by the gradual assumption by Labour of functions which are now the preserves of the employers. Before Labour can control, it must learn how to control; and this it will do only by actual

[1] I have stated this proposal dogmatically; but I do not at all desire to be dogmatic about it. I throw it out as a suggestion, of which I am myself far from certain, in the hope that it may at least serve to provoke discussion. For a further treatment of the point, I may refer the reader to *Guild Principles in Peace and War*, by Mr. S. G. Hobson, with whom the proposal originated.

experience of control. For this experience, we must be prepared to risk much; and the risk in such a scheme as this does not seem to me to be great.

The danger that is real in the preaching of security lies in schemes that would have the effect of tying the workers more closely to a particular employer. We have already experience of the effects of such security in the Royal Dockyards, and wherever the prospect of a pension ties the workman to his job. For this reason, there must be no attempt to deal with the problem of security in relation to the particular workshop. The workman must get security, not as an employee of such and such a factory, but as a member of the industry in which he works. This is the path of industrial autonomy; and, if this is followed, it will be a long step towards the abolition of the wage-system, though it will not by itself abolish that system. Ultimately, the complete control of employment and unemployment, and complete responsibility for the workers in sickness and in health, must pass to the Guilds; but the most we can hope for at present is a system in which the workers' right to security is recognised, and in which, without any sacrifice of freedom, he plays a controlling part in the administration of the means to that security.

## IV. The Control of Production

The democratic government of the factory by those engaged in it would be the plainest sign of a change in industry. But it would not by itself destroy the wage-system. The employer might hand the management of his factory over absolutely to the workers employed in it, or even to the Trade Union of their industry: he might 'salary' the Trade Union, where he now salaries

a manager. And, having done all this, he might conceivably continue much where he is to-day—he might go on buying and selling commodities or stocks and shares, and he might still draw from the community his toll of rent, interest and profits. Having won the control of the factory, the workers would only have democratised the management; they would not have overthrown the wage-system, or socialised industry itself.

Yet again, therefore, in writing of a particular part of our policy, I have to lay stress upon its essential incompleteness when it is viewed in isolation from the rest. Having done this, I can safely go on to point out wherein it is of fundamental importance, without fear of being supposed to regard the part as greater than the whole.

The control of production is important both as an end and as a means. It is an essential part of that system of industrial self-government which I desire to see established, and it is an essential means to the establishment of that self-government.

There is no need to waste words in showing that the control of production is a part of the end; for that follows naturally, and inevitably, from the whole idea of industrial freedom upon which the Guild system rests. The *idée maîtresse* of National Guilds is industrial self-government, and, clearly, that idea must find a primary expression in the democratic control of the productive process. Control of the factory by the workers employed in it is the corner-stone of the whole edifice of National Guilds.

So important a part of the end is very naturally also not the least important of the means. National Guilds become realisable in proportion as the producers,

through their democratic organisations, fit themselves to replace the capitalist or the bureaucrat, and do actually replace him—in proportion as they become capable of controlling that which he now controls, and do actually control it. Now, capitalists to-day enjoy rent, interest and profits by virtue of their control over two spheres of industrial activity, production and exchange. The former, which is the control of the productive processes, is the subject of this section; the latter, which is the control of the raw material and the finished product, will be dealt with in the next section of this chapter.

In both spheres, capitalist control is largely exercised through others. These others are the management, sometimes pure salary-earners, sometimes also profit-sharers on commission, or share-holders in the business. At present, these managers, of all grades from foremen up to the great managing directors of huge combines, are the servants of the capitalist class, who do their bidding, and maintain in their interest the autocratic control of industry.

The industrial organisation of Labour is primarily a workshop organisation, deriving its strength from the monopoly of labour which it is able to establish in the workshop. In proportion as the workshop life of Trade Unionism is vigorous, Trade Unionism itself is strong. This fact has many morals with regard to the internal organisation of the Trade Unions; but these I have no space to point out now. What I desire to make plain at the moment that, since it is in the workshops that Trade Unionism is strong, it is in the workshops that Labour must begin its great offensive. And, in this sphere, the problem for Labour is that of detaching the salariat from its dependence

on capitalism, and attaching it as an ally to Trade Unionism.

National Guildsmen have often pointed out how this process can begin—by the strengthening of Trade Union organisation in the workshop, by a closer and closer relating of Trade Union machinery to the organised life of the workshop, and by the gradual winning over from capitalism of the grades of supervision and management, beginning with the wresting by Labour from its enemies of the right to choose and control foremen and superiors in every industry.

This progressive invasion of capitalist autocracy in the workshops, the factory, and the mine has long been placed in the forefront of the propaganda of National Guilds. It is sometimes objected to it by Collectivists and others that it does nothing to strike at the basis of rent, interest and profits, and, indeed, that this is a fundamental weakness of the whole immediate policy of National Guildsmen. It is this argument which I desire to answer.

A class that becomes atrophied is doomed to decay. The power of any class in any stage of human society rests ultimately upon the performance of functions. These functions may be socially useful or anti-social: an anti-social function may be just as good an instrument of survival as a social function. But as soon as a class is left without functions, the decay of its power and prestige can be only a matter of time. It was the deprivation of the *noblesse* of France of all social functions that made possible the overthrow of the *ancien régime*; and we, in our day and generation, shall succeed in overthrowing industrial capitalism only if we first make it socially functionless.

This means that, before capitalism can be over-

thrown, there must be wrested from it both its control of production and its control of exchange. This done, the abolition of its claim to rent, interest and profits will follow as a matter of course.

The obvious striking point for labour to-day is the workshop. The assumption by the Trade Unions of workshop control would not destroy rent, interest and profits, but it would be a shrewd blow struck at the roots from which they spring. This is its fundamental import for Labour at the present time.

The method by which the Trade Unions are to assume control of the workshop and the productive processes are matters of keen debate among National Guildsmen ; but the foregoing principles can hardly be called in question. Let us try to see now what follows from them in the way of ' next steps.'

The first question that arises is whether, at any stage, Labour ought to assume any form of *joint* control with capitalism over the workshop, or any joint responsibility for its conduct. Joint control in any real sense is clearly impossible. Labour cannot be expected, with the wage-system practically unimpaired, to become responsible for the carrying on of capitalist industry. Labour is the aggressor in its strife with capitalism, and aims at the complete overthrow and supersession of capitalism. It cannot, therefore, in any real sense, become responsible for a system which it desires to end. But there is, I think, a sense in which a transition period of divided control with capitalism is inevitable.

Let us take the analogy of a subject race—India, let us say—that seeks to achieve self-government and emancipate itself from its conquerors, but has no immediate hope of complete independence, and might

have serious difficulty in governing itself if it had such hope. The position of India in relation to Great Britain offers, indeed, many fruitful analogies to the position of Labour in relation to capitalism. The Indian is driven to seek emancipation through a gradual extension of his share in the functions of government. Moreover, he is driven, in the early stages of the movement towards self-government, to assume a measure of joint control over Government. The Indian Legislative Councils to-day represent a balance between official and non-official elements; they are a sort of joint committee in which the governors and the governed meet for consultation, and in which the governed have an opportunity of criticising their governors. As some schools of Indian Nationalists have freely pointed out, this method has its dangers, and many Nationalists who have entered the Councils as critics, have been more or less completely absorbed by the governmental machine. But there are few, save catastrophic revolutionists, who doubt that the India Councils Act of 1909, and similar reform measures, do tend in the direction of self-government. The Nationalist movement, by this measure of participation, does not sacrifice its power, its independence, or its rights of agitation and criticism.

I believe that there must be a somewhat similar stage in the evolution of industrial self-government, and that Labour must pass through the stage of joint machinery for the control of production before it can assume complete control. The question is whether, in assuming partial control, Labour runs the risk of sacrificing its independence, and so blocking the way to a further advance.

Our judgment upon this question depends finally

upon our judgment of the Trade Union movement and of human nature. Do we, or do we not, believe that the Trade Union movement has so little capacity for idealism and self-government, or that human nature is so easily satisfied and so gullible that the exercise of a little power will be enough to still unrest and smother discontent? I do not. Individuals may, and will, fall by the wayside, and be lost to the movement; but the movement itself will go on, gathering in appetite and swallow as it feeds. A taste of control will engender a taste for control.

But, as I have said, the assumption of new functions by Trade Unionism will not only develop new desires and capacities among Trade Unionists—it will also place a new strain upon the Trade Union movement. New men will have to be found, and new machinery will have to be devised. I believe that one method of search will serve to find both. We must make the works the unit of Trade Union organisation, and afford to the Trade Unionist in the works his training in government.

From Trade Union control in the workshop, backed by a strong natural organisation of Trade Unionism, will follow an extension of Trade Unionism over the management. The capitalist will be gradually ousted from his dictatorship in the control of production, and with the atrophy of one of his two primary functions will go a shifting in the balance of economic power and a weakening of the wage-system. We must now turn to the other primary function of capitalism—the control of the product.

## V. The Control of the Product

I come now to what is, I confess, by far the most difficult of the tasks which Labour must accomplish if a free Society is to replace the wage-system. It will not be easy for Labour to secure control of production ; but it will be far more difficult for it to secure control of the product.

Capitalism has two primary functions—the control of the processes of production and the control of exchange. The first is exercised by its control of the workshop. This brings it into a direct and constant contact with the worker, and we have seen that the main object of Labour at present should be to oust the capitalist from this sphere of control by the use of its industrial power. This, however, as we saw, might be accomplished without the destruction of capitalism, and with only a bare breach in the wage-system itself. For, if capitalism retained its control of the product, it could still draw its toll of rent, interest and profits. The worker would have a freer workshop life ; but even the organisation of the workshop would remain subordinate to the economic requirements of capitalism.

Capitalist control of the product has three principal aspects. It is expressed in the financial system by which the great investors and syndicates regulate the flow of capital ; in the control of raw materials—buying ; and in the control of the finished product—selling. Investing, buying and selling, even more than producing, does capitalism lay waste Society.

This fact, I take it, is in the minds of ' National Guildsmen ' when they say that " economic power precedes and dominates industrial, no less than political, power." Our problem, then, is to accomplish a demo-

cratisation and Guildisation of investment, purchase and sale, as well as of production.

We are, perhaps, too apt to think of 'capitalism' and 'the employer' as synonymous, and upon this mistake to build erroneous conclusions. In fact, the individuals whom we lump together as the 'capitalists,' or the 'employing class,' fall into at least three distinct groups, though, of course, these groups are closely connected, and it is often impossible to say to which of them a particular individual should be assigned.

First, there are the great capitalists, or owners of money power. Sometimes these capitalists confine their operations to a single industry, sometimes their operations extend over many industries, sometimes they are pure financiers, whose relation to industry is indirect, sometimes they are merchants, whose whole business is buying and selling.

Secondly, there are the smaller employers, capitalists too, but not powers in the financial sphere. These men are mainly producers, or smaller merchants, managing, as a rule, their own businesses, and striving to extract a profit for themselves.

Thirdly, there are managing directors, associated with big businesses, industrial, commercial or financial, but not themselves owning any great share in the capital which they manipulate.

The economic world is increasingly dominated by the first of these classes. The financier, with capital to invest, is the supreme power behind the capitalist throne. In industry, where large-scale production is the rule, the great industrialist increasingly dominates the smaller employer: where small-scale production continues, as in the woollen industry, the merchant is

supreme, and constantly subordinates the interests of the producing employers to his own.

We often proclaim that the State is a capitalist State. It is, in fact, a ' big business ' State, dominated by the capitalists of the first group, the financiers and the great industrialists. The big business has not, as Marx thought it would, crushed out the small ; but more and more it dominates and controls it.

Our own is not the first epoch in which Society has followed this course of evolution. The breakdown of the Mediaeval Guilds was mainly due to the rise of a merchant class possessed of capital. This class received into itself, and into alliance with itself, the greater producing employers : the smaller employers it ground down and overwhelmed. It did not necessarily destroy or absorb them ; but it turned them from master-craftsmen into dependent producers.

Labour, then, in seeking to destroy the capitalist control of production, has to deal with the first group of capitalists, the financiers and the great lords of industry. These are not, from our point of view, two groups, but one group, though they have many external differences which lead to friction among themselves. It is a sign of the times that Lord Rhondda, not content with coal, or even coal and iron, should be acquiring ' interests ' in the most various types of enterprise.

In seeking to control production, the method for Labour is clear. By the development of Trade Union organisation it can look to the winning of control in the workshop and the works. But what is to be its method of winning control over the product—over investment, buying and selling ?

Some will answer simply, ' The State.' But, every

day, the State is passing more completely under the control of those very persons whose power we are seeking to destroy. The State may, on occasion, be ruthless in its dealings with the mere employer; it is not ruthless in dealing with the great industrial and financial potentates. For to these potentates our rulers owe their rule; and to-day these potentates are themselves, in many cases, our rulers.

During the war, the State has immensely increased its control over industry. It has controlled the employer, particularly the small employer: it has become a merchant, while safeguarding the profits of merchants. Some Guildsmen welcome these developments of State control. Trade Unionism, they hold, cannot hope to control buying and selling by means of its industrial power: we must, therefore, look to the State to assume the *rôle* of banker, financier and merchant, while Labour is developing its control of production.

This clearly means nothing less than State Capitalism, the concentration of the functions of investment, purchase of raw materials, and, to some extent, sale of products in the hands of a State dominated by the profiteering interest. What hope has Labour that it will be able, if this comes about, to secure the abolition of the wage-system by securing democratic control of the product?

On the other hand, if we reject this line of development, what is our alternative? There are Guildsmen who seem to think that, if only Labour can get control of production, all other things will swiftly and automatically be added unto it. There are two sufficient reasons why this is not the case.

First, as economic power now dominates industrial

power among the employers themselves, it *might* continue to dominate industrial power, even if this were transferred to Labour. I say it 'might,' for reasons which will appear later.

Secondly, we cannot ensure the downfall of capitalism except by rendering it socially functionless. This we can only do by robbing it of its control of exchange, as well as of its control of production.

We must, then, if we are to overthrow the wage-system, find means of striking directly at the capitalist control of exchange, and of securing for Labour a control of the product.

I think the course is clear, though tortuous. The action of the proletariat striving for emancipation assumes three main forms. Of these, two—industrial action and political action—are evolutionary in character; the third, insurrection or the General Strike, is catastrophic. Let us examine the function of these three in Labour's advance towards control of the product.

Industrial action, as we have seen, will result in an increased control over production. This, however, will not by itself end the wage-system, or destroy capitalism's control of the product. At the same time, it will undoubtedly cause a breach in the system, and that breach cannot be entirely confined to the workshop and the works. The final control of the product will still, no doubt, rest with the big capitalists; but Labour will establish at least a measure of control over purchase and sale, though not over investment. Pressed by Labour from one side and by finance on the other, the ordinary employer will yield something to each, and Labour will secure, by industrial action, a certain limited measure of control over the product.

Industrial organisation and action will have the further effect of stimulating and vitalising political action. The character and the effect of political action are inevitably determined and conditioned by the economic strength of the actors, and industrial strength is, in this relation, a very important element in economic strength. As, then, Labour advances in industrial power, it will be possible for it to use the State for the purpose of depriving capitalism of its second economic function—the control of exchange. Such political action by Labour is likely to be most effective in the sphere of finance and investment, rather than in buying and selling of industrial products. By taxation, and by the control of banking, and of home and foreign investments, the State will be able to strike at the economic power of capitalism.

It may be held by many Guildsmen that this is mere self-delusion, and that political power cannot, even with industrial power behind it, be used for the destruction of economic power. They may be right ; but I do not think that their case is proved. Even if the State only assumes the control of exchange in the interests of capitalism, it will run a serious risk of leaving the capitalist classes without economic function. It is my contention that without economic function, social or anti-social, they cannot long sustain their economic power.

Let us suppose for a moment that the Jeremiahs are right in denying the possibility of destroying the economic power of capitalism by any combination of industrial and political action. There remains the weapon of catastrophic action, envisaged generally in the shape of the General Strike. We will imagine the masses endowed with dominant industrial power, con-

trolling production through a blackleg-proof Trade Union organisation, possibly holding political power as well, but unable by any constitutional means at their disposal to shake off the economic power of capitalism. Surely, under such circumstances, the remedy of the catastrophic General Strike could not fail; for there is one power which precedes all others, and that is man-power, the organised determination of human wills.

The General Strike, then, or its equivalent, may be the last stage of the march of Society towards industrial freedom. But clearly catastrophic action can only be based upon long preparation and upon actual achievement of an evolutionary character. The more we are inclined to foresee catastrophic action as the last stage of the coming social revolution, the more prepared must we be for the evolutionary steps which alone can pave the way for the great catastrophe. It may be true that the wage-system can be destroyed only by a frontal attack upon the economic power of capitalism in the spheres of commerce and finance; but it is no less clear that the way to such an attack lies over the front line of Capitalism—the control of production. We come back, therefore, to the view that for the moment Labour's task is to concentrate on industrial action and organisation.

Standing alone, this statement may be misleading. Since the only method for Labour is that of making Capitalism socially functionless, it must aim, wherever possible, in destroying or taking over the functions of capitalism. Investment, the final seat of capitalist authority, it cannot effectively touch till the last stages are reached; but it must and should, as its basic industrial power increases, stretch out its hands to control, as far as it can, both purchase and sale. Before

it can attack the capitalist as financier, it will have to attack him not only as producer, but also as merchant. This point needs further development.

## VI. Purchase, Sale and Investment

The producing employer is necessarily not only a producer, but also to some extent a buyer and seller. He has to buy his raw materials, and he has to market his wares. His functions in this respect differ widely from industry to industry, and from individual to individual. In many cases, the great producer assures his supply of material by extending his control over basic and subsidiary industries other than that in which he is directly engaged. On the other hand, many producing employers are virtually no more than tributaries of the big merchants, or of the big producers, to whom practically the whole of their wares are consigned, or from whom they draw their materials.

The rising power of labour is fundamentally a workshop power, and it is in the workshop that Labour will first acquire control. But workshop control, or at least works control, cannot be exercised without intervention in buying and selling. A works could not continue to produce for long if a state of war raged between one party exclusively in control of its productive departments, and another in exclusive control of its office. If, then, Labour is to exercise works control, it will be driven to take into consideration and under control purchase and sale.

Clearly, this problem assumed different forms according to the nature of the works concerned. If the business is one in which the producing capitalist is, in fact, independent, and has a large measure of control

over purchase and sale, Labour will find itself up against the whole force of Capitalism at its strongest point. If, on the other hand, the works is one in which the employer is a mere dependent on the merchant or the great industrialist, one of two things will happen. Either the dependent employer will be pushed out altogether, and the big capitalists will assume direct control, or else the dependent employer may be forced into the ranks of Labour. The same considerations apply to the smaller employer, who, though not actually dependent, is potentially so, because he has not the force to stand up to the big business, as soon as it desires to engulf him.

The small employer is usually his own manager, and, as such, is performing, well or ill, a useful industrial function. He has, therefore, as a manager, a legitimate place in the economy of National Guilds, and the natural course would be for Trade Unionism to absorb him along with the dependent salariat. Unfortunately, he is, in many cases, a small hereditary capitalist, and a bad manager who would not be a desirable adjunct to Labour's forces. The probability is that, as Labour reaches the stage of works control, the class of small employers will split into three. Some, including many of the best, will be retained by the big capitalists as their high salariat ; some will be driven out ; and some will come over to Labour as elected managers, subject to Trade Union control.

In any case, whether the employer originally confronted be large or small, dependent or independent, Labour will sooner or later find itself confronted with 'big business.' It will have nominal control of the workshops, and, in some cases, of the works as well ; but it will find itself, as the smaller employers are

finding themselves to-day, still subject to the dominion of the big industrialists and merchants, who control the raw materials of industry, and the disposal of the finished product.

We saw in the last article the three weapons, industrial, political and catastrophic, which Labour can use, and their general application to the ending of wage-slavery. I want now to look more closely at the possible uses of the evolutionary means during the period of transition. Can Labour really use its industrial power to secure not only control of production, but also control of the product ?

Just as, in the workshop, I believe that in some cases a share in control without sacrifice of independence will have to be assumed before complete control can be won, so I believe that complete control of the workshop and the works will make possible and involve a share in the control of purchase and sale. The point of doubt seems to me to be not whether such control will be, or ought to be, assumed, but what form it will, or ought to, take.

The danger is that of profit-sharing, a danger present in all schemes of (joint control), whether in workshop or business. It is the fear of profit-sharing establishing a common solidarity between Labour and Capitalism that leads some National Guildsmen to oppose, at all stages, all forms of ' joint control.' I agree with them concerning the dangers of profit-sharing at any stage ; but I cannot see how this ought to lead to opposition to all control-sharing. Sooner or later, the capitalists will ' try on ' profit-sharing, when they find that they can no longer resist the Labour demand for control. Labour must take the control and reject the profit-sharing, and must be prepared to take a limited control if it

cannot yet secure complete control. There is no essential connection between control-sharing and profit-sharing.

We come next to the State? What ought to be our attitude, as National Guildsmen, towards the assumption by the State of economic control? I am speaking now not of State control of production, which I deal with in a later chapter, nor of State control of finance, which I shall deal with later, but of State control of purchase and sale.

During the war, the State has been the greatest merchant. It has bought and sold on a huge scale, and its operations have included every stage of the commodity from the raw material to the finished article. If it has been very tender to the merchants and the industrialists where profits are concerned, it has certainly usurped many of their functions, and reduced many an industrialist temporarily to the position of a mere manager. Some people hold strongly that this tendency ought to be encouraged and perpetuated, and that as the Trade Unions assume from below the control of production, the State should assume from above the control of the product, until ultimately the two meet, and the employer is eliminated or, rather, ground to powder between the upper and the nether millstone. I cannot quite take this view, because I regard the State of to-day as so clearly the *alter ego* of the big capitalists.

In defining the Guildsman's attitude to nationalisation, I take the view that a change from one form of Capitalism to another is not in itself the Guildsman's concern, though he is concerned indirectly in the effects of the change on Capitalism.[1] I there point out the

[1] See Ch. VII.

advantages, from a Guild standpoint, of unified management, and of the greater responsibility of the State. These arguments, I think, hold, but hold less strongly, when we are speaking of the State, not as producer, but as merchant. For clearly, in this case, there is not the same direct advantage to the workers in confronting a unified management as in the industrial field.

If, however, my forecast of the steps towards control is correct, there will be a time when the advantage will count. If it is true that, as Labour wins control over production, it will find its control thwarted, because it will still be confronted with Capitalism in possession of the control of the product, so that the controller of the product will come to be the next object of Labour's assault, then it follows that the arguments which we apply to State control of production can be applied at a later stage to State control of the product. In neither case will the fact that the State assumes control do anything to end Capitalism : in neither case should it deter Labour from making, with all its force, the demand for control—of the product, as well as of production.

National Guildsmen are, then, in much the same neutral position towards State control of buying and selling as towards nationalisation of production. We are free to advocate or to oppose it in any case, according as the particular effects seem likely to be good or bad from our point of view. In any case, we shall agree that State control will not end Capitalism, and is not, in the long run, compatible with National Guilds. Of this, however, there is more to be said.

Under a system of National Guilds, how much control over the product would Guildsmen demand,

and how much would they place within the province of a democratised State? That is the last question I shall ask in this chapter; but I cannot answer it until I have dealt more fully with another point—the question of investment.

It is a commonplace that, of the product of industry, some is consumed and some saved. Wages being of necessity mostly consumed, the main source of saving is profits. Saved profits form the fund out of which capital is replenished by investment. The proportion of the product consumed and saved, apart from the reserve funds of companies, is determined by the individual choice of the recipients of profits.

Now, if Labour were to succeed in making an industry unprofitable to the capitalist by raising wages through the industrial power of a blackleg-proof organisation, capital would not leave the industry, because it could not; but new capital would not flow in. New capital, however, is essential to the conduct of an industry. Either, then, Labour cannot get at profits through its industrial power, while the existing system continues, or Labour must find a new source for the supply of capital. This, under the wage-system, it cannot do. Industrial action alone cannot destroy profits, or even lower them, unless it can overthrow the whole capitalist system. This, we have seen, cannot be done purely by industrial power.

Is political action likely to be more successful? I do not think so. The assumption of the financial functions of Capitalism by the State, even in the interests of the capitalist classes, would, indeed, do more than anything else to atrophy the capitalists; but for that very reason it can happen only through an egregious capitalist blunder. I should welcome the

nationalisation of banking and finance; but I do not expect them to happen.

We come back, then, here again, to the view that apart from capitalist blunders, a catastrophe will be necessary to end the wage-system. Only the man-power of an awakened people can defeat the economic power of a clever Capitalism. If, indeed, the great capitalists were to blunder by adopting complete State control in their own interests, and so allowing their own class to be atrophied, catastrophe might be avoided, and triumph would certainly be easier. We cannot, however, afford to count on capitalist blunders, even if we think them possible. The idle rich class is not dangerous: the busy rich class emphatically is.

## VII. After Wagery

It is one thing to prescribe a method, and another to define an ideal. We have seen that, in order to end the wage-system, Labour must assume control not only of production, but also of the product. We have endeavoured to analyse the wage-system into its components, and to devise means for its dissolution. We have now to ask what, if we succeeded, would be the claims of National Guilds to control? Would they claim control both of production and of the product, and, if so, would their claim be an exclusive claim?

It is clear, I think, that the claim would be to both forms of control; but that, in one case at least, it would not be exclusive. The control of the product is the stronghold of Capitalism, because upon it profiteering mainly depends. The whole conception of profiteering being alien to National Guilds, what measure of control over the product should the Guilds demand?

We can, again, conveniently divide our answer under the three heads of purchase, sale and investment. How far would the Guilds claim control of raw material? How far would they claim control of the finished article? And how far would they claim control of the flow of capital? In all these cases, I think their control would be shared in varying measure with other bodies, and principally with the State.

Control of raw materials may mean much or little. It may mean the procuring by various methods of supplies from abroad; it may mean the securing of a controlling interest in another home industry producing the raw materials required; or it may mean merely the purchase of raw material from an independent body. Two of these seem to me to be natural and inevitable Guild functions, while the second would only arise in the form of close relations and agreements between interdependent Guilds. The purchase of raw materials from abroad might, indeed, in not a few cases, be centralised in the hands of all the Guilds jointly; but that does not make it any the less a Guild matter.

The disposal of the finished product offers more difficulty, since upon this the profits of the capitalist are based. In this connection, we have to answer two questions. First, would the Guilds market their own products; and, secondly, what would become of the payment made for those products?

The second point may be taken first. We have seen that the whole idea of production for profit is alien to the system of National Guilds. The Guilds, then, will clearly not sell for the profit of their members. The income of the Guild member will not be determined by the amount which he is able to extract from the

consumer of his product. This being so, one or both of two things must happen. Either the price of products must be regulated by some authority external to the particular Guild that is producing or selling them, or there must be a system of levy or taxation on Guild incomes which will skim off any surplus that might otherwise take the form of profit. I shall deal with this question more fully elsewhere: here I desire only to emphasise the fact that a Guild conducting sale will not be a Guild extracting profit.

If the question of profit is satisfactorily eliminated, it is surely evident that sale is a proper Guild function, to be conducted either through a distributive or merchant Guild or Guilds, or through the producing Guilds themselves.

Investment is the hardest problem. At present, as we have seen, investment is left to find its own level by means of the investor's sagacity in picking out the most profitable enterprises. This process is accompanied by colossal waste and fraud, and has nothing to recommend it, except to the speculator and the company promoter. Under National Guilds, investment, or the determination of the flow of Capital, would obviously be a matter for communal decision, since every penny saved is so much future wealth, instead of so much immediate consumption for the community. It is, in fact, the employment of labour in making capital instead of perishable commodities. It reduces the immediate divisible total of the national income, and must, therefore, be communally determined. The particular Guild desiring new capital or the placing of a heavy sum to reserve will, no doubt, have great weight in placing its recommendations before the community; but the ultimate decision cannot rest with the individual

Guild. The State, as the representative of the consumers, must have in it a voice equal to that of all the producers gathered in the Guilds Congress.

We see, then, that in the sphere of control over the product, though the National Guildsman cannot so limit his claims in the period of transition, they must, in the maturity of the system, be a division of power between the Guilds and the State. We have now to glance briefly at the other side of the picture—the control of production.

Here it must be evident that the normal conduct of, and responsibility for, industry, will be absolutely in the hands of the Guilds, and that neither the State, nor any outside body, should have any say in nominating Guild officers or managers. State intervention in this sphere should, I think, be limited to making representations on the joint body representing it, together with the Guilds Congress, and to playing a part in taking decisions on that body. The exact power of intervention in the affairs of a particular Guild that ought to be possessed by the Guilds Congress is more difficult to determine, and probably should not be determined in advance. There is an obvious danger in making our system too rigid ; and I, at least, feel that not the least important elements in the Guild system will be a vigorous and largely autonomous local life, and the preservation by federal systems of the individuality of the smaller industrial groups, and of groups within the larger industries.

We are now in a position to sum up our argument. Our immediate policy must always be determined by the end which we have in view ; but the immediate measures which we advocate cannot be, in all cases, themselves a part of the end. We may have to secure

in the transitional period forms of control which it will be our business to discard at a later stage. Thus, we may have in certain cases to accept now joint action (*not* partnership) with the employers; but our aim is none the less the total elimination of the employers. Similarly, we may have to advocate in the transitional period, forms of control over the product which the workers will have, at a later stage, to hand over to the State. If, on the one hand, we have to beware of becoming reformists and forgetting our ideal altogether, we have to beware also of becoming doctrinaires to whom nothing short of the whole is worth having, and to whom any course is sufficiently condemned if it is clear that it will have to be repudiated at a later stage.

We must, at all hazards, seek economic power in the present, because only by our economic power can we hope to establish our ideal.

# CHAPTER V

## THE NATURE OF THE STATE

### I

It has often been said that, if men would only agree upon the definition of the terms they use, they would have nothing left to quarrel about. This is probably true ; but it is the less important because the definition of terms is the last point on which men are ever likely to agree. If I begin this book with a definition, it is because that definition will plunge me at once into controversy, and furnish the readiest opportunity of explaining my general position.

What is a State ? A State is nothing more or less than the political machinery of government in a community.

The civilised world of to-day consists of a number of politically independent and sovereign communities, of which many have other communities dependent upon them. Each independent community expresses itself in its relations to the others through its machinery of government, *i.e.* through the State. Each independent community, and most of the dependent communities, use their States also for many internal acts affecting the relations of individuals and groups one to another and to the whole. States are thus governmental institutions existing to express common

purposes and undertake common actions on behalf of communities.

In every community there are many forms and instances of common action in which the State has no part. Within each community, and often extending into several communities, there are innumerable forms of association which are no part of the State. The sum total of organised corporate action in the community is far greater than the action undertaken by the State, the degree in which it is greater depending upon the extent to which co-operation prevails in the community, and on the sphere of action marked out for itself by the State within the community.

For two different things two names are needed. When I have to refer to the organised machinery of government, national and local, I shall speak of 'the State.' When, on the other hand, I have to refer to the whole complex of institutions for common action in the community, I shall speak of 'Society.' State, Churches, the Labour Movement—these and many other institutions are included in the term 'Society.' But both the State, or governmental machine, and Society, the complex of communal institutions, are distinct from the community itself, which stands behind them and sustains them. Society is the mechanism of the communal will; but that will resides only in the community itself.

Here already are all the materials of a logomachy. All these special associations, I shall be told, are just as much a part of the State as the Government itself; for the State is the community, and there is no difference between them. Such an argument takes my breath away; but it is with this facile identification of the community and the State that the advocates of State

Sovereignty throw dust in the public's eyes. The answer to it is simple. If the State is the community, and the community the State, why all this pother about the sphere of State action? Why advocate or oppose State Socialism, since it is manifest that, however our industry may be organised, it is the State that organises it? Why denounce the Trades Disputes Act—are not the Trade Unions a part of the State? Why do the Majority and Minority of the Poor Law Commission thus furiously rage together—is not even the Charity Organisation Society a part, and no mean part, of the State?

Surely these questions suffice to show how fatal it is to use a vital word in two different senses. The State seems to be the community, and can plausibly be put forward as the community, simply because it does claim to be the supreme representative of the community, and because it does at present hold a position of such power as to make its influence in the community superior to that of any other association. But all this is merely a question of fact. The fact that the State claims to be the community, and in fact exercises the greatest part of the community's power, does nothing to prove that the State is rightfully the community, or its sole representative, or that it has an absolute claim upon the individual's loyalty and service.

Our definition has carried us a certain distance. We have seen that the State is different from the community, and that it is not the only institution in the community. That being established, we can repeat our original question in a new form.

What is the real nature of that governmental machine which we have agreed to call 'the State'? The question will certainly give rise to an interesting variety

of answers. The Anarchist will tell us that the State is the protector of property, and that with the passing of Capitalism the need for the State, and the State itself, will disappear. The Philosophic Radical will tell us that the State exists to remove the hindrances to the good life, and, in doing so, to promote the greatest happiness of the greatest number. The Collectivist will hold out the ideal of a State democratically controlled organising the whole national life in the common interest. Lastly, the Idealist philosophers will maintain that the State is the supreme expression of the national consciousness, and that in it alone is the will of the individual fully realised.

But suppose none of these answers satisfies us—suppose we say that they are not definitions at all, but descriptions of what their makers believe that the State does or might do—where then shall we seek for a better answer and a truer definition? We have maintained that the State is a machine: let us take the machine to pieces and see of what it is made.

At different times and in different places, the State has assumed many forms; and its actual character has always borne a close relation to the social structure of the community in which it has existed. Feudal communities found expression in feudal States, or rather created feudal States to be their expression. In the same way, modern capitalism has created the capitalist State, and the States of to-day faithfully reflect the social and economic structure of the communities in which they exist. Wealth dominates them, as wealth dominates the social life of to-day; beginnings of democracy modify their capitalist character, as the social autocracy of capitalism is already

challenged and modified by the beginnings of social democracy.

The real action of the State in any time or place is, then, determined by the distribution of power in the community. Political power is in itself nothing: it is important not for itself, but as the expression of social power. This social power may assume many forms—military, ecclesiastical, agrarian, economic, industrial—but, under modern conditions, it is inevitably in the main economic and industrial in character. Whatever may have held good in other times, it is true of our own that economic power is the key to political power, and that those who control the means of production are able, by means of that control, to dominate the State.

Nor is their power dependent on an actual organisation of the machinery of State in their interest. However the State may be organised, and whatever parliamentary system may exist, economic dominance will find its expression in political dominance. It is a commonplace that Great Britain to-day is an oligarchy equipped with democratic, or partially democratic, political institutions. The fact that these institutions are largely democratic in form does not make them democratic in practice, because the power of capitalism stands behind the State. Capitalism controls the funds of the great parties, and thereby controls their policies: Capitalism controls the press, and thereby twists and deforms public opinion to its own ends: and, even if these expedients fail, no Government dares to run seriously counter to the wishes and interests of the great economic magnates.

I do not say that this domination of capitalism is absolute. Small things can be done, and small reforms

secured, against its will; but it cannot be seriously threatened by political means. In politics, democracy can nibble, but it may not bite; and it will not be able to bite until the balance of economic power has been so changed as to threaten the economic dominance of capitalism. Then, maybe, politics will become a real battle-ground instead of an arena of sham fights; but the power of the disputants will be still the economic power which stands at their back.

The external forms of State organisation, therefore, do not serve, under existing conditions, to determine the real character of the State; for, whatever these forms may be, its real character is determined from without, by the interplay of economic forces. These actual forms are none the less important for our purpose, and are the real subject matter of this chapter. While there exists a conflict between social classes, whether in industry or elsewhere, the State machinery will be warped to express the results of that conflict; but, given a community in which no such class-struggle exists, what would be the character of the State? What, in fact, would be the character and form of the Socialist State?

The State in its evolution has assumed many forms as well as expressed many social powers. The feudal State was territorial in its basis, and, in so far as it was representative, represented territorial landowners. With the decay of feudalism, the territorial basis of the State was weakened, though it survives faintly to our own time in some rural constituencies, which continue faithfully to send the local landowner to Parliament. Largely, however, the old territorial State passed away before modern times, and was replaced by an oligarchy of wealth divorced from local

service. The rotten borough, of course, was the supreme expression of this delocalised oligarchy.

The beginnings of democracy in the State are also the beginnings of a new territorialism. The House of Lords, once the most purely territorial of assemblies, has almost wholly lost that character, and is now a mere survival. The House of Commons, on the other hand, is still territorial in its basis, in that its members are elected by, and sit for, geographical constituencies. It is true that under present conditions this geographical character is more apparent than real: the member elected for a particular constituency is often merely a 'carpet-bagger,' the nominee of one of the parties, supported in his candidature out of national party funds, and wholly unconnected with the constituency which elects him. Even Labour and Socialist representation is by no means innocent of the 'carpet-bag'; for the big national Trade Union may send its parliamentary nominee to a constituency much as the organisers of the capitalist parties would send theirs.

Nevertheless, it may safely be affirmed, as a broad generalisation, that the State, in so far as it is democratic, is also territorial. The Collectivist clearly recognises this fact when he puts forward his demand for nationalisation as a demand that industry shall be controlled by the consumer. For 'consumer' has, in the main, a geographical meaning. The interest which binds men together as consumers is a local interest, whether it be the common interest that finds expression in the Co-operative Store or in Municipal Trading, or the wider common interest that is found in the Co-operative Wholesale Society or in national ownership and control of industry.

If, then, we would discover the true nature of the

State and its relation to the individual and to other forms of association in a democratic Society, we must treat it as a geographical organisation, in which men are represented on a basis of neighbourhood or inhabitancy. In the lesser organs of State power, *i.e.* in Local Government, this geographical basis is clearly realised ; but it is not so often seen that the principle of organisation is essentially the same in a democratic national Parliament as in a municipality.

As a territorial or geographical association, the State is clearly marked out as the instrument for the execution of those purposes which men have in common by reason of ' neighbourhood.' It is easiest to make plain the meaning of this principle by taking first the case of a municipal body. That body represents all the citizens as enjoyers in common of the land, housing, amenities and social character of the city. The municipal council is therefore, or would be if it were democratic, the proper body to deal with those public matters which, broadly speaking, affect all the citizens equally and in the same way, that is, affect them as citizens. It has not the same *prima facie* qualification for dealing with those matters which affect the citizens in different ways, according as they happen to be bakers or tramwaymen, Protestants or Catholics. The municipal council represents the individuals who inhabit the city as ' users ' or ' enjoyers ' in common, and is qualified to legislate on matters of ' use ' and ' enjoyment ' ; but if we would represent individuals as bakers or tramwaymen, Protestants or Catholics, we must seek other forms of organisation in which these things are made the basis of representation.

The case is the same with the national State. Parliament does, in so far as it is democratic, represent

men as 'users' or 'enjoyers' in common, this time on a national instead of a local basis. It is therefore qualified to deal with matters of national 'use' or 'enjoyment'; but it is not equally qualified in those matters which affect men differently according as they are miners or railwaymen, Catholics or Protestants.

The theory of State Sovereignty falls to the ground, if this view of the fundamental nature of the State is correct. State Sovereignty, if the phrase has any meaning at all, implies, not indeed that the State ought to interfere in every sphere of human action, but that the State has ultimately a right to do so. It regards the State as the representative of the community in the fullest sense, and as the superior both of the individual 'subject' and of every other form of association. It regards the State as the full and complete representative of the individual, whereas, if the view just put forward is correct, the State only represents the individual in his particular aspect of 'neighbour,' 'user' and 'enjoyer.' The advocates of State Sovereignty, if they do not regard the State as being the community, do at least regard it as 'sustaining the person of the community,' whereas our whole view is that the person of the community cannot truly be sustained by any single form of organisation.

This difference of view appears most distinctly when we survey the differing views taken by various schools of thought concerning the nature of associations other than the State, and their relation to the State. A controversy, mediaeval in its origin, but revived in modern times, has centred round this question, and has derived topical interest in our own day and from our special point of view, because it has arisen in an acute form in connection with the legal position

of Trade Unionism. The Osborne decision, which rendered illegal the use of Trade Union funds for political purposes, was based upon a totally wrong conception of the nature of Trade Unionism. Special legislation accordingly had to be passed to restore to the Unions even a modified freedom in this respect.

The real principle at issue was greatly more important than the important special point involved. The judges, in giving their decision, were really affirming their view that Trade Union rights are purely the creation of statute law and that Trade Unions themselves are artificial bodies created by statute to perform certain functions. Some opponents of the Osborne decision, on the other hand, expressed the view that a Trade Union is not a creature of statute law, but a natural form of human association, and therefore capable of growth and the assumption of new purposes. In short, there was really, on the one side, the view that all the rights and powers of other forms of association are derived from the State, and, on the other side, the view that these rights and powers belong to such associations by virtue of their nature and the purposes for which they exist.

Let us now try to apply the view which we have taken of the State's real nature to this particular case. Trade Unions are associations based on the 'vocational' principle. They seek to group together in one association all those persons who are co-operating in making a particular kind of thing or rendering a particular kind of service. In the common phrase, they are associations of 'producers,' using 'production' in the widest sense. The State, on the other hand, we have decided to regard as an association of 'users' or 'enjoyers,' of 'consumers,' in the common phrase.

If this view is right, we cannot regard Trade Unions as deriving their rights, including the right to exist, from the State. Associations of producers and consumers alike may be said, in a sense, to derive these rights from the community ; but we cannot conceive of an association of producers deriving its right to exist from an association of ' users.'

Our view, then, of the nature and rights of vocational and other forms of association is profoundly modified by the view we have taken of the nature of the State. We now see such associations as natural expressions and instruments of the purposes which certain groups of individuals have in common, just as we see the State, both in national and in local government, as the natural expression and instrument of other purposes which the same individuals have in common when they are grouped in another way. Similarly, our whole view of the relation of the State to other forms of association is profoundly modified, and we come to see the State, not as the ' divine ' and universally sovereign representative of the community, but as one among a number of forms of association in which men are grouped according to the purposes which they have in common. Men produce in common, and all sorts of association, from the mediaeval guild to the modern trust and the modern Trade Union, spring from their need to co-operate in production : they use and enjoy in common, and out of their need for common action and protection in their use and enjoyment spring the long series of States, the various phases of co-operation, the increasing developments of local government. They hold views in common, and out of their common opinions spring propagandist and doctrinaire associations of every sort : they believe in

common, and out of their need for fellowship and worship spring churches, connections and covenants.

In all this diversity of human association, the State can claim an important place, but not a solitary grandeur. States exist for the execution of that very important class of collective actions which affect all the members of the communities in which they exist equally and in the same way. For other classes of action, in respect of which men fall into different groups, other forms of association are needed, and these forms of association are no less sovereign in their sphere than the State in its sphere. There is no universal Sovereign in the community, because the individuals who compose that community cannot be fully represented by any form of association. For different purposes, they fall into different groups, and only in the action and inter-action of these groups does Sovereignty exist. Even so, it is an incomplete Sovereignty; for all the groups, which together make up Society, are imperfectly representative of that General Will which resides in the community alone.

This may seem to be a highly generalised view of social organisation, and one which will not bear application to concrete problems. Of that, the reader will be able to judge better at the end of this book; for the following chapters are, in the main, an attempt to apply it. It is admitted, at the outset, that it does not fully apply, and cannot be fully applied, to Society as it exists to-day, because at every turn we are met to-day by the conflict between economic classes for the control of the machinery of social organisation. But, in framing any far-reaching policy for the future, we must have in mind, not only the Society of to-day, but the logical development of that Society along

democratic lines, and, in particular, when we discuss the nature of any piece of social machinery, we must endeavour to see it both as it is, warped by class conflict, and as it would be if there were no class conflict in the community. In this chapter, while we have not been able to eliminate wholly consideration of the State as it is, we have been considering mainly the State as it would be in a democratic community immune from class conflict. We have seen that, in such a Society, the theory of State Sovereignty would be no more defensible than it is to-day, because the purification of the State would serve only to emphasise its real character as a geographical or territorial association of neighbours, users or enjoyers, and would make clear the limitations of its functions by opening the way for the full and free growth of other forms of association.

## II

Having sketched in general my view of the true function of the State in a democratic community, let me endeavour to state my view more concretely, with reference to the particular theory of industrial organisation which I have in mind.

To every actual social system corresponds a theory of social relations. Rousseau's conception of the General Will greatly affected Revolutionary France ; the ideas of Bentham and Mill did much to mould the social legislation of industrial Great Britain. Every people, in fact, gets the social philosophy it deserves, and every social system in part throws up, and is in part thrown up by, an equivalent social theory. Guildsmen, therefore, cannot afford to neglect social theories, which are the stuff of which revolutions are made.

State Sovereignty is the theoretical equivalent of Collectivist practice: Guild Socialism, in its turn, must face anew the problem of ultimate social obligation, and must work out for itself a new theory.

I do not deny, as indeed, no one can deny if he desires to call himself either National Guildsman or Guild Socialist, that industry is not everything. and that industrial democracy cannot be truly national unless it is responsible in some sense to the community as a whole. What I do most emphatically deny is that this ultimate court of appeal is the State, in any sense in which the term is ordinarily understood. Of course, if by 'State' is meant merely any ultimate body, there is no more to be said: in this sense everyone who is not an Anarchist is an advocate of State Sovereignty. But if the sovereignty of the State means the sovereignty of Parliament with its subordinate local bodies, then I maintain that it is utterly inconsistent with the principle on which Guild Socialism rests.

Parliament, Municipal and County Councils, School Boards, Boards of Guardians and the like, in fact, the whole complex machine which we call the State, are territorial associations, elected on a territorial basis by all the persons recognised as citizens who live within a definite locality. One and all, they are based upon the fact of living together, even if some relics of a different system survive, or if the territorial basis has become purely nominal, as in the House of Lords.

The bond between persons who live together is, in its material aspect, the fact that they are users or consumers in common of commodities and services. Parks, roads, houses, water and many other 'public utilities' are consumed in common by all the dwellers within such and such an area. The sovereignty of the territorial

association therefore means the sovereignty of the consumer—a fact which is continually recognised and acclaimed by Collectivists.

The Guild idea, as applied to industry, is in essence a denial of the industrial sovereignty of the organised consumers, that is, of territorial associations. It repudiates the industrial sovereignty of Parliament. But this does not mean either that it rejects the idea of communal sovereignty, or that it finds its sovereign within the Guilds themselves.

Anarchism set out to destroy State Sovereignty without replacing it: Syndicalism denied the sovereignty of the State only to enthrone the General Confederation of Labour in its stead. Guild Socialists, recognising that a purely industrial sovereign is no advance on a purely political sovereign, must create a political theory to fit the Guild idea.

Collectivism, we have seen, is the practical equivalent of State Sovereignty. It is not generally realised how completely Syndicalism is an inversion of Collectivism. The one asserts the absolute sovereignty of the consumers, of the territorial association: the other the sovereignty, no less absolute, of the producers, of the professional associations. Criticised for leaving out the producers, Collectivists will ask what it matters, since producers and consumers are, or would be in a Socialist Society, the same people; criticised for neglecting the consumers, Syndicalists make precisely the same reply.

Guild Socialists recognise that neither the territorial nor the professional grouping is by itself enough; that certain common requirements are best fulfilled by the former and certain others by the latter; in short, that each grouping has its function and that neither is

completely and universally sovereign. They see that the Guild, the grouping of all workers engaged in the same industry, is the body best fitted to execute certain purposes of a national character, and accordingly they assert that the National Guild is a necessary articulation of the national consciousness.

Similarly, they recognise that all the dwellers in a single area, the consumers in common of certain services and commodities, can best further their own and the nation's interest by joining together and forming a body to see to the supply of these services. They hold that the economic relationship between man and man only finds full expression when producers and consumers alike are organised—when the producer and the consumer negotiate on equal terms.

At the first stage, then, Guild Socialists postulate a double organisation—the National Industrial Guild on the side of the producers, and the Municipal Council on the side of the consumers. And clearly above the various municipal bodies there is, on the consumers' side, Parliament, the supreme territorial association.

It is at this point that Guild Socialists may easily be tempted to go wrong. While everyone visualises Parliament as the supreme territorial body, are we all equally clear on the industrial side? Too many people seem to think all along of the Guilds as a multiplicity—of each separate Guild as receiving its charter from Parliament, and dealing thereafter directly and finally with Parliament. That is certainly not my conception of the Guild system. Just as I visualise the smaller territorial associations unified in the great territorial association of Parliament, so I conceive that the various Guilds will be unified in a central Guild Congress, which will be the supreme industrial body,

standing to the people as producers in the same relation as Parliament will stand to the people as consumers. To deny State Sovereignty in industry is not to reduce industry to a mere multiplicity of warring Guilds; it is to confront Parliament with an industrial body which has an equal claim to be representative of the nation as a whole. Neither Parliament nor the Guild Congress can claim to be ultimately sovereign: the one is the supreme territorial association, the other the supreme professional association. In the one, because it is primarily concerned with consumption, government is in the hands of the consumers; in the other, where the main business is that of production, the producers hold sway.

But, as a recent critic of Guild Socialism has pointed out, this separation of functions, which is fundamental to the Guild system, does not solve the problem. The nation is in all its aspects so interdependent, production and consumption are so inextricably intertwined, that no mere abstract separation of functions can form a basis for a theory of the modern community. The problem cannot, I admit, be left where it stands: if the old Sovereign of Collectivism and the rival Sovereign of Syndicalism are alike dethroned, it remains for Guild Socialists to affirm a new and positive theory of sovereignty.

I can deal with the matter here only very briefly, and solely in its industrial aspect. Where a single Guild has a quarrel with Parliament, as I conceive it may well have, surely the final decision of such a quarrel ought to rest with a body representative of all the organised consumers and all the organised producers. The ultimate sovereignty in matters industrial would seem properly to belong to some joint body representa-

tive equally of Parliament and of the Guild Congress. Otherwise, the scales must be weighted unfairly in favour of either consumers or producers. But if, on such questions, there is an appeal from Parliament and from the Guild Congress to a body more representative than either of them, the theories of State Sovereignty and Guild Congress Sovereignty must clearly be abandoned, and we must look for our ultimate sanction to some body on which not merely all the citizens, but all the citizens in their various social activities, are represented. Functional associations must be recognised as necessary expressions of the national life, and the State must be recognised as merely a functional association—' elder brother,' ' primus inter pares.' The new social philosophy which this changed conception of sovereignty implies has not yet been worked out; but if Guild Socialists would avoid tripping continually over their own and other writers' terminology they would do well to lose no time in discovering and formulating clearly a theory consistent with the Guild idea and with the social structure they set out to create.

## III

Our conceptions of government and social organisation depend inevitably upon our outlook on life. The power of a group advocating any particular type of social organisation depends upon the extent to which its members have, fundamentally, the same outlook on life.

The system of National Guilds appeals to me first of all as a balance of powers. Guildsmen have always recognised, and drawn a distinction between, two forms

of social power, economic and political. Economic power, they hold, precedes political power. The social class which at any time holds the economic power will hold the political power also, and will be dispossessed in the political sphere only by a new class which is able to overthrow it in the economic sphere.

The first question which National Guildsmen have to face, in adopting this position, and, at the same time, holding to their double theory of social organisation, is whether the very nature of the distinction which they draw between economic and political power does not result in obliterating the difference between them. This is the fundamental character of the criticism urged against them by Syndicalists and Marxian Industrial Unionists. "You agree with us," such critics will say, "that the State is only a pale reflexion of the economic structure of Society. Why, then, seek to preserve this mere mechanical device of capitalism when the conditions which created it have ceased to exist?"

It is not enough for Guildsmen, or, at least, it does not seem to me to be enough, to reply that reflexions may have their uses, and that, if capitalistic industrialism has turned the State to its own ends, democratic industrialism, in the day of its triumph, may with good effect do the same. This is an answer, and perhaps a sufficient answer; but it is not, I am convinced, the right answer for Guildsmen to make. For I am not convinced that the State must be, under all social conditions, merely a pale reflexion of the economic structure of Society—at least, in any sense which would preclude equality of power between them on many issues.

In countries given over to capitalist industrialism,

the State is controlled by the industrial capitalists. That is a true description of things as they are, and it is clear that things can be changed only by means of a re-distribution of economic power. But, when this re-distribution has taken place and National Guilds are in being, will it still be true that economic power precedes political power ?

In our interpretation of history, the evolution of Society is seen as a long series of struggles between social classes for the possession of economic power. We envisage National Guilds, as Marx envisaged his conception of Socialism, as the culmination and completion of this long process. We do not doubt that development will continue after National Guilds have been brought into being ; but development will assume new forms. The class-struggle will be over, and the ' social class ' will be a thing of the past. Under these new conditions, will the old relation between economic and political power remain unchanged ? Is it not rather true that the existing relation arises out of, and depends upon, the class-struggle, so that with the ceasing of the class-struggle it, too, will cease to exist ? The contrast between economic and political power has only a strained application to those primitive conditions which preceded an acute division of classes : the strain will be altogether too great if we try to apply it to conditions in which there are no distinctions of class.

What, then, will be the relation between economic and political power under the Guilds ? A relation, I think, of equality—equality upon which the poise and vitality of Guild Society fundamentally depend. For, to me at least, the balance of power is the underlying principle of the Guilds and any departure from it

would be destructive of their essential character. Let me explain more precisely what I mean.

We have disputed, time and again, about the Sovereignty of the State, and its application to Guild philosophy; but we have often conceived the problem rather in a negative than in a positive way. Sometimes we have started with the Guilds as a positive system, and have tried to see in what respects we desire to limit their authority by State intervention, or by the assigning of certain functions to the State rather than to the Guilds. At other times, we have started from the side of the State, and considered in what respects we desire to see its power limited or its functions curtailed. What we have seldom done is to consider at the same time the positive character of both the State and the Guilds, so as to focus at once the whole problem of the relation between them.

This, however, is what we must try to do when we attempt, not to define the limits of State or Guild action, but to lay bare the basic principle of National Guilds. The fundamental reason for the preservation, in a democratic Society, of both the industrial and the political forms of social organisation is, it seems to me, that only by dividing the vast power now wielded by industrial capitalism can the individual hope to be free. The objection is not simply to the concentration of so vast a power in the present hands, but to its concentration anywhere at all. If the individual is not to be a mere pigmy in the hands of a colossal social organism, there must be such a division of social powers as will preserve individual freedom by balancing one social organism so nicely against another that the individual may still count. If the individual is not to be merely an insignificant part of a Society in which his personality

is absorbed, Society must be divided in such a way as to make the individual the link between its autonomous but interdependent parts.

This is what the system of National Guilds achieves. It divides social authority equally between the economic and the political organisation, and, in so doing, it preserves the integrity of the individual, who has rights and duties in both the economic and the political spheres.

I contend, then, that the balance of economic and political power is the fundamental principle of National Guilds, and that, if that goes, the security for individual freedom goes with it. I know there are some who contend that the preservation of such a balance is impossible, and some who contend that no such balance is desirable. I want, for the moment, to come back to those who contend that it could not be preserved.

They are of two kinds—those who hold that economic power will still precede political power, and that the Guilds will necessarily outweigh the State, and those who hold that, in a democratic Society, the balance will shift, and, the conflict of classes being over, the State will outweigh the Guilds. To the latter I would reply that, even apart from class conflict, the economic, or, rather, industrial, bond will remain more intense than the political, and that its greater intensity will be enough to balance the wider 'spread' or extension of the political bond. To the former a rather longer reply must be given. Every individual under the Guilds will not be a member of a Guild; but every individual, we may expect, will be a member of some form of association based on social service rendered—a productive association in the widest sense of the word. Similarly, it goes without saying that every individual

will be a member of the State, and probably of other associations of ' users,' ' consumers,' or ' enjoyers.' It is certainly true in any form of Society that the ' enjoyment ' of things produced depends upon production ; but it does not follow that the power of the productive association precedes or determines that of the association of ' enjoyers.' It does follow when one class owns and controls the means of production that it must, to all intents and purposes, own and control everything else ; but it does not follow that, when producer and ' enjoyer ' are the same, the productive association will dominate the association of ' enjoyers.' The greater intensity of the productive association is an intensity of each Guild, or producing group, within itself : it is not a single undifferentiated intensity of the whole body of producers, and in becoming one and uniform in the Guild Congress it must also become less intense. The unity of the ' enjoyers ' association, on the other hand, is practically indivisible : not so intense in its nature, it is of about the same intensity at the point of contact. In other words, the greater solidarity and uniformity of the State about compensates for the closer attachment which the individual may be expected to feel to his Guild. The Guilds will be many, the State one ; and State unity will counterbalance Guild corporatism.

I do not deny that there is a danger in both directions, or that, when National Guilds are in being, the balance may be upset, and the essential character of the system destroyed. That will, indeed, be the ever-present peril against which it will be the function of guildsmanship to guard. All I am concerned to deny is that there is anything in the nature of the Guild system which makes the balance unattainable or incapable of preservation. Far from that, National Guilds seem to me to offer the

only reasonable prospect of a balance of powers, and that is the fundamental reason why, in the name of individual freedom, I call myself National Guildsman.

## IV

The governing principle of the American constitution is that of the separation of the three powers—legislative, executive and judicial. Nor is this only a theoretical principle; for, in the main, the separation holds good in practice. The principle of our own government, on the other hand, is the combination of these powers. In theory, and practice, the judicial power, owing to the absence of a formal constitution, is subordinated to the legislature. In theory the executive is subordinate to the legislature, though it would be truer to say that in practice the legislature is increasingly subordinate to the executive. Whether we look to principle or to practice, it is at any rate true that with us legislature and executive are not two powers fundamentally distinct, but one power internally differentiated. The effect of this upon our working political theory is obvious. Legislature and executive may conduct internal struggles for mastery one against the other; but in relation to the mass of the people they present a united front. Representative government is exalted by them into a principle which practically carries with it the exclusion of the represented from an effective share in government. The separation of powers, as theorists have often pointed out, ensures a recognition of the principle that sovereignty resides outside both legislature and executive: their combination readily results in the acceptance of the representative institution as sovereign.

When we speak of State Sovereignty, we may have at the back of our minds the idea that this sovereignty belongs to the whole people; but we are thinking always of its exercise by the State as a complex of institutions—in a 'democratic' country, of representative institutions. If the national institutions are in effect combined in a single machine, we think of sovereignty as exercised by this machine, even if it belongs of right not to the machine, but to the people behind it. State Sovereignty, in the sense of governmental Sovereignty, therefore finds its only natural and complete expression in a system under which the powers of government are united in the hands of a single authority. The overweening claim of the State machine to the absolute allegiance of the citizen, called in this connection the 'subject,' is only possible under a system in which governmental authority is unified under a 'Prince,' whether that prince be a despot or a representative institution.

This has led some opponents of State Sovereignty to look favourably upon the division of powers between an independent legislature, executive and judiciary. But, in the case of the first two, which under modern conditions constitute the real problem, it is at once apparent that no such division is possible or desirable. The struggle for parliamentary government, which must be recognised as at least a phase in the European form of the struggle for political freedom, has centred round the demand of the legislature for control of the executive. If it has not secured that, it has at least welded the two into a single power, preserving their internal distinctness, but rendering them incapable of disintegration.

Nor is this to be regretted. A democratic country

must be governed mainly by legislation, and those bodies in it which are legislative in character must preponderate. This is not true of a federal government such as that of the United States, though it is slowly becoming more true as America is drawn more into world politics; but it is true to a great extent of the States which constitute the Union. It is indeed only the federal character of the United States that makes the separation of powers workable. A Society like our own must bind closely together the legislature and the executive, because with the laws in constant change legislation and administration lose their distinct character. There can for us be no solution of the problem of State Sovereignty by a division of legislative and executive power.

How, then, are we to realise, for such a Society, the benefits of the separation of powers? How are we to re-affirm popular sovereignty, and, in so doing, re-establish the individual in his fundamental rights? The main business of government for us is the making and modification of laws which serve as the basis of administration. If this seems a commonplace, it must be remembered that it would not seem so in all places or in all times. We live under a reign of national law, and this seems to involve the unification of the making and administering of law under a single ultimate authority.

We must, then, seek our division of powers by the light of a new principle. We must recognise that the control of legislation and administration cannot be divorced, and, if we are to find a cleavage at all, we must make a new cut. In fact, we must separate the powers of government not horizontally, but vertically. Every important act of government, or at least every

internal act, passes through the successive stages of legislation and administration. The old doctrine of the separation of powers is based on the principle of a division by stages: the legislative stage is to be divorced from the stage of administration. The new doctrine must be that of division by function: the type, purpose and subject-matter of the problem, and not the stage at which it has arrived, must determine what authority is to deal with it.

This involves a new conception of the nature and relationship of legislation and administration. Many writers have remarked the tendency of recent political changes to devolve administrative functions upon bodies standing outside the State machine, or only loosely connected with it. But no such tendency has shown itself in the strict sphere of legislation, and there the State has preserved its sole competence. It has devolved administrative power; but the devolution has been accomplished by the grant of the State, and has been subject to recall by a sovereign Parliament. It has been a method of convenience, and not a recognition of a new principle.

Nevertheless, it is a beginning, which the close connection between legislation and administration under modern conditions renders doubly valuable. It is not a recognition of a new principle, but it does open the door to such recognition. It is, in fact, the first step in a division according to function not only of administrative, but also of legislative, competence.

For nothing less than this the new theorists of the division of powers must stand. The Guildsman must claim for the Guilds, not only administrative, but also legislative functions. Their law must be as sovereign

in the industrial sphere, exercised through the Guild Congress, as the law of the State must be sovereign in the political sphere. And, while laws are enforced at all, it must be no less enforceable. Where now the State passes a Factory Act, or a Coal Mines Regulation Act, the Guild Congress of the future will pass such Acts, and its power of enforcing them will be the same as that of the State.

This leads at once to a new conception of the judiciary, which in this country now hovers between independence and dependence on the State. Attention is often drawn, in connection with the separation of powers, to the position of the Supreme Court of the United States; but the independence of the Supreme Court is based on the existence of a written constitution, which the legislature has no power to alter without an appeal to the people. Apart from that, the American Federal Courts merely apply and administer federal law, as the British courts apply and administer British law. In principle, they are subordinate to the legislature.

What, then, will be the position of the judiciary under the Guilds? It will have two sets of laws to administer—State law and Guild law, each valid within its sphere, and co-ordinated, where need arises, by the Joint Congress of the Guilds and the State. It is not desirable to divide the judiciary, as it is desirable to divide legislation and administration, because the judiciary is concerned, not with policy, but with interpretation of policy already decided.

Guild theory involves, then, the division of the 'legislative-executive power' according to function between the State and the Guilds; but it preserves the integrity of the judiciary, making it an appendage

neither of the State nor of the Guilds, but of the two combined.

The arguments for a balance of powers between the State and the Guilds were set out in a previous section of this chapter. In this section I have attempted to show how this balance would work out constitutionally. It involves a revolution in our theory of government; but it also provides the only means of realising in practice what has been clear in theory to many political students—a separation of powers which will be effective against the absolutist claim of modern legislative assemblies. A balance of power is essential if individual freedom is preserved; but no balance is possible unless it follows the natural division of powers in the Society of to-day. Politics and economics afford the only possible line of division, and between them the power of legislation and administration can only be divided on the basis of function.

## Note on the Foregoing Chapter.

*Added in* 1919.

The Introductory Chapter which I have prefixed to the fourth edition of this book involves a number of detailed modifications in the foregoing chapter. These changes mainly centre round two points.

(1) While I am still content to regard the State, in so far as it is democratised, as an association of neighbours or dwellers together, that is to say, as a *territorial* association, I am no longer satisfied with conceiving it as an association of *consumers*. As readers of the introductory chapter will have seen, I now hold that

the representation of men as "consumers, users and enjoyers" requires a multiplicity of associations dealing with the representation of different groups of purposes and interests. Often, therefore, in this chapter, when I speak of the State, I assign to it functions which I should now assign to one or other of the functional Congresses described in the introductory chapter.

(2) I now regard the problem of territorial representation as far more a question of local or regional than of national representation. Where this chapter tends to lay stress on national organisation, I should now often shift the emphasis to the local or regional bodies, leaving the national functions mainly to federal bodies drawn from them.

Despite these changes in outlook, I have not thought it wise to tamper with this chapter as I originally wrote it; and I do not think that the apparent minor contradictions are likely to give trouble to anyone who reads it in conjunction with the new chapter with which the book now opens.

# CHAPTER VI

## STATE OWNERSHIP AND CONTROL

### I

"MUNICIPAL debt is only municipal capital." How easily, in their anxiety to find an answer to Moderates grousing at the growth of municipal indebtedness, Socialists swallowed that plausible debating answer of Mr. Shaw's. A municipality desires to own its tramways: it therefore buys out the existing company. It then owns its trams; but in acquiring them it has run up a debt. But, we are told, just as the indebtedness of any company is its capital, so municipal debt is municipal capital. True; and, by a parity of reasoning, Municipal Socialism is Municipal Capitalism, and nothing else. Just as the company pays interest to its shareholders, the municipality continues to pay interest to private capitalists. It merely guarantees their dividends, which were before more or less precarious.

The same argument applies to nationalisation by purchase. It results, not in Socialism, but in a guaranteed State Capitalism, which is its direct opposite. National debt may be in a sense national capital: it is in effect the capital of the few to whom interest upon it is paid.

Of course, the Collectivist will explain that he uses the argument that 'debt is capital' only to 'dish the

Moderates.' He knows well, he will tell you, that the debt incurred in taking over industries must be wiped out subsequently, in order that the whole product may go to the community. But, if he is pressed, as Mr. Belloc and others have pressed him, it soon becomes clear that the process of expropriation by sinking fund, annuity, or even such taxation as he can plausibly suggest, is going to be one, not of decades, but of centuries. Willy nilly, the tame Collectivist, Liberal, Labour or Fabian-Socialist, becomes a mere nationaliser and ceases to be a socialiser.

It is a misfortune, as well as an indication of the tendencies of British Socialist thought, that we have of late years ceased to distinguish between nationalisation and socialisation, and even dropped the latter word altogether. For there are clearly two directions in which the State may extend its power over industry. It may own more; and it may manage more. Nationalisation, in the true sense of the word as it is used in common by capitalist and by Labour advocates, means national management; socialisation, whether in the mouth of a Social-Democrat or of a hireling of the Anti-Socialist Union, means national ownership.

Now, is it not clear that, in its economic aspect, Socialism means the absorption of surplus value by the community as a whole? Therefore Socialism implies national ownership. Surplus value can only be communised if the ownership of the land and the means of production is in the hands of the community.

National management, on the other hand, is quite a different story. Provided the communal absorption of surplus value is secured, as it would be under the

Guild system, we are free to devise what scheme we will for the control of the nation's industry. It has been the aim of National Guildsmen to show that national management is not a satisfactory scheme.

The Collectivist, as we have seen, admits, when he is also in the wide sense a Socialist, that national management is by itself inadequate. He wishes to supplement it by national ownership. The National Guildsman replies that national management is not inadequate but wrong. The control of actual production, he says, is the business of the producer, and not of the consumer. Only by giving the maker control over his own work can we satisfy the true principle of democracy; for self-government is no less applicable to industrial than to political affairs.

It is not, however, my object to rehearse in this place the arguments in favour of Guild control. I desire to point out that there are these two ways in which the State can extend its power—over ownership and over management. And is it not clear at a glance that society is heading to-day straight for national management, and that it is not advancing at anything like the same speed in the direction of national ownership? We nationalise, but we do not, save to an insignificant extent, socialise.

Furthermore, even if we go on to socialise, we couple national ownership with a system of controlling industry which National Guildsmen hold to be both morally and economically wrong. Even if, at the end of a thousand years or so, we succeed in freeing ourselves from the burden of interest which nationalisation lays upon us, we shall still be saddled with a bureaucratic control of industry that will leave us as far as ever from the true industrial democracy. If, after a voyage

almost as lasting as that of the Flying Dutchman, we round in the end the Cape of State Capitalism, we shall only find ourselves on the other side in a Sargossa Sea of State Socialism, which will continue to repress all initiative, clog all endeavour, and deny all freedom to the workers.

Yet the position is not so easy as it appears to those who bid us, on these grounds, oppose all nationalisation as the highroad to the Servile State. I desire in this chapter to confront the whole problem of nationalisation from the point of view of National Guilds. The advanced section of the Labour movement must decide what its attitude on this question is to be; for upon this depends many important questions of immediate policy. And we cannot afford, in contemplating the perfection of our final victory, to neglect the task of planning our own campaign, and of trying to foresee the plans of our adversaries.

## II

What, then, should be the attitude of Guildsmen towards nationalisation? Forming a discontented minority in the Socialist movement, they find themselves, if they belong to any of the Socialist societies, associating with others who make nationalisation the head and forefront of their programme. If they oppose the extension of national trading, they are told that they are not Socialists, but Syndicalists, who have no business in a Socialist body. If they support nationalisation, but maintain that along with national ownership must go Guild control, their fellow-members make haste to inform them that there is, after all, no difference of principle, that they can all agree for the moment upon

national ownership, and that the precise amount of control to be *given* to the workers can be determined later on. The Collectivist is full of sympathy for the idea behind the Guild system, provided that he need not in any way commit himself to the vital principle of industrial self-government.

Guildsmen, therefore, find themselves in a dilemma. They are in favour of national ownership, but only on conditions. The difficulty is to define their attitude when nationalisation is offered them without conditions. There are several positions which they may take up; and I propose to examine each of these in turn.

In the first place, they may agree with the authors of *The Miners' Next Step*, at least where the method of transition is concerned. They may simply oppose nationalisation and rely wholly on industrial action. They may hold that the best way of securing control is to oust the capitalist by direct action. According to this plan, a series of strikes must be declared, and the victory of the workers in each of these must leave the capitalists poorer than before. The rate of profits must fall, and at the same time the workers must secure a continually greater share in the actual management of the industry, till at last the capitalists, finding business no longer profitable, clear out and leave the workers in undisputed possession. So far, this is pure Syndicalism; the Guild Socialist who adopts this attitude adds a rider. Then, and not till then, must the State assume the ownership of the means of production, while their control remains in the hands of the Trade Union.

This view would be clearly the right one it the Unions could rely upon the capitalists to sit still and

do nothing. But what, we must ask ourselves, would be in reality the capitalists' 'next step'? First, it is by no means clear that what is ordinarily called a 'successful' strike causes the rate of profits to fall. Especially in a more or less monopolistic industry, the capitalist, as a rule, recovers from the public in enhanced prices as much as, if not more than, he is forced to concede as wages to the workers. Even if each strike, imbued with a new purpose, gives the Union a greater foothold in control, it will not, by this means alone, succeed in abolishing profits. "But," the advocates of pure industrialism will say, "even if this is so, the series of strikes for partial control will be followed by a successful strike for complete control, and the demand in this case will include the entire transference of profits to the workers. Or, rather, if strikes do not cause profits to fall, the workers will, long before, have coupled their demand for a greater share in control with one for a transference of the profits of the enterprise."

This view ignores the capitalists' second step. Confronted with the risk of having their profits filched from them by the workers, the possessing classes will unload on the State. They will demand to be nationalised in order that their dividends may be guaranteed by the Government. In this case, the workers will suddenly find themselves striking not, as they had planned, against a body of private capitalists, but against the State. Their action will be none the worse for that; and, if their demands are refused, it is to be hoped that, under such conditions, they will strike all the more persistently; but, whatever they do, their plans will have to be remade—that is, if they are out for control in conjunction with a democratic State.

If they are Syndicalists, it will make no difference to them against whom they are striking—except that the State is a more dangerous enemy. Their aim being in that case the complete absorption of the surplus value created in their industry, they will presumably go on until that end is achieved. Guildsmen, on the other hand, believe in a partnership between the State and the Unions, and, being Socialists, stand for the communal absorption of surplus value. They have no wish to set up forms of collective profiteering in the various industries. They will desire to strike, not in order to compel the State to yield up a property which is no longer profitable, but to secure control over production; and for this control they will be prepared to pay, according to their ability, as it is measured by the productivity of their industry.

To this aspect of the question we shall return. What is relevant now is to point out that, if all this is granted, a part at least of the case we are criticising falls to the ground. The pure industrialist of this first type leaves nationalisation out of account in his argument. It is not enough for him to say that he is opposed to nationalisation. It is of no use to be opposed to the enemy's plan of campaign, which, at no distant date, nationalisation may well become. The skilful strategist thinks out what the enemy will do, and considers how he can meet it. Our industrialist, then, must either defeat or accept nationalisation. But can he, holding the view that industrial power precedes political power, or can anyone, doubt that, if the capitalists want nationalisation, they will get it? The doctors might possibly succeed in resisting a proposal to establish a national medical service, because they are capitalists as well as workers; but it is ridiculous to suppose that any class

of manual workers could resist nationalisation if the State and the employers alike wanted it. Nationalisation is inevitable, not because it is the policy of the Labour Party, but because it is rapidly becoming sound capitalist economics.

Let us be quite clear. The only industries in which the organisation of the workers is anything like complete enough for such a policy as *The Miners' Next Step* suggests are certain public utility services which are in the nature of natural monopolies. Let us confine our survey to these industries—say, to the mines and the railways. In both cases, is it not obvious that the first sign that such a policy was being consciously and successfully adopted would be the signal for nationalisation? And is it not equally clear that, for the present, a strike against nationalisation is unthinkable?

Indeed, such a strike would be in itself an absurd paradox. It is not *against* nationalisation that the workers must strike, but *for* control. It is admitted, however, on all hands, that the workers are not yet ready for complete control. Till they are ready, a strike against nationalisation would inevitably be a strike for the retention of private ownership in the hands of the present holders. It would be a strike to save the capitalists from themselves, or at least from their *alter ego*, the State. Though such a strike might be represented by its advocates as an attempt to save the fatted calf of Capitalism from being carried off by the enemy, the situation is evidently too absurd to contemplate. Even if it were logically justifiable, which it is not, it would be a hopeless position to adopt.

It is therefore futile to oppose or obstruct the nationalisation of such public utility services as the mines and the railways. In other industries, in which there

is not yet awhile any likelihood of nationalisation, it matters little whether Socialists propose or oppose nationalisation. There is, as we shall see, at least one case—banking—in which they ought actively to forward it. For the purposes of our present argument, it is enough to say that, where it seems likely, opposition is futile; where it seems unlikely, advocacy is at present useless.

The argument which we have brought to bear upon thorough-going opponents of nationalisation applies also to those who say that the time for nationalisation will come, but that the workers are not yet ripe for it. Of course, the workers are not ready for it, and that is precisely why it will come. Were the working class as a whole imbued with the idea of control and endowed with the power that idea gives, nationalisation would no longer serve the capitalists' ends. It would be the signal for the complete overthrow of Capitalism—State or private—and for the substitution of the Guild system. Nationalisation is coming now, and coming inevitably, because it is the capitalists' last card. When their dividends are no longer safe from the direct action of the workers, they trust to the State to save them by nationalisation—at any rate, for the time. But until those who say that the workers are not ready for nationalisation explain how the workers, being admittedly unready and badly organised, are to defeat it, the argument I have used in criticism of pure industrialism holds against them also. It is waste of breath, ink, and energy to oppose the inevitable. Let us, then, seek to discover what effect the nationalisation of mines and railways will have on the chances of Guild control.

## III

I ended the last section with a question. What will be the effect of nationalisation—State Capitalism, if you will—upon the prospects of Guild control? Will it make the path to the Guild easier or more difficult? In the attempt to answer this question, it is natural to appeal to the actual working of those enterprises which are now run by States or Municipalities. What, in these cases, has been the effect of national ownership? When the general question of nationalisation is at issue, advocates and opponents alike make this appeal. The State Socialist will tell us that the State is on the whole a better employer than the private capitalist, that in public employment the worker enjoys preferential conditions and greater security of tenure, and that the publicity afforded by Parliamentary control secures the remedy of any crying injustice. On the other hand, the opponent of Collectivism will point to the dangers and annoyances, petty and great, which bureaucracy entails; he will cite existing State services as showing the inevitable growth of bureaucracy under a system of national management; he will point out that such 'advantages' as the Government employee enjoys are more than balanced by losses of civil and industrial rights; and he will urge that the publicity secured through Parliament has been shown to be useless unless the weapon of industrial action is behind it. Both sides will cite instances in support of their views with equal facility; but they will, as a rule, be different instances, drawn not necessarily from different public enterprises, but from different points in the working of the same services.

Thus, the Collectivist assures us that the State is not

a bad sweater, and that, in most cases, it pays Trade Union rates. Where this is not so, he can, as a rule, show that the workers are getting an equivalent in pensions or the like. Supernumerary men are indeed often underpaid; but, judged by the capitalist standard, the State is a fair employer to its established staff of workers. With more exceptions and in a less degree, the same may be said of the Municipalities. They do not, from whatever cause, normally pay less than the Trade Union rates. The exceptions, of which every one knows not a few, do not alter the rule. In the scale of capitalist employers, the State stands perhaps a little above the average.

It may be true, further, that it occupies this position partly as a result of Parliamentary publicity and control. Members of Parliament have an interested—in many cases even a disinterested—dislike of the worse forms of sweated labour, or at least of being openly and publicly responsible for them. So far, therefore, as wages are concerned, Parliament may intervene, when a certain amount of publicity has been secured, to bring the condition of public employees up to the standard rates. Further than this they have no desire to go; they will try to be as 'good' as the average private employer, but they will do anything short of losing their seats rather than be any better. Where any question of discipline or management, in short, of control, is concerned, they are adamantine in defence of the bureaucratic omnipotence and all-wisdom of the permanent officials.

The plausibility of all the *argumenta ad opificem* in favour of national management rests on the same fallacy as the arguments for compulsory arbitration. Because the effect may be at first to screw up wages

all round to the standard rate, it is argued that this proves the system right. It proves nothing of the sort: wages fixed by Parliament or by bodies depending on Parliament attain to the standard rates; but there they invariably stagnate. Every new demand, that cannot be shown to be the habitual practice of most employers or of all the best employers, is resisted to the death by the public authority, dominated as it is in every case by officialism, conservatism, and bureaucracy. If the Guildsman is asked to accept nationalisation on the ground that Parliament and the officials will be anxious to grant every reasonable demand, his answer is obvious and complete. For the purpose which they have in view, Parliamentary control is not only valueless, but definitely obstructive.

Turn now to the picture of national management as the Syndicalist paints it. Let us take as our example 'democratic' France, the home of Syndicalism. Take three State enterprises—the schools, the Post Office and the State railway. The teachers have had their Trade Unions suppressed; a French Premier, nominally a Socialist, has defeated a railway strike by calling the railwaymen to the colours; the Post Office, as M. Beaubois has shown in his admirable pamphlet, *La Crise Postale et les Monopoles d'Etat*, is a hot-bed of bureaucracy, favouritism and inefficiency. The French worker knows well that the accompaniment of State ownership is administrative tyranny.

Are we then to conclude that nationalisation is always bad from the Guildsman's point of view? If so, since we have decided that it is futile to oppose it, we are indeed in a bad way. What we have said, however, need not bear that construction. Nationalisation is dangerous only in proportion as Trade Unionism is

weak. Were French Trade Unionism strong, instead of weak, the public enterprises could not be conducted with the inefficiency and tyranny that characterise them now. The vice of the administration is limited by the virtue of the employees.

State departments and municipalities, while on the whole they pay at least as good wages as the general run of employers, are, we admit, naturally inimical to any interference in management by the managed. Every extension of Trade Union activity is repressed by them as subversive of discipline, or, if they have been brought up to be philosophers as well as bureaucrats, as cases of rebellion by the worker against himself—for the citizens, they will tell you, are the State. Every obstacle will be put by administrators in the way of the extension of Guild control. Yet none the less the public and semi-public services are the soil in which the Guild idea is growing most fruitfully, and may be expected to grow.

We have too long repeated the Marxian phrase that the emancipation of Labour must be the work of Labour without understanding it. The Syndicalists and the National Guildsmen are fundamentally right in regarding the industrial consciousness of the workers as the pivot on which the whole social system swings. The fundamentally important thing about the various forms which the capitalist organisation of industry assumes is not whether they are harsh or gentle, whether they feed the workers well or ill, but whether they foster or destroy the spirit of liberty in men's hearts. Wherever, under the present system, we find growing up a revolt that is not merely blind anger or blind despair, wherever we find in revolt the constructive idea of industrial democracy, there is the social struc-

ture best fitted to further the cause good men have at heart. Wherever there is no such spirit of construction, there, whatever the material position of the workers, no hope of the ending of Capitalism exists.

This gives us a measure of the new spirit which is not merely quantitative. Not where men are most angry or most rebellious, but where they realise most clearly what needs ending or mending and how it may be ended or mended, is the cause of Labour most hopeful. Only an idea can slay an idea : until the workers are animated with the desire to be their own masters they cannot supplant the idea that their class is born for wage-slavery.

But is it not in public and semi-public services that the idea of control seems to be taking root ? The Postal and Telegraph Clerks' Association had the honour of being the first Union to make a public and open demand for joint control—a proposal characteristically stigmatised by the dotards of the *New Statesman* as fantastic. In the Post Office, as we shall see, the demand for control is, and has long been, a vital and practical question. A generation in advance of their time, the Postal workers are fighting, against odds, the battle of National Guilds. It is significant that the demand for control should have come so far in its most articulate form in such a public service as the Post Office. Moreover, we have already noticed that the same demand has been made by the Postal workers of France.

The second case in which the question of control has of late years forced its way to the front is the railway service. The railway workers, regarded until recently as among the most backward of Trade Unionists, have now practically assumed the lead among the ' forward '

section in the world of Labour. The railways of this country are not indeed nationalised, though they are now State controlled ; but of late years there has been so much State interference with them that from the point of view that concerns us here they might as well have been so. What then has caused the Guild idea to take spontaneous form in these branches of industry rather than in those which are under distinctively private management ?

One main reason is not far to seek. Nothing tends so greatly to promote the idea of control as unified management. Where an industry is split up among a number of wholly or almost wholly separate managements acting on different principles and with very little co-ordination, the twin demands for recognition and control cannot so easily be made as where a whole industry is gathered up under one supreme direction. For, in the first place, with divided management Trade Union activity tends to be concentrated on the attempt to bring the worse employers up to the level of those who are better. Trade Unionism remains wrapped up in the old attempt to maintain and improve the standard rate. Wages questions tend to hold the first place, though they do not, of course, monopolise the energies of the Union. But where questions of discipline or management arise, they are usually in this type of industry questions affecting a single management, and when they are settled, no demand arises for a uniform and recognised right of interference with the acts of all firms in the industry. The case remains isolated and unimportant : no new principle is established.

With a unified management, on the other hand, the accumulating series of individual demands have all to do with the same authority, and are soon inductively

recognised as instances of a general principle, which at once becomes a general demand. Recognition of the Union is claimed; and recognition, once won, soon arrogates to itself wider and wider definitions. Sooner or later the Union gets a real foothold in the control of the industry, and a step has been taken in the direction of National Guilds.

Secondly, the very bureaucracy which is characteristic of State departments, accompanying unified management, both irritates the workers and gives them an obvious target for their irritation. They readily come to see not only that something is the matter, but what the matter is and, sick and tired of official bungling, they claim to take the place of the bunglers. The natural impulse we all feel to push aside anyone whom we see doing badly what we can do better comes to their aid; and their anger is transformed into a rational, but none the less righteously angry, demand for joint control of their industry. Is it not nationalised industry that best answers this description, and, if so, is not nationalised industry a good seeding-ground for the Guild idea?

## IV

'Trust-busting' is the favourite pastime of American 'fake' reformers. In the United States, Government regulation of big business is the approved 'progressive' alternative to ending the wage-system —as transparent a device of Capitalism as the most flagrant pieces of Lloyd-Georgism that we in this country have to endure. The futility of such attempts to play the Mrs. Partington has all along been appreciated by the revolutionary wing of American Socialism.

W. D. Haywood and Frank Bohn, in their book, *Industrial Socialism*, declare with emphasis against the anti-trust campaigning of the politicians. They have seen that it is none of their business to decide between rival forms of capitalist organisation. They are out to end Capitalism, and not to adapt it.

If, as the Syndicalists would have us believe, all nationalisation is simply and solely State Capitalism, it does not follow that it should be opposed. If the State is the *alter ego* of the employer, what does it matter which of them rules the roast? If it is futile to oppose trusts, is it not equally futile to oppose nationalisation, which is only the trust in its most perfect form? Are not both stages, not indeed necessary, but in many cases convenient, in the passage from individual Capitalism to the system of workers' control over industry?

For the State and the trust, cartel and combine clearly have this in common. Both involve a high degree of unified management; both incline to centralisation and bureaucracy; both, even when they pay fair rates of wages, tend to annoy their workers with galling restrictions and red tape. It is among the employees of the trusts in America that the revolutionary Unionism of the Industrial Workers of the World has taken root; it is among the wage-slaves of the State and of the combines of Great Britain that National Guildsmen are destined to be made.

What matters, then, is not so much whether an industry is State-run or not—that is for the present mainly a question of capitalist convenience—as whether a whole industry has come under a unified management. For it cannot be too often emphasised that the organisation of industry which the Guild system

connotes is a national organisation, as the Trade Unionism out of which it must grow is a national Trade Unionism. Generally speaking, we may say that the battle for Guild control will be fought in the great industries, and above all in those in which the combination and concentration of capital are closest. If we leave State-run industries out of account, no one will for a moment dispute this statement ; as soon as it is realised that State-run industry is only concentrated Capitalism to the *n*th power the case is equally clear there also. The State will be the leading antagonist of the Guilds ; but it will also be, in many cases, their chief begetter—a sort of *médecin malgré lui* of the malady it has itself created.

It is no lingering illusion about the benefits of State employment that should cause Guildsmen to refrain from joining hands with Tories and Whig advocates of *laisser-faire* in opposing nationalisation. Bill Haywood refuses to help the reformers in America to destroy trusts, not because he loves trusts, but because Capitalism is destined to self-destruction, and through the trust lies the road to its ruin. Combination is the capitalists' last card but one ; nationalisation will prove to be their last card of all. It is not for us to interfere with their method of playing their hands ; let us rather trump the trick when the capitalists' ace has been played.

We must not, however, push the analogy between the State and the trust too far. There are certain differences between them ; but these, too, are far from inducing us to oppose the extension of State industry to-day. Suppose we had to choose whether a given industry should be run by a trust or by the State. What, we should ask ourselves, would be the position

of the workers in the two cases? Wages would probably be much the same under both systems; but there might be a tendency, if the management were national, to assure a higher standard to the worst paid employees. Hours, too, would probably be much the same; but, if there was a difference, they would probably be shorter under the State. In status, especially in the consciousness of status, the government employee would be likely to have a distinct advantage. But the consciousness of status is the beginning of wisdom, and an essential prerequisite of the Guild idea.

What then becomes of the familiar view that nationalisation means the Servile State? We are all well acquainted with the argument; and many of us are fully conscious of its force. Yet, if nationalisation has all the effects we have been claiming for it, is not the whole theory of the Servile State utterly untrue?

Not altogether, though it is at least half untrue. The broadest of all oppositions between rival schools of Socialist strategy is that between the evolutionist who holds that, bad as Capitalism is, if we go on improving it, it will some day turn into Socialism, and the revolutionist who maintains that Socialism will come about when Capitalism has become so bad as to be absolutely intolerable. Good arguments are brought forward in support of both positions. The evolutionist will say that the better off a man is the more likely he is to realise the injustice of his position, and to ask for still better conditions. He will point triumphantly to the fact that it is among the better-paid workers that Socialism and Trade Unionism alike make most headway; and he will urge that this conclusively proves his case. The revolutionist, on the other hand, will point to the success with which 'benevolent' employers

have managed to lull their workmen into apathy, to the growth of sedative movements like profit-sharing and copartnership, and to the effects of Australasian labour legislation, his knowledge of which, being based on out-of-date text-books, will stop short some years back, before the present period of unrest began. Each will seem to have a strong case, because each is in the main speaking the truth in what he asserts, but suppressing or failing to perceive other truths that are no less important.

On the one hand, it is abundantly clear that high wages make men more, and not less, discontented. This is true generally, but more especially when high wages are the result of industrial action. In such a case the effect is immediate, and new demands almost invariably follow on the first favourable opportunity. When a rise is due to some external cause, such as legislation that is not the response to direct industrial pressure, the immediate effect may be a lull; but none the less the workers will be, in the long run, more inclined to make demands than before. The evolutionist is right in his view of the psychological effects of high wages.

On the other hand, it is equally demonstrable that copartnership and all forms of 'coddling' by employers who are astute or benevolent, or more often both, do devitalise the workers who receive them, and make rebellion more difficult. The copartnership employee does not make a good Trade Unionist, nor does the 'almshouse and pension' type of benevolent employment foster the spirit of independence. Here, then, the revolutionist is right in his psychological inductions.

But is it not evident that these views are perfectly

compatible ? Low wages, supplemented by benevolent and considerate management, may secure a fair standard of material comfort for the employee ; but they are demoralising and degrading ; they produce a spirit of subordination and acquiescence, in which the Guild idea cannot grow. They breed such stuff as Nietzsche's ' Ultimate Men,' servile in word and thought and act. High wages, on the other hand, are themselves an incitement to demand higher ; where they are combined with harsh or bureaucratic management, they are the forerunners and the creators of revolt.

It is hypocritical, and even real but stupid, benevolence and not malignant opposition that Guildsmen have to fear. Some day, the State may learn to play the game of benevolence in a last effort to lull the workers again to sleep. But we may reasonably hope that the State will be so long in learning that lesson that the attempt will be made too late. For the State has one great disadvantage when it sets out to imitate the Levers and Cadburys of private capitalism. The ' benevolent ' employer is working on a comparatively small scale : he makes full play with the idea that the business is a family, a home, an idea to which the employees' trade patriotism can cling. He makes, wherever he can, a sentimental appeal and calls for ' loyalty to the firm.' All this the State cannot easily imitate. For, first of all, State industry tends to fall into the hands of temperamental bureaucrats, and will continue to do so till the workers themselves assume control. But the bureaucrat is always likely to rub the average man up the wrong way. Herein lies the State's first handicap. Secondly, the State-run industry possesses a unified management, and the centralisation which this involves only gives the bureaucrats a bigger

chance of making themselves unpleasant. On all accounts, therefore, though the State will probably try some day to play the benevolent employer, it will probably fail in its attempt to send the workers to sleep. If it pays high wages, it will only rouse them to ask for more ; if it tries the more underhand method of supplementing wages by conditional benefits, it will only rouse the workers by the pin-pricks of bureaucratic ' benevolence.'

The nationalisation, therefore, which capitalists will bring about in order to save their dividends, and reformers urge upon us in the interests of social peace, we may accept, at least in certain industries, because we believe that it will bring, not peace, but a sword.

## V

Advocates of nationalisation admit that their policy is immediately practicable only in a few cases. There is little chance that the State will as yet take over any save a very special class of industries. Broadly speaking, these will be public services which naturally tend towards monopoly. But the possession of these characteristics will not by itself be enough to cause nationalisation ; the additional impetus will come, at any rate in great industries, from the growth in numbers and in consciousness of the Trade Unions. In these cases, the very strength with which the workers make their demands will hasten their transference to State employment ; where Trade Unionism is strong and intelligent, nationalisation will be inevitable.

We can therefore say with confidence that in some cases national management will precede National Guilds. This, however, need apply only to industries

which are in the nature of public services. While we may be confident that nationalisation of mines and railways will come before Guild control can be achieved, it does not follow that the same order will be observed in the textile industries, in engineering, or in the building industry. For the nationalisation of an essentially monopolistic public utility service, such as the railways, the trams, or even the mines, is one thing; but it is quite another to take over an industry which is not a public service, and of which the stoppage does not dislocate the national life to anything like the same extent. A strike of cotton operatives only indirectly affects the industry of the country; the effect of a national stoppage of miners or railwaymen is immediate and devastating. Only in industries of this latter type is the State, for some time to come, likely to step in with any complete system of nationalisation or control, except as a purely temporary war-time expedient.

National management is inevitable, as a transitional stage, in the mines and on the railways, for two reasons which may seem contradictory: first, because there Trade Unionism is strong, or at least will soon be strong enough to frighten the employers into getting their profits guaranteed by the State; and secondly, because even there Trade Unionism is weak—too weak, that is, and too little self-conscious to assume full control. For even the most advanced Trade Unions have a long road to travel before they fit themselves for the control of industry. Militant class-consciousness is still far enough from realisation; and class-consciousness itself is but the foundation on which a constructive idealism remains to be built.

It is probable, therefore, that the most the railway-

men or the miners will at first secure, when their industry comes to be nationalised, will be recognition together with an organised power of making representations to the bureaucrats who will still be in control. In the first instance, they can hardly hope to do more than entrench themselves firmly in the disputed territory. Once fully recognised through their Unions, the workers will go on to make new demands; but the demand for the actual control of industry will come later than the claim to criticise those who control it. The introduction of State management will be the signal for a long battle between bureaucracy and freedom.

The industries that will then be nationalised are, however, precisely those in which the demand for control is already most articulate. To this demand the bureaucracy incidental to State management will afford a stimulus, and the result will be a great growth of the spirit of unrest. After nationalisation, we may expect the Unions in the nationalised industries to lead the way. With the possible exception of a few small industries, it seems likely that the Guild system of national ownership and producers' management will be established first in those industries which pass first through the stage of national management.

Every approach to the Guild system made by a Trade Union in one of these State-run industries will act as an incentive to every other Union. The principles established by one Union soon become the programmes of all the rest. While, therefore, the workers in some industries are feeling their way towards producers' control in face of the opposition of the State, the rest of the workers will be learning to make the same demand of the private capitalist. And, if we may expect the equilibrium of joint control to be reached

first in some one of the nationalised industries, we may expect also that there will have been in many others, both State-run and private, a greater or less encroachment of the workers upon control.

When the workers have this training in constructive class-consciousness behind them, there will be no longer any need for an intermediate stage of national management. The workers, grown wise enough to exercise, and strong enough to win, control, will at once assume management when the State assumes ownership of the means of production. In those industries which will then remain in the hands of the private capitalist, it will then be both possible and right to pass at once to the stage of Guild control. In all these cases, the workers will no doubt have already gained a considerable share in control; the transference to them of the whole management will therefore present no difficulty, while the State will slip naturally into ownership, and will deal as it thinks fit with the owners it supplants. At the same time, the workers in the various nationalised industries, who will also have gained already a large share in control, will make good their claim to management, while the State will restrict itself to ownership and criticism of the workers' managerial methods. The first industry in which the State and the Trade Union arrive at a satisfactory demarcation of the functions of ownership and management will serve as a ' new model ' for all the rest, just as the Amalgamated Society of Engineers served as the model for Trade Unionism in the past.

It is impossible to say how many industries will pass through the intervening stage of national management. That, we have seen, is a matter of capitalist organisation, with which we can hardly interfere one way or the

other. At the one end of the industrial chain, it seems clear that the railways and the mines will be nationalised. The same fate very probably awaits the dockyards, and possibly the shipyards also. On the other hand, it is very unlikely that the pottery trades, the brass trades, ironfounding, tinplate making, and many others of the same kind will ever pass through the stage of national ownership. The battle between the rival systems of Capitalism and National Guilds will be fought out in the great industries; and the system which wins the day will then be more generally applied. Of the cotton industry it is impossible to speak; for on the one hand it seems in itself admirably adapted for producers' control; but the consciousness of the workers seems to be on the whole so little developed in the direction of control that nationalisation, remote as it seems, may have its turn. All we can say with confidence is that there will be some industries in each class, and that it rests with Capitalism and the ruling caste to draw the line.

To Guildsmen, the whole question should appear secondary. Their first business is to forward the idea of working-class control of industry. Whether control has to be wrested from the State or from the private capitalist is irrelevant. Opposition to and advocacy of nationalisation are alike, viewed purely from this standpoint, waste of time; they mean the diversion of the movement on to a side-issue. In season and out of season, Guildsmen should be preaching control; and when nationalisation is suggested, they ought not to oppose it; they ought to redouble their efforts and reiterate their original demand. They have not so much surplus energy that they can afford to waste it upon irrelevancies.

## VI

The main object of this chapter has been to prove that it is not the business of the Guildsman either to advocate or to oppose nationalisation; but it by no means follows that he should have no policy in relation to it. It is indeed of the first importance that he should seize the occasion of nationalisation to push forward his own alternative to national management. Those who, like the Syndicalists, are content to oppose every extension of State action are merely disarming in face of the inevitable: powerless to stop nationalisation, they are leaving the State to stew in its own juice. But, even if we admit that the best bargain the workers can hope to drive with the State must be a bad one, it is none the less our manifest duty to make the best of it. Instead of a mere repudiation of the principle of national management, the National Guildsman must present a definite and concrete demand for a share in control. We cannot hope to bring in National Guilds all round by a *coup de main*; we must first lay the foundation of our edifice.

I have already referred to the resolutions recently passed by several important Trade Unions on the subject of the control of industry. I must here again refer to two of these. Trade Unionists in the Postal Service unite in demanding, in one form or another, a system of joint control with the State department. This demand comes continually to the surface in the evidence volumes of the Holt Committee, especially in the examination of Mr. C. G. Ammon of the Fawcett Association, who, putting his demand in the form of a suggestion that the Unions should be consulted before the making of any change that would affect the workers,

clearly has in mind a system of joint control. The claim has been reiterated far more clearly by the Postal and Telegraph Clerks at their annual conferences; and it is significant that they have made an open demand for joint control. This is evidently largely the result of the dissatisfaction caused by the Holt Report and by the subsequent debates upon it in the House of Commons. Here then we have a clear demand made in a service which is already State-run.

But the Postal workers have not been content with a vague generalisation; they have also offered definite suggestions as to the methods of extending to them a share in control. They have urged in the first place a great extension of the principle of recognition, and secondly, the standardising of this recognition in the form of Trade Union advisory councils, local and national, sectional and general, which would have to be consulted before any change in organisation could be made. Such a system of advisory councils would no doubt fail to achieve much at first; but it would afford the workers a valuable experience and would serve both to fit them to exercise a more real control and to stimulate them to lay claim to it. Recognition, backed by a system of advisory councils, is for them the half-way house to control.

The policy of the bureaucrats, when they are driven to make some concession, will be to establish a single national advisory council for all grades and localities, or else a series of national councils for each grade. Either system will be by itself almost worthless. The chief value of these councils will lie in the training they are able to afford; and from this point of view a national council is of little use. It is local training and local recognition that is the greatest need; and

accordingly local as well as national advisory powers must at all costs be secured. For, if the workers are to assume control, they must create a local as well as a national organisation capable of managing industry.

I have dwelt so long upon the particular demands of the Postal workers because they are, in great measure, typical of the demands which will have to be made wherever an industry comes under national management. In the Post Office, it is the privilege of workers who are already State employees to show the way to those who will ere long become like them. The Postal Unions are working out half unconsciously the methods of transition from the servile to the free organisation of Labour.

The second case to which it is necessary to refer again is that of the Railwaymen. For many years, the N.U.R. has invariably passed at its conferences a resolution in favour of nationalisation. The habit of years is too strong to be suddenly broken ; but at their 1914 conference this resolution changed its form. " Whilst reaffirming " their old resolutions in favour of nationalisation, the railwaymen declared that " no system of national ownership could be satisfactory " to them which did not assure them a say in the management of the industry. Like the Postal workers, the railwaymen have begun to demand joint control. They have not yet formulated any scheme by which this partnership could be assured ; but such a formulation will no doubt follow in good time. The main thing is that they have recognised the principle ; for, apart from the survival of a certain amount of historical phraseology, their demand amounts to a claim for a National Guild.

This has become still clearer in the last three years,

during which the Guild demand has spread rapidly among the rank and file. An instance of its growth will serve. Early in 1917 a National Conference of the District Councils of the National Union of Railwaymen carried the following resolution:

"That this Conference, seeing that the railways are being controlled by the State for the benefit of the nation during the war, is of opinion that they should not revert to private ownership afterwards. Further, we believe that national welfare demands that they should be acquired by the State to be jointly controlled and managed by the State and representatives of the National Union of Railwaymen." [1]

Instead, then, of urging or opposing nationalisation, Guildsmen have a far more important duty to perform. The idea of control, which is at last taking root in the minds of the workers, must not be allowed to remain a mere idea. The first thing, no doubt, is to secure acceptance and understanding of the idea; but this must be complemented by the elaboration of a practical programme. Guildsmen must be ready, when the day of nationalisation comes, to urge the railwaymen to make certain specific demands; nay more, they must try to provide the railwaymen with a policy before nationalisation becomes imminent. In thinking of the Guild State which we would fain see in being, we are too apt to neglect the transitional stages through which we must pass on the way to our ideal; but our foresight, and the foresight of the workers, in making im-

[1] For further discussion of the application of the Guild idea to the railway service, see *Towards a National Railway Guild* (National Guilds League, 2d.). See also, for railway matters generally, *Trade Unionism on the Railways*, by G. D. H. Cole and R. Page Arnot (Allen & Unwin, 2/6), concluding chapter. For the mines, see *Towards a Miners' Guild* (N.G.L. 1d.).

mediate and intermediate demands will be the measure of final success. At every stage, the movement towards the establishment of self-government in industry runs the risk of being side-tracked or put off by specious concessions ; it is the task of those who know definitely what they want so to leaven the great inert mass of the workers that it will be impossible to delude them with false offerings. On those few who are alive to the ideal aspirations of Labour rests the whole burden of clothing that ideal with a practical programme. They are as yet few, and they have no easy task before them. Above all, they are bound to fail if they believe that, once they are clear in their minds about the general outline of the system they wish to establish, their thinking is done. It is only begun ; for the city of our dreams has to be built with the bricks and mortar that lie to our hands amid the dilapidation and decay of the capitalist edifice. We are the world's builders ; and, unless we lay our foundations truly, the whole structure which we rear will come tumbling to the ground, no matter how fine our architecture may be. Guildsmen are well pleased with their architects ; they have now to make equally sure of their builders.

# CHAPTER VII

## FREEDOM IN THE GUILD

### I

THE Collectivist's first line of attack upon the Guild system is usually, in form at least, made in the interests of the consumer. He seeks to show that the Guild would inevitably 'exploit the community.' But, defeated on this point, he goes on to appeal to the producers themselves, and asks whether the Guild system would in fact secure greater freedom for the individual worker. Modern methods of production, he declares, are so intensely complicated and on so large a scale that it is impossible to restore the individual freedom of the craftsman. That being so, it matters not, from the point of view of freedom, how industry is organised: the only wise course is to concentrate on securing the greatest efficiency of production and the best possible distribution of the product. Since neither under Capitalism, nor under Collectivism, nor under a gigantic system of National Guilds, can the individual be free, why bother any longer about freedom, at any rate in the industrial sphere?

That is, I believe, a fair statement of the Collectivist argument: and it rests on two fallacies. It is contended, first, that Collectivism, which is the trust system *in excelsis*, makes for productive efficiency, and

secondly, that the system of National Guilds cannot but be bureaucratic. I shall deal with these two points in turn: but my real concern is with the second, because I believe that it rests on a complete misconception of the system of industrial organisation Guildsmen desire.

The first argument rests on the double fallacy that self-government has nothing to do with efficiency and that freedom has nothing to do with self-government. This is a denial of the whole philosophy of all good men. It is against this very view that the main attack upon Collectivism is directed. The key to real efficiency is self-government; and any system that is not based upon self-government is not only servile, but also inefficient. Just as even the labour of the wage-slave is better than the labour of the chattel-slave, so, and a thousand times more so, will the labour of the free man be better than either.

"That may be so," the Collectivist will answer, "but under modern conditions freedom is out of the question. With machine production, man must be reduced to the position of a cog in the wheel. Let us work, then, for Collectivism, in order that, by paying good wages, we may secure at least the highest mechanical efficiency."

Such an argument not only ignores the humanity of labour, but also totally misconceives the nature of freedom. Freedom is not simply the absence of restraint; it assumes a higher form when it becomes self-government. A man is not free in himself while he allows himself to remain at the mercy of every idle whim: he is free when he governs his own life according to a dominant purpose or system of purposes. In just the same way, man in Society is not free where there is no law; he is most free where he co-operates best with his

equals in the making of laws. Over and over again, Socialists have used this argument in answer to the anarchical individualism of Herbert Spencer; yet they have been the first to direct against National Guilds what is, after all, only a repetition of the most palpable fallacy of Individualism. They contend that it matters whether a man governs himself politically or not; but they refuse to admit that it matters no less whether he governs himself industrially.

A hundred years ago, it was a theory almost generally accepted that democracy, good as it might be for the small City-State, could not be applied to the great Nation-State. Rousseau himself, the father of modern democratic idealism, expressed this view in the *Social Contract*, and it was held in his time equally by philosophers of the most diverse schools. Yet now political democracy of a sort is applied to the governance even of the largest States, and the surviving exponents of autocracy no longer seek to base their case on the size of the modern State. It is generally admitted that, however great a community may be, the individual is more free under a democratic than under an autocratic system. And his freedom is seen to lie less in the absence of restraint than in the realisation of self-government.

The view of Rousseau and his generation was doubtless largely due to the fact that the possibilities of local and sectional self-government had not in his time been appreciated. To the application of these methods of decentralisation I shall come, in the next section, in dealing with the second fallacy behind the Collectivist's argument. I wish now to speak of the application of the principle of self-government to industry in its most general form.

That community is most free in which all the individuals have the greatest share in the government of their common life. In every struggle for liberty, the enslaved have always demanded, as an essential preliminary to all self-government, the right to choose their own rulers. This applies in industry no less than in politics. While the citizen has his King and his Parliament imposed on him independently of his will, he cannot be free. Similarly, while the workman has his foremen and his managers set over him by an external authority, then, however kindly they use him, he has not freedom. He must claim, as a necessary step on the road to industrial emancipation, the right to choose his own leaders. To deny this is to adopt towards industrial democracy exactly the attitude that the defenders of autocracy or aristocracy adopt towards political democracy.

The reception of the Guild idea among Socialists has shown that many Socialists have forgotten their democracy. In political self-government they see nothing more than a convenient practice of 'counting heads to save the trouble of breaking them.' They regard government as essentially a mechanism, designed with the object of securing mechanical efficiency; they do not see that the problem of self-government is a moral problem, and that the task of social organisation is that of expressing human will. Their theory is inhuman, because they neglect will, which is the measure of human values.

The Guildsman approaches the problem in a more philosophic spirit. He desires not merely to provide a mechanism for the more equal distribution of material commodities; he wishes also, and more intensely, to change the moral basis of Society, and to make it

everywhere express the personality of those who compose it. He seeks, not only in politics, but in every department of life, to give free play to the conscious will of the individual. Admitting the failure of political democracy to achieve all that its pioneers promised, he refuses to be disillusioned, or to give up his belief in the ideal for which they strove. Behind the failure of actual political democracies his eyes are keen enough to descry the eternal rightness of democracy itself, and his wits sharp enough to understand why we have failed in applying it. We have erred because we have had too little faith : driven by the logic of events, we have pressed for democracy in the political domain, but we have still regarded it mainly as a means of securing certain material ends. We have never really believed in democracy ; for, if we had, we should have tried to apply it, not to politics alone, but to every aspect of human life. We should not have been democrats in politics and autocrats in industry : we should have stood for self-government all round.

Democracy rests essentially on a trust in human nature. It asserts, if it asserts anything, that man is fit to govern himself. Yet every criticism passed upon the Guild system by Collectivists, who are loud in their lip-service to the democratic principle, reveals that they are fundamentally distrustful of human nature and human capacity. They admit the right of the worker, as a citizen, to a vote in the choice of his political rulers ; but they refuse to the same man the right to elect his industrial rulers. The contradiction is flagrant : the explanation of it is discreditable.

Political democracy is accepted because it has so largely failed : it is the very fact that it has not made effective the will of the individual citizen that has

caused the opposition to it to die down. The fear of many of those who oppose industrial democracy is that it would be effective, that the individual would at last come to his own, and that, in learning to control his own industry, he would learn also to control the political machine. The day on which he learnt that would certainly be a black day for the bureaucratic jugglers in human lives whom we still call statesmen—or sometimes New Statesmen.

Collectivists may take their choice : they are knaves, who hate freedom, or they are fools, who do not know what freedom means, or they are a bit of both. The knaves are not Socialists at all ; they are divorced by their whole theory of life from the democratic idea that is essential to all true Socialism. The fools may become Socialists if they get a philosophy : if, ceasing to think of social organisation as a mere mechanism and of self-government merely as a means, they try for themselves to understand the moral basis on which Socialism rests. If they do that, they cannot but realise that political democracy by itself is useless and that industrial democracy is its essential foundation : the expression of the same principle in another sphere. They will see that the Collectivist theory is built upon distrust, and, if they are good men, they will reject it on that ground alone.

It is a view deeply rooted in the British mind that the nastiest medicines are the most wholesome. In the same way, we have been too ready to believe that the most nauseating system of social organisation will be the most efficient. How many Socialists of the old sort really believe in their hearts that Collectivism would lead to a system of production more efficient, in the capitalistic sense, than that we have now ? The

fact that they hasten to advance against National Guilds the very arguments that Anti-Socialists have always urged, with at least equal justice, against themselves, proves that they have always doubted. They reject as absurd the Guildsman's argument that a good system of production demands good men, and that a man cannot be good, as a maker or producer, unless he is free. Collectivism is the 'doubting Thomas' of the Socialist faith; there is but a veneer of humanitarianism over its belief in the mid-Victorian heresy of original sin. Upon such a gloomy gospel of despair, no great Society can be built. And, after all, if men are like that, is it worth while to build anything?

## II

I come now to the second fallacy upon which the Collectivist bases his argument that the Guild system would not bring freedom to the individual worker. When the Guildsman urges the dangers of bureaucracy in the Collectivist State he is met with a *tu quoque*; the Guilds, he is told, will be no less bureaucratic. Nay, they will be even more so; for they will substitute for the single great tyranny of the centralised State a multitude of petty tyrants, each of whom will be to the full as oppressive to the individual as the responsible civil servant is likely to be. As Sir Leo Chiozza Money has put it, a tyrant is none the less tyrannical for being a petty tyrant.

This view, or some view resembling it, is taken by critics of the most diverse types. On the one hand, it is the argument of the bureaucrat who would reduce all aspirations after freedom to an absurdity; on the other, a very similar view is advanced by some lovers

of freedom who, while they wish to realise industrial democracy, fear the centralisation which they believe to be essential to the system of National Guilds. The two types of objection demand very different answers, though it is not possible to keep them wholly distinct. I shall deal in this section with the former line of attack, and shall come in the next to that which is more dangerous, because the motive behind it is more worthy.

It will be well, however, to guillotine the Girondins before turning our attention to the Jacobins. The Collectivist urges that the workman has to choose between two tyrannies, and that the tyranny of State Socialism will be less oppressive, as well as more efficient than that of the Guild. The tyranny of the State Department, or the tyranny of the great corporation, which is it to be ?

It is here once more necessary to remind the Collectivist that he is dealing with men, and not with machines. The answer to the problem is in terms of human character. We have to ask ourselves which of the two alternative systems is the more likely to call into play the qualities of initiative and independence. For the danger of bureaucracy in any system of organisation varies inversely with the spirit of independence displayed by the individuals whom it governs.

Political democracy, we have agreed, is ineffective because, resting upon an autocratic industrial system, it does not call into play the energy needed to control it. Over the vast mechanism of modern politics the individual has no control, not because the State is too big, but because he is given no chance of learning the rudiments of self-government within a smaller unit. In the business of his daily life he is subject to an

autocracy which at every turn stifles, instead of developing, his natural capacities for self-government and self-assertion. Autocracy in industry finds its inevitable reflection in political bureaucracy. On this ground it has too often been concluded that all institutions are naturally bureaucratic, and, despairing of freedom, men have concentrated on the task of reducing the number of responsible bureaucrats. But democracy in industry is very different from political democracy. In industry the individual is dealing with something that he himself understands, with something free from the vague glamour with which the politician contrives to surround his own sphere of operations. The Guild officer will not be able to go the way of all politicians, because the Guild member will soon find him out and learn to control him.

No Guildsman denies the need for discipline and order within the Guild. What he does deny is the Prussian theory that discipline can only be secured through tyranny. Given a Guild permeated by the spirit of equality and well provided with democratic institutions, all needful discipline will follow. For man is not naturally a rebel against order, unless the order is itself unjust.

I have many times heard employers of labour advance, almost in the same breath, two contradictory opinions which bear upon this point. Having told you that all workmen are lazy dogs and that the only thing for them is the iron heel, the Capitalist will go on, without a break, to declare that his workers give him no trouble, because he always puts the right men over them. There is, behind this contradiction, an important truth. It does matter very much what kind of foremen the workers have set over them. Where,

as in too many modern factories, the foreman is chosen for his slave-driving capacities, the worker is naturally and justifiably a 'lazy dog'; what work he does is done grudgingly, because it is exacted by means of a suspicious compulsion. Where, on the other hand, the employer has sense enough, from his own point of view, to choose foremen who trust their men and treat them as human beings, there are many cases in which work is done well and cheerfully, even despite the permanent exploitation under which the worker is suffering. So ready are most men to obey and to work willingly that they are prepared, in return for so small a concession, to forget the great injustice of Capitalism itself.

If this is true under the present system, how much more will it be so in the Guild, where there will be no consciousness of exploitation to stay a man's hand from giving manfully of his best! To do good work for a capitalist employer is merely, if we view the situation rationally, to help a thief to steal more successfully; good work done for the Guild will be done in the interests of a society of equals, and will appeal to the highest and strongest of human motives—the sense of fellowship. Even a purely rational man would work well for his Guild: how much more willing will be the service of the average man, a creature of sentiment, ever more inclined to give than to take, if only he can feel that in giving he is serving a fellow and an equal!

All this will seem the veriest nonsense to the hard-headed business-men who have of late years become converts to Collectivism, and even to the more sentimental rank and file of the Socialist movement, who combine with an almost maudlin personal benevolence a capacity for swallowing the most cynical doctrines

on the subject of human nature. The Fabian heresy of distrust has sunk deep into our souls ; even if we admit the vast difference that a good foreman can make to the spirit of the workshop, the most part of us cannot believe that the workers in the Guild would know how to choose the right foremen. Just as democracy in politics is assailed because it brings the demagogue to power, democracy in industry is feared because the workers might elect to be led by industrial demagogues.

The fact that in politics this fear is not groundless lends the argument plausibility. But the Guildsman's whole answer is based on the difference between politics and industry. The demagogue can succeed in political life because the individual voter has so little check upon him ; there is no political check-weighman to tell the worker when he is being cheated. The politician makes his election speeches and is triumphantly returned—on promises. He remains in power for a number of years, during which things happen. He and another man very much like him, who poses as his opponent, then return to his constituency and make more promises. Even if the worker has suffered inconvenience and oppression he can hardly bring it home to the bland and persuasive gentleman in the frock-coat. He listens again to the specious rhetoric, and the demagogue is again returned to power. Or, if he decides in favour of a change, and elects the other fellow—" plus ça change, plus c'est la même chose." The misdeeds of politicians come not home to roost.

But can any reasonable man suppose that democracy in industry will follow the same course ? Let us face the worst possibilities of the case. In the Guild there will be many kinds of officials to elect, from the foreman of the individual shop to the members of the national

executive council. Let us take the two extreme cases separately.

Suppose, when the workers first win the right of choosing their leaders, they show a general tendency to elect incompetent foremen. Very possibly they will do so ; but what will follow ? At every turn, every hour of every day, the workers in the shop will be conscious of the incompetence of the man they have chosen. He will be dealing with matters that they themselves understand, and his interference will soon be resented by men who know his business better than he knows it himself. When the day of re-election comes round they will have had enough of him and his sort to make them choose a more capable man in his place. The workers will have to learn the art of choosing the right foremen ; but, given these conditions, can it be doubted that the lesson will be learnt, and learnt without delay ?

On this point the case is clear ; but what of the other extreme ? Will the workers know how to elect their national officers, above all those in whom the higher kinds of technical, commercial and professional capacity will be essential ? Let us admit that this is not so easy, though here too the method of trial and error will produce its effect. Moreover, in learning to choose the right local officers, the members will have mastered the first great lesson of self-government ; they will be able to go on and master its further lessons.

As we shall see in more detail later on, the national executive of the Guild need not be selected by means of a simple mass ballot of all the members. Many and various forms of local and sectional election could be employed, according to the needs of the various Guilds. Thus, the corporate capacity of each district and of

each craft within the industry would be called into play, and the same incentives to a right choice as apply in the election of foremen would operate here also. One of the main problems of Guild government will be the securing of a national executive that represents the General Will of the members.

Of this more hereafter. But what of the more distinctly professional officers of the Guild ; what of those who will correspond to the technical experts, general managers, and heads of departments in the industry of to-day ? For these there is no need to adopt the method of mass election ; in many cases they would no doubt be appointed by the executive committee. The technical expert can hardly be chosen by a mass vote, for his expertness is *ex hypothesi* something which the majority of the members of the Guild cannot hope to understand. The same contention applies with equal force to the commercial experts, who will be in charge of the trading operations of the Guild. They, too, cannot be well chosen by a general vote. It is enough that they should be the servants of an authority directly representing the whole Guild ; for it is the business of the expert to provide the means of securing the ends which the democracy has in view. The executive might well select and control all such experts. Then, if the expert made himself unpleasant, and the executive refused to remove him on direct protest from the branches of the Guild, the affair might be thrashed out in the delegate meeting, which would be, in such a case, supreme.

I have put the position concretely and dogmatically for the sake of clearness ; but, of course, the Guild may always play the game of ' Cheat the Prophet.' It will be for the Guild to decide on its own methods

of democratic government; I am only stating what seems the most obvious solution.

It seems, then, that the Guild can be fitted to choose its leaders at both ends of the series, both in the small shop unit and in the great national unit. Doubtless it will learn the art of self-government gradually, and there will be mistakes at first; but these mistakes will be largely got over in the intermediate period when the Guild has still only a partial foothold in control. Men may become democrats by conviction, but they become good democrats only by practice. Every new system must fall into errors; it will survive its errors if the ideal behind it is worthy of humanity.

## III

Any old stick was good enough for beating the dull dog of Collectivism; I have now to deal with an attack that is more deserving of respect. We have seen that the Collectivist argument, reduced to its logical elements, amounts to a denial that freedom is either possible or desirable for the mass of mankind. I come now to those who, while calling themselves 'Guildsmen,' believe that a system of National Guilds would not secure the freedom or the initiative they require. They are frightened by the word 'national,' upon which *The New Age* has always strongly insisted.[1] My answer to them brings me to the heart of the argument I am trying to develop; for my main object is to prove, first, that a national system of industrial organisation is essential, and secondly, that such a national system need not mean bureaucracy and centralisation.

[1] I am here speaking of the word 'national' as opposed to 'local.' I am not raising the issue of nationalism *v.* internationalism, for which see my *Labour in War-Time*, Ch. I.

It will be well to begin by defining the case against National Guilds more exactly. The attack comes mainly from the mediævalists, and finds its chief expression in the writings of Mr. A. J. Penty.[1] I should not be taken as attributing to him all the opinions that follow ; I merely mention his name as that of one of the foremost defenders of the mediævalist position.

" The defect of the Socialist movement to-day," Mr. Penty once wrote in *The New Age*, " is a certain timidity which comes from it still having some faith in Industrialism." " Having given up the hope of saving existing society, it will be able to lay the foundations of a new one by setting in motion forces which run counter to modern tendencies."

Mr. Penty's immediate object in the article from which I quote was to convict me of being, at bottom, an ' Industrialist ' or a ' Modernist,' masquerading in the thinnest and most transparent of mediæval gauzes. Applied to the system of National Guilds, his argument would run something like this—or so I have heard it put by some who profess to agree with him.

" Your National Guilds are an attempt at compromise. You are trying to save machine-production and Industrialism, which you hate, simply because you believe the tide of circumstance to be too strong for you. You have fallen into that economic determinism which has been the curse of modern Socialism ; instead of striving for what you see to be good, you are merely drifting with the current. You differ, in fact, from the Collectivists much less than you think ; you accept, like them, large scale production. That once conceded,

[1] Mr. Penty has, I know, since modified his view of National Guilds ; but he will forgive me for using his admirable expression of his earlier view as a text on which to hang my comments.

all your aspirations after freedom must be futile ; you are trying to patch the rotten structure, when you ought to go out and smash it. Your National Guilds, based on the Capitalism of to-day, and the inheritors of its tradition of meanness and slavery, will themselves be almost as mean and servile as the system they arise to replace."

That is a view which I understand and respect, though I hold it to be wrong. It is at least the error of a man, and not of an automaton.

I cannot here repeat the arguments for and against machinery, or do more than state the view, that machines, rightly used, may be beneficial over a great part of industry, harmful as they undoubtedly are to many skilled crafts. Assuming that the right spirit in which to approach machinery is not that which would destroy it everywhere, but that which would change it from a master to a servant, I want to inquire whether the accusations levelled at National Guilds are really justified. Does mechanical, large-scale production inevitably mean bureaucracy and the loss of individual freedom ?

As we saw in the first section of this chapter, there is a sense in which everything that makes life more complicated means a loss of freedom. But that is to conceive freedom after a fashion that renders every form of human co-operation an instrument of slavery. Such a view rests on a fundamental disbelief in the power of men to organise their lives on any but the simplest basis. It is the standpoint of those who repudiate the Nation-State, and demand a return to the City or the local Commune. Those who believe in National Guilds hold that it is possible for the demands of freedom to be satisfied over a larger area. But they

are fully alive to the dangers of this wider centralisation.

The Nation-State, we saw, cannot but be false to its profession of democracy so long as it remains a great, undigested mass of individuals, whose sole recognised bond one with another is their citizenship in the great Society. If the community is to be truly self-governing there must be within it many forms of grouping, political, industrial and the like, local as well as central, uniting men by bonds at once more narrow and more intense than those which link them together one and all in the community. There must be a strong municipal life and a strong Guild life, or there will be bureaucracy at the centre and rottenness and apathy in the members. But if this is true of the community as a whole, is it not true equally of the smaller communities within it? Will not the Guilds too have to be complicated in structure and government, if their democracy is to be more than a sham? And, if a free constitution can be secured within the Guild, will not this go far to meet the objections of those who fear that the new system will be bureaucratic like the old?

There are not a few people who are frightened of the centralisation which seems to them to be implied in such a name as National Guilds! But surely they are wrong in believing that centralisation is implied. Local initiative can be given free play within a national system.

The first point on which Guildsmen insist is that the system should be national. Here they come into conflict with an opposing school, represented chiefly by the French Syndicalists and their forbears, the Communists. Bakunin and those who derive their doctrines from him have always believed in the autonomous local

Commune as the basis on which a national or international system should be built. Everything larger than the Commune has been, to their mind, *federal* in character: the freedom of the locality has been the cornerstone of the whole system. In extreme opposition to them stand the *centralisers*, who believe in the large unit for its own sake and for the sake of efficiency, and who are quite unmoved by the dangers of bureaucracy which it involves. Both these schools of thought I believe to be wrong.

The third view I will call that of *decentralisation*. It is important to realise in what respect it differs from the federal view, which, superficially, it seems to resemble. Federalism implies that all power rests originally in the small unit, which may then, of its own free will, surrender a certain amount of it to a larger body. The larger the unit, the less the power; for each unit can only hand on a part of the power it has received from the unit below it, and there is accordingly a continually decreasing scale of power from the local to the national body. Federalism begins at the bottom and builds up. As we shall see shortly, its failure in the sphere of modern Trade Unionism has been flagrant: nor is there greater hope for it, at least in Great Britain, as a basis for the future industrial society.

Decentralisation, on the other hand, begins at the centre—in this sphere, with the democratic, equalitarian, national, industrial Guild. Those who advocate it realise that with the dead ideal of the self-contained and almost self-sufficing City-State must pass away the corresponding ideal of the isolated local workshop or group of workshops. The national organisation of the community demands a national organisation of

industry, and, under such conditions, it is only possible to maintain freedom by giving it scope within the larger unit. As surely as no Nation-State can avoid autocracy unless it possesses an effective system of local and sectional institutions, the National Guild can avoid bureaucracy only by setting its house in order from within. If the State is to be healthy, industry must be made self-governing; but no less certainly, if industry is to be healthy, must the workshop and the locality be given freedom within the Guilds.

Syndicalism and the craftsman's attitude which we have been examining alike arise from a despair of ever getting truly representative government. It is to the honour of the National Guildsman that, even in the midst of the misrepresentative institutions under which we now suffer, he has never despaired. He has sought, instead, to find out why representation has failed in the past, and has seen that the solution lies in applying the democratic principle in every sphere. The small unit, he has realised, is essential; and, under modern conditions, this can only be secured by sectionalising the larger unit, *i.e.* by decentralisation. But if this principle holds good in the political sphere, it is clearly no less true of industry.

If critics of the Guilds are still unsatisfied, there is a further line of attack they can pursue. It may be urged that the whole tendency of modern Trade Unionism is towards centralisation, which is almost universally admitted to be essential to the success of the Unions as fighting organisations. This being so, is it not reasonable to fear that the Guilds, which Guildsmen hope to see grow out of the existing Unions, will inherit their centralisation, even when the need for it has passed? To this question I shall turn shortly. What

is important for the moment is to bring out the full implications of the argument. The 'Federalists,' those who believe in the independent small unit and not in decentralisation within the large unit, must, if they are to be logical, despair, not only of Industrialism, but also of Trade Unionism, which is the product of the conditions it will in time supplant. But if, having despaired of representative government, we go on to despair of industrial democracy as well, then wherein lies our hope?

We are, as a rule, bidden to rely upon a return to Mediævalism, to run boldly counter to the stream of modern tendencies, and to aim at restoring the productive methods of a period in which artist and craftsman were not yet divorced. I believe this statement of the mediævalist case, right as it undoubtedly is for certain 'artistic' crafts, to be based on a confusion of thought. It is true that William Morris went straight to the heart of the problem when he pointed out that the mediæval workmen had joy, because he had freedom, *in his work*. The Middle Ages, at their best, before the decadence, combined the two characteristics of localism and freedom. The industrial world of the period was a world of towns, each more or less completely isolated from its neighbours, within whose boundaries much the same free small-scale production was carried on. Upon these conservative communities burst the bombshell of Capitalism, the invention in the first instance not of the producer, but of the trader exploiting the new-found possibilities of a world-market. Capitalistic trading, national or international even at that date, was inevitably far more than a match for the small local communes and townships, each of which stood by itself. Had the cities controlled such national

governments as there were, there might well have been a different story to tell; but the rising national States were in every case hostile to the pretensions of the cities, which they saw only as barriers in the way of centralised government. The capitalist trader triumphed, and gradually he became the industrial magnate. Finance, the pioneer as usual of large-scale organisation, conquered production and annihilated freedom.

This, however, does not prove that large-scale production is necessarily inimical to freedom. Freedom fell, not because the City gave place to the Nation, but because it was the trader, who was also the financier, by whom the revolution was accomplished. Autocracy organised on a grand scale, while democracy still clung to the small unit. The result was that autocracy overcame, as the large unit will always overcome the small, whenever a conflict arises. It is only possible to beat the enemy with an army his own size. Split up the army if you will: have your corps, brigades, regiments, companies, platoons; but let it be one army, or it will go to disaster. In short, federalism and the policy of comparative isolation must give place to decentralisation, which differentiates without disintegrating. The future for the great industries lies, not with local Guilds, but with National Guilds allowing local and sectional freedom.

## IV

"You can only beat the enemy with an army his own size." If the holding of that opinion makes us 'Modernists,' let us be 'Modernists' by all means. If Capitalism is to be overthrown, the workers must

not only be animated by a common spirit of class-consciousness ; they must present a solid front. They must organise again *la grande armée* of the Revolution, and, whatever sub-divisions it may contain, it must be one army, marching, under the impulse of a common idea, against the common enemy.

It is unnecessary greatly to labour the point that, if we are to have a great change, it must come by means of big battalions. The whole history of Trade Unionism forces this conclusion upon every competent observer. Everywhere is found, among the small Unions, stagnation or failure, among the larger Unions, growth and comparative prosperity. Among national Unions, craft gradually gives place to industry as the basis of organisation ; while local Unions are swallowed up one by one by those of national extent. It is the latter process which chiefly concerns the present argument.

Take, for instance, the case of the miners. We have here an edifice of three, or, in some cases, of four stories. Everywhere the structure is based, in origin and intention, on the pit lodge, including the men working in a single pit. These lodges are combined in various ways—I omit all points of detail—into County Associations. Sometimes several of these are grouped in a larger, but still an intermediate, body, such as the Midland Miners' Federation or, till recently, the Scottish Miners' Federation. Lastly, the various County Associations, or larger units, where such exist, are united in the Miners' Federation of Great Britain. Thus, there are at the least three degrees of grouping—the pit, the county and the nation. There may even be five—the pit, the district, the county, the federated counties, and the nation. I can omit altogether the

district, which is never more than a part of the administrative machinery of the county unit.

The whole intention of this structure is clearly federal, and federal in many respects it actually remains. The current, however, is setting more and more strongly towards centralisation, and the recent history of the miners is a good instance of federalism denying itself in practice.

In some places, the lodge, which means the pit unit, is still more or less autonomous. There is, however, no case that I know of in which the lodge continues to rely simply on its own funds. Even where the lodge preserves, wholly or largely unimpaired, the right to declare a local strike on its own responsibility, it has some claim to call upon the county funds in support of such a dispute. But this means the creation of a central fund in the hands of the County Association, and with centralised funds goes either a considerable amount of central control or else disaster. The reformers in the South Wales Miners' Federation complain that in the past their central funds have been continually depleted by local strikes—usually unsuccessful—and that, as a result, they have never been able to meet the employers on equal terms. When occasion has arisen for a strike extending over the whole county area, they have found their coffers empty; they have been forced either to remain inactive, or to court defeat or, at best, unsatisfying compromise. Thus, in the national miners' strike of 1912, it was only the poverty of the S.W.M.F. that made South Wales favour a settlement.

Local autonomy, or, at any rate, pit autonomy, will not work in the mining industry. Where the local strike continues, it can only be effective if it has the

financial support and the countenance of a larger body. A centralised South Wales Miners' Federation is an organisation on so large a scale as to give rise to very difficult problems of democratic control. This the authors of the *Miners' Next Step* have clearly seen, and we shall have to return to the question of control later on. What concerns us now is that the large-scale organisation is seen to be so necessary for fighting efficiency that the only course is to provide good government, which means freedom, within it.

We see, then, the South Wales Miners' Federation abandoning lodge autonomy and passing from a Federation to what is practically a Union. Still more significant is the case of the Scottish Miners; for here, until quite recently, there were a number of distinct county associations, each more or less centralised in itself, federated into a larger body covering the whole of Scotland. In 1914, the Scottish Miners' Federation became the Scottish Miners' Union. For sick benefits and the like, local finance and local customs are retained; but for trade purposes, the Scottish Miners now form a single unit. As the various County Associations in the Midlands drew together in the Midland Federation, the Scotch had their national Federation: they have now outstripped England in forming themselves into an amalgamation. Once more the principle of federalism has been denied; instead of delegating a part of their powers to a larger and looser body, the various Associations have merged their unity in the interests of fighting strength. Federalism has given place to centralisation: such powers as the localities retain must be accounted as decentralisation, and no longer as federalism.

The same forces are at work in the Miners' Federa-

tion of Great Britain itself. More and more, in face of national combination on the side of the employers, the workers are being forced to come closer together, and the Federation to take action as a single unit. When such common action becomes normal, the weakness of the federal organisation at once makes itself felt. For, while in strikes confined to a single county area, or to South Wales, or Scotland, or the Midlands, it is possible, by means of the levy which the M.F.G.B. can impose at need, to strengthen the district concerned, the case is quite different as soon as the dispute is of national extent. Then, as was seen only too clearly in 1912, the strength of the whole Federation is the strength of its weakest link, of that county which has least money in its war-chest. The 1912 strike collapsed because of the bankruptcy of some of the districts. As soon as this is realised, there follows the demand for centralised finance and control of national policy, the demand for the conversion of the Miners' Federation of Great Britain, in fact, if not in name, into something more like a national union.

I have taken but a single example of the tendency towards centralisation, because it is necessary to go into some detail if a true idea of the situation is to be given. Much the same facts apply wherever a system of local autonomous organisations more or less loosely federated is attempting to cope with the massed force of Capitalism. Everywhere the federal principle tends to break down and to give place to a more centralised system. Thus, the same forces are beginning to operate in the cotton industry, long regarded as the chosen home of federalism, and probably in fact the sphere in which federalism will linger longest. I have, however, no space to deal with any other case in detail.

The miners must serve as typical of the general tendency.

This movement towards centralisation is, it should be noticed, no mere drifting with the tide. It is the conscious statesmanship of the workers, and in its success lies their one chance of supplanting and overthrowing Capitalism. Labour must centralise, or it will be beaten; but as soon as it centralises, new problems of self-government arise within the Unions themselves.

It is no part of my aim here to travel again over ground I have already to some extent covered in *The World of Labour* (Chapter VIII). It is enough to repeat that, if the great Union is not to fall into bureaucracy, if it is to represent effectively the will of its members, if it is to do successfully its work of fighting the employers, it must give all possible freedom to craft and local interests within itself. This is true even from the point of view of the old, defensive Trade Unionism: much more is it true as soon as the Union passes from the stage of fighting to that of control. It is clear that the mediævalists are right in believing that a highly centralised system of control would be fatal to that freedom in production which the Guilds are to realise. I shall therefore try next to describe, with a full consciousness of the fallibility of all prophets, the method of internal organisation that a Guild might adopt. The aims of this model Guild constitution will be at once to ensure unity and co-ordinate production on a national scale, and to safeguard diversity by giving the locality and the craft free play and fair representation within the industrial Guild.

## V

In applying ourselves to the task of prophecy, it will be well to begin with general principles. Our model Guild statutes will be to some extent unlike any actual statutes that could ever exist, just because they are formed on general principles without regard for the particular moment or sphere of their application. Let us try to see first of all what these principles are.

In the first place, the Guild statutes must make the individual self-governing not only in name, but in fact. They must embody not a 'paper' democracy, but a real democracy which will encourage, and not merely allow, the individual to express himself. They must aim at giving to every man the feeling of freedom, which is the basis of true self-government. Furthermore, they must enable the workers not only to choose their leaders, but also to exercise a check upon those whom they choose.

Secondly, the statutes must try to combine freedom with efficiency—not that capitalistic efficiency which turns man into a machine and secures a dead level of mediocrity by the destruction of all native genius; but an efficiency based throughout on the development of individual initiative, emphasising valuable differences, bringing out all that is most distinctive in individual, locality or nation.

Both these objects, we have seen, can be secured only by means of a decentralised constitution. The gathering-up of all power to a single centre means bureaucracy, and means just that dead-alive mediocrity which goes to-day by the name of 'industrial efficiency.' On this point, we may take a lesson from Capitalism itself. Not so long ago, the world awoke to the gravity

of a new industrial phenomenon which it called 'the trust problem.' The trust, in its earlier and cruder Transatlantic form, was simply the 'big business' —it concentrated capital and management into one colossal accumulation, and, in the process, it very often swept away the difference between firms: in short, it standardised production. We all know the line the Socialists took when confronted with this super-Dreadnought type of Capitalism. They attacked the abuses of the trust system, and pointed out the exploitation of the consumer which resulted from it; but their remedy was not the destruction of trusts, but their nationalisation. They never realised the human dangers of 'big business'; not they, but the Anti-Socialists showed how the trust resulted in the crushing-out of initiative, in the world-wide triumph of the man-machine. At the same time, those who realised this danger were equally short-sighted in their attempt at 'trust-busting'; they failed to see that there is no way out of the trust system, public or private, except industrial democracy.

But while the trust movement was gaining ground and attracting universal public attention, a second movement towards industrial combination was quietly at work in Europe. In the public mind, rings, cartels and trusts are too often lumped together without distinction; but the difference between them is of the greatest importance for Guildsmen. The 'ring' may be only a trust in process of formation; the fully developed 'cartel' is a distinct type, and is Capitalism's latest and best form—from the capitalist point of view. Briefly, the cartel, instead of destroying difference, aims at retaining it. It leaves the management of every 'works' in separate hands, and only co-ordinates

their forces in face of the consumer. It regulates sale, supply and demand, and keeps a watchful eye on efficiency, and often on labour conditions—all of course from the capitalistic standpoint; but the methods of production it leaves, generally speaking, to each separate factory. In this way it does undoubtedly secure a higher degree of efficiency than the complete trust; it standardises price, but it avoids the standardising of production.

The Collectivist Utopia would be a world of public trusts; the Guild Utopia will be a world of producers' cartels, worked in the interest of the whole community. If the Guild is not to fall into mediocrity, it must preserve the distinctness of works from works, of locality from locality, and of nation from nation. It is the organisation of human differences on the basis of human identity.

We shall begin, then, in describing the Guild statutes, with the simplest unit, and shall work up gradually to those which are most complex. At every stage we shall be able to indicate roughly the work to be done and a possible machinery for the doing of it. Thus, we shall find as the lowest stage the single 'shop' within the works. Next will come the whole works or factory, then the whole district in which the factory is situated, and, lastly, the whole Guild, with its various governing and executive bodies. At each stage, again, we shall have to deal with a double problem. We shall have to ask, first, how the governing bodies are to be chosen and controlled, and secondly, how the Guild officers, from the shop foreman to the head national officers, are to be chosen and controlled. Furthermore, we shall have, in each case, to discuss the distribution of power between officers and representative bodies.

Throughout our system, one principle will be operative. Collectivism means for the worker government from above; and we have given it as the essence of the Guild idea that it means government from below. At every stage, then, wherever a body of men has to work under the supervision of a leader or officer, it must have the choice of that officer. And, in the same way, every committee must be appointed directly by those over whose work it is to preside. Sweepingly stated, this is the general principle on which Guild democracy must rest. I shall come shortly to its more particular applications.

On the other hand, this insistence on the principle of direct democracy—which is indeed the only real democracy—must not lead us, as it has led many of its supporters, to ignore the unity of the Guild. The cartel leaves its constituent firms free to carry on the normal business of production as they choose; but it acts as a unit, even a coercive unit, in the regulation of price and supply, and in enforcing general rules which are necessary for the good of the trade—again, be it said, from the capitalist point of view. In the same way, the Guild authority acting in co-operation with, and in the interests of, the consumers must regulate supply and enforce general rules over the whole Guild. The regulation of prices under the Guild system I discuss in the next chapter. Besides these functions, it will clearly be the duty of the Guild to secure the adoption of new inventions and processes, first introduced in one workshop or locality, wherever they may be of use, and to keep a general watch on the working of the various branches. To these points we shall have to return in discussing the constitution of the central authority.

The establishment of the Guilds will be the workers' act of faith in themselves, and we may therefore believe that many of the elaborate precautions which Guildsmen advise will be, in the event, unnecessary. The establishment of a free system of production will not, we believe, be followed by a monstrous attempt on the part of the workers as producers to practise fraud on themselves as consumers. But, since we believe that the workers as consumers would exploit themselves as producers, because consumers' associations can never be democratic in character from the producer's point of view, we see the necessity of answering the critics who have the same fear of National Guilds. Guildsmen ourselves, we do not accept the parallel; we believe that freedom is natural, and slavery unnatural to man; indirect 'democracy' we regard as a form of slavery, only more disguised than other forms; and we hold that a society which organises its industry on the basis of consumption will be inevitably servile. But a free system, we hold no less strongly, will bring to the front man's natural qualities—his sense of fellowship, his desire to express himself in Rousseau's phrase, his *amour de soi* and not his *amour propre*. Unlike Collectivists, we are ready to trust the people.

But living in an untrusting world, and, worse, in a world where men have so lost the power of trust that it will take long to recover it, we must meet the questions of those who do not share our faith. Of such unbelievers I would ask whether the system of organisation that is being outlined in this chapter does not offer a reasonable prospect of combining with the freedom Guildsmen desire the safeguards Capitalism has taught Collectivists to regard as necessary. I had

almost said 'necessary evils'; but I fear that many a Collectivist no longer regards such a system of safeguards as an evil.

## VI

I now come at last to details. For convenience I shall speak throughout of a single industry; and I have chosen Engineering, because it seems most fully to illustrate all the points that arise. It should, however, be understood that the Engineering Guild is taken only as an illustration, and that I am even neglecting many features in it which make it abnormal. The proposals I am advancing remain general and typical, and would have to be modified to fit any particular case—even my chosen example of Engineering.

I desire to make it quite clear that I do not imagine myself to be forecasting any form of organisation which will ever actually exist. I am only trying, as far as one can in theory, to make plain the principles of industrial democracy by means of a detailed hypothetical example. This clear, I can go on.

I begin, then, with the methods of electing the various Committees, national and local, by which the Guild will be governed. These it will be best to set out point by point.

(*a*) *Shop Committees will be elected by ballot of all the workers in the shop concerned.*

The National Guild will include many separate works, corresponding roughly to the 'firms' or businesses of to-day. In each of these works there will be, as there are now, a number of 'shops.' Thus an engineering

works may have its drawing office, pattern shop, foundry, toolroom, planing, milling, turning and boring, grinding, and fitting and erecting shops, its stores, and its various offices, receiving, shipping, financial, etc. In each of these shops, or wherever it may be necessary, the workers will elect a Shop Committee, to look after the interests and the efficiency of the shop. The number of shops, and accordingly of such Committees, will, of course, vary as the whole works is more or less large and complex. The Committee will act as a counterpoise, where one is needed, to the authority of the foreman, and will further serve as the intelligence department and executive of the shop. It will be democratic, in the sense that it will be chosen directly by those with whom it will have to deal.

(*b*) *The Works Committee will be elected sectionally by ballot of the members of each shop.*

All the shops will have both interests in common and interests distinctively their own. On the Management Committee of the works as a whole it will therefore be necessary to reconcile these different points of view, both for the securing of harmony and for the co-ordination of the various departments. It is likely that these objects will be most easily secured by allowing each shop to appoint, by direct ballot, its own representative to sit on the Works Committee. Such sectional representation has been found to work well where it has been tried by Trade Unions in the past, as, for instance, by the railwaymen, the dockers, and the steel-smelters.

(c) *The District Committee will consist* (1) *of works representatives, elected by the Works Committee in each separate works, and* (2) *of craft representatives, elected by ballot of all members of each craft working within the district.*

As there will, as a rule, be a number of works in the same neighbourhood, it will be necessary to group these in districts, similar to those in which Trade Union branches are often grouped nowadays. The chief functions of these District Committees will probably be the co-ordination of production over the district as a whole, and the conclusion of arrangements with the municipality or with other Guilds within the district. They will also be the main link between the individual works and the Guild as a whole, and will therefore be of very considerable importance.

On such a body it seems that two forms of representation will be necessary. Each works will have to be represented if the co-ordination of production is to be satisfactorily accomplished; and the works' representatives will clearly have to come from the Works Committee, the body responsible for the management of the works as a whole. But it is equally clear that craft interests must not be forgotten; the moulder from the foundry, the patternmaker, and the fitter may all have their distinctive problems to bring before the District Committee, which must therefore represent them also. As there is in this case no question of co-ordinating various managements, direct universal election can be employed. Thus all the moulders in the district will combine to elect one member to the District Committee, and so on for the other crafts.

(*d*) *The National Guild Executive will consist* (1) *of district representatives, elected by general ballot of each district, and* (2) *of craft representatives, elected by general national ballot of each craft.*

It is clearly of the greatest importance that the National Executive of the Guild should be at once as democratic as possible, and as closely as possible in touch with the feeling of the members, which comes to the same thing. It is therefore essential that it should be chosen not by the District Committees, but by some system of universal ballot. But, in a great national body, an indiscriminate vote for a whole executive by the whole body of the members is seldom really democratic in its effects. A man cannot vote for twenty or thirty persons to represent him nationally with the same sense of certainty and responsibility as he can summon up in voting for a single member to represent his own district or his own craft. On the system here suggested every member of the Guild would cast two votes, one for his district and one for his craft representative; and, on the executive itself, the result would be an equipoise between district and craft interests, from which the general good would be most likely to emerge.

(*e*) *The National Delegate Meeting will be elected by general ballot of the members of each craft in each district.*

The National Executive will not be the ultimate governing body; power will reside, in the last resort, with a larger body, meeting as often as it may be needed, and serving both as a final appeal court and as the initiator of the general lines of Guild policy. This

body, like the Executive, will have to aim at representing the general will of the Guild, and will have the same task of combining the interests and outlook of the crafts with those of the various districts. But in a larger body, consisting in the greater Guilds of at least a hundred members and perhaps of considerably more, it will be possible to adopt a new systen of representation. Delegates will come from each district, and one of each group of delegates will be a member of each craft. Thus, there will be groups of representatives from Sheffield, Newcastle, London, etc. And, from each of these districts will come a patternmaker elected by the patternmakers of the district, a fitter elected by the fitters, a clerk elected by the clerks, and so on. Thus each individual will have someone in the Delegate Meeting who directly represents his interest as a craftsman and as a Sheffield or a Newcastle man.

Such is the general scheme of Committees with the varying methods of election which seem, in general, most applicable to them. The distribution of powers between these various Committees is a more difficult question, with which it will be easier to deal when we have laid down general rules for the election of the various officers of the Guild.

Throughout this system the aim is democracy, reposing upon trust of the individual worker. In each case the power of choice is placed directly in the hands of those over whom each committee has to preside, and the principles of local and sectional or craft representation only come in within this wider system. Provided, however, that special representation is not allowed to contravene this first principle of democracy, it is the chief means of safeguarding the Guild against bureaucracy—and the only means of ensuring real

control by the rank and file. The giving to each committeeman of a more restricted but at the same time more alert electorate secures that the individual workers shall not only elect, but also control, their leaders. It converts a paper democracy into a system of true self-government.

## VII

I turn now to the question of the officials. We know from experience to what an extent the efficiency of a Trade Union depends upon its permanent officials. In even greater degree will the Guild stand or fall as it selects and controls its officers well or ill. In the first place, since it will be no longer a bargaining, but a producing, body, it must choose men who are capable of replacing the capitalists and professionals of to-day, to whom we cannot deny a high degree of business capacity, however we may dislike the use they make of it. In the second place, if freedom is to be a reality in the Guild, the competent officer must be under the control of those whom he directs, and such control is more than ever necessary because of the wide sphere of influence which he will have to occupy. Unless the problem of the officials is far more satisfactorily settled by the Guilds than it has been by the Trade Unions, there will be grave peril for the whole system. It is therefore of the greatest importance that Guildsmen should attempt to face the problem of the election of officials ; and, if they feel more than ever the impossibility of giving a dogmatic answer, at all events to rush in where fools will no doubt abuse them for treading.

We will again set out our scheme point by point.

(*a*) *Foremen will be elected by ballot of all the workers in the shop concerned. The heads of the clerical departments will be elected by ballot of all the members of their departments.*

More and more strikes of late years have centred round the question of tyranny or slave-driving by foremen, and this has been particularly the case in the engineering industry. The workers have clearly an interest in the choice of their foremen, and any democratisation of industry must begin with the reposing in the workers of the elementary trust of electing those supervisors with whom they come continually into direct contact. On this point, at any rate, there should be no need of further argument.

(*b*) *The Works Manager will be elected by ballot of all the workers on the manipulative side of the works. The Manager of the Clerical Departments will be elected by ballot of all clerical workers.*

The duty of the works manager will be the co-ordination and supervision of the various productive departments. Under the general manager, he will be the head of the manipulative side of the works; but he will have nothing to do with the clerical or business side. His election should therefore be the business of the workers directly engaged in production, and not of the clerical staff. Similarly, the workers in the various clerical departments will combine to elect the clerical manager, who will be the head of the clerical side of the works, under the general manager.

(*c*) *The General Manager of the Works will be selected by the Works Committee.*

The business of the general manager will be the co-ordination of the productive and the clerical sides of

the works. In a wider sense than either the works or the clerical manager, who will be mainly engaged in carrying out decisions and devising ways and means, he will be concerned with questions of policy. By making him the nominee of the Works Committee, which represents the various shops within the works, the democratic control of the whole enterprise will be secured, and at the same time it will be possible to avoid the danger of erecting two distinct supreme authorities, each depending on a direct mandate from the whole body of the electors.

(*d*) *The District Secretary will be selected by the District Committee.*

The district secretary's functions, as far as can be seen, will be in the main statistical; he will have to play an important part in the co-ordination of supply and demand within the district, especially in those industries which produce mainly for a local market. It is therefore probable that his powers will vary widely from Guild to Guild, and from district to district. In the main, he will have throughout to act under the control of the District Committee, much as the secretary of a ring or cartel of employers acts under Capitalism. His selection by this Committee seems to follow as a matter of course.

(*e*) *The General Secretary of the Guild will be nominated by the Executive Committee, but this nomination will have to be ratified by the Delegate Meeting.*

The general secretary will occupy much the same position in relation to the National Executive as the district secretary in relation to the District Committee.

But, as his work will be very much wider in scope, he will require the assistance of a large staff, which will fall under the two divisions we have already noticed in the case of the works. He must, in order to avoid a conflict of authorities, be chosen by the Executive Committee; but, as his post is one of great responsibility, and one which directly affects the freedom of the subordinate units in the Guild, there must be some check upon this election. Such a check seems to be provided by a power of veto in the hands of the democratically chosen delegate meeting.

(*f*) *The Assistant Secretaries, who will be the heads of the various departments in the Central Guild offices, will be chosen by ballot of the workers employed in those offices, subject to ratification by the Executive Committee.*

One of the most difficult of the minor problems of Guild organisation is the giving of adequate self-government to the clerical workers employed in the administrative offices of the Guild. Generally speaking, the Guild office should reproduce in its organisation the structure of the clerical side of the single works. The clerical workers should choose their own departmental officers, and only at the top should they be controlled by an authority elected on a wider franchise. The sanction of the Executive Committee may or may not be essential in the case of these assistant secretaries; it is put in here in view of the close co-operation there must be between them and the general secretary.

So far we have been dealing with the distinctively administrative staff of the Guild; let us now turn to the more special question of the expert staff. These, again, will be of several distinct types.

(*g*) *Works Experts will be chosen by the Works Committee.*

It might seem natural, at first sight, that the election of works experts should be the business of the various crafts. In certain cases, where the function of the expert is definitely concerned with a single craft group, he may no doubt be elected by that craft; but, as a general rule, the works expert has a more general task to perform. Not only does his work cover in many instances the spheres of several distinct crafts; he may be concerned with craft questions that belong to another industry. Thus, in a textile factory, there will be needed an expert on textile machinery, but the making of such machinery will be the work of the Engineering Guild. The expert will have to pass qualifying examinations, which will no doubt be in the charge of a professional organisation similar to, and succeeding, the professional institutes of to-day; but, subject to this qualification, he will be elected by the Works Committee.

(*h*) *District Experts will be elected by the District Committee.*

The same arguments apply in this case, except that the experts will be in this case less concerned with the actual business of production, and will have a more purely advisory capacity, as the function of the District Committee will itself be in the main advisory.

(*i*) *The Travelling Inspectors in the service of the National Executive Committee will be chosen by that Committee.*

Clearly, the Central Executive, in its work of co-ordinating the activities of the localities, will have to

retain in its service inspectors, who will visit the districts and works on its behalf. They will succeed to the work of the Mines and Factory Inspectors of to-day, and will play an important part in carrying the latest methods of production from district to district. No longer hostile spies in a strange land, or abettors of the evasions and subterfuges of capitalist producers, they will be the missionaries of Guild enterprise up and down the country. In their case, too, qualifying examinations will play an important part, and they will probably be selected in the main from among the works and district experts.

(*j*) *National Experts in the Central Guild Offices will be chosen by the Executive Committee.*

These advisory officers will be, in the main, of two types. They will have to do either with the technical processes of the Guild to which they belong, in which case they will reproduce on a larger scale the qualifications of the local experts from whose ranks they will be recruited ; or they will be concerned with the relations between one Guild and another. In many cases Guild will be producing for Guild ; and in such cases the producing Guild will often need upon its staff experts in the work of the Guild for which it produces. Sometimes, then, the Guild will draw its expert officer from the ranks of another Guild. In all these cases the election should obviously be in the hands of the Executive Committee. There is no need for a more directly democratic method, because the function of this type of expert is in the main advisory, and he does not come into direct relations with or control any body of workers.

It will be noticed that all through this outline there

has been one very important omission. I have said nothing about either the time for which the various officers will remain in their positions, or about their eligibility for re-election. Annual tenure with re-eligibility will probably hold for foremen and works managers of various sorts; but in the case of the district and general secretaries probably a longer period is desirable, provided there is a method of removal at any time through the Delegate Meeting, Executive and District Conference, or Committee. Experts will probably hold, in most cases, at the pleasure of the Committee which controls them. But the whole question of length of tenure is a matter of detail of which it is not necessary to suggest dogmatic solutions at the present stage.

In most cases the qualifying examinations will probably play an important part. No candidate will be eligible for election to any position of trust unless he has passed certain tests, ranging from the simple tests of the competence needed in a foreman to the severe examinations imposed by a professional institute of the type now represented by the Chartered Accountants or the Institute of Civil Engineers. These professional associations will assuredly survive and co-operate with the Guilds, and beside them will spring up similar bodies representing the unity of technical interest in the various manual-working crafts. In this way an additional safeguard will be placed in the hands of the crafts, and the craft representatives on the Guild Executives will be able to speak with the authority of a craft association, often extending over several Guilds, at their back. In a wise complexity of this type and not in the artificial 'return to nature' which is advocated by those who despair of the great

industry, lies the road to freedom for the individual worker.

## VIII

The sketch of a Guild constitution which has been given in the last two sections of this chapter remains incomplete until something has been said of its actual working. Two leading questions at once suggest themselves. In the first place, what will be the relation between the various Committees on the one hand and the various officers on the other? And secondly, what will be the relation between the single works and the larger units both local and national?

The distribution of power among officials, executives and the rank and file is a source of continual difficulty in the Trade Union movement to-day. In one Union there may be constant friction between the Executive and the General Secretary; in another there may well seem to be an unholy alliance of officials and executive against the rank and file. Even the Delegate Meeting, designed as a more democratic body to counteract bureaucracy and officialism, often seems, from its very size and lack of experience, to be all too easily managed by those whom it was intended to control. It is therefore a fair question to ask whether the faults of Trade Union government of to-day will not reproduce themselves in the Guilds of to-morrow.

To some extent, this question has already been answered by implication. Stress has been laid on the importance of craft and district representation in making the various Executives more really a reflection of the will of the members of the Guild, and, in especial, on the method chosen for electing the Delegate Meeting. When, as in too many Unions to-day, the Delegate

Meeting is merely an enlarged replica of the Executive Committee, elected by the various districts in exactly the same way, the larger body affords no real check over the actions of the smaller body. The one will effectively balance the other only if different methods of election are adopted. I have therefore designed an Executive consisting half of representatives of all grades in each district and half of national representatives of the various crafts; but over against this body I have set a Delegate Meeting elected by each craft in each district severally. Thus, while the Executive will represent the national craft point of view, the local representatives of each craft will have a chance of criticising its actions in the Delegate Meeting and against the local 'all grades' point of view on the Executive will be set the local 'craft' point of view in the Delegate Meeting.

Local and sectional representation will not only secure committees more in harmony with the will of the members; they will also serve to develop and strengthen that common will. Most of the problems of Trade Union government can be traced, in the last resort, to the apathy of the great bulk of the rank and file. But, if only the rank and file secure, as they must under the Guild system, not only a direct interest in the business of production, but also a means of making their interest effective, they will soon learn the double lesson of controlling their Executives and, thereby as well as directly, of controlling their officials. Interest the members, and give their interest a means of expression, and the problem of industrial democracy will be to a great extent solved.

Let us assume, then, that the Guild Executive, checked by the Delegate Meeting, will be not a bureau-

cracy, but a true reflection of the popular will. What in that case will be the relation between the Executive and the officials? Clearly the official will be the minister of the Executive and will carry out the commands which it imposes. No doubt, much power will remain in his hands; but he will be subject at every step to the will of an alert democratic body, as the Trade Union official would be to-day if only Trade Union Executives were as a rule alert or really democratic—or let us say rather, as the officials are to-day in the best governed Trade Unions. In the Guilds, this principle will hold at every stage; the official will be an administrator, responsible to and directed by his committee, whether it be the National Guild Executive, the District Committee, or the Works Committee. Sovereignty will reside, not in the official, however elected, but in the representative body, or, in the last resort, in the whole mass of the members.

The problem of the relation between officers and committees is comparatively simple. I come now to the far more difficult question of the relation between the various units of production, local and national, within the single industrial Guild. Something has already been said on this point in the third and fifth sections of this chapter; it remains to draw together the threads of the argument which I have all along been developing. We saw that many of the mediævalists criticise the system of National Guilds for its acceptance of industrialism and of large scale production (Section III), and we have laid it down that the organisation of the Guild must be more like that of a cartel than of a trust, in that it must respect the independence of the individual works or factory (Section V). The question we have now to ask is whether the system of organi-

sation we have laid down will in reality secure the independence of the small unit within the great National Guild. If it will not, I admit that, tried by the fundamental test, National Guilds fail.

How, then, is this independence to be secured? Not so much by a distribution of powers as by a distribution of functions. We have laid stress on the necessity of a national organisation of industry on the one hand and of a local organisation of production on the other. Are these two views reconcilable or are they not?

Let us ask first more precisely what it is that must be organised nationally. It is surely in the main relation now known as 'buying and selling,' or the 'co-ordination of supply and demand.' It is, in fact, not *production*, but *trading* that must be under a national control. The Collectivists have been right in their insistence on the need for a 'national organisation of industry'; but the thing that they have aimed at organising nationally has been not so much production as exchange. The quantities of various commodities that are to be produced and the prices that are to be charged for them—these are the questions that must be asked and answered in respect of the whole industrial life of the nation. The organisation of supply and demand and the control of prices in consultation with the consumer will therefore be the main business of the National Guild authority, and of the District Committees which will work in conjunction with it over a smaller area. The National Guild will organise exchange in direct connection with the National State; the District Committee will perform the same function in conjunction with the Municipality or County Council. I do not suggest that this will be the sole work of

the National Executive or of the District Committee; but this, I believe, will be its primary function.

Let us turn now to the individual works. If the evils of modern industrialism and of large-scale production are to be avoided, the group of workers employed in the single works must form a self-governing group. But their need is not so much to govern *exchange* as to govern *production*. The Works Committee will no doubt have duties which fall under the head of exchange, as the National Guild will have duties belonging to production; but the primary function of the works will be to produce and not to exchange its products. Exchange will be carried on mainly through the District Committee where the market is local, or through the National Executive where it is national or international; but production will be carried on in the various works up and down each district, and unless stagnation and a dead level of mediocrity are to be the rule, the works must be free to organise its own business of making things.

Here, then, is our reconciliation. Let each works be in the first instance self-governing where production is concerned; but let the organisation of exchange be carried out by a national authority acting in co-operation with local authorities. Does not this satisfy both the demand for a national system in the interest of the consumer, and the demand for freedom in the workshop on the producer's behalf?

Of course, the problem is not altogether so simple as the solution would seem to suggest. There will have to be some check on the works in the hands of the district and, through it, of the national authority. But this check will be provided most easily through the mechanism of exchange. The works will supply its products

to the District Committee for purposes of distribution, and the District Committee will pay it according to the price-lists fixed by the National Guild for what it produces, quality as well as quantity being, of course, taken into account in fixing the price. By this means, a check will be put upon any attempt by a works to do bad work or to 'scamp' its tasks. The preservation of a high standard of craftsmanship will be a function of the National and District authorities; but the works will be self-governing, and intervention from without will come only by way of occasional criticism, and in answer to an existing grievance.

Thus, the differences between works and works will be secured; and each body of workers will be free, until the total demand is exhausted, to specialise in the especial products which it most likes to produce. There will be no standardisation or centralisation of production; indeed, the need for it will be removed by the standardisation and centralisation of exchange. The individual works will be a free and self-governing unit, and in the works the individual craftsman will find his freedom.

I am convinced that, if once we get clear in our minds the difference between production and exchange, we shall have seen the last of much loose thinking. As we saw earlier in this chapter (Section III) Capitalism is the invention, not of the producing, but of the trading, interest. We live to-day under the domination of the trader, who rules production as well as exchange. Once separate the control of these two, and the way is clear to the combination of a national industrial system with freedom for the producer. It remains to discuss the actual effect which the independence of the works will have upon the methods of production—how far,

in fact, the Guild system will smash what Mr. Penty calls 'Industrialism.' To this question I shall turn next in the concluding section of this chapter.

## IX

How far will the system of National Guilds smash Industrialism? Just as far, I believe, as Industrialism ought to be smashed, and no farther. But if I am asked precisely how far that is, I can give no direct answer.

We are all familiar, in general, with the effect of Capitalism upon the skilled crafts. We know that the progress of invention, instead of aiding the craftsman, tends, under modern conditions, to make him more and more the slave of the machine which he operates. In the engineering industry, for instance, there is a continuous growth in the proportion of semi-skilled workers to skilled and unskilled alike. If, on the one hand, the number of quite unskilled labourers diminishes, as they are taken on to work the simplified new machines, on the other hand the skilled men have continually to resist the encroachment of these newly recruited semi-skilled workers upon the old-established skilled crafts. The number of real mechanics diminishes; the number of machinists increases; and, of the skilled crafts, only the toolmaker thrives because he ministers to these semi-skilled workers. The employers use every moment of vantage to secure a foothold for the semi-skilled in the skilled occupations. Thus, the shortage of mechanics due to the pressure of work for the war has led to an enormous increase in the employment of semi-skilled and unskilled workers, male and female, on skilled work. Hence, too, the constant demarca-

tion disputes which have prevented solidarity in the engineering industry.

It is from such bickerings that it will be the first mission of the Guilds to deliver modern industry. The self-governing fraternity of the Guild will determine for itself all questions of demarcation, and will have in mind not so much the cheapening of production, which is the sole thought of Capitalism, as the preservation of a high standard of workmanship coupled with reasonable efficiency and cheapness. The 'cheap and nasty' product will be replaced by well-made goods, sold at a 'fair price,' and produced at a fair cost.

The change will mean not the smashing of large-scale production, but the placing of the workers' industrial destinies in their own hands. It will depend upon the feeling that animates the Guildsmen, as well as upon the material needs production has to meet, whether large-scale industry is to be destroyed or retained. If in any case large-scale production is then found to lead inevitably to the turning out of shoddy work, or to the brutalisation of the worker, then the Guild will see to it that such production shall cease, or be transformed. But the scrapping of machines, where it comes at all, will come not of a general movement against machinery, but in response to the definite discovery that this or that machine is degrading the industry to which it belongs. The method of destroying the bad machine will be experimental; and this method will have the advantage that it will enable us both to preserve the good ones, and, in many cases, to transform those that are bad. Here, too, the process will be gradual and not catastrophic; but it will be none the less revolutionary.

There are some who urge that modern Industrialism is altogether degrading, and that all attempts to reform it are doomed to failure. The fault of the reformers, on this showing, was that they come to believe in the very thing they set out to reform: their vision of the Socialist State becomes only the vision of a more democratic Industrialism. In short, they offer the workers self-government, perhaps; but they do not offer them freedom.

I reply in essence that even if those who use this argument are right in their ideal, and right in wishing to inspire men with a faith in that ideal, revolutionaries have to consider not only ends, but also means. It is not enough to have 'news from nowhere,' unless we have also a true conception of 'the wage-system and the way out.' For, after all, we have not only to dream dreams—which we must do to keep our sanity—but also to bring about the revolution. We have to hew our statue out of the block of marble, and the material on which we have to work is the modern wage-slave.

My complaint against the mediævalist is that there are no stages to his revolution. It is a spiritual revolution, which it is hoped may be accompanied by a convulsion in the material world. I too desire a spiritual revolution; but I do not believe that hearts are changed all of a sudden any more than institutions. Let us work for a change of heart, by all means; but at the same time let us begin to alter our institutions. Above all, let us set out to develop *dans le sein du système capitaliste*, as a French writer has said, institutions capable of supplanting Capitalism.

I do not know, and I do not believe that any man can know, the part machinery will play in the coming

society. We have so regularly used the machine to enslave man that we have no idea how it could be used to free him. A civilisation in which machines do the skilled work and men the dirty work cannot understand the potentialities of the opposite system. There will, we may hope, be always a growing number of machines to do the dirty work of the community. But, if machinery is to be put in its proper place, if it is to do only work that is both necessary and dirty or mechanical, the first need is that the craftsman should recover the control of his craft, that the Trade Union should once more concern itself with standards of production, and that the unskilled man and his machine should cease to ape the mechanic to the detriment of the quality of the product.

This question of machinery, however, is not the only question involved in the more general problem of Industrialism. We must ask ourselves also how far large-scale production will survive. The two questions are, no doubt, closely connected, since it was the coming of the machine that made large-scale production inevitable; but they are not, for all that, the same. Large-scale industry might survive with much less machinery; or it might, as electric power, easily divisible and cheaply transmitted, continues to develop, disappear even as machinery increased.

Here again I want to lay stress on the difference between production and trading. The Guilds, we have seen, will preserve the large unit for trading purposes; but, whatever happens to machinery, it is to be hoped that they will keep the small unit of actual production. Recent investigations of industrial phenomena, particularly Professor Chapman's studies of the Lancashire cotton industry, go to show that the size of the 'model'

business does not necessarily increase with the concentration of capital. That is to say, there is no need for the capitalist to increase his scale of production because he increases his scale of trade. Experience goes to show that the tendency in the past has even been to let the scale of production outrun the limits of economic efficiency, and that the capitalist, even from his own point of view, has let his factories get too big.

But, if a national system does not imply large-scale production, it will clearly rest with the Guilds to determine their own scale. Certain demands of efficiency they will have to satisfy; but they will determine efficiency by quality as well as quantity. The scale on which they choose to produce will doubtless vary very greatly from industry to industry; but there is reason to suppose that there will be a decrease rather than an increase on the scales now in vogue.

All this is not so far away as it may sound from the general question of freedom in the Guild; for freedom will be secured only if the control of the individual over his own work can be made a reality. Make a man a voter among voters in a democratic community; it is at least a half-truth that the measure of control he will have will vary inversely to the total number of votes. So, in the workshop, the control of the individual will be real in most cases only if the workshop is small, unless, as in a coal mine, only the simplest and most uniform questions have, as a rule, to be decided. Wherever at all a complex government is needed, the National Guild will need to be broken up into the smallest possible units, or else the individual will possess self-government without freedom. For self-government is only a means to freedom; and freedom is self-government made effective.

Before, however, we can arrange what scale of production the Guilds are to adopt, we have to get the Guilds. 'Smashing Industrialism' has a fine sound; but from this point of view it does not help us. Only through the strengthening of Trade Unionism can we hope for a new industrial revolution which man shall govern as he was governed by the last; only through such a revolution can the craftsman hope to get a chance to be a true craftsman once more. If, then, the eyes of Guildsmen seem too often turned on the 'wage-system and the way out,' or on safeguards and checks upon the power of producer or consumer, and too little on the craftsman's eternal problem of reconciling art and industry, none the less the craftsman must be lenient to us. He is now a voice crying in the wilderness; we claim that if we had our way he would at least be able to cry in a more promising place. When Trade Unionism, alive and class-conscious, has given birth to the Guilds, we may hope that men, being at last their own masters, will have the strength and the leisure to understand William Morris. The Guild System will bring Morris into his own: under Collectivism, he would be remembered only as a quite unpractical Socialist who was so little 'in the swim' that he refused to join the Fabian Society.

# CHAPTER VIII

## NATIONAL GUILDS AND THE CONSUMER

THERE is a school of Socialists which is forever talking glibly about the 'consumer.' These 'consumptive Collectivists' urge that the Guild system fails to protect the consumer; that, while Collectivism orders production in the interests of the whole, there would be nothing to prevent the Guild from raising prices at will and so exploiting Society in the interests of its own members. Against Syndicalism, at any rate in some of its forms, this criticism may be valid: but it has no application whatsoever to the Guild-Socialist idea.

In previous chapters, we have analysed the State and tried to make clear its economic function. We have seen that Collectivism would be, not production in the interests of the whole community, but production organised by and for the consumer. We have concluded, then, that the only way in which industry can be organised in the interests of the whole community is by a system in which the right of the producer to control production and that of the consumer to control consumption are recognised and established. This, we believe, would be accomplished by the balance of powers and functions which is the fundamental idea of National Guilds.

This, however, does not satisfy the critics, and I must therefore reason with them in more detail with a view to answering a few of their more frequent criticisms.

To every exchange there are two parties, and in every indirect exchange under a monetary system, the two stand in the relation of producer and consumer, or buyer and seller. Our problem is that of securing a fair exchange between these two, under whatever system our Society may be organised. Under Capitalism, we hear complaints from the capitalist producer of the tyranny of the middleman and the consumer, of the severity of foreign competition, and generally, of the impossibility of securing a fair price for what he has made; while from the consumer we hear that rings and combines are forcing up prices, that profiteering is going on, and that the producer and the middleman, who stands in a double relation and is the scapegoat of both parties, are guilty of exploitation.

The same question arises when we begin to discuss our dreams of a future Society. The working-class producer fears that under Collectivism the wage-system will continue, and he will be exploited by the consumer and perhaps the *rentier*, instead of by the capitalist profiteer: the consumer fear that if the producer is given any real control over industry, he will use it to exploit the consumer as rings and combines use their control to-day. To these fears, from whichever side they come, National Guildsmen must have a ready answer.

We may here assume that, if control over production is to be restored to the workers, the Guild will have, by one means or another, to dispose by sale of its products. Short of pure Communism, we shall have

buying and selling: and, whether the Guilds are retailers or not, they will in any case have to be wholesalers, dealing with other Guilds, with Co-operative Societies or Municipalities, and with the State.

This, say our 'consumptive' critics, is highly dangerous. It is admitted that the Guilds will possess a monopoly of Labour, each in its own industry; and we all know that the effect of monopoly is to raise prices or keep them up artificially in nine cases out of ten. What, then, is to prevent a blackleg-proof, monopolistic Guild from raising prices at the expense of the public?

The answer is to be found in the method of taxation to be adopted under National Guilds. Because one industry is more productive than another, because the exchange-value of its product per head is higher than that of its neighbour, it will not be allowed to absorb the surplus, any more than the urban landowner ought to absorb the surplus value of urban land. But, our critics inquire, is not this precisely what will happen under the Guild system, whether we like it or not?

The answer is in the negative. They have forgotten the 'substitute for economic rent' which the State is to receive from the Guilds in return for the use of the industrial plant. Each Guild will pay to the State an annual quasi-rent corresponding in some measure to the 'rent' of to-day. Each year, the State will estimate its total expenditure, as it does now. But, instead of raising its revenue by means of a number of cumbrous and costly taxes which are for the most part unjust in their incidence and often easily evaded or passed on to others, it will demand a lump sum from the Guild

Congress, upon which, and upon the various Guilds, the business of collection will fall.

The total sum required being known, there will remain the task of dividing it equitably among the tax payers. To each Guild must be assigned its quota, and the heaviest burdens must be laid upon the broadest backs. This assigning of proportionate burdens may be carried out either by the Guild Congress or, more probably, by a body representing equally the Guild Congress and the State. Each Guild, then, will be expected to contribute its share to the national exchequer.

Clearly, in apportioning burdens, the competent authority will take into account the productivity of each industry. Just as, in the Census of Production nowadays, the net product per worker employed is calculated for each industry, productivity will be capable of estimation under the Guild system. But as productivities can only be compared in terms of a common standard of value, the product, being expressed in pounds, shillings and pence, obviously depends upon the price. If more is charged for the finished commodity, then, *ceteris paribus*, the net product, in terms of exchange value, will appear as higher.

It is clear, therefore, that, since 'economic quasi-rent' will be calculated on a basis of productivity, and since the product depends upon the price, price and 'economic quasi-rent' must stand in a fixed relation.

Even then, if each individual Guild were left to fix prices at its good pleasure, the consumer would run no risk of exploitation by a 'profiteering' Guild. Any Guild which increased prices would thereby increase the measure of its own productivity, and, consequently, would have to pay a higher rent to the

State. The State would thus receive in revenue what the consumer paid as enhanced price.

But, though it must be evident that, under such a system, no Guild would seek to force up prices, that is not to say that prices would be best fixed in all cases by the individual Guilds. If they were so fixed, there would certainly be an approximation of prices to what we may call 'natural values.' The price of each commodity would tend, far more than nowadays, to be determined by the cost of raw material plus the income of the Guildsman reckoned on a basis approximating more or less nearly to a common time-standard of value. So far from being exploited, the community would most often find itself paying, for every article or service, very roughly what it was, economically speaking, really worth. Under a system in which remuneration tended to equality this would involve no great hardship. If, therefore, the control of prices is not to be left solely to each individual Guild, this is not because such a method involves any risk of exploitation to the consumer. The State and the Guild Congress could always counter any tendency to advance prices unduly by an adjustment of the Guild rent.

What is by no means clear is that the 'natural economic' price of which I have spoken is in all cases the best price. Indeed, we continually recognise, alike in theory and in practice, that it is undesirable that prices should in all cases be thus mechanically settled. Socialists have always maintained that it is desirable that many services should be rendered free, and Mr. Shaw has even made the 'communisation' or free distribution of bread a plank in his platform. And if it is expedient to give some services and commodities

free, may it not also be good to cheapen others? We may well have, under Guild-Socialism, free transit, free bread, free milk, etc., as well as free education and perhaps a free Public Health Service. We may also have cheap theatres, libraries, and so on. We need not commit ourselves to the particular instances: it is enough to say that Society will probably give free all things which most men need in fairly equal measure, and cheap those things which it wishes, for one reason or another, to see more widely used.

Is it not evident, therefore, that 'rent' or prices will be fixed by the same authority? A joint Congress, equally representative of the State, or the consumers, and the Guild Congress, or the producers, is the body suggested for this office. The matter is clearly one which affects producers and consumers alike; equally clearly, in assuming a share of control in this sphere, the State will not be interfering with the autonomy of the industrial republic. The producer will remain in command of the productive process: the consumer will share with him the control of the price charged for the product. It is in this sphere, and not in a divided control in the workshop itself, that the interests of producers and consumers can be reconciled. The control of industry does not involve unchecked control of prices; even apart from any question of exploitation, which, as we have seen, does not arise in any case under the Guild system, the determination of prices is a 'social function.' It is no less foolish to allow prices to be fixed by a competitive standard than to allow remuneration to be so fixed. Both alike should be decided by the organised will of the community, irrespective of the economic standards of 'competition' or 'supply and demand.'

If, then, Collectivists will consider a little more carefully and with rather more honesty of purpose than in the past, they will cease from trying to scotch the Guild idea with the weapons of the economist. For National Guilds is, in one of its aspects, an assertion of the right of the community to defy old-fashioned economic conventions.

There are two points arising out of this argument on which it is necessary to dwell further. In the first place, let me say that I do not for a moment suppose that precisely the system I have outlined above will ever come into force. Nor, for that matter, do I imagine that we shall ever have National Guilds exactly as we forecast them. I am not so foolish as to be ignorant that history does not work in that way. We formulate and define our ideas not in the hope of realising them completely in the domain of practice, but because only ideas that are clearly formulated and defined really help in the building of a better world. I go into more detail than otherwise I should, because only by going into detail can I answer the points of detail which critics bring up against me. Even if the system of taxation I have outlined never comes into existence, my argument none the less holds; for I have explained a method (not necessarily the only method) which secures the consumer absolutely against exploitation by a 'profiteering' Guild. I have, then, proved that there is nothing to justify the criticism that the Guild system would lead to profiteering. In fact, I think I have shown more than that: the system of National Guilds provides the best possible safeguard against exploitation, either of consumer by producer, or of producer by consumer.

The second point is also important. There are some

persons who, some pages back, will have held up their hands in holy horror and cried " What ! buying and selling under National Guilds ! " To them I reply, " Yes, my friends ; buying and selling under National Guilds. Why not ? "

To some people, the mere buying and selling of things at once suggests Capitalism, or, as they would say, " production for profit and not for use." In fact, the two have no necessary connection. Buying and selling existed long before Capitalism, and before them existed barter, which differs only in complexity and convenience. Buying and selling will go on long after Capitalism has passed away ; but they will be buying and selling not for profit but for use.

The amount of goods and services in the community is, and will continue under National Guilds to be, limited. Nor is this limitation only of the total supply of such goods and services : it is also of the particular supplies of particular goods and services. Of some goods and services we can produce as much as we want, but we can do this only if we produce less of others. Of other goods and services the supply is limited by nature. Salmon is scarcer than cod, and gold than coal. Even, therefore, if there were enough commodities and services in the aggregate to give every member of the community as much as he wanted, there would not be enough of each particular commodity or service. For most men prefer salmon to cod.

This is why, under a democratic system, buying and selling are still necessary and desirable. It is good that every man should have the fullest possible control of the expenditure of his own income, after necessary communal services have been provided for. This he can only have if he can choose to what use

he will put that income—*i.e.* what he will buy with it. Sure of getting his commodities and services at a just price, he is in the best possible position to expend his income according to his taste and individuality. One man will choose to spend his surplus on theatres, another on books: some no doubt, under any system, on things less desirable in themselves. But if men are to have freedom at all, they must have freedom to spend, and this involves buying and selling. Indeed, the only practical alternative would be a compulsory rationing system, and for this surely no social idealist will pine.

I come now to a quite different argument with which opponents of National Guilds make great play. This point is that any system under which industry is controlled by the producers will tend to industrial stagnation. This argument used to be an especial favourite with that unregenerate Collectivist, Sir Leo Chiozza Money; and I shall be able to answer it most easily if I take certain articles of his as my text. His longest and most detailed statement of his view appeared in the *New Statesman* of March 14th, 1914. His article, which was entitled "Delimitation and Transmutation of Industries," attacked the Guild system on the ground that it would not leave the labour power of the community sufficiently mobile, and that it would tend to stereotype the forms and methods of production in an age which demands rapid and continual change. This article in the *New Statesman* would seem to be an amplification of some remarks he made on my book, *The World of Labour*, in the *British Weekly* of February 19th, 1914. As he there stated his position more briefly, I will begin by quoting a sentence from his earlier article.

"It seems to me that the Syndicalist conception takes too little account of the swift development and change of trades and industries which is likely to be one of the distinguishing features of this our new century. It hardly seems to provide for the ever accelerating transmutation of occupations, and it presents the very real danger of stereotyping industrial development and of setting up as States within the State gigantic vested interests in a form very difficult to remould."

There are clearly in this indictment several distinct points, which I will discuss in turn. If in my answer I seem at some points to go beyond the terms of Sir Leo Money's criticism, it will be in the endeavour to answer in advance certain supplementary points which readily arise out of it.

It is easiest to begin with a comparatively small point, which may, or may not, have been in the critic's mind when he wrote. What, I am often asked, will be the effect of the Guild system on initiative and invention within any given trade? How, that is to say, will it influence change in the workshop itself? Will it make the workers better or worse at inventing new processes, and more or less ready to accept such as may have been invented? Trade Unions, we are told, have opposed at every stage the introduction of new machinery, no matter how 'good for trade' its advent might be. Will not the Trade Unions or Guilds of the future show a like disregard for economic advance?

This whole argument, I believe, rests on a misconception. Trade Unions have resisted new machinery —the linotype, for instance—not because it is new, or because of any rooted objection to newness as such,

but merely because a new process nearly always tends, for the moment, to throw men out of employment or to reduce rates of wages, or both. To men without economic resource, the moment is everything; they cannot afford to take long views. Where the workers oppose new machinery, they do so simply and solely because they are faced with the prospect of starvation if the new labour-saving device is adopted. Anyone who has studied the history of the Industrial Revolution in Great Britain, and the effects on the hand-loom weavers of the introduction of textile machinery, will have realised that the workers became Luddites not by choice, but from hard necessity.

Most dislocations of employment caused by new machines being temporary and the reduction of standard rates being an effect of the wage-system which would vanish with it, there would be no such opposition on the part of the Guild. For the Guildsman, the new machine would be, not an inanimate competitor for the rights of wage-slavery, but an aid to the lightening of the daily task. Machinery would no longer be dreaded as the enemy of man; it would be welcomed as his servant and his helper. Each Guild would have its inventive departments, as increasingly great factories are now coming to have them; and these departments would aim at making production as efficient and the lot of the worker as easy as might be.

However, this question of change within a trade was, at any rate, not uppermost in our critic's mind. The 'transmutation' of which he was thinking is the transmutation of the industries themselves, the growth of one and the decline of another, the extinction of one and the uprising of a new one in its place. It is in this connection that he complains that the Guild system would

stereotype' production. He assumes throughout an absolute rigidity in the Guild groupings: he speaks of "a State consisting of a number of large and small delimited groups or guilds of labour, each concerned with a separate department of work." This may be Sir Leo Money's conception of National Guilds; it is certainly not my conception, though he seems to assume that all who advocate the control of industry by the producers must accept it. He offers no reason for this attitude; he merely assumes that the Guild will be a close corporation of workers, apparently absolutely incapable of being shifted to another occupation. This is surely to isolate Guild from Guild in a wholly unwarrantable manner. If the Guild system grows out of the present structure of Trade Unionism, it will come, not by a sharp separation of Union from Union, but by their close co-operation and coherence. There will be easy transference from Guild to Guild, and even considerable fluidity in the structure of the Guilds themselves, as there was in Florence in the Middle Ages. While, then, each Guild will be charged with the maintenance of such reserve of labour as it may require, there will certainly be in all cases a considerable passage of men from trade to trade, as the demand of the moment dictates. I fail to see what difficulty there is in combining this system of easy transfer with effective control of industry by the producers. Sir Leo Money seems to confuse the Guild system with the ideal of the Universal self-governing workshop of Co-operative Production, which is, indeed, open to the objection he suggests.

Let us take his chosen example, which gives his case at its strongest:—

"If we erect and exaggerate and magnify the Trade

Union into a definite branch of nationhood, what is to become of the Trade Union when Science sweeps away the very foundations of its work? If, for example, we erect and exalt and magnify Coal into a self-governing body, a very State within the State, what will become of Coal when Science makes it obsolete, as it may easily do within fifty years from this time? "

I wholly fail to see in what way the problem is more difficult for the Guildsman than for anybody else. It seems to me, at any rate, much easier than it is for the pure Syndicalist. If Coal goes, it goes; and the Miners have to be transferred to other occupations. Even a State-Socialist like Sir Leo Money would find this no easy matter; but I do not see that it is any harder for the Guildsman than for him. The problem is, in any case, not quite so bad as he makes it sound. If Coal ceases to be used, the change will not happen all of a sudden, without warning or breathing space. Its extinction will be foreseen some time at least in advance, and the demand will decline gradually, and not cease all of a sudden. In face of a falling demand, what does Sir Leo Money suppose the Miners' Guild will do? Does he think that it will go on producing as much coal as ever, and accumulate at the pit-head stores which no one is ever likely to use? Or does he think the Miners will all work short time, as is done in some trades now, sharing out what work there is and what income results from it? Or does he believe that those who remain usefully at work will go on paying their fellows to stay idle for an indefinite period? These are the three foolish courses that are open to them. But under any Guild system the result of all these courses would be that there would be less to divide among an equal number of persons. This being so,

the Guild might be trusted to see to the clearance of its surplus members, as soon as a new occupation could be found for them. Those of least standing in the Guild would probably, in such a case, have to retire, and these men could be supported by the Guild, or by the whole body of the Guilds in case of need, till a new occupation was found for them. It would only be possible for the Guild to maintain an industry which had ceased to be economically necessary *if the Guild controlled demand*; and Sir Leo Money advances no shadow of reason for supposing that any producers' organisation can control demand, or force its wares upon the reluctant consumer. In short, transference from one industry to another would happen under National Guilds much as it would happen under Sir Leo Money's own State-Socialism, and with far greater ease and convenience to the worker than in the Society of to-day.

"This," says Sir Leo, "is a large-scale example, but many more only too probable cases, of many degrees of magnitude, could be produced." I wonder what his other cases would be: I can think of few that are in any sense parallel. There is a sense in which new industries are always coming into existence—motor cars are one instance, and aeroplanes another; but neither of these, nor most new 'industries,' would demand the creation of a new Guild. The making of motor-cars would be the work of one section of the Engineering Guild, and the invention of aeroplanes would merely make a new section necessary. It would involve no dislocation, no starting of a new and separate enterprise. The invention and manufacture of the new product would in most cases only call for the creation of a new section within one of the existing Guilds.

So far from being static and stereotyped, the great organisations would be the most flexible instruments of production. Neither the analogy of the mediæval Guild nor that of the modern Trade Union holds in this respect. The mediæval Guilds were in many respects conservative, not because they were Guilds, but because they were mediæval: the whole Society in which they existed was static, traditional, if you like, 'unprogressive'; it attained to a marvellous skill in craftsmanship, and it possessed a great tradition of 'good work' which we may hope that the Guild of the future will emulate; but its conservatism was due not to its organisation, but to its environment. The modern Trade Union has often been against new methods, not because it is a Trade Union, but because it consists of wage-slaves. Its tradition of solidarity will be carried on into the new Guilds; but ca' canny, sabotage and conservatism are the products of the wage-system, and with it they will die.

Sir Leo Money sums up his assault on the Guilds in the following passage:—

"The various groups or guilds would inevitably consider themselves possessed of monopoly privileges. They would seek to perpetuate their functions, whether they were useful or not. They would seek to induct their children into their kind of employment, whether it was obsolete or not. The very nature of their organisation would cause them to view with suspicion any proper attempt to alter their very definite character and dimensions to the better advantage of the nation as a whole."

It may be doubted whether our critic understands at all clearly 'the very nature of their organisation.' The great Guilds could not do these things if they

wished to do them; and there is no reason that he can show why they should wish to do them. If the mediæval Guilds were conservative in a conservative age, may we not expect the new Guilds to be progressive in a 'scientific' age? They will be monopolists, no doubt, whether *de facto* or *de jure*; but he has not made clear his objection to monopoly. Is not State-Socialism itself a system of monopolies, and have not Guild Socialists clearly laid down the methods by which the State will be enabled to prevent the Guilds from abusing their monopoly privileges? Is there not in the vocabulary of National Guilds such a term as 'economic rent,' in the sense of rent paid to the State by the Guild for the use of the means of production? And is it not a good thing that, where temperament is the same and situations are open, son should follow father in the same vocation?

"But," says Sir Leo Money, having disposed finally of the Guild bogey, "perhaps we are getting a little too fearful of State control. . . . If we are afraid of 'officials,' then let us remember that a Guild or a Trade Union must have officials. If we fear tyrants, then let us remember that the only difference between a little tyrant and a big one is that the former is usually the worse example of tyranny. The essential thing is that men should be so trained from their youth as to resist injustice, to obey reasonable direction, and to submit to common rules of conduct. *That secure, we need not worry about the good government of a State Department, for a worthy people will secure the government they deserve.*" (Italics mine.)

These words were written by Lieut. Commander (am I right?) Sir Leo Money before the war: perhaps it is no longer necessary to answer them. I will only say

that they miss the point with a vengeance. National Guildsmen aim at something better than good, in the sense of efficient, government: they stand for self-government. The difference between a Guild and a State Department, however efficient, is just this: the second is government from above and from without; the first is government from below and from within, self-government. National Guildsmen happen, in fact, to be democrats, and to carry their democracy into the sphere of industry. In this they differ from Liberal (am I still right?) Collectivists of the type of Sir Leo Money. The system of National Guilds stands for an efficient and self-governing industry; but the emphasis is, and ought to be, on the second adjective. Our critic is an apostle of efficiency; but all who seek efficiency alone are doomed to lose it, for the simple reason that workmen, like other people, happen to be men. It is better to choose one's own tyrant than to live under the rule of a benevolent bureaucrat—if indeed bureaucrats are ever even benevolent.

This, however, takes us rather far from our immediate purpose. No one will disagree with the view that, under modern industrial conditions, Labour must be mobile. It is only a little difficult to understand why Collectivists so often regard this assertion as a crushing refutation of National Guilds, which are expressly designed to meet this, among other, objects. Free man is man adventurous, mobile and progressive: it is the man in chains who is conservative, timid and stationary.

The Collectivist is not the only advocate of the control of industry by the consumers with whom National Guildsmen have to reckon. The Co-operator has also a very real claim to be heard as a spokesman on the

consumer's behalf. When I speak in this connection of the Co-operator, I am of course speaking not of the Co-operative Societies of Producers, or self-governing Workshops, and still less of Capitalist Co-partnership, sometimes called Labour Co-partnership, but of the great Co-operative movement—of the Stores and the Wholesale Societies. These great trading concerns, with their enormous turn-over and their dividends as a substitute for profits, are the most monumental examples of control by the consumers.

Clearly, if our general position holds, the arguments we have employed against State conduct of industry apply also against its conduct by Co-operative Societies of consumers. The idea of National Guilds and the idea of Consumer's Co-operation are in the last resort incompatible if they are put forward as complete theories of social organisation. While Trade Unionism adhered to its old reformist attitude, while it stood for no more than the maintenance and improvement of its members' position within the wage-system, there was no clash of ideals and no possibility of conflict. But as soon as Trade Unionism embraces a wider ideal, and sets out to secure the control of industry, the conflict of ideals becomes apparent.

In either case, there is of course scope for both disputes and mutual assistance. On the one hand, disputes must arise concerning the conditions of Co-operative employees, especially as many of the democratic Co-operative Societies bear out what we have said of the consumer by paying low wages, giving bad conditions, and even discouraging Trade Unionism. On the other hand, Co-operation can give, and has given on such occasions as the coal strike of 1912 and the Dublin strike of 1913, valuable help to Trade Unions in

their disputes with other employers—help which the Unions can repay, and do in some cases repay, by the investment of their funds and by acting as centres of Co-operative propaganda.

When the conflict of ideals arises, two main points for discussion emerge. The Co-operative Stores are in the main distributive agencies, buyers and sellers, and not to any great extent producers. The Wholesale Societies, on the other hand, have their big productive departments, though they still serve as distributing centres for far greater quantities of capitalist products than of their own. The investment of Capital in the Wholesale Societies mainly serves to stimulate Co-operative Production—that is, a form of the control of industry by the consumers.

We must keep distinct the two separate problems—distribution controlled by the consumers, and production controlled by the consumers.

Clearly, if the Guilds supplant Capitalism, they will supplant Co-operative Production as well. The attitude, then, of productive workers employed by Co-operative bodies will not differ materially from the attitude of those employed by the State or by private employers. In any case, the goal is the same, and the way to it is by the strengthening of Trade Unionism and the securing for it of an ever-increasing share in the control of industry. The struggle for industrial freedom will, we may hope, be less bitter in this sphere than elsewhere; but the normal attitude of the Co-operative movement to-day in dealing with its employees gives no great ground for the belief that it will be altogether peaceful.

The conflict of principle between National Guilds and consumers' Co-operation does not appear in so acute a form in the sphere of Co-operative Distribution.

It is, however, present. Distribution is clearly a Guild function, and the distributive worker has a claim to industrial freedom no less valid than that of the productive worker. But it is none the less evident that of all the Guilds the Distributive Guild would have the closest and most constant relation to the consumer, and it seems probable that in it the consumer would continue to occupy a certain place in the direct management at any rate of the local Store. If this is so, may not the Co-operative movement on its distributive side, including the Wholesale Societies, actually form the nucleus of the Distributive Guild, however different their conception of industrial control may be to-day?

A last point, and I have done. There was a time when the aristocratic sceptic would sit over his wine and say, "The vulgar herd must have a religion." Is there not a danger that in our day the plutocratic sceptic will sit over his money bags and say, "The people must have a philosophy"? For in these days popular philosophy is taking the place of popular religion as the best friend of the governing class. Political evolutionism, the degradation of the General Will into the theory of the common servitude of men to an omnipotent and impersonal State, the facile identification of the State with the nation, of the consumer with the community—these are the legacies of nineteenth-century philosophy, and from them Collectivism derives much of its strength. Machine-made education, the inculcation of a passive patriotism into the child, the brain softening apostrophes of a subsidised Press—all these minister to our rulers' ideal of active citizenship for themselves and passive citizenship for the people.

The idea of National Guilds is the quickening spirit of the century, not because it puts forward new suggestions with regard to the organisation of industry, nor even because it insists on the right of the producer to control his own life, but above all because it is a new philosophy—a philosophy of active citizenship for every man and woman in the community.

The opposite ideal of servility finds expression, not only in the theoretical doctrines of those who hold it, but also in their immediate economic policy. After the war, they tell us, must come an economic war no less bitter, in which the industrial strength of the Allies will be pitted against that of the Central Powers. In the name of this economic war men are preaching the re-organisation of our industrial system upon the lines of German efficiency. It is said, and truly said, that our pre-war system involved prodigious waste and disorganisation. All this is to be changed if only we will imitate the thoroughness of Prussia: all will be well if only we will become that which we set out to crush.

This book is a protest against that ideal. It is a personal appeal to all who still hold dear the ideal of personal freedom, and watch with mistrust the growing domination of Prussian ideas in this country. It is addressed to all who believe that 'efficiency' is not really the outcome of the suppression of freedom, but finds its fullest realisation in a community based on personal initiative, on the free will and design of its members. The efficiency of the British Prussians is machine-made and unreal; true efficiency must spring from the native genius of the people themselves.

We must have, then, in our minds an ideal of social and personal freedom which is both consistent with

our national traditions and in itself a guarantee of national well-being. We must believe that the first need in a community is not that the community should be 'great,' as greatness is now conceived, but that the citizens should be free to order and control their own life and work. No system of government which ignores or falls short of this ideal can we accept as good; for freedom is the Alpha and the Omega of our social gospel. Freedom for the producer as well as the consumer, for the consumer as well as the producer: above all, freedom for the creative impulse in all of us, for the impulse of free and unfettered service.

> Ours is the host that bears the word,
> NO MASTER HIGH OR LOW —
> A lightning flame, a shearing sword,
> A storm to overthrow.

I end this book with a verse from Morris, because to me Morris seems the greatest of the democratic writers. He believes in the people; and the abounding joy he found in the good things of life he desired passionately that all the world should share.

# APPENDIX A

## The Genesis of Syndicalism in France

### I

In the campaign of wanton misrepresentation and wilful misunderstanding of which the mass of doctrines connected with the name of Syndicalism has, during the last few years, been the centre, one of the chief methods of discrediting the new idea has been that of rewriting, out of some convenient text-book, the history of the French Labour movement, asserting repeatedly the failure of that movement, and calling the result an adequate criticism of Syndicalism. Other critics, innocent of even a text-book acquaintance with French Trade Unionism, are quite prepared, on the authority of a few penny pamphlets and the leading articles of the capitalist and the official Labour press, to pass final judgment on the whole theory of Syndicalism as a prospect upon the future society. Both these methods are obviously inadequate: Syndicalism must be viewed both in the light of its historical development, and as a more or less finished vision of an ideal community. It is equally absurd to treat doctrines as if they had no history, and to confuse origin with validity. Yet I think every one of the English critics of Syndicalism, from Mr. Ramsay MacDonald to Mr. Graham Wallas, has fallen into one or other of these errors. I except *The New Age*, which long ago, in a brilliant but all too brief article, set in the clearest light the real meaning and value of the Syndicalist idea. *The New Age*, however, has not developed its view on the historical side, and in this appendix I propose to attempt that long-neglected task.

Up to a point, there was right on the side of those critics who attempted to pass judgment on Syndicalism in the light of the history of Labour in France. For this country, I believe that any view which bases its treatment solely on French Syndicalism, to the omission of its American form, is bound to be one-sided and inadequate. But since Syndicalism is essentially a product of the French genius, since it began merely as the name of the policy adopted by Trade Unionism in France, an understanding of French history is essential to a true appreciation of it. This, however, implies a very different treatment from that which the critics have adopted. Proceeding, for the most part, from a mere 'text-book' acquaintance with the subject, their treatment of the French movement fatally isolates the development of the Trade Unions from the general history of the country. They seem to imagine that it is possible to understand and to explain the economic movements of the working-class wholly without reference to the course of the national life or to the changes of the political environment. Or rather, they imagine nothing: they know that 'Le Syndicalisme' is the French for Trade Unionism, and, without further thought, they take the easy path that leads to destruction. It is so much simpler to translate a few easily accessible facts from the French than to attempt the understanding and interpretation of a great national movement.

But, if once we bring ourselves to see the French Labour movement in its true perspective, as an integral part in the evolution of the national life, acting upon the national temperament, but also in turn acted upon by the chances and changes of the forces encircling it, the whole development of Syndicalism appears in a new light. Then—and then alone—are we able to sift the wheat from the chaff, to realise what is truly central and vital in its theory and practice, and to explain the origin of those unessential elements which most critics have taken for fundamental doctrines.

The name 'Le Syndicalisme,' or 'Le Syndicalisme Révolutionnaire,' acquired its present connotation between

1902 and 1906, during the first period of the C.G.T.'s activity. 'Le Syndicalisme,' which meant originally merely 'Unionism,' whether of masters or men, came to be applied to the new revolutionary force which then for the first time struck the public imagination. 'Syndicalism,' then, as a definite and identifiable theory, is about fifteen years old. When we remember how vague the meaning of Socialism for a long time remained, we need not be surprised if so young a theory is not furnished with a complete answer to every question that may be asked by wise man, fool, or knave. But like Socialism, and far more definitely, Syndicalism is older than its name. It was rooted firmly in the Labour movement, and had developed most of its distinctive doctrines, long before the Press and the public began to be agitated about its 'menace.' It is to the active and troubled life of the Federation of Bourses du Travail and to the work of their secretary and inspirer, Fernand Pelloutier, that we should look in great part for the explanation of Syndicalist origins. This much is realised even by English critics; but they have one and all failed lamentably to make plain what were the forces at work behind the Bourses du Travail, and why the French movement took a direction so contrary to that of our own Trade Unions or to that of the German Gewerkschaften.

The history of France in the nineteenth century is, of course, punctuated by a series of political revolutions. To whatever deeper causes these may be traced, they have, in their own causal action, profoundly modified the history of the Labour movement. With every political revolution, in 1830, in 1848, and again with the Commune of 1871, comes a sharp break in the history of Labour organisation. Industrial causes alone would have made Trade Unionism in France a later and a weaker growth than in England, which, during the industrial revolution and again in the Napoleonic wars, obtained the lead over the rest of Europe in commerce and industry; but since to these causes France added the solvent force of political revolution, industrial organisation could not be expected to develop either rapidly or securely. The Reform Bill

agitation, Chartism and Owenism barely ruffled the surface of Great Britain ; France, at least in the industrial districts, was profoundly stirred by an undying revolutionary enthusiasm, and this enthusiasm flowed naturally into the channels of political activity, and neglected industrial organisation. Scattered industry remained a prevailing type in France, and no effort was made to organise the workers in such industries : where the town workers combined, they remained isolated in small local societies, proscribed by law and liable to instant suppression. The presence of political revolution as an everyday possibility, therefore, in itself prevented the growth of strong Trade Unions. Moreover, reaction invariably followed revolution; and every revolution was made the pretext for a ruthless destruction of working-class organisations. Trade Unionism smouldered in darkness, and was snuffed out as soon as the political unrest fanned it into flame. After every revolution, the workers lost many of their leaders, and the hopeless process of industrial organisation had to begin anew, only to perish again in the next conflagration.

It was undoubtedly due to the weakness of the Trade Union impulse in such an environment that the ban upon all forms of association within the State, imposed by the triumphant bourgeoisie in 1791, was not removed from the Unions until 1884. They were indeed tolerated by Napoleon III, as a matter of policy, from about 1864; and, after the period of repression which, throughout France, succeeded the collapse of the Paris Commune, there followed a second period of toleration. But it was only in 1884 that the right of combination was formally granted to the workers, and a good deal of the restrictive legislation abolished. Even so, the Act which Waldeck-Rousseau succeeded in getting carried was in many respects unsatisfactory : it failed notably to establish the right of picketing in any effective form, and it is certain that much of the ill-directed violence that has characterised French trade disputes has been due to the impossibility of maintaining efficient picketing by peaceful means. From this

cause spring many forms of sabotage, the *chasse aux renards*, etc.

All the same, the legislation of 1884 did mark a great advance, and Waldeck-Rousseau's theories, though they were vitiated by a false idea of social peace and readjustment, were in some respects far in advance of his time. He does seem to have looked forward to a partnership of some sort between the State and the Unions, and to a development of Trade Union control of industry—ideas which, in a reformist spirit, have been considerably developed by some of his followers, notably by M. Paul-Boncour in his two brilliant books, *Le Fédéralisme Economique* and *Les Syndicats de Fonctionnaires*. The first Ministry of Waldeck-Rousseau achieved for Trade Unionism at least the right of free development. His constructive ideas were not equally fruitful. A clause was inserted in the Act compelling all Unions to register under the State, and to give the names of their responsible officials. The workers, with the memory of their long oppression still fresh, naturally regarded such a clause not as a first step towards fuller recognition by the State, but as an attempt to continue a repressive policy. Waldeck-Rousseau's very idealism did much to ruin his plans: he estranged the Unions by trying to bring them too closely into touch with the State before the State was fit to consort with them. His premature suggestions of social peace with partnership merely estranged the Trade Unions and paved the way for an anti-political propaganda.

The first result, however, was to fling the Unions into the arms of the political Socialists. A national Federation of Trade Unions arose out of a conference of protest against the Act of 1884, and this fell almost at once into the hands of M. Jules Guesde and the Marxians. The one idea of Guesde and his friends was the 'conquest of political power' by the creation of a strong Socialist Party in Parliament. Trade Unionism they regarded as either a useless side-tracking of the workers' efforts, or as a useful method of electioneering. They did their best to turn the Unions into purely political bodie , aiming at the political

revolution by peaceful means, which, they held, alone could emancipate the workers. Naturally, a Trade Union organisation, conducted on such lines as a mere adjunct to the *Parti Ouvrier Français*, made little progress. If political action was the only method, clearly Trade Unionism ought not to exist: to create an organisation nominally for one purpose and then use it solely for another is not the right way to build up a strong and self-reliant movement.

There was, however, another reason why at that stage of French political and industrial development it was impossible to create a strong 'National Federation of Trade Unions.' In nearly every case, the Trade Union was a purely local body, including only the workers in a particular trade within a particular district. This localisation was due partly to the local character of French industry, but far more to the circumstances in which the Unions had arisen. Liable to instant suppression, unable to organise save in secret, continually coming into and going out of existence, the Unions had been quite impotent to pass the boundaries of their own localities, or to link up into any national bodies. The local 'Syndicats' remained helpless and isolated in the midst of a hostile civilisation.

In 1887 a project long mooted by reformers of all schools at last bore fruit in the foundation of the Paris Bourse du Travail, or Chamber of Labour, designed to serve for Labour the purposes a Chamber of Commerce serves for Capital. It was to be a Labour Exchange, a centre for the Trade Union bodies of the district, and a sort of workmen's club. At Paris, the Bourse soon became a centre of revolutionary activity, and there was trouble with the municipal authorities, who had subsidised, and been responsible for starting, it. But the example of Paris was soon imitated, and Bourses began to spring up in many of the large towns. To the surprise and chagrin of the municipalities, the Bourses instead of peaceably serving the interests of Capital, invariably developed revolutionary characteristics, and in most cases became the centres of the first effective Trade Union movement France had ever seen. In 1893

the Federation of Bourses du Travail was formed, and in 1894 this absorbed the National Federation of Trade Unions.

These facts are gravely retailed to the public by most writers on Syndicalism, but the attempt is hardly ever made to explain why the Bourses succeeded where the National Federation had failed, or to show how the Bourses have left their mark indelibly on the whole history of the Labour movement in France. Yet this is the whole point. It was out of the Bourses du Travail that Syndicalism, as a distinctive mass of doctrines, arose and developed. The National Federation attempted the impossible task of linking up a number of isolated local Unions into a general organisation, without any intermediate step. Such an attempt could not succeed : a national organisation must be based either on a number of strong national Trade Unions, or on a number of strong local Trade Councils, or on both. There is no fourth course.

The French conditions at the time made local very much easier than national organisation, and the foundation of a number of Bourses du Travail came precisely at the opportune moment. At this stage, there entered actively into the Labour movement a man who saw how something could be made out of the existing chaos rapidly and effectively, if only the occasion were seized. Fernand Pelloutier, the Anarchist and idealist, who became secretary and inspiring genius of the Federation of Bourses du Travail, saw at once how history could be made—and proceeded to make it. In his hands the number of Bourses grew from 34 in 1894 to 96 in 1902, and, of these, 83 were in the Federation. During this period of growth and prosperity, the doctrines of Syndicalism were developed, in the Congresses of the Federation and in the local Bourses, under the guidance and inspiration of Pelloutier. It is therefore essential to know something of his views.

Those critics who say that Syndicalism is merely a new name for Anarchism have seized an essential element in the truth and exaggerated it till it has become folly. Anarchism is the father of Syndicalism ; but Trade Unionism is its mother, and it was in the fertile womb of Trade Unionism

that, in the 'nineties, the Anarchist seed grew unseen. Pelloutier was inspired throughout by the Anarchist-Communist idea of free association, in which the control of industry by free groups of workers played an integral part. This idea, which may be found writ large all through his *Histoire des Bourses du Travail*, Pelloutier applied to the problem as he found it in the Trade Unionism of his day, and there resulted a theory which was as new as any reasonable theory can be. This theory Pelloutier could put before the workers with the more confidence because the Trade Unionists were still few in number, and, therefore, included only a select and conscious body of workers, and because the political upheavals had familiarised men with Anarchistic ideas. The memory of the Commune was still fresh, and Anarchism has always taken root easily in a Latin soil.

It is, then, from the ideas which germinated in the Bourses du Travail during the 'nineties, and under Pelloutier's guidance grew into a definite theory of the new Society, that we must begin if we would understand the genesis of Syndicalism in France. Recently the leaders of the Confédération Générale du Travail have often declared themselves averse from theorising about the future, and Syndicalism has become far more a theory of Direct Action in the present than a vision of the Producers' Commonwealth of to-morrow. But, in this early stage, there was speculation enough and to spare: the Bourses drew up plans for the organisation of the Co-operative Commonwealth, and Pelloutier theorised to his heart's content.

## II

The vision of the coming Society which inspired the 'militants' of the Bourses du Travail was the natural outcome of their environment. They had to base their hopes on the revolutionary enthusiasm of a few; the possibility of the 'Great Change' depended on the power of these few to draw after them 'the recalcitrant mass.' The theory of the 'conscious minority' naturally appealed

with peculiar force to men so circumstanced: it appeared as the right, even as the duty, of the few that they should assert themselves on behalf of the unconscious many. In their embryonic organisations, weak and unstable as these were, they saw the germ of the new Society. Face to face with a social structure which denied them their most elementary rights, they were prepared to sweep everything away, and to put in its place the institutions they had themselves created.

The theory of *National* Guilds could only arise in a society where Labour was organised in strong *National* Trade Unions. Syndicalism, at least in its early forms of which the later are, as we shall see, only readjustments, was based throughout upon the small, independent *local* Trade Union. The foundation of the Bourses du Travail with municipal subsidies afforded an opportunity for the linking up of these Unions, but still on a *local* basis. Trade Unionism, instead of developing a system of national craft Unions, as in Great Britain, developed a complicated network of Trades Councils, covering all the big industrial centres.

Anarchist Communism, we have seen, had always been strong in France. It had looked to a great political revolution in which the State and all its dependencies would be overthrown, and to the substitution of a new Society of free groups or Communes, which were to be the units of production and social organisation in the future. Under the guidance of Pelloutier and others like him, the Bourses whole-heartedly accepted this type of Communism, only modifying it by making the local Trade Unions the future units of production and the Bourses the co-ordinating forces and the units of social organisation. The Society to which they looked forward was essentially still Bakunin's federation of free Communes, and the workers were to be linked up nationally and internationally, not on the basis of their particular industry, but solely by a system of local federation, having the free and independent Commune as its foundation and its dynamic conception.

Such a theory, as it is set forth in the reports of the

congresses of the Bourses du Travail and in Pelloutier's history of them, was obviously not open to many popular objections to modern Syndicalism. There was no question of a great National Union of Miners or Railwaymen holding up or exploiting the community as a whole. Indeed, the whole question of the rights of the consumer, on which the Collectivist criticism of Syndicalism is mainly based, has no application to this earlier form. The Bourse du Travail, which is to determine the amount and character of production, is the free local community, reconciling the interests of the various sections; the national Federation of Bourses is the national community, co-ordinating the various local interests. In Pelloutier's book, and in the reports prepared by the various Bourses, ultimate control over production is claimed, not for the individual Trade Union, but for the Bourse itself, which is in effect the municipality of the future. The essential features of Syndicalism are present: the control of industrial processes is demanded for the sections of producers, and Communism has been transformed by taking Trade Unionism as its basis; but the theory is still purely *local* in character. It looks, for the overthrow of Capitalism, not to the economic power of great national Industrial Unions enjoying a monopoly of labour, but to the local organisation of a conscious and militant minority: and, while it sees in the Bourses the germ of the future Society, it still contemplates a catastrophic social revolution, less a general strike than a general insurrection similar in type to the revolutions of 1789, 1848 and 1871.

There is doubtless in this statement some artificial simplification; but I believe it fairly represents the point of view of the leaders of the Bourses du Travail in the earlier period of their existence. Out of this germ grew by gradual stages the developed theory of the leaders of the C.G.T.—an evolution which proceeded simultaneously with the changes in industrial conditions and in Trade Unionism itself.

The first, and the most important, of these changes was the gradual growth of national Trade Unions and

Federations in the various industries. The old General Federation of Labour failed, as we saw, because it attempted a general national grouping of the workers without the intermediate link of national Trade Unions. The new Confédération Générale du Travail was enabled to keep alive because, under the influence of the Fédération des Bourses, Trade Unionism had begun to develop on national lines. Founded in 1895, the C.G.T. remained very weak until its fusion with the Bourses in 1902; its own reports freely confess its weakness and acknowledge the superior efficiency of the Bourses. But the change was coming surely, if slowly; and the fusion of 1902 ushered in the final period in the growth of French Syndicalism.

From 1895 to 1902 the Federation of Bourses and the C.G.T. were continually at variance, and it can hardly be doubted that, in the minds of some of the leaders at least, the conflict was between two rival methods of organi-tion. Two theories, alike of the proper conduct of the class struggle in the present and of the constitution of the future Society, were really contending for the mastery. Syndicalism was passing from Anarchist-Communism, with its essentially local basis, to a theory founded on Trade Unionism in its national form.

Into the amalgamation of 1902 the Federation of Bourses entered as still overwhelmingly the predominant partner. Both in membership and in prestige it was far ahead of the C.G.T., which consisted at this time of national Trade Unions, local Trade Unions, national Federations, and Bourses du Travail. The fusion at once made a more systematic arrangement possible: the new C.G.T. was divided into two sections, the one a Federation of Bourses with its national Executive, the other a Federation of national Federations (craft or industrial), and national Unions, with its separate Executive. The Executive Committee of the whole C.G.T. was formed by joint session of the two sectional Executives. According to the rules of the new organisation, every local Trade Union must join both its Bourse du Travail and its national Craft or Industrial Federation.

The adoption of this double basis of affiliation shows that the leaders of the working-class movement had already realised the inadequacy of the purely local bond, and had seen the importance of linking up nationally the local Unions in each distinct industry. But they did not at all anticipate the disappearance, or even the weakening, of the local bond, which they still regarded as the more fundamental of the two. Yet, in fact, the whole history of the C.G.T. since 1902 is the history of the decline of the Bourses and the rise of the national Federations. This has been the outcome partly of essential and partly of purely accidental causes: its general result has been a far-reaching modification of Syndicalist practice and theory alike. From the ideal of local solidarity such as Mr. Larkin seems to have had in mind in forming the Irish Transport Workers' Union, the C.G.T. passed to the ideal of national solidarity of Labour such as the more advanced Trade Unionists of Great Britain have set before themselves the task of achieving.

One cause of this transformation was external and accidental. The Bourses had grown to greatness by means of municipal subsidies granted them in their capacity as Labour Exchanges. As they became centres of revolutionary activity, these subsidies were gradually withdrawn, and the widening breach between the C.G.T. and the Socialist Party caused them to be discontinued even where the Socialists had conquered the municipal councils. Thus compelled to rely upon their own resources, the Bourses failed to rise to the occasion. One great weakness of Trade Unionism in France, even more than in Great Britain, has always been the workers' unwillingness to pay for reasonably efficient organisation. Compelled either to demand higher dues from their members, or else to give up their most valuable activities, the Bourses were compelled in many cases to take the latter course. Many were ejected from the buildings which the municipalities had placed at their disposal, and, as few were in a position to erect buildings of their own, most of them lost their character of general workmen's clubs, and became mere Trades

Councils of delegates, with all the weaknesses we have learnt to associate with Trades Councils in England. In their migration, the Bourses lost their function of Labour Exchanges and lost also their name: they became local Unions de Syndicats, alongside of which the old Bourse often persisted merely as a municipal Labour Exchange.

The Bourses would have been better able to survive the withdrawal of municipal assistance had not the natural development of the C.G.T. itself also tended to undermine their position. The national Federations were all the time steadily gaining in power and influence; they were developing national policies of their own, and coming to be the centres of Trade Union action and organisation. National movements of a single industry were seen to be as a rule more effective than local movements of all industries, and the old ideal of the local general strike began to give way before the ideal of a national strike organised by the various Federations—the general strike on a national instead of a local, basis. Probably the full importance of this change was not realised by the leaders of the C.G.T. itself—in fact, it may be doubted if they quite understood what was happening; but undoubtedly the general effect has necessitated a very considerable revision of Syndicalist theory and practice. The breakdown of the local bond has been a grave cause of weakness which the growth of the national Federations has failed to counteract: the period of the greatest strength of the C.G.T. included the few years after 1902 when both systems were in full action; then, as the Bourses began to decline, the C.G.T. became less efficient, and the rapid progress of the earlier years sustained a check. This has been clearly seen by the leaders themselves, and they are now attempting to meet the want by means of *Unions Départmentales* or County Trades Councils, linking up the Unions on a local basis, but covering a wider area. It is too early to judge the new scheme; but clearly some such method must be adopted. The local bond is still of the greatest importance, and, as long as it is neglected, the movement will make no progress. The weakness of our own Trade Councils

is largely responsible for the failure of Trade Unionism in Great Britain (where the national Unions are really strong) to penetrate sooner into the unorganised trades.

With the growth of the national industrial Federation and the decline of the Bourse du Travail, the simplicity of the older Syndicalist theory was bound to give place to a more complex doctrine. Syndicalism could no longer leave the national organisation out of account and build solely on a local basis; for the inadequacy of the local bond of union, taken by itself, had been clearly manifested. If Syndicalism was to maintain itself as a theory tenable under modern conditions of production and working-class organisations, it had to find a place in its scheme for the great national Unions. But as soon as it came to be proposed to vest control in the national Union or Federation, the Bourse ceased to be an adequate owning and co-ordinating force. The old facile reconciliation of producer and consumer in the Bourses no longer met the need: the new reconciliation must be national instead of local. Syndicalists therefore came to anticipate the vesting of ownership, partly at least, in some such body as the C.G.T. itself, the Trade Union Congress of the future, the legitimate successor of the Capitalist State, but organised still on the basis of production.

In French theory this transformation is by no means complete, because the national organisations in the various industries are nearly all Federations, and not Unions. The local Union has still, in most cases, most of the funds and most of the power, and the whole bias of the French mind is still in the direction of preserving, as much as possible, local independence, and local initiative. But, willing or unwilling, the Unions are clearly tending to greater centralisation; and, as they grow in numbers and in power, the central control, which was originally forced on them largely by the breakdown of the Bourses, will inevitably become stronger.

Syndicalists and their critics very often talk at cross-purposes because the Syndicalist is dreaming of a mainly local form of organisation, while his critic is assuming a

developed system of national Trade Unions. I know of no ostensibly Syndicalist work which faces, or seems fully to realise, the importance of this point. A few British Syndicalists, with more consistency than common sense, have advocated the absolute ownership and control, by the national Union, of the means and methods of production in its particular occupation: French Syndicalists have, as a rule, omitted to face the difficulty. Yet Syndicalism can only stand by its power to adjust itself to this new situation, and to develop, out of a theory based on Anarchist Communism and the local Trade Union, a new theory grounded on the acceptance of the national Union as the necessary unit of industrial action and organisation. But this new theory could only arise in some country which is industrially more developed than France. It will be evolved wherever strong national Unions, confronted with important problems of industrial action, can be brought to re-examine their fundamental dogmas, and to confront in earnest the question of the control of industry in the society of the future.

## III

Wherever it manifests itself, Syndicalism has two distinct aspects. It is at once a policy of Direct Action in the present and a vision of the coming Society. Of late years, Syndicalism in France has curiously confused these two points of view: professing to repudiate all theory about the future and to be merely a plan of campaign for immediate use, it has continually affirmed, almost in the same breath, its faith in a new Industrial Commonwealth, based solely on organisations of producers. The confusion is plainest in the work of M. Sorel, whose philosophy of Violence, for all its denial of prophetic intention, is but the continuation of his first work, *L'Avenir Socialiste des Syndicats*, a distinct and definite attempt to found a new Society on a Trade Union basis. M. Pouget, again, repudiates the idea of forecasting the future, and gives an exposition of Syndicalism as a method of Trade Union

action, but also writes, along with M. Pataud, the elaborate prophetic romance, *Comment nous ferons la Révolution.* But on the whole, it cannot be disputed that there has been in France a considerable reaction against long views and Utopian speculations.

This change can hardly be dissociated from the actual change in industrial organisation. It will be found that, where French Syndicalism remains prophetic, it still cleaves in the main to the old concepts of local autonomy and Anarchist-Communism. *Comment nous ferons la Révolution* is, in most of its essentials, a Communist romance; it might almost have been written, long before Syndicalism was heard of, by a disciple of Kropotkin or even of Bakunin. French Syndicalists, in fact, have tended to give up theorising largely because a great deal of their theory has already become obsolete. They have not thought out a new system of organisation capable of supplanting Capitalism in such a way as to accept as its basis a national Trade Unionism. They have not carried their speculations beyond the embryonic stage of local organisation: they have produced no theorist great enough to work out the conception of Pelloutier in the light of more recent developments. We shall not be wronging them if we maintain that they have kept silence because they have nothing new to say—because, realising the inadequacy of their first sketch of the future, they have failed to put in its place a profounder analysis and a more complete reconstruction.

Syndicalists in the country would do well to realise the full meaning of this change in the attitude of their friends in France. Syndicalism in England has been too apt to exalt the unessential: a good many English Syndicalists, mainly recruits from the Anarchist ranks, have gone on preaching the principle of federation and local autonomy as the basis upon which the whole movement rests. But Trade Unionism in England is so predominantly national in character, the 'craft' or 'industrial' bond is so strong and the local bond so weak, that no theory which aims at a federal system based on general

local associations of producers can possibly make headway. The really vital doctrine of Syndicalism is the doctrine of producers' control: it asserts fundamentally that the producers must secure the control of their work, if the work is to be honourable and the community real. Anything that undermines this doctrine is contrary to the whole aim of Syndicalism; but, if this be accepted, the question of machinery remains secondary, to be settled according to the actual conditions under which modern industry is, or can be, carried on. The federal basis of Anarchism is no essential part of Syndicalism: it came to be regarded as vital because Syndicalism arose in France at a time when local organisation was easiest, and because there was already there a strong Anarchist movement to serve as a basis.

The Syndicalism, therefore, which is most commonly preached by those who call themselves Syndicalists, is, if they would but realise the fact, essentially a national product of French conditions. Moreover, it is at the present time, even for France, something of a back number. It can only emerge revitalised and fruitful if its advocates consent to re-examine their first principles and to rebuild in view of national differences and modern conditions.

As we have seen, there is at least one school of Syndicalists in Great Britain which has attempted this reconstruction; but most schools still persist in denying its necessity. The French type of Syndicalist often becomes impatient when he is told that his aim is to secure "the mines for the miners, the railways for the railwaymen, and the patients for the doctors." He maintains quite truly that he has never upheld the right of any section of the community to *own* the means of production, or to use them for the exploitation of the consumer. In his system, the conflicting interests of different sections of producers were to be reconciled locally in the Bourse du Travail: the local Unions of miners, etc., had an important function in the control of production, but the national Unions or Federations were, comparatively speaking, unimportant. This type of Syndicalist is therefore contemptuous of the criticism that he is merely substituting a multitude of

profiteers for the profiteering of a few. The weakness of his critics is that they have failed to realise the difference between his point of view and that which they are denouncing; if once they see this, they can easily point out to him that, where strong national Unions already exist, the interests of the various sections cannot be reconciled locally: interests nationally organised must be nationally reconciled.

This reconciliation has, indeed, been attempted by another school of 'industrialists' who have drawn their main inspiration, not from France, but from America. The Industrial Unionists agree with the Syndicalists in desiring complete control of industry by the producers, but base their case upon national Trade Unionism federated in a strong central organisation, or even combined in 'One Big Union.'

This, however, does not meet the case. It was possible to suppose that, if sectional organisation remained chiefly local, the Bourses would be able to hold the balance among the different bodies of producers; but clearly national Trade Unions demand a far stronger co-ordinating force. The power of the national Unions would be so great, and there would be such possibilities of exploitation that it is no longer possible, if the controlling force of producers is national, to dispense altogether with an authority standing for the consumer. The attempt is sometimes made to supply this force in the body of the Trade Union Congress, or, in France, the *Confédération Générale du Travail* itself; but clearly such a body would either be too weak for the purpose, or would reproduce the defects of the State which the Syndicalist sets out to abolish. A Trade Union Congress invested with supreme power would be no less liable to develop tyrannical tendencies than a State invested with supreme power. It would be in fact a quasi-State elected on an industrial, instead of a territorial, basis; whereas the real need is for a division of Sovereign power, and a distinct representation of the functions of production or 'making' and consumption or 'use.'

It is not desirable that the ultimate Sovereign body

should be either political or industrial. In that case, it would only reflect, instead of reconciling, the divergence. What is needed is a division of functions between producers and consumers. Syndicalists make the mistake of imagining that the State of the future must necessarily resemble, in all its essential features, the State of to-day, that it must remain capitalistic, bureaucratic and oppressive. But the democratic State is the expression of the structure of Society as an association of consumers; as the class-structure finds its natural expression in the class-State, so democracy, based on Trade Unionism, will find political expression in the consumers' State, which will be the expression of the consumers' point of view. Confronted with Trade Unions which are their own masters in the industrial sphere, the State will cease to be the natural enemy of the worker, and will become the natural partner of the producers' organisations in the ordering of the national life.

If, then, it be regarded as fundamentally anti-political, not merely in the sense that it holds the State of to-day to be only an instrument in the hands of the oppressor, but also in the sense that it aims at the entire destruction of every vestige of communal expression outside the producers' organisations themselves, Syndicalism is a theory of which no serious account need be taken. If, on the other hand, it is realised that Syndicalism only implies the satisfaction of the workers' demand to control their life and work, it remains still a vitalising force, capable of transforming Socialism into something better than a bureaucratic Collectivism. Out of it must grow a doctrine which will reconcile the conception of social solidarity which was fundamental to Communism with the development of Trade Unionism on a national basis, and at the same time preserve its insistence on the need of control, by the actual workers in each industry, of the processes of production and distribution. In short, the idea of National Guilds is, for this country, the essential parallel to Syndicalism in France. The theory of National Guilds is the restatement of local Syndicalism in terms of national Trade Unionism.

# APPENDIX B

## Labour Policy after the War

[The following is an article which I contributed in January, 1917, to an *Industrial Symposium* conducted by *The New Age*. I reprint it here, because it serves to express, as briefly as possible, my general attitude to after-war problems.]

Along what lines ought the reconstruction of industry after the war to proceed? That, I take it, is the gist of the three questions which *The New Age* is asking of its contributors; and I feel that I can best answer those questions by attempting a general answer to my own. That there must be some reconstruction of industry we are all agreed; upon the lines along which reconstruction ought to proceed there is the greatest divergence of opinion. Perhaps we can best approach the criticism of the rival principles of reconstruction by a survey of the tendencies that are operating during the war period. I shall begin, then, with the dogmatic summary of these tendencies as they appear to me.

I. During the war, Labour has received from the State a fuller recognition than ever before. This recognition has taken both agreeable and disagreeable forms. Labour has been consulted more than ever before, or, at least, Labour leaders have been consulted. Labour, or, again, the Labour leader, has been called upon to assume a far greater degree of communal responsibility, and, at least in appearance, of communal power. On the other hand, Labour—and here I mean the actual manual worker—

has been compelled to submit to rigorous limitation of its freedom of action, and to a far greater measure of State control than seemed possible before the war. Spiritually, Labour has both gained and lost: it has gained by the recognition of its influence and right to power; and it has lost by the inability to exercise that influence and right to power effectively. Materially, Labour has once more gained and lost: it has gained because, on the whole, its earning power has increased, and because it will be difficult for wages to fall again to the pre-war level; and it has lost because the strength of Trade Unionism has been seriously impaired by the concessions that have been made.

II. CAPITAL, like Labour, has received from the State a fuller recognition than ever before. From the beginning of the war, the control of business men over Government has increased, until now capitalist interests have, to all intents and purposes, a Government of their own. Profits, it is true, have been limited both under the Munitions Act and under the Excess Profits Tax; but in both cases only excess profits have been touched. Moreover, in return for these limitations, the capitalist has received both the protection of the State in his business and additional power conferred by the State over the workers he employs. Capitalism has become the State's accredited industrial agent, and State control has only served to strengthen the capitalist control over industry. Again, Capital has found during the war ample scope for industrial experiments impossible in times of peace; and the result of these experiments has been to make Capital both more efficient and stronger.

III. The STATE has intervened in industrial questions more than ever before. It has organised production, and directed the productive energies of the nation, on an unprecedented scale, and it is apparently about to embark on still larger industrial enterprises. Throughout, however, the action of the State has taken such forms as to leave private capitalism not only the ownership but also the management of industry. The Munitions Department, co-ordinating the labour of millions of workers and thousands of establishments, itself directly employs compara-

tively few persons. Only in the sphere of the merchant, as buyer and seller mainly of raw materials, has the State, chiefly through the War Office Contracts Department, directly assumed functions previously belonging to the capitalist. It has 'controlled' the railways, but the companies still manage them. It is 'controlling' the mines, but the mine-owners are to 'carry on as usual.' In short, its control over Capitalism has not taken the form of expropriation, and has not involved any drastic change in the management of industry. Again, in relation to Labour, the State has assumed large new coercive powers, not only under the Munitions Act, but also under the Military Service Acts and the Defence of the Realm Act, and further drastic action in this connection seems likely. But much of this extended power over Labour is exercised by the State, not directly, but in the new feudal form initiated in the Insurance Act, indirectly through the employer.

IV. From the point of view of SOCIETY, we may sum up the industrial effects of the war as these. Private capitalism, as we knew it before the war, has suffered a shrewd blow from which it can hardly recover; but it has been replaced by none of the alternative systems which, before the war, seemed its only serious rivals. Collectivism, or the direct control of industry by the State; Syndicalism, or the control of industry by the Trade Unions; and National Guilds, or joint control of industry by the Guilds and the State, are as far off as ever, if not farther off than ever. Instead, we have, at any rate, the beginnings of a new industrial system, properly to be called State Capitalism, under which private capitalism and profiteering continue with the moral and physical support of the State.

So far, we have been merely diagnosing the existing disease. Now we must turn to the future. Here, again, it is most convenient to divide our subject-matter into two main parts—dangers and possible remedies.

A. First among the DANGERS for the period after the war is the possibility that State Capitalism may be permanent, or as permanent as a stage in the industrial evolution

of society can be. This danger is the more disturbing because of the possibility that Labour may be brought, or, at least, may seem, to acquiesce in the new system. The participation of Labour in the present State Capitalist Government may be but a political foretaste of a situation that will be reproduced in the industrial sphere. As Mr. Lloyd George offered Labour a junior partnership in politics, the capitalists, and the capitalist State on their behalf, may offer Labour a junior partnership in industry. If such a partnership is accepted, goodbye for awhile to our hopes of ending Capitalism and the wage system. Labour may be offered not only a form of junior partnership in control, but also higher wages, shorter hours, and better material conditions; and it may even, if the capitalists are wise enough, be offered these things in return for little apparent concession on the Labour side. It will be enough to secure the triumph of Capital if, by one means or another, Labour can be drawn into the capitalist system, and converted into an upholder of that which it has hitherto more or less consciously menaced. An industrial truce, probably guaranteed by the State; new and subtle schemes of profit-sharing which offer to share profits with the Trade Union instead of the individual; bogus schemes of workshop control which lay upon the Unions the responsibility for keeping their members in order—these are the most dangerous, because the most specious, proposals which may come from the capitalist side as parts of a general scheme of reconstruction, including, also, higher wages and shorter hours of labour. Will Labour, which has never been strong in the possession of a constructive ideal of its own, have the foresight and the moral force to resist these blandishments? We cannot, after our experience of Labour during the war, venture to give an optimistic reply. Yet these are the offers Capitalism will make, if it has the wisdom of the serpent. Only the folly of Capitalism, or a new-found wisdom in the ranks of Labour, it seems, can save us from the régime of State Capitalism after the war.

B. Yet we must not be pessimists, if we can see that there are REMEDIES to hand, if Labour can only be per-

suaded to adopt them. State Capitalism steals the thunder of Collectivists and National Guildsmen alike. It does not give nationalisation or State ownership and administration of industry; but it gives a form of State control which the foolish will mistake for nationalisation. It does not give Trade Union or Guild control of industry; but it does offer a sort of control to the workman in the workshop. National Guildsmen, therefore, must formulate their alternative with a view to both these problems; they must define their attitude to the immediate problems of State control and nationalisation, and they must define their attitude to proposals for workshop control.

(1) To me it seems that the whole problem of nationalisation has radically altered as a result of the war. Some Guildsmen have always been opposed to nationalisation. I have never taken that view; and perhaps I can best define my past attitude as one of half-benevolent neutrality. To-day, my position is different. We are faced with two immediate alternatives in industry—the continuance of private ownership backed by State protection under the guise of control or nationalisation. Of the two I vastly prefer nationalisation. Under either system, the power of the State is arrayed on the side of the wage system; but the chance of developing the Guild idea and the Guild demand among the workers seems to me very much greater under national ownership than under State Capitalism. By it we at least secure that great step towards our ideal—unified management; and, if we do not abolish profiteering, we do at least crystallise it into the form of a fixed rate of interest. At some stage, we agree, the State must assume ownership of industrial capitalism; and it appears to me far better that it should assume ownership now than that it should stand openly as the protector and assurer of private capitalism. In connection with all proposals for nationalisation, the Guild demand for joint control with the State must be pressed, and pressed hard; but, even without that, Collectivism is to be preferred to State Capitalism.

(2) I now come to the question of workshop control,

or, rather, to the wider question of industrial control, of which workshop control is only a part, and by no means the greatest part. The Guild ideal is that of joint control of industry by the Guilds and the State, or, to define it better, the control of industry by the Guilds acting in conjunction with the State. It is not that of joint control by employers and employed, and such joint control, properly so called, cannot even be, to my mind, a stage in the evolution of the Guilds. Joint control, in the sense of harmonious co-operation, cannot subsist between the parties when one is trying to displace the other altogether, and our ideal is nothing less than the complete displacement of Capitalism. The development of Trade Unionism towards the Guilds must therefore take the form, not of the acceptance of joint *responsibility* for the conduct of industry by the Trade Unions, but of increasing *interference* by them in the conduct of industry. Where a whole province of industrial management can be taken bodily out of the hands of the employers and transferred to the workers, well and good ; that is a stage in the evolution of National Guilds ; but until such complete transference can take place in any sphere, the action of the Trade Unions must remain external, and, to that extent, irresponsible, if they are to maintain their independence and their freedom to go further.

Let us seek now to apply these principles to the question of workshop control. If workshop control means the assumption by the Trade Union of the responsibility for the discipline and ordering of the workshop, well and good, provided the transference of power is complete ; but, if what is meant is joint control of workshop discipline by employers and employed, ill and bad for the independence of Trade Unionism and the freedom of the individual worker. Actual suggestions for workshop control seem, however, to point less to either of these things than to the institution of Workshop Committees for the adjustment of workshop conditions and grievances. What is to be the Guildsman's attitude to such proposals ? It all depends. If it is to be acceptable, the Works Committee must be

not a Joint Committee but two Committees meeting for joint consultation. The workers' side of the Committee must preserve its separate character, and must be linked up with the organised machinery of the Trade Union movement. The Works Committee must be not so much a legislative body passing laws for the works as a meeting of the management and the Trade Unionists for adjusting conditions and relations in the workshop. In fact, the Trade Unionists, in their policy on Works Committees, must follow the path, not of joint responsibility for industry, but of collective interference in industry.

The attitude must be the same in relation to proposals for joint action between employers and employed over areas wider than the single works. Proposals are current for Industrial Parliaments and for Joint Committees, both national and local. In all cases, the Trade Unions must beware of entering into partnership with the employers in the conduct of industry, and, above all, from acquiring an interest in the maintenance of capitalist industry. They must keep their independence unspotted from profiteering and the profiteers, if they are not to find that, in seeming to gain a first instalment of control over industry, they have lost their own souls and the power to rise to higher forms of control. The maintenance of the strength and independence of Trade Unionism must be in all things the first consideration; and no immediate step that seems a gain, however great, must be taken if it involves, even in the smallest degree, a sacrifice of Trade Union independence or strength.

These are the main general considerations which are present to my mind in relation to Labour policy after the war. If they seem too largely negative, I must answer that we cannot hope for great positive advances while the standard of organisation, leadership, and intelligence in the Trade Union movement remain what they are to-day. We can only seek, and hope for, such changes as will re-organise Trade Unionism internally and equip it intellectually for the task of winning control. Viewed in the light of this immediate aim, does the policy put forward

seem so negative after all ? Workshop control, if it takes the form rather of interference than of responsibility, will afford the most valuable training the workers can have for their greater task. The more they learn to intervene, and the more continuous their intervention becomes, the more they will be learning how to control. Actual control they will win only when they are fitted to exercise control ; and they can have no better weapon in the conflict than a fitness for victory.

There are, of course, a thousand and one subsidiary problems which confront Labour in formulating its after-the-war policy. I have concentrated on the problem that seems to me fundamental. The real issue for Society is whether industry is to continue its development along the lines of autocratic control from above, or whether industrial autocracy is to be displaced by the industrial democracy of National Guilds. An immediate policy for Guildsmen will be also an immediate policy for Trade Unionism ; for there is no other democratic industrial policy in the field, and Trade Unionism must perish unless it can arm itself with a constructive industrial policy.

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