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THE SOCIALIST TRAGEDY

by

IVOR THOMAS, M.P.



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To all
Social Democrats
in the hope
that when confronted with the choice between
socialism and democracy
they will choose
democracy

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PART I

SOCIALISM AND COMMUNISM

CHAPTER I

THE FADING OF A DREAM

SOCIALISM is commonly defined as a form of the economic organisation of society in which the means of production are owned by or on behalf of the community as a whole; but to a large part of mankind in the present century socialism has been far more than an economic system, it has been a religion. Socialism has been the faith of vast regions of the modern world where the names of Ricardo and Marshall are unknown. On it many millions have pinned their hope of salvation from the evils of this terrestrial life and such hope as they have for the world to come. In it they have seen the promise of redemption from the oppression of man by man, of class by class, and of nation by nation. The socialist age has been pictured as one of the climacteric divisions in the history of mankind. It has been delineated as a golden age which would be as superior to the capitalist period in the superabundance of its economic resources as the capitalist was to the feudal; and by its liberation of man from the necessity of spending the greater part of his energies in search of his daily bread it has been seen as fostering such an efflorescence of the human spirit as the world has never before witnessed.

Alas! we have now seen enough of socialism in practice to know that the picture is an illusion. The socialist age, if it comes about, will not bring an end of oppression of man by man, of class by class, and of nation by nation, but will substitute new oppressors for old, man for man, class for class, nation for nation. The socialist age, if it comes about, will not place greater economic resources in the hands of man, but will reduce the wealth of nations well below its present level, and perhaps take us back to the material poverty of the middle ages. The

socialist age, if it comes about, will not be an age of superior morality, but will lead to a general lowering of ethical standards. The socialist age, if it comes about, will not free the energies of man from physical work, but will compel him to work harder for a lower standard of living; and instead of being liberated for the pursuit of the arts and sciences he will find his life planned, ordered, regulated and controlled to an extent which will kill any flowering of the spirit. What was thought to be a vision turns out to be a nightmare. ;

A generation ago socialism was still only an idea in the minds of men, and there was ample room for disagreement about the nature of a socialist society and of life in it. It was possible to be a utopian socialist with Sir Thomas More or a co-operative socialist with Robert Owen; to be a romantic socialist with William Morris or a gas-and-water socialist with the early Fabians; to be a Christian socialist with Frederick Denison Maurice or a "scientific" socialist with Karl Marx. But these pleasant speculations have ceased to be relevant. Socialism has become the creed of the governments of two of the great powers of the world, and of many smaller powers around them. Since 1917 the world has seen a gigantic experiment in socialism over the sixth of the world's surface comprised in the Soviet Union. In 1945 a Labour government was returned to power in Great Britain and in a swift succession of measures set about to transform the social and economic life of the country. The transformation has now reached a point at which it is possible to see what life in a completely socialist Britain would be like. In Australia and New Zealand, in the Scandinavian countries, and in the satellite countries of the Soviet Union there have been other social democratic or socialist governments. Their several experiences might not in themselves be conclusive evidence of the nature of life in a socialist society, but it is impossible to ignore the pattern of life which has now been established in the Soviet Union for a generation and is in course of being established in Great Britain; and perhaps in a few more years vast areas of Asia will bring further conclusive evidence of what life in a socialist state will be like.

The author of this book had himself a modest part in the earlier stages of the British experiment, and it is written in a spirit of disillusionment, though not of rancour. It is in no sense an *apologia pro vita sua*. It is not intended to be an autobiographical sketch of a political conversion. The precise stages by which the conclusions of this book were reached are not so important as the conclusions themselves; and other people may be led to them by different means. But it may be useful to give the mental background to the arguments of this book.

It was formerly my belief that the British Labour party was the best instrument for the advancement of those ideals of personal liberty and social justice which I desired to see translated into reality in my country. With all other members of that party, I held that political liberty, though legally complete, was inadequate until supplemented by economic changes which were loosely but conveniently (though perhaps incorrectly¹) described as economic democracy. Like most of my countrymen, I had no strong ideological views, and was prepared to consider each question, and especially the question of public or private ownership, on its merits. I sought to curtail extremes both of wealth and of poverty, but I was prepared to see wide variations both in capital fortunes and in money incomes. I studiously avoided calling myself a socialist, and on occasions when I was obliged to accept the name it was with the reservation that British socialism was different from other varieties; I hoped there was some significance in the fact that my party described itself, not as the Socialist party, but as the Labour party, thereby implying that it was an association of workers by hand and brain; and in the fact that its constitution made no formal profession of socialism. I was prepared to support a particular programme from year to year or from election to election, but not to commit myself to distant horizons.

I did, however, believe that there was a pattern of history in western Europe in whose weaving the Labour party had a big part to play. The social and economic organization of western Europe has been evolving continuously since the fall of the

¹ See below, p. 129.

Roman Empire, but it is valid as well as convenient to divide this evolution into the feudal and the capitalist ages; and it seemed to me that, just as the feudal age had gradually evolved into the capitalist age, so the capitalist age was evolving under our eyes into an age which would be as different from the capitalist as the capitalist had been from the feudal period.

I still believe that this analysis is fundamentally correct; but I no longer believe that the Labour party has any significant contribution to make to this evolution, or that the new age will be a socialist age. It is now clear to me that socialism would not be a step forward in the evolution of society but a retrogression; it would not lead to an advance upon capitalism as great as capitalism was upon feudalism, but would take mankind back into semi-feudal conditions; and in so far as the Labour party is an instrument for the achievement of socialism—and whatever may have been the case in the past it is now irretrievably committed to “socialism in our time”—it is now clear to me that the Labour party, like the Communist party, cannot be the means of bringing a new age into existence, but can only deflect human society from a healthy evolution.

To justify these contentions will be the task of the next chapters in this book; and it will be well to begin by establishing that, although socialism may differ from communism in its methods and in its *tempo*, the final state of society will be the same.

CHAPTER II

SOCIALISM AND COMMUNISM: THREE IDENTICAL AIMS

MODERN socialism and modern communism both arose about a hundred years ago. The name socialism was first used in English in 1835 and communism in 1843, and both doctrines received a powerful stimulus from the publication in 1848 of the *Communist Manifesto*. The authors of the *Manifesto*, Karl Marx and Friedrich Engels, thought it prudent to make a distinction at that time between communism and socialism; and since the formation of the Communist International in 1919 bitter hostility has divided the communist and socialist parties of the world. But throughout the greater part of the intervening period, say from the foundation of the International Working Men's Association (the First International) in 1864 to the creation of the Communist (or Third) International in 1919, socialism and communism were used virtually as synonyms. A particularly good example by a great master of style is to be found in *My African Journey*, published in 1908, where Mr. Winston Churchill uses the terms "socialist" and "communistic" with the same meaning in the same sentence.¹ "The first, and perhaps the greatest, difficulty which confronts the European socialist", he writes, "is the choosing of governors to whom the positively awful powers indispensable to a communistic society are to be entrusted." It is a remarkably prescient analysis, but here we are concerned only with the use of words. Which usage is correct? Are socialism and communism only different names for the same thing? Is the difference between them a difference of *nuance*, as between Conservative and Tory in

¹ *My African Journey*, by Winston Spencer Churchill, p. 124.

England? Are they different methods of reaching the same goal? Or are they utterly different and irreconcilable in their methods and their results? These are among the most important questions to which that part of the world where free discussion is still possible demands answers.

We may quickly dismiss from our minds the distinction which existed before the *Communist Manifesto* provided socialists and communists alike with a common creed and a common hymn of hate. Engels himself, in his preface to the English edition of the *Manifesto* published in 1888, explained why he and Marx preferred the term communist forty years earlier. Socialists in 1847, he complained, were either makers of utopias or middle-class cranks.¹

"The history of the *Manifesto* reflects, to a great extent, the history of the modern working-class movement; at present it is undoubtedly the most widespread, the most international production of all socialist literature, the common platform acknowledged by millions of working men from Siberia to California.

"Yet, when it was written, we could not have called it a *socialist* manifesto. By socialists, in 1847, were understood, on the one hand, the adherents of the various utopian systems: Owenites in England, Fourierists in France, both of them already reduced to the position of mere sects, and gradually dying out; on the other hand, the most multifarious social quacks, who by all manner of tinkering, professed to redress, without any danger to capital and profit, all sorts of social grievances, in both cases men outside the working-class movement, and looking rather to the 'educated' classes for support. Whatever portion of the working class had become convinced of the insufficiency of mere political revolutions, and had proclaimed the necessity of a total social change, called itself communist."

It was the *Manifesto* itself which resolved these early differences between socialists and communists. It immediately won for itself an authoritative position among working-class

¹ Some may think there has been no change; both classes are certainly still prominent in socialist ranks.

movements, and henceforth for seventy years both socialists and communists drew their inspiration from it. But in recognising these early differences we must beware of reading into them the conditions of our own time. The idea that socialists and communists could be organized in separate parties, not to say mutually hostile parties, was wholly alien to the ideas of Marx and Engels even in the forties. The communists are regarded as the *élite* in working-class movements and the spearhead of revolution, but the idea that they should form a separate party is specifically repudiated in the *Manifesto*. ("The communists do not form a separate party opposed to other working-class parties. . . . They do not set up any sectarian principles of their own, by which to shape and mould the proletarian movement.")

It has been reserved for our own age to see the creation of communist parties divided from socialist parties, and to hear them denouncing each other in language of unexampled ferocity. Does this indicate that there is, despite two generations of virtual identity, a fundamental incompatibility between socialism and communism? We shall need to return to this mutual hostility later; but here we need only note that this mutual vilification is not in itself proof of a fundamental incompatibility between socialism and communism. It is a familiar fact of history and experience that the severest censures are often awarded to those who are nearest in outlook. It is a commonplace of ecclesiastical history that the strongest anathemas have been reserved, not for pagans and infidels, but for heretics and schismatics. Those who have always been outside the True Church are pitied rather than hated, and all extenuating circumstances are sought for their conduct; but those who have lapsed from the One Fold or set up their judgement in opposition to it are denounced with bell, book and candle. May there not be a similar explanation for the current hostility between socialist and communist parties? The Kremlin may thunder at the west, and the west may thunder back as loudly; but it would still be possible for life in a socialist Europe or America to be of the same pattern as life in a communist Russia. We can answer this question only by examining

what socialism and communism mean both in theory and in practice, and by finding the goal or goals to which socialists and communists are, consciously or unconsciously, tending.

In setting out on such an examination we may conveniently make a beginning by consulting the great dictionaries and encyclopaedias, for it is the duty of their compilers to eschew propaganda and to maintain scholarly and objective standards. If we consult the two main works in these classes in the English language, the *Oxford English Dictionary* and the *Encyclopaedia Britannica*, we notice the startling fact that there is practically no difference in the definitions.

The *Oxford English Dictionary* [1933] defines socialism as:

"A theory or policy of social organization which aims at or advocates the ownership and control of the means of production, capital, land, property, etc., by the community as a whole, and their administration or distribution in the interests of all."

The same dictionary defines communism as:

"A theory which advocates a state of society in which there should be no private ownership, all property being vested in the community and labour organized for the common benefit of all members."

A reader who detected a difference between the two definitions might justly be accused of pedantry.

The *Encyclopaedia Britannica* (fourteenth edition, 1929) defines socialism over the initials of Professor G. D. H. Cole and communism over the initials of Professor Emil Lederer. Professor Cole writes:

"Socialism is essentially a doctrine and a movement aiming at the collective organization of the community in the interests of the mass of the people by means of the common ownership and collective control of the means of production and exchange."

Professor Lederer, after observing that communism is "a term originally used as almost synonymous with socialism" and noting various meanings, writes:

"It is, however, more usual, and also more practical, to confine the words 'socialism' and 'communism' to those systems and

movements which aim at communalizing the means of production, justify their pursuit of this end by a scientific analysis of the capitalist system of economics and in their efforts to reach it count principally on the support of the masses of industrial workmen, the proletariat, and the numerous classes of lower clerks, etc.”

The *Encyclopaedia Britannica* thus reinforces the view of the *Oxford English Dictionary* that socialism and communism are practically interchangeable terms. As we shall see later,¹ Professor Cole agrees that the difference is only one of means.

If we examine the matter more closely, we shall see that it is inevitable that the great works of reference should come to this conclusion. Both socialism and communism are primarily forms of the economic organization of society. Both socialists and communists believe that the other main characteristics of society flow from its economic characteristics. They would not necessarily subscribe to the whole doctrine of economic determinism, but they would certainly accept Marx's view that “the mode of production in material life conditions the general character of the social, political and spiritual processes of life.” The more extreme socialists and communists would argue that the economic forms of society determine its art, science, thought and religion so that the middle ages developed an art, a science, a philosophy and a religion appropriate to the feudal system, and the modern ages have developed schools of art, systems of science, forms of philosophy and modes of religion appropriate to the competitive private enterprise of the capitalist age. In this extreme form the doctrine of economic determinism can easily be ridiculed, and would not be universally accepted by all socialists and communists, but they would all agree that the most important fact about a country is the nature of its economic organization, and that other main characteristics of the country inevitably flow from its type of economic organization. They would both agree for example, that the “class struggle” is the dominating feature of capitalist economy and that the form of economic organization they desire must lead to the disappearance of classes

¹ See below. p. 27.

Experience suggests that this conclusion is incorrect, and that socialism or communism would simply lead to the substitution of new (and worse) governing classes for old: but both socialists and communists are united in the belief that the realization of their economic aims will automatically lead to the disappearance of classes.

Ownership

Both socialists and communists begin with a criticism of the capitalist system, and the grounds of their criticism are identical. They both begin with a criticism of the form of ownership of property in the capitalist system. (The gist of their criticism is that the capitalist system "denies the workers access to the means of production".) Put in this form the criticism is, of course, palpable nonsense. It is only because the workers have access to the means of production that the capitalist can employ his capital usefully and make a profit. If the workers were in fact denied access to the means of production, not only they but the capitalists with them would starve. We must get accustomed to phrases repeated parrot-like by generations of socialists and communists which are, if taken literally, nonsense. They are not really meant to be taken literally, but are battle-cries to rally the troops for the attack on capitalism: they are incantations at the sound of which it is hoped the walls of the citadel will collapse. The charge that capitalism denies the workers access to the means of production implies only that in the capitalist system the land, mines, factories and plant are owned by individuals or groups of individuals; and that these individuals or groups of individuals employ workers for wages. The wage-earners do not themselves own the land, mines, factories and plant. Both socialists and communists make this the central point of their attack on capitalism and see in it the source and origin of our miseries.

They propose to remedy this great evil, as they regard it, in an identical way. They realize that it is impossible in the conditions of the modern world for each worker to own his own equipment or his own land. They are aware that the factory

system has led to a vast increase in productivity compared with the days of cottage industries. They know they cannot turn the clock back. (Their proposal is to abolish private ownership in "the means of production, distribution and exchange".) This is another hallowed phrase which makes the hearts of socialist and communist audiences glow, and it is desirable to see precisely what it means.

The "means of production" are in the first place the land, which stands in a category by itself as the one permanent source of wealth and the origin of all other sources; in the second place the farms, where the wealth of the soil is harvested; in the third place the ores and minerals in or under the soil, which are either sources of power or the raw materials for industry; in the fourth place the mines and quarries, where the ores and minerals are won; in the fifth place, the works, mills and factories where the raw materials of industry are fabricated into finished products; and in the sixth place the equipment of the farms, mines, quarries, works, mills and factories.

The "means of distribution" are in the first place the physical means of transporting goods and persons from point to point¹—the road, canal and railway systems, road vehicles, barges, railway vehicles, merchant ships and civil aircraft; in the second place are the auxiliary group of communication services such as the postal, telegraph, radio and radar services; and in the third place is the system of wholesale and retail dealing by which goods find their way from the point of production to the point of eventual consumption. The "means of exchange" are the banks and similar agencies by which trade is financed.

(Both socialists and communists propose that private ownership in all these things should be extinguished.) Let us have no illusions on this crucial point. If words mean anything, both socialists and communists are irrevocably committed to abolishing all private ownership in "the means of production, distribution and exchange". They may differ, and do differ, as we

¹ Some socialist writers include these under the "means of production" and confine the "means of distribution" to the trading system; it is immaterial.

shall see, on the question whether the extinction is to take place all at once or is to be a gradual process. But they could not, without denying formulas that have been written in a thousand books and proclaimed from a million platforms, deny that their ultimate goal is the same—to extinguish all private ownership in the “means of production, distribution and exchange”.

(Socialists and communists are also united in their view of what is to be substituted for private ownership. It is the “public (or communal) ownership of the means of production, distribution and exchange.”) This is another phrase that sounds very comforting to those who use it, but what “public ownership” means is by no means so clear as the fact that private ownership is to be extinguished.) In a large modern community the public cannot own property directly, as the citizens of a Greek city-state could have done, or the inhabitants of an English feudal village. It is only in a Pickwickian sense that the 180 million people in the Soviet Union can be said to own the Russian railway system or the 50 million people of Great Britain the British coalmines. “Public ownership” can mean only the vesting of property in the hands of institutions acting (in theory at any rate) on behalf of the community as a whole. Among such institutions the state is pre-eminent, and “public ownership” means in the first place state ownership. But it need not be confined to state ownership, “Public ownership” is compatible with ownership by specially constituted corporations acting on behalf of the state, regional or municipal ownership, and ownership by groups of producers or consumers. All these forms of “public ownership” are found in the Soviet Union, and most of them in Great Britain. In the Soviet Union almost the whole production of capital goods and a high percentage of the production of consumers’ goods is turned out by state, regional or municipal undertakings, frequently organized into combines: trade may also be undertaken by such bodies, but is more commonly undertaken by consumers’ cooperative societies, which are said to resemble consumers’ cooperative societies in other countries except that they do not pay a dividend

on members' purchases¹; and the consumers' cooperative societies themselves engage to a limited extent in the production of consumers' goods. Yet another type of public ownership is seen in the producers' cooperative societies, groups of workers who collectively own their equipment, and are paid, not in wages, but by division of the proceeds from the sale of their products; the collective farms are the chief examples of such producers' cooperative societies, and there are similar groups of artisans (*artels*) in industry. But in the Soviet Union we must always beware of mistaking the outward resemblance for the reality. These different forms of public ownership exist on paper but in reality all power is in the hands of the state, and the power of the state is wielded by the ten² members of the *politburo*, through the instrumentality of the secret police (M.V.D.) and the Communist party. It is unthinkable that any of the agencies above mentioned should attempt to follow a line different from that laid down for it by the state. In practice, whatever may be the theory, Soviet socialism means state ownership and control.

In Great Britain there exists in theory a similar variety in the forms of public ownership. The Post Office has been directly owned by the state for centuries, and the Bank of England was brought into direct state ownership in 1946. But the Labour party, largely under the guidance of Mr. Herbert Morrison, has in recent years veered away from the idea of direct state ownership and control in favour of the vesting of socialized undertakings in public corporations. A large number of such corporations existed before the advent of the Labour party to power.³ They were precluded from making a profit, and existed solely to serve their users. But in adopting public trusts as the vehicle of socialization the Labour government has introduced a change which completely alters their character. The public corporations which owned and operated many ports, for example, were composed mainly of representatives elected by the users.

¹ A rather important difference, members of these other cooperative societies will think; there can be no doubt that the "divi" is the big attraction for cooperators.

² Or thirteen, if the "candidates for membership" are included.

³ See *Public Enterprise*, edited by W. A. Robson.

But the essential features of the public corporations set up by the Labour government to operate socialized industries are that the members are appointed by a minister, and are liable to be removed by him; and the minister may give to the corporations directions of a general character, and in some cases of a specific character. Though the extent of the minister's control may vary with the passing of the years and according to the personalities involved, it is clear that the public boards set up by the Labour government to operate nationalized industries are in the main state-controlled. This is in line with other tendencies which have marked Labour administration. Before 1946 a large part of the gas industry and a high proportion of the retail distribution of electricity in Great Britain were municipally owned and controlled; but under the Labour government these municipal undertakings, along with private undertakings, have been placed under national ownership and control through public boards appointed by the Minister of Fuel and Power. The area of municipal ownership has thus been greatly circumscribed, and the area of national ownership and control has been correspondingly increased. The cooperative producers' movement, after an initial failure about a hundred years ago, has never taken root in Great Britain, but the consumers' cooperative movement is powerful, both in wholesale and retail distribution; as already mentioned, the retail societies differ from the Russian in that they pay a dividend to members on their purchases, usually at the rate of between 1s. and 2s. in the £1.¹

As a result of our inquiries so far we may thus assert that socialism and communism both imply "public (or communal) ownership of the means of production, distribution and exchange", and, in the light of Russian and British experience, whatever may be the outward form, this means in practice state control and frequently state ownership of the land, with the

¹ It is, however, a moot question whether the aims of the cooperative movement in Great Britain are ultimately compatible with socialism. The cooperative movement has hitherto been loosely associated with the Labour party, but there has long been uneasiness. In general the cooperative movement wishes to protect consumers' interests, but the main strength of the Labour party lies in certain large groups of producers. The question is well examined in articles in *The Times* on 2nd and 3rd May 1949.

farms upon it and the ores and minerals underneath it; the mines and quarries; all works, mills and factories, together with their equipment; the road, canal, railway and air transport systems and telecommunications; and the banks and other institutions needed for financing trade and investment.

To sum up the attitude of socialists to ownership, we shall not go far wrong if we say that their ideal is expressed with great clarity in some early articles of the constitution of the Soviet Union as approved in 1936. They express what has already happened in the Soviet Union and what will eventually happen in any country that opts for socialism. The articles read:¹

“Art. 4. The economic foundation of the U.S.S.R. consists in the socialist system of economy and socialist ownership of the implements and means of production, firmly established as a result of the liquidation of the capitalist system of economy, the abolition of private ownership of the instruments and means of production, and the abolition of exploitation of man by man.

“Art. 5. Socialist ownership in the U.S.S.R. has either the form of state ownership (public property) or the form of cooperative and collective farm ownership (property of individual collective farms, property of cooperative associations).

“Art. 6. The land, its deposits, waters, forests, mills, factories, mines, railway, water and air transport, banks, means of communication, large agricultural enterprises organized by the state (state farms, machine and tractor stations, and so on), as well as the essential part of housing in the cities and industrial centres, is state property, that is, public property.”

Income

We may now make a new approach in our attempt to envisage what a socialist state and a communist state will be like. We

¹ *The New Soviet Constitution*, issued by the Anglo-Russian Parliamentary Committee.

have seen that the attitude of socialists and communists to ownership is identical; let us now consider their attitude to income.

(Both socialists and communists criticize free enterprise on the ground that a proportion of the products of the system is distributed in the forms of rent, interest and profit; and they would agree that they are working for a form of society in which individual incomes derived from rent, interest and profit will be eliminated.) According to Marx the origin of rent, interest and profit is the "surplus value" created by the labourer over and above what the capitalist pays for his labour power, the raw materials consumed in the process, and the wear-and-tear of the plant. The capitalist pays no more for the labour power than the labourer can be induced or compelled to accept; and he pockets the surplus. Though there are few socialists or communists who would profess to understand all the subtleties of Marx's analysis of surplus value, they would agree that rent, profit and interest arise only from the "expropriation" or "exploitation" of surplus value created by workers. The theoretical basis of this doctrine is unsound and its practical consequences disastrous, but here we are concerned only with the fact that in a socialist society, as in a communist society, no income will be derived from rent, interest or profit. (In a socialist or communist state the only income will be in the form of wages, salaries, professional fees (if permitted), and payments by the state or insurance schemes (pensions and allowances).)

(This is really an inevitable deduction from the socialist and communist attitude to ownership. If there is no longer any private ownership in "the means of production, distribution and exchange", there can be no possibility of an income derived from rent, interest or profit.) As the land will be nationalized, no private person can derive an income from rent—though the state will presumably demand rent like any other landlord. As the profit-making process will all be taken into state hands, there can be no possibility of profit by a private person. (The question of interest is not so clear. Both the communist government of the Soviet Union and the socialist government of Great Britain have issued interest-bearing bonds to their citizens

To raise such long-term loans the Soviet Union has had to pay a rate of interest in the neighbourhood of 7 per cent., but the British Labour Government has been able to raise money at $2\frac{1}{2}$ per cent. with a considerable measure of manipulation of the market, and more naturally at 3 per cent. But the process cannot long continue without permitting accumulations of capital and thus re-creating the very "evils" that socialists and communists set out to destroy. If the inheritance of such funds is permitted, capitalism will be in danger of revival; if it is not permitted, citizens will be deterred from lending to the state. It is perhaps wise to regard the issue of interest-bearing bonds by professedly socialist and communist governments as a temporary expedient, and to take socialists and communists at their word: in the fully socialist state, as in the fully communist state, there will be no private income derived from interest any more than from rent or profit.

Planning

We may now make yet a new approach in our endeavour to see what a socialist or communist society will be like. If no income is to be derived from rent or profit, the mainspring of the economic system has been destroyed. It is the search for profits which governs the whole delicate fabric of capitalist society. In a capitalist economy if mines are sunk and ores and minerals worked, if trains run along the railways and ships plough their way across the ocean, if iron is beaten at the forge and steel rolled at the mills, if fibres are spun and textiles woven at the loom, it is in order that some person or group of persons may make a profit. It is true that they can make a profit only by satisfying a demand; and the search for profits has in the course of centuries wonderfully enriched and widened the life of men. But *entrepreneurs* have not usually been animated solely or even primarily by the thought of enriching and widening the life of men. They have been sustained by the hope of making profit. The profit motive has acted in the capitalist age as an automatic regulator of all economic transactions.

⟨In a socialist or communist society it will be necessary to

find a substitute for the part played by the profit motive in the capitalist system.) Whatever the nature of the economy under which we live, answers must be given to the questions, what goods shall be produced, by what men, at what wages, for what prices, in what places, and what proportion of the product shall be devoted to the maintenance of the plant and to further development? In the capitalist system the profit motive, silently and efficiently, perhaps ruthlessly, as some would say, gives automatic answers to these questions.

Socialists and communists are united in their views about how the answers are to be given. They will be given by conscious planning. (Socialism and communism, it is agreed by their respective exponents, are systems of "planned production for use and not for profit", or "planned production for community consumption".)

The latter phrase was coined by Sidney and Beatrice Webb as the title of their chapter describing "what seems to us the most significant socially of all the trends in Soviet communism, namely, the deliberate planning of all the nation's production, distribution and exchange, not for swelling the profit of the few but for increasing the consumption of the whole community"

It is therefore curious that the earlier socialists and communists do not appear to have realized that central planning was an inevitable consequence of their theories of property and income. Professor John Jewkes says:² "It seems to have originated, as many evil ideas originated, in Germany in the war of 1914-18 when it was conceived as a technique for war administration" and "it came to real life when Lenin . . . in 1920 wrote thus to Krzhizhanovsky: 'Couldn't you produce a plan (not a technical but a political scheme) which would be understood by the proletariat? For instance, in ten years (or five?) we shall build 20 (or 30 or 50?) power stations'."

<Mr. John Strachey has stated the position of the advocates of central planning with great clarity:³

¹ *Soviet Communism: A New Civilization*, p. 602.

² *Ordeal by Planning*, p. 2.

³ *The Theory and Practice of Socialism*, pp. 28-29.

"If we reject the self-acting mechanism of profitability, as too unjust and too wasteful, we must find some other mechanism of regulation. The sole alternative method by which complex, highly developed economic systems such as those of Britain and America can be regulated is by means of the deliberate decisions of some central body as to what goods, and how many of each of them, shall be produced. The organization of production by means of such conscious decisions is called a system of 'planned production for use'. This is the type of economic system now being built up in the Soviet Union. It is socialism."

This is an analysis that would be accepted as a fair statement of their aims by all socialists and communists. As Mr. Strachey says, it is being put into practice in the Soviet Union. After disastrous initial experiments, a U.S.S.R. State Planning Commission (*Gosplan*) was set up, and has been responsible for the successive five-year plans by which the economic activities of the Soviet Union have been regulated since 1928. In Great Britain, despite the several measures of nationalization carried through in recent years, state ownership is still limited to a relatively small sector of the economic field, but the nationalized industries and services are particularly important as being basic to the whole industrial life of the nation; and, by means of planning, the Labour government of which Mr. Strachey is himself a member, has been able to exert a far-reaching control over the whole range of British economic activity.

< We have now reached the conclusion that a fully socialist state, just like a fully communist state, would have the following characteristics:

There would be no private ownership, but only public ownership and control, which in practice usually means state ownership and always means state control, of the land with its ores and minerals, the mines and quarries, the farms, works, mills and factories with their equipment, the transport systems, and the banks.

No individual income would be derived from rent, interest or profit, but the only source of individual income would be wages and salaries, possibly professional fees, and state payments (pensions and allowances).

All the economic activities of the country would be consciously planned by a central planning authority. }>

These common features of socialism and communism are so all-embracing, and so many consequences flow from them, that we may feel tempted at this point without further ado to declare that a fully socialist state will not differ from a fully communist state. If we want a common name for socialism and communism there is not an inapt term in collectivism. But before we can come to this conclusion we must ask whether socialists and communists themselves see any difference between a socialist state and a communist state.

CHAPTER III

SOCIALISM AND COMMUNISM: A DIFFERENCE OF TACTICS

MANY socialists and communists of high standing have proclaimed that there is a difference between socialism and communism, and we must examine the claims. The difference is said to be a difference in the method of rewarding labour in the two systems. According to these writers, in a socialist society payment is according to the quantity and quality of the work done, in a communist society according to need. It is not without its irony that communists, who have so often denounced "needs tests" in capitalist countries, should proclaim a test of needs as their ultimate standard of remuneration, not only for the unemployed, but for everybody. Nevertheless a distinction between socialism and communism is made on this basis. Mr. Strachey, for example, writes:²

"We have now outlined two distinct forms of social organisation. First we described a system of planned production for use in which the products are distributed in accordance with the quantity and quality of the work done. This is socialism. Now we have outlined a social system which is also based upon planned production for use, but in which the products are distributed according to need, and work is done according to ability. This is communism.

¹ The earliest trace of this distinction appears to be an entry in W. E. Forster's diary for 11th May 1848: "I learn that the great distinction between communism and socialism is that the latter believes in payment according to work done, and the former does not" (*Life of W. E. Forster*, by Sir T. Wemyss Reid, i. vii. 237). Forgotten for generations, it has again been revived in our own times. The O.E.D. mentions this "professed principle" after its definition of communism already cited (p. 18).

² *The Theory and Practice of Socialism*, pp. 112-113.

"We also saw that it is impossible to establish communism as the immediate successor to capitalism. It is accordingly proposed to establish socialism as something which we can put in the place of our present decaying capitalism. Hence communists work for the establishment of socialism as a necessary transition stage on the road to communism.)

⟨"This is how Lenin used, and Stalin uses, the two words communism and socialism. Marx, on the other hand, called a system of planned production for use, which distributed its products in accordance with the quality and quantity of the work done, the first stage of communism rather than socialism

What validity is there in this distinction? If socialism in this sense inevitably leads to communism it may not be important to inquire; the ultimate goal will be the same. But it would appear theoretically possible to stop at socialism without passing on to communism, and the inquiry is therefore necessary.

⟨A little examination will show that the distinction is worthless. Communism, in this sense, is a piece of romantic apocalypticism which has no possibility of being realized in practice. Karl Marx was a German Jew. When he described the horrors of the industrial revolution in Manchester, and when he critically analysed the capitalist method of production, the methodical German side of his character prevailed; but when he turned to picture the communist system which he hoped to substitute for it, his Hebrew nature asserted itself and he has given us an apocalyptic vision of a character familiar to students of Jewish literature. Two apocalyptic features are particularly striking: one is that in a fully communist society the state will "wither away", the other is that in a fully communist society the rule will be, "from each according to his abilities, to each according to his needs".)⟩

Lenin tried to establish communism in Russia in the full Marxist sense, and it was a catastrophic failure. Millions perished in the attempt, and a retreat had to be made in the New Economic Policy introduced in 1921. As the years have passed the rulers of Russia have been forced by the harsh necessities of economics to introduce more and more features reminiscent of the despised

capitalist system. Great disparities in money incomes have had to be introduced in order to provide incentives and to influence workers into suitable occupations. The disparities in monetary incomes in the Soviet Union are bigger than in Great Britain, and probably as great as in the United States. Moreover, as already noticed, investment in state bonds (at high rates of interest) and inheritance have had to be permitted. The rewards of labour in the Soviet Union bear no relation to need. > They are rather an example of the saying, "To him that hath shall more be given". < Such a system is difficult to reconcile with a communist order of society as foretold by Marx. Similar remarks apply to the "withering away of the state" foretold by Marx. Far from "withering away", the Soviet state has increased its grip on the peoples of the Union until it exercises a tyranny such as no tsar, not even Ivan the Terrible, ever exercised, or could have exercised. The rulers of the Kremlin have not hesitated to make many astonishing claims, but they could hardly pretend that the Soviet Union today corresponds with the vision of Marx in these two respects. They have found an ingenious way out of their dilemma. They have said, "Let us call the present system of the Soviet Union socialism, and let us declare communism to be the form of society to which we are ultimately working, but which we have not yet reached". In keeping with this pretence they have described the area of their rule as the Union of Soviet Socialist Republics, and the constituent parts as Soviet Socialist Republics.

< The distinction is not convincing. It may confidently be asserted that communism in the sense of this distinction never has existed and never will exist, either in Russia or anywhere else; it imposes too great a strain on human nature. > It is not a distinction which Marx himself made, and it is not a distinction which those two sympathetic observers of the Soviet Union, Sidney and Beatrice Webb, have seen fit to make. Their monumental work on the Soviet Union is entitled *Soviet Communism ; A New Civilization*, not *Soviet Socialism: A New Civilization*, and their only doubt was whether *A New Civilization*

should be queried or not (the query appeared in the title of the first English edition, but was tactfully omitted in the Russian and dropped in the second English edition!). If we are in error in describing the Soviet Union as a communist state, we err in distinguished company. But let those who prefer to call the Soviet Union a socialist state do so; their difficulty illustrates the contention of this chapter that there is no essential difference between a socialist state and a communist state.

There are, however, real differences between socialist parties and communist parties at the present time. Socialists are denounced by communists as "social chauvinists", "social fascists", "fascist beasts", "fascist scum", "dung", "vermin" and "imperialist warmongers", and they reply in kind within the limits of their vocabulary by such epithets as "puppets", "stooges" and "fifth columnists". Such elegant language indicates at the least a difference of viewpoint. If the ultimate pattern of life which socialists and communists desire to see is the same, what is the explanation of these differences?

In part the explanation must be sought in the field of foreign policy. Since 1919 both communists and socialists have lost their old international or non-national ideals and have attached themselves to the nationalistic cause in their own countries. Communism has identified itself with the success of the Bolshevik revolution and the Soviet Union. In a dispute between his own country and the Soviet Union a communist can always be trusted to put the Soviet Union before his own country;¹ and communists can now be described as international only to the extent that they hope to see the Soviet Union extend its influence and enlarge its borders until it includes the whole world. Socialists, while conceding a special place to the Soviet Union in the achievement of their aims, have not felt able to identify themselves so wholeheartedly with its current policies. They claim the same right as Stalin to achieve "socialism in one country". The fact that communists throughout the world

¹ See particularly the remarks of M. Thorez about the duties of communists in a war with the Soviet Union; they are cited below on p. 239. But many communists, following Marshal Tito's example, are becoming troubled with "national deviationism."

are irretrievably committed to the support of Soviet Union policy, while socialists have increasingly identified themselves with the interests of their own country, has naturally led to sharp conflicts when the policies of the Soviet Union have impinged upon the interests of other countries. This is a subject of such importance that we must return to it later in more detail.¹ Allied with this phenomenon are mundane considerations of self-interest. In many countries communist parties see socialist parties occupying the places that they would like to occupy; and in order so to do they are prepared to blacken the socialist parties in the eyes of the public and to intrigue with their common political foes, and naturally the socialists have retorted hotly. Thus the German Communists cooperated with Hitler's National Socialists in 1932 and 1933 against the Social Democrats in a false calculation that they could thereby come to power; and the British Communists reckon that if only they can undermine the Labour party in the confidence of the masses they will become the only alternative to the Conservative party. But these mundane tactical considerations do not necessarily mean that a communist Germany would be different from a socialist Germany, or a communist Britain from a socialist Britain.

As we have already seen, the general pattern of life in a socialist state will be identical with the general pattern of life in a communist state, but social democrats and communists have a different approach to the same goal; and this is the difference which must now particularly engage our attention

Marx believed, and communists believe with him, that capitalism will be overthrown, and socialism or communism established, only by violent revolution. Communists believe it to be out of the question that the "ruling classes" in any age should allow themselves to be "expropriated". They ridicule the idea that the "ruling classes" will be prepared to vote themselves out of existence in parliamentary assemblies. They allege that history furnishes no example of a "ruling class" giving up its power and privileges without a struggle; and they do not believe that the future will in this respect be any different from

¹ See below, pp. 235-243.

the past. Such a view is inherent in their philosophy of the state. In their view the state is only an elaborate apparatus to preserve the position of the "ruling classes". In the words of the *Communist Manifesto*, "the state is an executive committee for managing the affairs of the governing class as a whole"; and this is the philosophical foundation for the quaint belief that when communism is established, and "the expropriators expropriated", the state will "wither away". The essential task of a communist party is to prepare for the revolution which is to overthrow capitalism. When the right moment comes, the communists must be ready to seize power, and for this moment they must have a complete strategical and tactical plan worked out. To communists any suggestion that a violent revolution will not be necessary to overthrow capitalism is therefore not only unsound but dangerous in that it diverts attention from the necessary task of preparation. When the Independent Labour party of Great Britain inquired in 1920 whether communism could be introduced only by armed force, it received from the executive committee of the Communist International the answer:¹

"The workers should prepare, not for an easy parliamentary victory, but for victory by a heavy civil war; should the workers have succeeded in gaining power without this civil war, that would only signify that the necessity of civil war would confront the working class so soon as it set out to realize its will to defend itself from capitalist exploitation and speculation, so soon as it began to liberate the masses in the colonies now oppressed by British imperialism".

Social democrats do not share these views. They hope to achieve socialism through the elections and assemblies of parliamentary democracy. They regard it as conceivable that the "ruling classes" would not be willing to obey the verdict of the polls or of Parliament, and would resort to force to protect their privileges; and in that case social democrats also would be prepared to resort to force. But they hope that the "ruling classes" would be sufficiently democratic to yield to the popular will, or would find it prudent so to do. They do not share the

¹ *The Times*, 30th July, 1920.

communists' cynical philosophy of the state. Though they would not disagree that the state has in history been used as an instrument to preserve the power of particular classes, they regard the state in their own countries as being an organ, however imperfect, of the community as a whole; and they believe that those who wield the power of the state will in general obey the orders of the constitutionally chosen representatives of the people. They point to cases in the history of their own countries where the "ruling classes", faced with the demand for an abridgement of their privileges from the democratically elected representatives of the power, have chosen to yield rather than to fight, as when the British Tories under the leadership of the Duke of Wellington acquiesced in the Reform Bill of 1832. Their tactics presuppose, of course, that socialism will be achieved in stages; but they argue against the communists that what is built slowly with the consent of the country at each stage will be built more securely than a system brought into being all at once after the violent overthrow of the existing order.

This view of the difference between socialists and communists finds support in the authoritative article of Professor G. D. H. Cole in the *Encyclopaedia Britannica* which has already been mentioned. (Professor Cole writes:

"The distinction between socialism, as represented by the various socialist and labour parties of Europe and the New World, and communism, as represented by the Russians and the minority groups in other countries, is one of tactics and strategy rather than of objective. Communism is indeed only socialism pursued by revolutionary means and making its revolutionary method a canon of faith.")

(If this view is correct—and it can hardly be doubted—what becomes of the frequent assertion that socialism is the best bulwark against communism? If socialism could be regarded as a moderate version of communism, the argument would have a certain plausibility. The example of the British Tories of 1832 in conceding the Reform Bill may again be cited to show the wisdom of granting moderate reforms in order to avoid bloodshed; and it may be contrasted with the folly of the French

monarchy before 1789 in obstinately refusing reform and thereby precipitating revolution. But there is no parallel, for socialism and communism differ only in the means and not in the end; the final result will in either case be the same. It is a familiar practice in medicine to give a person a disease in a mild form in order to immunize him against further attacks of a more serious character. But there would be little to be said for an inoculation which gave the patient a disease as virulent as that from which it is sought to protect him. The doctor who gave the inoculation would find little sympathy for a plea that he had communicated the disease to the patient in slow stages instead of allowing him to receive it in a sudden attack. The verdict of his fellow-men would be particularly severe if the patient should succumb. The parallel does not seem inapt. Socialism or communism is a morbid condition of states. In communism the attack is sudden, and the whole frame of the patient is immediately convulsed. In socialism the condition comes with all the inevitability of gradualness. In both the patient is enfeebled and may not survive. Let us test the claim that socialism can be an effective barrier to communism by examples from the recent history of Europe.

CHAPTER IV

SOCIALISM IN EUROPE: A BARRIER TO COMMUNISM

WHEN THE British Labour party was in opposition it often cited the socialist governments of Australia and New Zealand in the British Commonwealth, and the Scandinavian countries in Europe, as examples of what socialism would mean in practice; and it makes a similar appeal when confronted with the challenge that socialism is bound to lead in the end to communism. Mr. C. R. Attlee is typical when he writes:¹

"An examination of the socialist movements throughout the world will show how their form is conditioned by their circumstances. The broad division is dictated by the presence or absence of the practice and traditions of democracy. . . . Sweden has afforded perhaps the most remarkable example of the successful development of socialism through constitutional

¹ *The Labour Party in Perspective—and Twelve Years Later*, pp. 31-33; this work is a re-issue in 1949, with some additional matter, of *The Labour Party in Perspective*, published in 1937. The section entitled "The England we want to see", pp. 120-123, reproduced unaltered since 1937, makes strange reading in 1949 after nearly four years of "Labour in office with power". We read, for example (italics and comments in parentheses mine): "A great part of the week, under socialism as under any other system, will inevitably be spent in work. *Whether that work is in factory or office, the worker will be able to feel that he is working in his own concern, which belongs to him as a British citizen.* (Tell it not in Grimethorpe!) . . . The knowledge that the factory belongs to him will not be confined to a vague and indefinite feeling of ownership. He will, through his union, be able to have a say in its management (!) . . . A reorganized national transport system, *providing cheap fares by road or rail* (!) for those who want to spend their holidays in visiting other parts of their own country, would revolutionize the average worker's holiday time. . . . The aim of socialism will be to see that every family in the country has a house with electric light, and power for cooking (but the benefit is somewhat diminished when the electricity is liable to be cut off without notice and when the average price for a unit has been more than doubled) . . . All this may sound utopian" (it certainly does in 1949).

means that is to be found in Europe. While it is still far from being a socialist state, there has been a wide development of state control and ownership of finance and industry. . . . This last year [1937], however, has afforded by far the most interesting development in constitutional socialism that we have yet seen. I refer, of course, to the work of the newly elected Labour government in New Zealand. . . . The end of its first period of office should see New Zealand well on the road to socialism, without a vestige of dictatorship and with full democratic rights preserved."

It may readily be conceded that life in Australia, New Zealand and the Scandinavian countries is very different from life behind the iron curtain. But what does this prove? Only that socialism in these countries has not proceeded very far—nothing like so far as it has proceeded in Great Britain in 1949. In all the countries mentioned strong oppositions working for a different way of life keep socialism within bounds. In most of the countries mentioned the opponents of socialism are nearly half, and in some cases more than half, the nation; in the New Zealand House of Representatives there is an actual equality of votes between socialists and non-socialists.¹ In Australia the rights of the states under the federal constitution have provided a further check to socialist experiments. In these circumstances it has not been possible to proceed very far with socialism, and the worst criticism that can be made against the socialist governments of those dominions is that they have introduced a note of dulness, flatness and caution into young countries that ought to be, and used to be, pulsating with vitality and adventure. But the greatest check to the growth of socialism in these British dominions and in the Scandinavian countries has been the character of their peoples, including professed socialists. It is more than probable that in these countries the full rigour of socialism would produce a robust revolt even among those who call themselves socialists. In the last resort this is also the

¹ In the general election of 1946 the Labour party obtained 39 seats and the National party 37 seats. As the Labour party has to provide a speaker and deputy speaker who do not vote this gives socialists and anti-socialists 37 votes each, and the government is sustained by the votes of the 4 Maori members.

greatest safeguard against the prospect that Britain will go the Moscow way. Millions who voted Labour in 1945 have already said, "Thus far but no farther".

Australasia and Scandinavia are therefore no proof of what completed socialism will be like; nor have the socialist movements in these countries yet been put to a decisive test which would provide evidence whether socialism can be a barrier to communism. Where there has been a decisive test, the history of Europe provides no confirmation of the view that socialism can be an effective barrier to communism. On the contrary, the experience of many countries is that socialism has prepared the way for communism. Socialists have first undermined the effective barriers to communism; and when the communists have struck at them, the socialists have offered no effective resistance and in some cases have joined hands with the communists. Let us examine some cases which, unlike the Australasian dominions and the Scandinavian countries, are decisive for testing whether socialism can be a barrier to communism.

Russia

The two Russian revolutions of 1917 are the classic example of the impossibility of maintaining a social democratic position against determined communist pressure; and the fact that the October or Bolshevik revolution has been hailed so fervently by communists throughout the world, and accepted by them as a model, accentuates the tendency to work for the establishment of communism by the overthrow of a prior social democratic *régime*.

The Russian Social Democratic Labour party was formed in 1898, and from the outset it contained a moderate and a revolutionary Marxist section. Owing to tsarist persecution many of its activities had to be carried on abroad, and at the second conference of the party in London in 1903 the revolutionary Marxist element secured a majority, and became known as the Bolsheviks, or "majoritarians", while the relatively moderate element became known as the Mensheviks, or "minoritarians".

Lenin was the leader of the Bolsheviks at this conference; at that time Trotsky was a leader of the Mensheviks, but he broke with them and was independent of either faction until the revolution of 1917, when he threw in his lot with the Bolsheviks.

The differences between the two factions were never bridged, nor were the differences between both and the Social Revolutionary party. This was yet another socialist party, which had its origins in the liberal agrarian movement of the second half of the nineteenth century known as Populism, and had made its first appearance early in the twentieth century with the avowed object of reviving terror as a political weapon. Despite its name it should be regarded as a right-wing socialist party. But none of these parties was responsible for the outbreak of revolution in March 1917,¹ and, indeed, it was only after a few days of demonstrations, strikes and riots that these happenings were recognized as a revolution. It was a spontaneous movement on the part of people who had borne as much suffering as the human frame will stand. But Mensheviks, Bolsheviks and Social Revolutionaries sought to put themselves at the head of the strikers and mutineers; and the Mensheviks and Social Revolutionaries, by reason of being able to ally themselves with liberal and other constitutional elements, were in a better position to do so at the outset than the Bolsheviks. In these preliminary disorders two committees were formed in Petrograd (as St. Petersburg had by then become) in an effort to gain control of the situation. One was a committee of members of the *duma*. The other, founded on 12th March, consisted of socialist members of the *duma* and strikers' leaders; later it became enlarged by the mutinies of soldiers, and became the forerunner of soviets of workers, soldiers and peasants' delegates set up all over Russia. From the outset the *duma* committee had the shadow of power and the Petrograd soviet the substance. The *duma* committee decided to assume the responsibility of forming a provisional government, but it was the support of the soviet that enabled the provisional government to function. Prince Lwow became

¹ The "February revolution" (old style), which began on 8th March 1917, new style.

Prime Minister, and his deputy M. Alexander Kerensky, a Social Democratic member of the soviet who took office, however, not as a representative of the soviet but in his personal capacity. There were a few Bolsheviks on the first executive committee of the Petrograd soviet, but at that time the Bolsheviks were an insignificant minority, both in the Petrograd soviet and outside. When Lenin arrived in Petrograd on 16th April, a month after the outbreak, he found the Bolsheviks quite unprepared for the seizure of power. Yet within seven months the Bolsheviks had the whole fabric of the Russian state in their grip. It is a most remarkable example of the way in which moderate socialism collapses before the determined onslaught of communists, by which name, at the instance of Lenin, the Bolsheviks became known from 1917 onwards.

Lenin knew exactly where he wanted to go and how to get there. As soon as he arrived across the frontier at Byelo-Ostrov, he chided Kamenev, leader of the delegation of welcome, for the timid policy pursued by the party newspaper *Pravda*; when he arrived at the Bolshevik headquarters in Petrograd he attacked the "non-Bolshevism" of the Bolsheviks; and the next day he read his "April theses", first to a meeting of Bolsheviks, then to a combined meeting of Bolsheviks and Mensheviks. The second thesis begins:¹

"The specific feature of the present situation in Russia is that it represents a *transition* from the first stage of the revolution—which, owing to the insufficient class-consciousness and organization of the proletariat, placed the power in the hands of the bourgeoisie, *to the second stage*, which must place the power in the hands of the proletariat and the poorest strata of the peasantry."

This was the spirit in which Lenin acted in the next five months, and the spirit in which all communists regard social democratic revolutions. It is not necessary to follow in detail the events of these amazing months in which this determined minority undermined the provisional government and laid its

¹ Cited from V. I. Lenin, *Selected Works*, vol. ii, p. 18. The italics in the citations are Lenin's.

hands on the levers of power, from which it has never for a moment relaxed its grip. In May Prince Lwow, fully realizing where the real power lay, invited the soviet to be represented in the government. The soviet hesitated, but agreed on 18th May, and was given five portfolios. But the coalition lasted only two months. All this time the Bolsheviks were steadily pressing and steadily permeating the soviets, and Lenin's slogan was, "All power to the soviets". In June the first All-Russian Congress of Soviets of Workers' and Soldiers' Deputies was convoked; the Social Revolutionaries and Mensheviks were still in a majority, and Lenin was greeted with a mixture of laughter and applause when he commented on a speech by Tsereteli, the Menshevik leader:

"He said that there is no political party in Russia that would express its readiness to take over the entire power upon itself. I say there is! No party can refuse this, and our party does not refuse it; it is prepared at any moment to take over the entire power".

In July the Bolsheviks for the first time obtained the preponderance in Petrograd. On 1st July they successfully turned a combined demonstration of the Social Revolutionaries and Mensheviks into a Bolshevik demonstration. But growing success made them overplay their hand, and when they organized a mass insurrection on 17th-19th July it was suppressed; Trotsky, Kamenev, Lunarcharsky and other leading Bolsheviks were arrested, Lenin and Zinoviev hid themselves, *Pravda* was suppressed and its machines destroyed by the mob, and the Bolsheviks found it convenient to deny any responsibility for the rising. In the midst of these happenings Prince Lwow's government fell. The soviet members of the government required him to accept a demand of the recent congress of soviets to declare a republic. He refused and resigned, and Kerensky took his place as Prime Minister, retaining the portfolio of War, with Tsereteli as Minister of the Interior. No one will minimize the difficulties with which Kerensky was faced in trying to carry on the war, to suppress the attempt of Kornilov to establish a military dictatorship, and to feed and clothe a starving country, while

the Bolsheviks were continually undermining his position; but he and his government behaved with a helpless ineptitude¹ such as has characterized other social democratic administrations in time of crisis, and the only event on which they showed firmness was the suppression of Kornilov's *coup*, in which they had the support of Bolsheviks, Mensheviks and Social Revolutionaries alike.

Kornilov was arrested on 14th September, and by this time the Bolsheviks had recovered from the set-back of the July insurrection and were beginning to establish themselves in the first position among the parties. On the day of Kornilov's arrest a Bolshevik resolution was passed for the first time by the Petrograd soviet. Trotsky and other Bolshevik leaders were released a few days later. On 22nd September the *praesidium* of the Petrograd soviet, controlled by Social Revolutionaries and Mensheviks, resigned, and the Bolsheviks obtained control. Trotsky was elected president of the Petrograd soviet in place of a Menshevik. At the same time the Bolsheviks gained control of the Moscow soviet, and its moderate president was overthrown in favour of the Bolshevik Nogin. The Petrograd soviet issued a call for a second all-Russian congress of soviets; it was preceded by regional conferences which all declared for the end of the coalition and the assumption of power by the soviets. The hour for which the Bolsheviks had so zealously worked was nigh. Lenin set himself to win the Bolsheviks to the view that "the transfer of power to the soviets in practice now implies armed insurrection", and he gave them Marx's advice, "Never *play* with insurrection, but when beginning it firmly realize that you must *go to the end*".² The military revolutionary committee of the soviets planned for a rising to coincide with the second all-Russian congress of the soviets, and a postponement of the congress by a few days gave it the opportunity to perfect its plans. On 7th November the insurrection—the October (old style) or Bolshevik revolution—began, Lenin came out of hiding,

¹ M. Kerensky defends his administration against the charge in an interview published in *European Affairs* in May 1949 (vol. i, no. 2), but I do not find the defence convincing.

² *Advice of an onlooker*, 21st October 1917, *Selected Works*, vol. ii, p. 133.

operations were begun by Trotsky against the Winter Palace, the seat of the provisional government, and the congress of soviets opened an hour before midnight. The next day the Winter Palace fell, and the provisional government was arrested, and on 9th November the first Council of People's Commissars was formed, with Lenin as chairman, Trotsky in charge of foreign affairs, and J. V. Djughashvili (one of Stalin's many names) entrusted with affairs of the nationalities. The Bolsheviks had arrived at their goal, and henceforth the government of Russia was a dictatorship of the Communist party, to the infinite misery of the Russian peoples and the alarm of the world.

The lesson that stands out from these eight months is the incapacity and helplessness of the social democrats and the firmness and purposefulness of the communists. The Bolsheviks under Lenin's direction never deviated by more than a hair's breadth from the line which they had adopted in 1903. There is a striking similarity between the course they pursued in the revolution of 1905 and that which they followed in 1917. The first soviets had made their appearance in 1905, and in 1906 Trotsky had been elected, as in 1917, chairman of the St. Petersburg soviet. In 1905-6 conditions were not ripe for a Bolshevik revolution; the elements hostile to it were still too numerous, too powerful and too cohesive. But in 1917 the effective barriers to communism had been broken down before the Bolsheviks made their bid for power. The social democrats (Mensheviks and Social Revolutionaries) were trying to stand on an avalanche, which they had themselves helped to start, and it is small wonder that they were swept away. The brutal murder of the whole royal family in July is striking evidence of their helplessness. Perhaps the only measure that could have checked the Bolshevik triumph in 1917 was the military dictatorship which Kornilov attempted. Purpose must be met by purpose, force by force. But Kerensky was morally compromised in a fight against Bolshevism. He could not acquiesce in Kornilov's *coup*, and therefore had to acquiesce in the Bolshevik *coup*. There was in 1917 no third possibility. The October revolution could not have taken place but for the February revolution; the communists

could not have come to power if the social democrats had not first paved the way.

Spain

It was Spain at the other extremity of Europe which next provided communism with an opportunity to capture a country. The attempt failed, but the course of the failure is hardly less instructive than Lenin's success in Russia.

It is not here necessary to relate the whole course of events that led to the outbreak of civil war in Spain on 18th July 1936.¹ When the *cortes* were dissolved in January 1936 the parties of the left stood at the ensuing general election as a "popular front", which it was then the policy of the Kremlin to encourage everywhere. The election gave a majority of seats, though not of votes, to the "popular front". The election was by no means a Marxist triumph. The "popular front" secured 4,206,156 votes against 681,047 for the centre and 3,783,601 for the right-wing parties; and within the "popular front" there were only 1,793,000 votes cast for communists and socialists against the 2,413,200 cast for the left-centre led by Señor Azaña. But the "popular front" government could not succeed, and indeed could not effectively govern, because there were two elements determined to unseat it by force. A group of generals (Franco, Mola and others) worked quietly for a *pronunciamiento* in the traditional Spanish manner; and the socialist Don Francisco Largo Caballero worked noisily to bring about the dictatorship of the proletariat.² Largo Caballero had been accustomed to hearing himself described as the Spanish Lenin; Moscow had taken the initiative in the use of this description, and he did his best to justify it. On 16th June 1936 in the *cortes* Señor Gil Robles read out a catalogue of crimes of violence: 160 churches totally destroyed and 251 set on fire or otherwise attacked; 269 persons murdered and 1,287 injured; 69 political premises destroyed; 113 general strikes and 228 partial strikes. A strong

¹ I was a spectator of these melancholy events in Majorca, returning in the ill-fated *Repulse*.

² See Señor Don Salvador de Madariaga's *Spain*, pp. 339-352 for an objective and convincing analysis of these months.

speech followed in similar vein from Don Calvo Sotelo, and as he sat down the communist woman member, Dolores Ibarruri, commonly known as *La Pasionaria*, shouted "That is your last speech". It was a true prophecy, and the murder of Calvo Sotelo induced the generals to strike. On 18th July 1936 Spain was in the grip of civil war, or rather of several civil wars; for the significant phenomenon from the point of view of this chapter is that there was a determined struggle for power within the republican government. After several swift changes in the cabinet Largo Caballero became Prime Minister on 4th September and his Foreign Minister was Señor Alvarez del Vayo. "This", says the chronicler of these events,¹ "was a clear sign of the rising power of Moscow in Spanish affairs. Another one was the inclusion of Don Indalecio Prieto, the exponent of the Popular Front, as Minister for the Navy and Air Force. There was a new figure in the cabinet—the Minister of Finance, Don Juan Negrín. In the left as in the right, under the pressure of war and the need of foreign help, the genuine Spanish element, the *pronunciamiento* of the working-class army leader, was gradually giving place to the foreign-inspired product: in this case, communism."

It must have seemed in Moscow that the Spanish revolution, so long expected by Lenin and Trotsky, and which seemed to have broken out in Asturias in 1934, had really arrived. A Russian emissary, Marcel Rosenberg, brought to Spain a letter written to Comrade Largo Caballero by Stalin, Molotov and Voroshilov.² It is a fascinating document. After the salutations appropriate between such comrades it began:

"The Spanish revolution"—

there is no pretence, let it be noted, that Largo Caballero was resisting a military or fascist coup—

"strikes out its own line, different in many ways from that followed by Russia. This results from the difference in the social, historic and geographic conditions, and from the necessities of the international situation. It may well be that the parliamentary

¹ *Spain*, by Salvador de Madariaga, p. 374.

² The original French text is given by Salvador de Madariaga, *Spain*, pp. 472-474.

way will prove to be a more effective instrument for revolutionary development than in Russia."

But Largo Caballero was not Stalin's man. He was a thorough-going Marxist, and he wanted to be the Spanish Lenin, but in his own Spanish way. He resented having Rosenberg continually at his elbow. Moscow began to look round for someone else, and the choice fell on Dr. Negrín, during whose tenure of the Ministry of Finance 7,800 boxes of gold had been sent to Russia. The substitution of Dr. Negrín for Largo Caballero was skilfully effected. There was a dispute whether an offensive should be made against Mérida or Brunete; the Russians wanted the Brunete offensive, but Largo Caballero stuck out for Mérida; thereupon the Russians said there would be no aircraft, and the two Communist ministers in the cabinet resigned. Largo Caballero saw that his time was up, and on 17th May 1937 his place was taken by Dr. Negrín, who may not at that time have realized fully to what influences and for what purposes he owed his promotion. The communists consolidated their hold on the government when they secured the expulsion of Indalecio Prieto; for though he was prepared to go a long way with the communists, he could not forget that he was a Spaniard. Dr. Negrín strengthened his own position in August 1938, when the president, Señor Azaña, favoured peace negotiations; the mere suggestion that he (Dr. Negrín) might resign brought a shower of pre-arranged telegrams from all the military units commanded by communists putting themselves at his disposal, and an impressive display of Russian military strength on the streets and in the air. Señor Azaña capitulated, and Dr. Negrín "was henceforward the dictator of revolutionary Spain".¹

The communists did not enjoy the rewards of their intrigues, for the generals, also with foreign aid, were closing in, and the civil war ended with socialists and communists killing each other in the streets of Madrid. But the whole period from the withdrawal of King Alfonso XIII in 1930 is a lesson that neither moderate socialism nor extreme socialism can be an effective barrier to communism.

¹ Salvador de Madariaga, *Spain*, p. 406.

Poland

The Polish Socialist party has provided many outstanding examples of personal courage, unswerving devotion to democratic principles and refusal to bow to the tyranny of the Kremlin, whether in tsarist or in Bolshevik days. But the Polish socialists have been no more able than any other socialist party in the east of Europe to act as a barrier against communism. It is not that they were unaware of its nature. Unlike many of their western comrades, they lived too near to Russian communism to have any illusions about its grim and ravenous nature. There were some crimes committed against the whole Polish nation, such as the massacre of the 8,000 Polish officers whose bodies were found at Katyn; but the rulers of the Soviet Union had given special reason to Polish socialists to appreciate the nature of Soviet communism when they arrested and executed two respected leaders of the General Jewish Workers' Union (the *Bund*), Henryk Erlich and Victor Alter. It was wanton murder with no shadow of justification.¹

It is not, therefore, because they were unaware of the nature of Soviet communism that the Polish socialists failed to act as a barrier to it; nor is it the whole truth to say that they were exposed to overwhelmingly superior force. This is indeed true, and nothing that the Polish socialists, or the whole Polish nation, could have done in the years 1945-9 could have prevented the domination of their country from the Kremlin. But the tragedy of the Polish Socialist party will not be understood unless it is realized that in its fight with Soviet communism it was ideologically compromised. Its partial acceptance of communist ideology constantly imposed upon it dilemmas which hindered the effectiveness of its action, and led first to common action with, and eventually to absorption by, the Communist party; and the Communist party in its conquest of the Polish state found it advantageous to have the façade of an alliance with the socialists.

¹ For the details, see *The Case of Henryk Erlich and Victor Alter*, with a foreword by Camille Huysmans. They were shot at the end of 1942 or beginning of 1943.

The dilemma became apparent in the closing stages of the second world war, when a Committee of National Liberation was set up at Lublin on 21st July 1944 under the chairmanship of a socialist, M. Eduard Boleslaw Osobka-Morawski and with the backing of the Soviet government. This was a challenge to the authority of the true Polish government in exile in London, and the socialist dilemma became particularly clear on 29th November when M. Tomasz Arciszewski, head of the executive committee of the Polish Socialist party, succeeded M. Stanislaw Mikolajczyk, chairman of the Polish Peasant party, as Prime Minister. Here were two bodies each claiming to be the government of Poland, each with a socialist at its head, and each opposed to the other. The situation was embarrassing for the western allies of the Soviet Union, and became still more embarrassing when the Kremlin recognized the Lublin committee as the provisional government of Poland. In the Crimea or Yalta agreement it was arranged that this Lublin committee or provisional government should be "reorganized on a broad democratic basis, with inclusion of democratic leaders from Poland itself and from Poles abroad", and that this reorganized body should be recognized as a Polish government of national unity. This agreement put Poles in exile in a difficulty. We need not here dwell on the fearful dilemma in which M. Mikolajczyk was placed. He was a leader of the Peasant party, the party with the largest following in Poland, and he had the confidence of the western allies as no other Polish leader. He was strongly urged to take part in the proposed government of national unity, and although he had no illusions about the dangers and the difficulties he consented. He was strongly criticized among the Polish exiles for his agreement to the cession of eastern Poland to the Soviet Union. We need not now enter into this controversy, which belongs to the past. We must admire his courage in going, and his discretion in leaving his wife behind. The Polish socialists in exile were placed in the same dilemma as M. Mikolajczyk. The Prime Minister, M. Arciszewski, refused to have any dealings with the usurpers of Lublin. Like a grand old oak this venerable socialist, who had spent years in tsarist

prisons, who had fought with Pilsudski for the resurrection of Poland, and who had been a leader in the Polish resistance to the German invaders for five years, stood upright in the storm, prepared to break but never to bend. It may not have been policy, but it was magnificent.¹ But not all the Polish socialists in exile shared M. Arciszewski's refusal to compromise. We cannot be hard with them, for they were placed in a cruel dilemma—and this is the tragedy of socialism. M. Jan Stanczyk, the agreeable miners' leader, who had won many friends in his stay in Great Britain, considered it his duty to return with M. Mikolajczyk and make an effort to work with the communists for the good of his country. Another socialist, M. Julian Zakowski, who had not hitherto taken a notable part in politics, came to the same decision. The "democratic leaders from Poland itself" were not generally known except for the famous and respected figure of M. Wincenty Witos, the peasant Prime Minister in 1920–21 and in 1923, who had suffered imprisonment and exile under Pilsudski's *régime*, and had also in old age been cruelly treated by the German and by the Russian invaders of his country. He was a dying man.

The government of national unity provided for in the Crimea agreement was thus formed, and the recognition of the great powers was transferred to it from the Polish government in London. M. Mikolajczyk and his democratic socialist colleagues did their utmost to make it a success, but subsequent events quickly justified the gloomy predictions that it was only a communist manoeuvre to capture the Polish state. A law governing

¹ But he made it abundantly clear that he wanted friendship with Russia. In an eloquent speech broadcast to Poland on 19th January 1945 he declared: "As one of the leaders of that underground movement which has not for one moment since the beginning of the war ceased its life-and-death struggle against the German invader, as a socialist, and as Prime Minister of the Polish government, I hold out my hand to the Soviet Union to achieve a lasting agreement and a lasting and honest cooperation. From the bottom of my heart I believe that, in spite of all that has been said and done, such an agreement can be reached. Geography and history demand it. . . . Can it be imagined that in the great moment of her triumph Russia will brush aside the facts of Polish resistance to the Germans and support a gang of little men who deny their reality, who can offer but false names, false slogans, and false promises in the place of facts which have already written history? We hold out our hand to Russia, and do not believe that it will be rejected."

the first post-war elections was adopted in the national council on 22nd September 1946 by 306 votes to 40, and the Peasant party immediately protested on the ground that it was so framed as to prevent that party from obtaining fair representation; and as signatories of the Crimea agreement the United Kingdom and the United States also protested—without avail. It was announced in Warsaw on 27th September 1946 that in view of the “unhelpful attitude” of the Peasant party negotiations for a coalition had been broken off and that the pro-government parties would fight the election as a *bloc*. It was the first step on the path of the Polish Socialist party to destruction. There were nominally four government parties—the Communist party, euphemistically called the Polish Workers’ party; the Socialist party, the Democratic party; and a section of the Peasant party which was said to be opposed to M. Mikolajczyk’s leadership, though it was in reality only masquerading as a part of the Peasant party. On 28th November 1946 the Communist and Socialist parties signed an agreement for political cooperation on a “basis of equality”; it pledged both parties to fight “against all reaction” and “against the Polish Peasant party, which has become the legal end of the revolutionary underground”. It made the inevitable destruction of the Socialist party more acceptable by providing for the appointment of M. Josef Cyrankiewicz, secretary-general of the Socialist party, as a minister without portfolio, thus giving the Communists and Socialists equality in numbers in the cabinet. In the months before the elections many arrests of peasant leaders were made, and on polling day, 19th January 1947, intimidation was widely practised at the booths. According to the official figures the government parties obtained 9,003,682 votes and 394 seats, and the Polish Peasant party 1,154,847 votes and 28 seats. Thereupon M. Boleslaw Bierut, a communist, was elected to the office of President of Poland which he had provisionally held and, to add “a touch of verisimilitude” to the “otherwise bald and unconvincing” theory of socialist equality, M. Cyrankiewicz was invited to become Prime Minister.

For some time after the electoral victory the Communists

were deferential towards the Socialists. The cabinet was even given eight Socialist members against five nominal Communists. The illusion of Socialist independence was maintained at the party congress at Wroclaw (Breslau), which ended on 17th December 1947, when M. Cyrankiewicz emphasized the necessity for the Socialists, while collaborating fully with the Communists, to retain their identity as a separate and independent party within the united front. But a warning had already come from an authoritative source. Life in Poland had been made increasingly difficult for an opposition, and in October 1947, when he learnt that his parliamentary immunity was to be removed, M. Mikolajczyk secretly left the country. When he arrived in Great Britain on his way to the United States he accurately forecast that the Peasant party would automatically disappear and what had been called its left wing take over, that the Socialists would be the next victims, and that finally the Church would be attacked. All those things have come to pass as M. Mikolajczyk foretold.¹ Proposals for the merger of the Socialist and Communist parties were going on throughout the early part of 1948, but their consummation was checked when the determination of Marshal Tito to go his own way, and the consequent expulsion of the Yugoslav Communist party from the Cominform, created consternation in eastern Europe—the sort of consternation that falls on a schoolroom when a boy “checks” the headmaster. Both the Polish Communist and Socialist parties indulged in an orgy of self-criticism and self-purging. In the Communist party no less a person than M. Gomulka, who was not only Deputy Prime Minister and Minister for the Recovered Territories but secretary-general of the party, fell into disgrace for his disagreement over the expulsion of Yugoslavia. Although he recanted, he was not considered sufficiently trustworthy to remain secretary-general of the party, and on 5th September M. Bierut resumed the post, while continuing to be President of Poland—a peculiar arrangement possible only in a Communist

¹ In his second exile M. Mikolajczyk has written the story of Poland from 1939 to 1948 under the title *The Pattern of Soviet Domination*; it is a historical document of first-class importance.

régime. No fewer than 29,000 persons were expelled about this time from the Communist party for "deviationist" and "ideological" reasons. The Socialist party went through similar internal convulsions. A conference was held in Warsaw from 20th-23rd September to "eliminate faults and deviations". There must have been a substantial number of them, as 82,000 members were expelled within the next few months. Fifteen members of the party's central committee were removed for "nationalism", "deviationism" and opposition to merger with the Communists. Among those so removed was M. Eduard Osubka-Morawski, who had been the chairman of the Lublin committee and Prime Minister from the liberation until January 1947, when M. Cyrankiewicz succeeded him. The opposition having been overcome in this manner, fusion was duly approved at a meeting of delegates from both parties in Warsaw from 15th-21st December 1948. The joint party received the name of the United Workers' Party, and M. Bierut continued to double the rôles of President of Poland and secretary-general. The new party was fittingly provided with a *politburo* of eleven members (eight former Communists and three former Socialists) on the Moscow model. M. Cyrankiewicz improved the occasion, and showed the completeness of his identity with the Communists, by a speech in which he said:

"The right socialist groups find themselves in the forefront of the struggle against the united socialist front for peace. The British Labour party, the Blum Socialist party of France, the Schumachers in Germany, the Belgian and Dutch socialists, are the devoted storm-troopers of the Truman doctrine."

Poland is now a one-party state, and that party is the Communist masquerading under the name of the United Workers. The Peasant party has been bludgeoned out of existence, the Socialist party cajoled. There are still representatives of the true Poland abroad who can hold up their heads proudly in the free world; and there have been inside Poland superb examples of heroism, such as that displayed by Kazimierz Puzak, formerly secretary-general of the Polish Socialist party, who is the only person known to have preserved his spirit under Soviet

interrogation and hurled defiance at his judges. But let us not be too hard with M. Cyrankiewicz. Has he not posed for "the British Labour Party, the Blum Socialist party of France, the Schumachers in Germany, the Belgian and Dutch socialists" a dilemma that must increasingly haunt them? How long is it possible to halt between two opinions?

Hungary

Except that the Hungarian socialists were never as strong in relation to the communists as the Polish socialists, the tragedy of socialism in Hungary has run much the same course as in Poland. There was the same fatal alliance of the socialists with the communists, the same expulsion or suppression of all democratic elements, the same eventual fusion of the socialists with the communists, and the same acquiescence, with notable exceptions, of the former social democrats in a totalitarian state.

When Hungary was liberated the Smallholders' party stood out as the most powerful party in the country. It was based, as its name indicated, on the small cultivators, but was supported by all who saw in it the best safeguard for the traditional life of Hungary. The Smallholders' party formed the main element in the coalition which governed Hungary after the so-called liberation, which meant, in the case of Hungary, only that German occupation was exchanged for Russian; its leader, M. Tildy, became President of Hungary in 1945, his successor in the leadership, M. Nagy, became Prime Minister, and its secretary-general, M. Bela Kovacs, was a prominent figure in the life of the country. In January 1947 the Communists and their Socialist allies in the government began to show their hand. They professed to have evidence of a revolutionary plot. M. Nagy asked for a cessation of their "exaggerated conspiracy psychosis", but nevertheless called for closer collaboration with them in a determination not to be isolated as a "right-wing reactionary". The Communists and Socialists together demanded the lifting of the parliamentary immunity of M. Bela Kovacs in order that he might be arrested. The parliamentary committee of privileges

upheld his immunity, but M. Kovacs said that he would be willing to appear as a witness before the police and judicial authorities. At this point the Soviet Union authorities showed who was master in Hungary by peremptorily arresting him.

The Communists and their Socialist allies demanded further "purges", but the more moderate elements in the Social Democratic party began to take alarm at the direction in which they were being driven. These internal dissensions resulted in a complete victory for the left wing. A party conference which opened at Budapest on 31st January 1947 decided to take strong measures against M. Karl Peyer, the veteran socialist who had been sent by the Nazis to a concentration camp and who had ventured to circulate a memorandum criticizing the growth of bureaucracy in the party, its collaboration with the communists, and its hostility to the western powers.

The arrest of M. Bela Kovacs quickly had even more serious repercussions. In May 1947, while the Prime Minister, M. Nagy, was on holiday in Switzerland, the Russian chairman of the Allied Control Commission sent to the Hungarian government a memorandum alleging that in a statement M. Bela Kovacs had implicated M. Nagy. The British and American representatives on the commission were not allowed to obtain copies of this memorandum, and the refusal was the subject of a British protest in the House of Commons¹ and an American note accusing Russia of "flagrant interference" in the internal affairs of Hungary.² M. Nagy prudently resigned the office of Prime Minister without returning to Hungary, and a more amenable Smallholder, M. Lajos Dinnyes, was appointed in his place. There was an immediate change in the party situation in a sense favourable to the communists. On 30th May the communists and socialists announced that they were now agreed on nationalization of the banks, and M. Rakosi, the secretary-general of the Communist party, who now began more openly to dominate the political scene, suggested that the two parties should unite. As with the Polish Peasant party after M. Mikolajczyk's departure,

¹ House of Commons, 12th June 1947, *Hansard*, vol. 438, cols. 1352-8.

² 11th June 1947.

the Smallholders' party disintegrated and the rump was firmly attached to the Communists.

Arrangements were made to hold elections, and on 13th June 1947 the terms of a new electoral law were published. They were so grossly unfair to the opposition that the United Kingdom and United States, exercising their rights under the armistice agreement, protested. Polling nevertheless took place on 31st August. Four government parties (the Communists, the Socialists, the reconstructed Smallholders' party and the National Peasants' party) and six other parties went to the polls. When the pressure used and the presence of the Red Army are considered the results are a tribute to the virility of the opposition. The results were:

<i>Government</i>			<i>Votes</i>	<i>Seats</i>
Communists	..	.	1,082,597	100
Smallholders	.	.	757,821	68
Socialists	.	.	732,178	67
National Peasants	.	.	435,170	36
Total			3,007,766	271
<i>Opposition</i>				
Popular Democrats	.	.	805,450	60
Hungarian Independents	.	.	718,193	49
Others	.	.	465,513	31
Total			1,989,156	140

Clearly the bulk of those who had formerly supported the Smallholders had transferred their allegiance to those parties through which they could still cast a vote against totalitarianism and for freedom. But the Socialists were not entirely happy in their closer association with the Communists. On 1st September the Socialist ministers actually decided to resign as a protest against irregularities at the election. The Minister of Justice, M. Istvan Riesz, declared that the police, under the control of the Communist Minister of the Interior, M. Rajk, had

obstructed investigators sent from his department to examine reports of "flying squads" of Communist voters. A meeting of the party executive was held on 8th-9th September, but at the end of a stormy session it was decided that the Socialist ministers should remain in the government. After the meeting the executive issued a statement calling for equality of representation with the Communists in the government and a new electoral law to correct irregularities.

But the moderate Socialists could not hold their ground because they were struggling, not only against the Communists, but against the extreme members of their own party. Chief among such extreme elements was M. Arpad Szakasits, secretary-general of the party and a Deputy Prime Minister. He had been criticized at the meeting in September for his "appeasement" of the Communists, but in close alliance with his opposite number in the Communist party, M. Rakosi, he went even farther and proposed fusion. The moderate Socialists were finding it increasingly difficult to maintain their position, and on 20th February 1948 thirty-six of them were expelled from the party for opposing the merger, among them the Minister of Industry, M. Antal Ban, and the chairman of the trades union congress, M. Kishazy. A congress to consider fusion was held by the Socialists from 6th-8th March, and, the opposition having been thus removed or quelled, fusion was unanimously approved. M. Szakasits declared that "domestic and international developments", and no form of pressure, had led to the fusion. It took effect on 15th June under the name of the Working People's party. The joint programme then announced included the abolition of capitalism, a three-year economic plan, a big programme of industrial nationalization, and the nationalization of all schools. It was this last measure that brought the conflict with the Church and the trial of Cardinal Mindszenty which shocked the world in the autumn of 1948; the pattern of events in Hungary followed closely that in Poland as foretold by M. Mikolajczyk.¹ Hungary was quickly shaped into the familiar lineaments of a totalitarian state. Only a few

¹ See above, p. 54.

illuminating details need be added to the unhappy story. On 30th July 1948, President Tildy, whose democratic sympathies had not been entirely hidden, resigned because "a member of my immediate entourage had committed grave crimes against the Hungarian republic and the interests of our people"; his son-in-law, M. Viktor Czornoky, formerly Hungarian minister in Egypt, was accused of high treason and espionage. On the proposition of M. Rakosi, who owed so much to his manipulation of the Social Democratic party, M. Szakasits took M. Tildy's place as President of Hungary on 3rd August. M. Dinnyes, who had so usefully helped the Communists to power, was quickly discarded. He fell under suspicion when his Minister of Finance, Dr. Nicholas Ncjarady, announced from Switzerland his resignation on the ground that he was no longer in agreement with the government's policy. M. Dinnyes was accused of "having lost touch with the masses". The solemn farce of a "general election", at which the Hungarian people were allowed to vote only for a government list, was enacted on 15th May 1949, and provided the necessary evidence of popular approval. But there cannot have been a Hungarian who did not feel uneasy in June 1949 when M. Rajk, who as Minister of the Interior had done so much to engineer the Communist *coup*, was arrested for "national deviationism". This brief narrative of the tragedy of Hungarian socialism may fitly end with the withdrawal of parliamentary immunity from M. Karl Peyer, who had left the Social Democratic party, which he had done so much to build up, and had been returned as a Radical. Perhaps we can more truly say, not that he had left the Socialist party, but that the Socialist party had left him. It had certainly demonstrated that it could not be a barrier to communism; and the best course for those in the socialist ranks throughout the world who have admired M. Peyer is to follow his example.

Czechoslovakia

Czechoslovakia is another test case of the ability of socialism to act as a barrier to communism. The test is particularly

decisive as the Czechs are known to be a people of strong democratic instincts and Czech socialism was particularly strong. For some years before 1938 the land was an isle of freedom in a sea of totalitarianism. There is no reason to believe that the great majority of Czechs have lost their democratic instincts;¹ but to-day Czechoslovakia lies in the grip of a communist dictatorship, and it is only too clear that the way was prepared and facilitated, in part consciously, in part unwittingly, by socialists.

Dr. Benes, who was himself the leader of the Socialist National Party, returned to Czechoslovakia with other members of the government in exile on 3rd April 1945. He returned *via* Moscow, a fact which subsequently assumed a symbolic significance. Some of us who saw him in London before his departure were disturbed, not only by the ruthlessness with which he proposed to expel the Sudeten Germans from the fringe of Czechoslovakia, but by the leadership which he was prepared to concede to the Kremlin; and we warned him of the fate of those who went riding with tigers. In Moscow Benes had conversations with Stalin and Molotov, and agreement was reached on a provisional government. The Prime Minister was M. Zdenek Fierlinger, who did not then formally belong to any party, but was a left-wing socialist; and his government included representatives of four Czech parties (Socialist Nationals, Social Democrats, Communists, Catholics) and two Slovak parties (Democrats and Communists), as well as non-party ministers. It was in appearance a broad-based coalition with a strong socialist tendency. This tendency became clear on 24th October when President Benes signed four decrees providing for the nationalization of (a) the mines, national resources and big iron and steel enterprises; (b) certain large enterprises in the food and drink industries; (c) the banks; and (d) insurance companies. The government could certainly not be accused of giving an opening to the communists by being too tender with private enterprise!

Nevertheless when the first general election since 1935 was

¹ Sir Robert Bruce-Lockhart, who is well qualified to judge, has estimated that 70 per cent. of the people of Czechoslovakia are opposed to the *régime*.

held on 26th May 1946 the Communists gained sweeping successes. In Bohemia-Moravia, where they headed the poll, they obtained 2,217,711 votes out of 5,529,960 cast, or 40.1 per cent., and 93 seats in the new constituent assembly; next in order came the Socialist Nationals (1,309,463 votes, or 23.6 per cent.; 55 seats), the Christian Democrats (1,126,777 votes, or 20.4 per cent.; 46 seats) and the Social Democrats (862,494 votes, or 15.6 per cent.; 37 seats). In Slovakia the Christian Democrats headed the polls with 988,275 votes out of 1,608,734 cast, or 61.4 per cent., and they secured 43 seats: the Communists were next with 490,257 votes, or 30.5 per cent., and 21 seats; the Freedom Party obtained 67,575 votes, or 4.2 per cent., and 3 seats; and the Labour Party 49,983 votes, or 3.1 per cent., and 3 seats. The chief feature of the elections was the emergence of the Communists and the Christian Democrats as the strongest parties, the Communists gaining chiefly at the expense of Fierlinger's Social Democrats. An interesting sidelight on Communist methods is that it was arranged for Red Army troops to move from Austria and Hungary across Czechoslovakia between 21st and 29th May. This was changed to "after 26th May", and it was explained that the proposed movement of Soviet Union troops was due to an oversight on the part of the Czechoslovak General Staff in not calling the attention of the Soviet Union authorities to the fact that the movement would have coincided with the general election!

The Communists invited M. Fierlinger to remain as Prime Minister, but he declined, and the Communist leader, M. Klemens Gottwald, took his place. The members of M. Gottwald's administration were announced on 3rd July. They included six Communists, and one of them, M. Vaclav Nosek, was given the Ministry of the Interior, always a key post in communist strategy. Eleven of M. Fierlinger's ministers remained at their posts, and he himself became one of the five vice-premiers, and so remained until 24th November 1947, when he resigned to devote himself to party work. A week previously he had been deposed from the chairmanship of his party on the ground of his too close association with the

Communists. The party then adopted a resolution reaffirming the necessity for the Social Democrats to remain "an absolutely independent party in the interests of the working-class, democracy, socialism, and the republic". It showed an awareness of the way things were drifting which became manifest to the outside world only in February and March 1948. At a meeting of the cabinet on 17th February the non-Communist ministers protested strongly against the action of the Minister of the Interior in appointing Communists to important positions in the security police and dismissing non-Communists, in defiance of a cabinet ruling that such appointments should not be made. The next day the Communist party issued a manifesto accusing the non-Communist parties of provoking a crisis, of holding up the government's programme by delaying tactics, and of working to overthrow the "national front" government before the elections in May. The manifesto called on the Czechoslovak workers and all "democratic and progressive" elements to hold themselves ready to "crush any attempt at rebellion by reactionaries", and to "protect the interests of the state and nation". A warning was given that "any attempt by reaction to overthrow the 'national front' and our people's democracy will meet with resistance from a true 'national front' of all the workers under the leadership of Klemens Gottwald". The Socialist National party immediately charged the Communists with attempting to create a Communist-dominated government similar to those in neighbouring countries, and the People's party—as the Catholic party now described itself—accused the Communists of trying to break up the "national front" before the general elections with the object of introducing a totalitarian form of government.

On 21st February the Socialist National party, the People's party and the Slovak Democratic party decided to withdraw their twelve ministers from the government in view of the refusal of the Minister of the Interior to rescind his appointments to the security police. The Communist party sent a letter to President Benes urging him to accept the resignations, and expressing the opinion that the Social Democratic party would "find it necessary to remain in the government at the side of

the Communist party for the sake of the realization of the government's programme". The next day M. Gottwald, addressing a communist demonstration in Prague, described the leaders of these parties as "reactionaries inspired by foreign reaction". He called into the open "action committees" throughout the country to provide the basis for a new "national front". These "action committees" had a suspicious resemblance to the Russian soviets. Within two days action committees took charge of factories, schools, universities, and newspaper premises throughout the country. Their attention was specially directed to the universities and to the newspapers. Many students were arrested, and the editors and staff of a number of opposition newspapers were driven out. The Minister of the Interior ordered that all newspaper articles must be submitted for official approval. At the same time communist demonstrations were organized on a big scale in Prague and other cities. On 25th February President Benes yielded to the Communists, accepted the resignation of the twelve ministers, and assented to a new cabinet list prepared by M. Gottwald. In outward form it kept the coalition; but Communists were appointed to nearly all the key posts. The new cabinet of 24 members was made up of 12 Communists, 4 Social Democrats, 2 Czech Socialist Nationals, 2 People's Party, 1 Slovak Democrat, 1 Slovak freedom party, and 2 non-party ministers. The state of Czechoslovakia from that day forward was well described in a joint statement of the United States, British and French governments, issued on 26th February:

"The governments of the United States, France and Great Britain have attentively followed the course of events in Czechoslovakia, which places in jeopardy the very existence of the principles of liberty to which all democratic nations are attached. They note that by means of a crisis artificially and deliberately instigated, the use of certain methods already tested in other places has permitted the suspension of the free exercise of parliamentary institutions and the establishment of a disguised dictatorship of a single party under the cloak of a government of national union. They can but condemn a development the consequences of which can only be disastrous for the Czechoslovak people, who

had proved once more in the midst of the sufferings of the second world war their attachment to the cause of liberty”.

Universal sorrow was caused throughout the world on 10th March 1948 when Jan Masaryk, son of the creator of Czechoslovakia, who had remained at his post as Foreign Minister to the end, threw himself from his window in grief and shame. His death undid all the elaborate propaganda of the Communists and opened men's eyes everywhere to the ugly realities; and there cannot be much doubt that grief and shame hastened also the death of President Benes. In an exchange of letters with the *praesidium* of the Communist party before he accepted M. Gottwald's list of ministers President Benes had used an argument which is central to our purpose in this book. After appealing for the continuance of a real “national front”, he said:

“It is clear to me that socialism is the way of life desired by an overwhelming part of our nation. At the same time I believe that with socialism a certain measure of freedom and unity is possible, and that these are the vital principles of our national life.”

In other words Benes asserted his belief that socialism was compatible with democracy, and that social democracy could be a permanent and satisfying resting place. The reply which he received from the *praesidium* must have shaken his faith:

“The *praesidium* states again that it cannot enter into negotiations with the present leadership of the Czech Socialist, People's and Slovak Democratic parties. Recent events have proved indisputably that they no longer represent the interests of the working people, that their leaders have betrayed the fundamental ideas of the people's democracy and the ‘national front’, and that they have assumed the position of an undermining opposition.”

With superb inversion of the truth the letter went on to accuse the other parties of collaborating with hostile foreign elements. Just at the very time the Communist Minister of Education was decreeing that every schoolroom must display a portrait of Stalin! It also showed great powers of imagination when the *praesidium* accused the other parties of having prepared a

Putsch, which the patriotic Communists prevented only in the nick of time! This became the usual apologia in Czechoslovak embassies abroad; many diplomatists resigned because the words stuck in their gullets.

There is no reason to believe that the Czechs have abandoned their democratic beliefs, and thousands have since escaped across the frontier to begin once more the liberation of their country. But the history of Czechoslovakia since 1945 shows that he who sups at the cabinet table with the Communists needs a long spoon; that the Communist seizure of power was aided and abetted by the leaders of the Social Democrats; and that the Communists might not have been able to seize power if they had not first shared it with the Social Democrats. To-day M. Fierlinger is the most hated man in Czechoslovakia.

Italy

In Italy and France communists have not been able to seize power, but the history of these two countries since the first world war shows no less convincingly that socialism cannot be an effective barrier to communism; they show rather that socialism opens the way to communism.

The Italian Socialist party, founded in 1892 at a congress at Genoa, is one of the oldest socialist parties in Europe and until the inter-war years was one of the strongest. Its chief theoretician Antonio Labriola had moved from a Hegelian conservatism to an enthusiastic discovery of Marx, but in practice, under the guidance of such restrained leaders as Filippo Turati, Claudio Treves, Giuseppe Emanuele Modigliani and Leonida Bissolati, the party pursued a constitutional and democratic course. It is true that in 1912 Bissolati was expelled from the party at its congress at Reggio Emilia for having congratulated the king on an escape from assassination; but the fiery young man, by name Benito Mussolini, who moved the resolution was himself expelled from the party in 1914 for having suddenly swung over to intervention in the war; and until 1919 at any rate it looked a compact, responsible

and democratic party. Its outlook is seen in the protest which Turati made against the "red week" organized by Mussolini in July 1914:¹ "It is a fundamental principle of modern international socialism that great political and social changes, and in particular the emancipation of the proletariat from the bonds of capitalism, cannot be brought about by the uprisings of unorganized mobs".

No socialist party has ever had wiser or more temperate leaders than the Italian Socialist party in Turati, Treves, Modigliani and Bissolati. Few socialist parties have been so strong and so cohesive. On the surface it would have appeared admirably suited for an experiment in democratic socialism. But the party which bred the founder of fascism also gave birth to one of the strongest communist parties in Europe; and the communist issue has so split Italian socialism that it is to-day only a shadow of the great party over which Turati presided. Let us see how the disintegration has taken place; and let us consider whether it is inevitable that socialism should breed communism.

In the elections of 1919 the Italian Socialist party gained 156 seats and was the biggest single party in the new chamber. It had followed with keen interest the tremendous happenings in Russia, and in 1920 it sent a delegation to Moscow under the leadership of Giacinto Menotti Serrati. There was a great fund of friendship for Russia among Italian socialists, and Serrati inquired about membership of the Third International. He was informed by Lenin and Zinoviev that membership was conditional on the expulsion of Turati, Modigliani and Treves from the party. This was in itself a sufficient shock for the delegation; but they were further told that the expulsion must be made from above without submission to a party congress. The delegation returned rather saddened. The Italian Socialist party did not adhere to the Third International, but Zinoviev had been intriguing behind the back of Serrati's delegation, and a substantial number of communists were soon to be numbered in the party ranks. The party leaders had no

¹ Cited by B. Croce, *Storia d'Italia dal 1871 al 1915*, p. 277.

illusion about these elements, but out of reluctance to break up the impressive unity of the party for some time they nourished the viper in their bosom. The tragi-comic episode of the occupation of the factories in 1920, however, proved too much for the long-suffering socialist leaders, and in January 1921 at the congress of Leghorn the communists were expelled from the Italian Socialist party.

They then founded the Italian Communist party, affiliated to the Third International, and from that day onwards the Socialist party had to face alternately the enmity and the embraces of the Communist party. Of the two the embraces were probably the deadlier. Both parties were proscribed under fascism, and in exile they formed a "pact of action", signed on behalf of the socialists by Pietro Nenni and on behalf of the communists by Luigi Longo. In the resistance movement during the war socialists, communists and other opponents of fascism worked together for the overthrow of Mussolini's *régime* and the German alliance, and when open political activity could be resumed in Italy the Communist, Socialist and Christian Democratic parties emerged as the three mass parties. These and three lesser parties cooperated for some time in a six-party unity and even in a six-party government; and in their "honeymoon" period not only was the Socialist party bound to the Communist party by a renewed "pact of action", but even to the Christian Democratic party by a "pact of friendship"; and all three "currents" among Italian workers cooperated to found a single trade union movement known as the Italian General Confederation of Labour (*Confederazione generale italiana del lavoro*). But as the war receded party political activity began to resume its normal lines, and the Socialist and Christian Democratic parties had to make up their minds with regard to the Communist party. For Christian Democrats the answer was decisive: they stood opposed to the communists politically, and, leaving the C.G.I.L., they founded their own trade unions. The socialists have continued to work with the communists in the C.G.I.L., but in the political field they have split asunder over the attitude to be adopted to the

communists. In the "honeymoon" period under the leadership of Signor Nenni the Italian Socialist party had gone as far as it possibly could in the acceptance of Marxism, and a powerful section demanded fusion with the Communists. Signor Nenni never associated himself publicly with this demand, but sought the closest collaboration with the Communists in a "popular front". The first revolt against this policy, and a return to the socialism of Turati, came from Signor Giuseppe Saragat, who broke with Nenni at the socialist congress in January 1947 and founded the Italian Workers' Socialist party (*Partito socialista dei lavoratori italiani*). For twelve months this able and independent young democrat, who had been Italian ambassador in Paris after the liberation, stood almost alone; the British Labour party gave him the cold-shoulder and maintained official relations with Signor Nenni's party. But in January 1948 a further revolt took place at the party congress held in Rome from 19th-23rd January. Three resolutions were put before the congress. One by Signor Nenni proposed to maintain unity with the Communists, one by Signor Ivan Matteo Lombardo* proposed to sever the connexion with the Communists, and a third by Signor Giuseppe Romita would have made the pact with the Communists conditional on the maintenance of complete autonomy by the Socialists and the presentation of separate electoral lists. Signor Nenni's resolution received 525,332 votes and was accepted; Signor Lombardo's received only 4,337 votes; but the hesitation of many Socialists over Signor Nenni's policy was shown by the 257,099 votes which Signor Romita's resolution received. Signor Lombardo thereupon left the Italian Socialist party and founded the Socialist Union. By this time the British Labour party had realized that continued support for Signor Nenni meant a support for the Communists. It is charitable to suppose that its long delay in breaking with Nenni was due to ignorance more than to design, added to a confused wish to maintain the unity of Italian socialism and a suspicion of Signor Saragat as an "intellectual". But when Signor Lombardo also broke with Signor Nenni, the Labour Party sent a nuncio to Italy in the person of its general

secretary to transfer its blessing from the Italian Socialist party to the independent socialists; and it took stern action against Labour members of parliament who sent a telegram of good wishes to Signor Nenni, though they were able to show that the party had never made hitherto any public repudiation of its support for Signor Nenni.

In accordance with the decision of the Rome congress the Italian Socialist party, *minus* the groups led by Signor Saragat and Signor Lombardo which had left it, stood at the general election of 18th April 1948 on a common list with the Communist party. The common list was described as that of the Popular Democratic Front, which shamefully appropriated to itself the symbol of Garibaldi's head on a five-pointed star. The independent socialists under Signor Saragat and Signor Lombardo also joined forces in another common list known as Socialist Unity. In all ninety-nine parties, including some purely local parties, presented themselves to the electorate; but the electors rightly treated the contest as one between the Christian Democrats and the Communists. It was a hard and well-fought election. I was a spectator of the contest in several important cities, arriving in Rome on the Sunday on which His Holiness the Pope gave a memorable address to a vast concourse filling the piazza before St. Peter's. It was perceived by all to be not only an Italian election but a trial of strength between international communism and Christian democracy; both Russia and the western powers took actions calculated to influence the results, the Russians by supporting the return of the Italian colonies, the western allies by declaring for the return of Trieste; and the prospect of Marshall aid played a great and timely part. The issue was wittily described as the first by-election in the struggle between international communism and democracy for the favour of the world; and the historian may not unfittingly liken it to Lepanto, in which another pope had taken the lead in driving back an Asiatic challenge to Europe. When the votes came to be counted the Communists were decisively beaten, and the Christian Democrats were triumphantly successful. The results in the voting for the chamber and the senate were:

CHAMBER

	<i>Seats</i>	<i>Votes</i>	<i>Percentage of Total Votes</i>
Christian Democrats	307	12,751,841	48.7
Popular Front	182	8,025,990	30.7
Socialist Unity	33	1,860,528	7.1
National <i>bloc</i>	18	1,001,156	3.8
Monarchists	14	729,987	2.8
Republicans	9	650,413	2.5
Italian Social Movement	6	525,408	2.1
South Tirol People's party	3	122,781	—
Peasant party	1	95,956	—
Sardinian Action	1	64,201	—

SENATE

(343 seats; elections held for 237; others held "by right")

	<i>Seats</i>	<i>Votes</i>	<i>Percentage of Total Votes</i>
Christian Democrats	130	10,740,131	47.9
Popular Front	74	6,955,229	31.2
Socialist Unity	12	1,580,722	5.1
National <i>bloc</i>	9	1,364,741	3.8
Monarchists	4	436,597	2.0
Republicans	3	637,433	2.9
Trentino Independents	3	278,351	1.3
Italian Socialist Movement	1	244,646	1.1
Sardinian Action	1	65,242	0.4

The 106 seats for "senators by right" were thus allocated: Popular Front 45, Christian Democrats 18, National *bloc* 19, Republicans 6, Monarchists 4, minor parties 4.

The Communists were not routed, and remain a menace, but they were checked, and it was the first check that international communism had received in its triumphant sweep

across Europe; and the Italian people and the Italian leaders have earned the gratitude of the world. Large sections of the population who did not belong to any party, or who formally belonged to other parties, voted Christian Democrat as they saw in the Christian Democratic party the best possibility of arresting the onward sweep of communism. The Christian Democrats were returned with a majority over all parties in the chamber, and could have formed a government alone; but they wisely preferred to form a coalition with the Republicans and Socialist Unity, and in this coalition the independent socialists have played a notable part in the restoration of their country to her old place in the world. But the Italian Socialist party came out of the election thoroughly discredited; out of the 182 seats in the chamber won by the Front only some 40 fell to the Nenni socialists; and in its anger and discomfiture the party declined to re-elect Signor Nenni to its executive. Nevertheless the trend to fusion continued. At the party conference in Florence on 16th May 1949 a vote for closer collaboration with the Communists sponsored by Signor Nenni secured 51 per cent. of the votes against 39 per cent. for a centre resolution and 10 per cent. for a right-wing resolution put forward by Signor Romita; and a new party executive consisting wholly of sympathizers with the Communists, including Signor Nenni, was elected. Signor Romita subsequently left the party.

In Italy today we can virtually say that the great party of Turati and Treves is no more. The ideal of democratic socialism no longer has power to attract the Italian masses. Those who still cherish the name are working in a predominantly Christian Democratic government. Though divided among themselves, they are serving their country well, and in particular they are a guarantee that the Christian Democratic party will keep to the paths of social reform. But though the names of Saragat, Lombardo and Romita already deserve an honourable place in the scroll of Italian history, they have no mass support. Those who still possess the title deeds of the party of Turati and Treves are now submerged in the Communist party. Italy has decided that social democracy cannot be a permanent resting

place. The experience of Italy suggests that social democrats must one day come to the parting of the ways; those who put their democracy first will associate with those who are working for a Christian democracy, while those who put their socialism first will be swallowed up among the communists.

France

In France the division in the ranks of the industrial workers caused by the Bolshevik revolution was even greater than in Italy. Professor D. W. Brogan records:¹ "The armistice had hardly been declared when the organ of the trade unions of Bourges announced, 'The war is dead. Long live the war'. The sacred union was over; the class war was resumed. . . . It was the Russian revolution, with its deceptive suggestion that the bourgeois state was no very formidable obstacle to a class-conscious and well-organized proletariat, that went to the worker's head".

In 1919 the French Socialist party agreed to rejoin the Second International, which had collapsed in 1914, but at the Strasbourg conference in 1920 the decision was reversed, and a delegation was sent to Moscow to learn on what conditions the French Socialist party could adhere to the Third International. The delegates were Marcel Cachin and L.-O. Frossard, and they were interrogated by Radek, Zinoviev, Bukharin and Kamenev. The demands made of the French socialists were no less severe than those put to the Italians, and they were widely resented, but at the Socialist party congress at Tours in December 1920 they were nevertheless accepted by a majority. The French Socialist party thus became the French Communist party; and the newspaper which Jaurès had founded under the name of *L'Humanité* henceforth preached the gospel of Moscow. The defeated minority left the transformed movement and reconstituted the French Socialist party. The mantle of Jaurès was taken up by a cultivated intellectual of the middle classes, Léon Blum, hitherto best known as a man of letters, and soon

¹ *The Development of Modern France* (1870-1939), p. 558

to distinguish himself at the bar, who eschewed violence and stood for a combination of socialism with freedom to be attained by constitutional means.

The history of France since that date has shown that M. Blum's hopes have been disappointed. France may still go socialist—though I personally have too much faith in the good sense and individuality of the French people, and especially of the French peasants, to believe that she will do so. But if she does so, it will not be through the instrumentality of the French Socialist party, of which M. Blum is still the venerated leader. If France goes socialist, she will go the Moscow way, and the instrument will be the French Communist party, whose leader M. Thorez, went out of his way early in 1949 to make a statement to the effect that the French workers would not oppose the Red Army if it entered France.¹ The French Socialist party, which has been essaying with other groups the rôle of a "third force", seems destined gradually to be crushed between the principal contestants for mastery.

It is not necessary to give all the details in the relations between the French Communists and Socialist parties, nor to describe the parallel struggle in the trade unions. Before the war the main fact was the agreement of the Socialist and Communist parties to form a "popular front" with the Radical Socialists² for the elections of 1936. As always—for such is the object behind "popular fronts"—the Communists were the chief beneficiaries; they doubled their vote in the country and obtained 72 seats instead of 10 in the chamber. Though the Socialists, with about the same vote as in 1932, remained the biggest single party, their doom was sealed. The Communists showed that they intended their embrace to be a kiss of death by refusing to join M. Blum's government; and by their parliamentary and unparliamentary pressure they compelled M. Blum's government to embark on experiments, such as the forty-hour week and the nationalization of the armaments industry, which left France critically weak when the challenge

¹ The statement is quoted on p. 239.

² So called, it is alleged, because they are neither socialist nor radical.

of war came in 1939; it was only a strong lead from London which saved the "popular front" from being dragged into a European war at an earlier date, under constant pressure from the Communists, by armed support of the left in Spain.

The tactics of the Communists during that period have been repeated since the liberation, and have shown how difficult it is for a socialist party to maintain its position when it is being constantly outbid by a communist party on its left. They took part in the first governments after liberation, but clearly showed their line on 30th April 1947 when the Communist ministers walked out of the cabinet in support of the Renault workers who were striking for higher wages. Such tactics naturally put the Socialists in a dilemma, which was clearly exposed in the meeting of the executive committee of the Socialist party on 4th May. On that day the Communists voted against the Socialist Prime Minister, M. Ramadier, on a vote of confidence, in the chamber, and the four Communist ministers in the chamber were removed from the cabinet by presidential decree. The executive committee of the Socialist party, meeting the same day, decided to support the exclusion of the Communists. But the left-wing, led by the party secretary, M. Guy Mollet, held that the Socialists should leave the government also. The decision was left to the national council of the party. At a meeting on 7th May the national council decided in favour of a continuance of M. Ramadier as Prime Minister by 2,529 votes to 2,125, but added a resolution that the Socialists would not "take part in a coalition which, under pretext of opposition to the Communists, would divide the nation into irreconcilable factions, and would not remain in a government supported by a reactionary majority."

The Communist tactics of outbidding the Socialists, and the Socialist attempt not to be outbid, have been repeated on a dozen occasions, and have led to a progressive weakening of Socialist influence. An ugly wave of strikes, beginning with the municipal dustmen of Paris on 4th November 1947, soon spread over the whole country; at Marseilles rioters organized by the communists besieged the law courts and the Hôtel de Ville; and

in Paris there were disorderly scenes in the national assembly. On 19th November M. Ramadier resigned "in order that a government may be established which can act with the authority of all republican parties". M. Blum attempted to form such a government but had to admit failure. His abandonment of the attempt was a mark of the declension of the Socialist party, which seemed in the eyes of many Frenchmen to be unwilling to march with the communists but unequally unwilling to march against them. The speech which M. Blum made in the national assembly on 21st November deserves citation for its clear statement of the principle of the "third force", in which all continental social democrats have been seeking a justification for their continued existence.

"The danger is dual. On the one hand international communism has openly declared war on French democracy, on the other, a party has been constituted in France of which the aim, and perhaps the only aim, is to deprive national sovereignty of its most essential right. I am here to sound the alarm, to try to rally all republicans—those who refuse to submit to an impersonal dictatorship, not of the proletariat but of a political party, as well as those who decline to seek salvation against this danger in the personal power of one man. . . . The so-called 'third force' is nothing more than the union of all republicans for liberty, social justice and peace."

The speech failed to secure for M. Blum the absolute majority required by the constitution, and on 22nd November a government was formed by M. Robert Schuman, of the Popular Republican Movement, with Socialist support; it was an indication that France, like Italy, saw in Christian democracy the only real buttress against Communism, though, as in Italy, the social democrats could provide valuable aid. This tendency was confirmed when elections were held for the constituent assembly on 2nd June 1946. The returns (complete except for a few seats) showed that the Popular Republicans (Christian democrats) and the Communists were the chief aspirants for power, and that the Socialists, though still a substantial force in France, had sunk into third place. The votes and seats obtained were:

	<i>Votes</i>	<i>Seats</i>
Popular Republicans (M.R.P.)	5,589,151	163
Communists	5,145,325	150
Socialists	4,187,747	128
Left Republicans (Radical Socialists, etc.)	2,229,963	47
Republican Liberty (P.R.L.)	2,526,872	35
Independent Republican	—	22
Amis du Manifeste (Algeria)	—	11
Peasant Action	—	10

In the spring of 1947 General de Gaulle founded his Rally of the French people (*Rassemblement du peuple français*) and in a succession of municipal and national elections since that date the question has arisen whether the French people who regard communism as the chief enemy will place their hopes in the Rally or the Popular Republicans. The electoral fortunes of the two parties have clearly fluctuated at each other's expense. There are many reasons why lovers of France should fervently hope that the French people will put their trust in Christian democracy rather than in (conscious or unconscious) military dictatorship. This is an important question, but it is not necessary for us to answer the question whether Christian democracy or General de Gaulle's Rally will be the buttress against communism; what is pertinent for our purpose is that socialism cannot provide that buttress. The French Socialists have been consistently outbid by the Communists for the favour of the industrial masses and have not scrupled to support action which the Socialists hesitate to employ; and those who oppose communism above all else regard the Socialist party as too compromised with it to be an effective buttress against it.

CHAPTER V

THE BRITISH EXPERIENCE

IT is in Great Britain that the claim of socialism to be a bulwark against communism is being put to its most decisive test. The British Labour party, unlike the socialist parties of the continent, is strongly entrenched. At the general election of 1945, after two earlier periods in office without power, it was given an overwhelming majority in parliament; and the Communist party was once more contemptuously rejected by the electors. Out of a total membership of the House of Commons of 640, the Labour party obtained 393 seats and the Communist party only 2; the main opposition was provided by the Conservative party with 189 seats. Here, it would appear, was an ideal opportunity for demonstrating the character of a social democratic party free from the necessity of compromising with either liberals and conservatives on the one hand or with communists on the other.

The test has now proceeded far enough for judgment to be passed; and the judgment must be that if the Labour party remains in power for a few more years, and uses its power as it has done since 1945, the economic organization of Great Britain will be so transformed that it will hardly be distinguishable from a communist state.

These characteristics of a socialist or communist state have been noted: (1) "The public ownership of the means of production, distribution and exchange"; (2) the elimination of rent, profit and interest as sources of individual income; and (3) the conscious planning of production in place of automatic regulation by the profit-motive. Let us see how far Great Britain has advanced in these directions since 1945.

Ownership

When the Labour Government took office in Great Britain in 1945 there was already a fair measure of public ownership.¹ The Crown, the Forestry Commission, the Service departments, other ministries, and the local authorities owned a substantial area of land; and the lands held by the Ecclesiastical Commissioners (on behalf of the Church) and by the Oxford and Cambridge colleges, though not under state control, were publicly owned to the extent that they were not in private hands. The Post Office was directly owned and operated by a Government department, and the scope of its operations (covering the telegraph and telephone as well as the postal auxiliary services) made it the biggest single business in the country at the time. The British Broadcasting Corporation, set up as a public corporation independent of the government, had been invested with a monopoly of broadcasting. Another public corporation, the Central Electricity Board, owned and operated the "grid" for the transmission of electricity in bulk at high voltages, and it also owned and operated a fair amount of generating plant. A substantial share of the generation of electricity and its distribution at low voltages (or retail distribution) was in the hands of local authorities. Local authorities were the owners of a large proportion of the gas-producing and distributing plant, and the dividends of gas companies were statutorily limited. Water supplies were almost entirely the responsibility of public bodies. About one-third of the British docks and harbours were owned by public trusts, and the London Passenger Transport Board, another public corporation, owned the underground railways and omnibus system of the vast London area. The British Overseas Airways Corporation, wholly financed by public funds, though not given a legal monopoly of air transport, was alone entitled to receive a subsidy for its services, which amounted to a virtual monopoly in many directions. The coal seams had been compulsorily bought from

¹ The extent can be studied in greater detail in *Public Enterprise*, edited by W. A. Robson.

the private owners and their ownership was vested in a public corporation.

Until 1945 the principle of public ownership was mainly exemplified in the field of lands held for public purposes, the public utilities (water, gas, electricity) and public services (docks and harbours, air transport, broadcasting, London transport). With the advent of the Labour government the principle was greatly extended in these fields; public ownership was increasingly translated to mean "nationalization"; and nationalization was extended for the first time in British industry into the field of productive enterprise, and even into trades catering for a highly competitive export trade.

The Labour government made its *début* with the "socialization of the means of exchange". The nationalization of the Bank of England¹ had a symbolic value out of all proportion to the actual effects on the life of the country; for since Great Britain left the gold standard in 1931 the bank had been in effect though not in name a public institution, carrying out a policy laid down by the Treasury. The principle that the central bank should be publicly owned had been accepted in so many countries, including the United States, the classic land of free enterprise, that no great controversy was roused by this measure. On general grounds more opposition might have been expected when the Labour Government turned to "the socialization of the means of production" by asking Parliament to vest the ownership and operation of the coalmines in a National Coal Board appointed by the Minister of Fuel and Power.² But relations between mineowners and mineworkers had been so bad, and the case for nationalization had been canvassed by the Labour Party for so many years, that the public were not inclined to cavil at this revolutionary step by which the state entered productive enterprise.³ The nationalization of gas and

¹ Effected by the Bank of England Act, 1946, "an act to bring the capital stock of the Bank of England into public ownership and bring the bank under public control", which received the Royal Assent on 14th February 1946.

² Coal Industry Nationalization Act, 12th July 1946.

³ Speaking in the House of Commons on 9th May 1949, Mr. Osbert Peake amusingly compared the miner's demand for nationalization with the adver-

electricity followed in successive years.¹ In these cases criticism was stifled by the fact that so large a sector of these industries was already in municipal or other forms of public ownership, and by the plausibility of the need for "co-ordination" or "integration" of the fuel and power industries. The responsibility for the generation of electricity and its distribution in bulk was, however, taken out of the hands of companies and local authorities alike and vested in a British Electricity Authority, from whom area boards were to buy supplies for distribution to the ultimate consumer. The responsibility for supplying gas was also taken out of the hands of companies and local authorities alike, and vested in area gas boards co-ordinated by a national Gas Council. Far more controversial than these measures was the decision to nationalize the iron and steel industry,² for not one single economic or industrial argument could be brought forward in support of this action, which was dictated solely by political considerations. The nationalization of the steel industry is so important for an understanding of the Labour party's intentions that it must receive fuller consideration later.³

The government's experiments in the field of productive enterprise were not confined to the United Kingdom. A Colonial Development Corporation was set up to undertake and support schemes for the development of colonial resources, whether agricultural or mineral, and an Overseas Food Corporation was set up to undertake schemes for the production of food (with ancillary crops) in colonial territories and in other overseas territories, when invited so to do;⁴ as its first venture it took over the operation of a big scheme for the growing of groundnuts in East Africa.⁵

The Labour government took no direct steps to nationalize the most important of all elements in the productive process,

tisement of the baby and Pear's soap: "He won't be happy till he gets it" (*Hansard*, vol. 464, col. 1599).

¹ Electricity Act, 13th August 1947, and Gas Act, 30th July 1948.

² Iron and Steel Bill, introduced 27th October 1948.

³ See below, pp. 114-117.

⁴ Overseas Resources Development Act, 11th February, 1948.

⁵ See below, pp. 187-190.

the land, but it introduced a simpler procedure for the acquisition of land for public purposes by ministers, local authorities and statutory bodies;¹ and its various schemes of nationalization increased the number of bodies with statutory powers to acquire land compulsorily. Though the Labour government did not seek to nationalize the land directly, it sought to destroy the main characteristics of the private ownership of land by vesting in a Central Land Board all development rights in land and by requiring permission to be obtained and a "development charge" to be paid for any substantial developments.² Whether the result was intended or not, these measures have succeeded in virtually paralysing the development of land, and perhaps the result is not surprising as there is now no incentive to development. Powers were taken to set up public corporations to develop any area of land as a new town if it seemed expedient to the Minister of Town and Country Planning so to do;³ and such corporations were later empowered to cater for the alcoholic refreshment of the inhabitants.⁴

Turning to the "socialization of the means of distribution", in the sense of transport, the Labour government began by creating two new public corporations, in addition to the already existing British Overseas Airways Corporation, and giving them a monopoly of British scheduled air services with power to run charter services also; and powers were given to the Ministry of Civil Aviation to acquire land compulsorily for aerodromes.⁵ A British Transport Commission was then set up with a Railways Executive, a Dock and Inland Waterways Executive, a London Transport Executive and a Hotels Executive under it, to carry goods and passengers by rail, road and inland waterways, to provide port facilities, to store goods, to provide hotels and other amenities for their passengers, and generally to perform all the duties of a transport undertaking.⁶ Ownership of the whole

¹ Acquisition of Land (Authorization Procedure) Act, 18th April 1946.

² Town and Country Planning Act, 6th August 1947, and Town and Country Planning (Scotland) Act, 13th August 1947.

³ New Towns Act, 1st August 1946.

⁴ Licensing Act, 1949.

⁵ Civil Aviation Act, 1st August 1946.

⁶ Transport Act, 6th August 1947.

railway system was vested in it; and no private person was henceforth allowed to carry goods for hire and reward outside a circle of radius twenty-five miles from his operating centre or for more than a distance of forty miles within such a circle. (An original proposal that private persons might not carry their own goods in their own vehicles for more than forty miles had to be abandoned under the pressure of public opinion). The private carriage of passengers by road was in theory permitted, but the commission was required to draw up schemes for passenger transport services, and was given power to acquire private undertakings compulsorily, a power which has been widely exercised. In the field of telecommunications, the business of Cable & Wireless, Ltd., was acquired compulsorily by the state.¹ In the field of "distribution" in the other sense of the term a Raw Cotton Commission was set up to perform the functions hitherto exercised by the Liverpool Cotton Exchange;² it was given a monopoly of buying and importing into the United Kingdom, and holding and distributing therein, all raw cotton required by the cotton industry. But the Labour government's chief adventures in "the socialization of the means of distribution" (in this sense of the term) took the form of continuing many of the bulk purchase arrangements which had necessarily been made during the war. The Ministry of Food is in effect a huge state trading concern with a turnover of more than fifteen hundred million pounds a year. Its estimates for purchases, freight and storage in 1949-50 are £1,521,000,000 and its estimate for receipts from sales is £1,132,500,000, leaving a loss of £388,500,000 to be met by subsidies from the public funds. Operations on this scale make the largest of private distributors seem a pygmy. The commodities in which it has this monopoly of oversea trade are animal feeding stuffs, bacon and ham, cereals, eggs and egg products, meat and livestock, milk and milk products, oils and fats, potatoes and carrots, sugar and tea. The Board of Trade and the Ministry of Supply are engaged in similar state trading activities in

¹ Cable and Wireless Act, 6th November 1946.

² Cotton (Centralized Buying) Act, 21st May 1947.

respect of raw materials for industry, and although the extent of their operations is smaller than that of the Ministry of Food it is still formidable. The main commodities in which the Board of Trade has been dealing are chemicals, cottons fertilizers flax, hemp, hides and leather, jute, molasses, paper, plastics, rubber (though a free market in this commodity has now been restored), sulphuric acid, timber and wool. Its activities are financially self-balanced, the estimates for purchases, freight and storage for 1949-50 being £304,837,010 and the estimates for receipts from sales being £304,837,000. The Ministry of Supply trades in iron and steel, non-ferrous metals, chrome ore, magnesite and similar ores, aluminium, ethyl chloride and radioactive substances. In 1949-50 it expects to spend £228,225,000 on purchases, freight and storage, and to recoup itself to the extent of £219,263,000 from sales leaving a loss of £8,962,000 to be met out of taxation.

From this summary it will be seen that the Labour government has in a few years taken very rapid steps towards the "socialization of the means of production, distribution and exchange". It is difficult to measure the effects statistically. It is commonly repeated that the steps so far enumerated mean that only 20 per cent of the national economy has been socialized, still leaving 80 per cent. in private hands, but no sure basis for such a calculation can be given. Any attempt to compare the total number of workers engaged in the nationalized industries with the employed population would be fallacious,¹ for the economic influence of such an institution as the Bank of England is out of all proportion to the numbers of its staff; and great powers are exercised over all land though only a fraction is in the ownership of the state. Any attempt to assess the capital value of the nationalized industries and to compare it with the

¹ This is nevertheless the basis of a written answer given in the House of Commons by Sir Stafford Cripps on 16th March in reply to a question by Mr. Piratin. The reply was (House of Commons, 16th March, *Hansard*, vol. 462, col. 194): "On the basis of the total number of employees in industry, transport and communications in Great Britain at the middle of 1948, industries under public ownership at the present time represent about 17 per cent. of the total. The inclusion of gas, iron and steel and the balance of road transport would raise the percentage under public ownership to about 21 or 22."

total capital of the country would not only be impossible to make with any degree of exactness—the assets of the Bank of England, for example, have never been disclosed on the one side and it would be temerarious to attempt any assessment of the total value of industry¹—but would be misleading when made. Nationalization must be looked at qualitatively as well as quantitatively, and the importance of the nationalized industries is that they are basic to the whole economy of the country, and give their possessors a power of control over the whole industrial life of the nation. The whole of private industry is dependent upon cheap and adequate supplies of coal, gas and electricity, upon cheap and adequate supplies of steel of the right qualities, upon good transport services at moderate charges, and upon adequate supplies of cheap credit. The industries and services which are already in the possession of the state therefore give the British government power to dictate to all industries.

Income

Nevertheless ample powers to control the private sector of industry directly have been taken by the Labour government, as we shall see when we come to consider its “planned production for use”. But first let us see how far Great Britain today fulfils the second criterion of a socialized state in the elimination of rent, profit and interest.

It has often been said that if socialism comes in Great Britain, it will come in a characteristically British way and will be a characteristically British socialism; and the British socialists’

¹ When asked by Mr. Piratin in the House of Commons on 7th March 1949 for the value of the industries nationalized since 1945, and the percentage of this figure to the total value of industry in terms of capital investment, the Economic Secretary to the Treasury (Mr. Jay) replied (*Hansard*, vol. 462, col. 90): “The answer to the first part of the question in terms of the compensation paid or due to be paid is approximately £1,675 million. The information is not available for calculating the answer to the second part.” Mr. Jay’s figure would not include the compensation which will have to be paid if the steel industry is nationalized, and this would bring the figure to about £2,000 million, but even so it is barely more than the current rate of annual capital investment in Great Britain—estimated for 1949 at £1,755 million (gross fixed investment, principal sectors, at 1948 figures, *Economic Survey for 1949*, Cmd. 7647, p. 17).

treatment of rent, profit and interest would appear to justify the assertion. It was, indeed, in reference to the death duties that a Liberal Chancellor of the Exchequer, Sir William Harcourt, declared in 1894, "We are all socialists now".

There has been a substantial rise in the total of personal incomes since 1938.¹ Total personal income from work and property rose from £4,616 million in 1938 to £8,929 million in 1948, and if we add incomes derived from social security payments and other "transfer incomes" we find that personal income before tax rose from £4,886 million in 1938 to £9,592 million in 1948. But these absolute figures do not in themselves signify much. To some extent the increase is due to extra production compared with pre-war days, and this in turn is largely explained by the absorption of the unemployed into productive work; but by far the greater part of the increase is due to the diminished value of money. The significant feature is the changed proportion of the various forms of income that make up the total.

The broad trend of recent years is revealed by the fact that between 1938 and 1948 the amount paid in the United Kingdom in wages and salaries rose from £2,845 million to £5,285 million whereas the amount received by individuals in rent, dividends and interest rose from £1,109 million to only £1,479 million. "Rent, dividends and interest" is the sense in which the terms "rent, profit and interest" is commonly understood, but in order to appreciate the official figures we have to realize that the term "profit" includes not only dividends but professional earnings (the earnings of doctors, dentists, lawyers, artists and journalists who do not work for a salary), income from farming, and the profits of other sole traders and partnerships. When the socialist at the street corner denounces "the profit motive" it is well to remember that he is attacking, not only the shareholder in the company on whose soap box he is standing, but the dentist who gives him the teeth to chatter and the journalist who has contributed the article on which he

¹ The figures here given are taken or calculated from the white paper, *National Income and Expenditure of the United Kingdom 1946 to 1948*, Cmd. 7649, 1949.

relies; he is attacking not only the millionaire but the farmer and the grocer who provide his daily bread, and who probably work harder and possibly for a lower standard of living than he himself enjoys. He is attacking anyone who does not "clock in" and "clock out" daily for a fixed rate of remuneration; he is attacking anyone whose earnings are achieved by the process of making his incomings exceed his outgoings. If these simple facts about the nature of profits were realized, less nonsense might be talked about it. To complete the picture we must therefore add the fact that, whereas wages and salaries rose between 1938 and 1948 from £2,845 million to £5,825 million, professional earnings rose from £84 million to £161 million, income from farming from £60 million to £248 million, and the profits of other sole traders and partnerships from £440 million to £970 million. Professional earnings and profits of sole traders and partnerships rose in much the same proportion as wages and salaries, just about double, and the income from farming quadrupled, that is, it rose about twice as much as these other forms of personal income. These hard-earned incomes are included in the significant figures we shall now give, which are that whereas in 1938 wages on the one hand and profit, rent and interest on the other formed the same share, 37 per cent., of all personal income from work and property, in 1948 wages had risen to 44 per cent. and profit, rent and interest had fallen to 32 per cent. These percentages relate to the gross figures of personal income before deduction of taxes on income, and very clearly indicate the increased share of the national income taken by wages and salaries. If we leave out the hard-earned income of professional men, farmers, other sole traders and trading partners, and confine ourselves to "rent, dividends and interest", which are the usual *bêtes noires* of the socialist, the figures for which are given on p. 86, we find an even more startling decline. The share of the total personal income taken by "rent, dividends and interest" declined from 24 per cent. in 1938 to 15 per cent. in 1948.

Has this come about by accident? Or is it the result of deliberate policy? If we examine the policies of the Labour

government we shall be left in no doubt that it is largely the result of deliberate policy—apart from any question of taxation, which will be considered later, and which powerfully reinforces this conclusion.

In their attack on rent the socialists have been helped by the necessity of rent control which has existed in varying degrees from the first world war. The virtual cessation of house building in that war made it inevitable that, in a free market, rents would have risen to immoderate heights, and rents were quite properly pegged at what they were in 1914, except for permitted increases for improvements or higher local rates. Owing to the general rise in prices, an increase of up to 40 per cent. in controlled rents was permitted in 1920 but this remained considerably lower than the general rise. It was intended, however, to abandon rent control as the supply of houses approached equilibrium with the demand, and many classes of houses were de-controlled in the years between the wars. But the outbreak of war in 1939 made it necessary to begin the process over again. The maximum rents of nearly all dwellings not already controlled were fixed at what they happened to be when war broke out, and the rent of a house let for the first time after the outbreak of war was not allowed to be increased at subsequent lettings. Under these measures some 4,000,000 dwellings have been continuously controlled by reference to their rents in 1914; some 4,500,000 dwellings controlled in the first world war and later decontrolled were again brought under control in the second world war by reference to their rents in 1939; and some 3,000,000 houses built between the wars were controlled for the first time in 1939 by reference to their rents in that year. The rents of some 11,500,000 dwellings, a preponderant majority of all the dwellings in the country,¹ are thus controlled at figures well below what they would fetch in the conditions of the present day. It is undeniable that a measure of rent control is necessary today and will be necessary for some years; but the

¹ No reliable statistics are available since the census of 1931, but the number of dwellings in Great Britain is believed to be now in the neighbourhood of 13,000,000; if this figure is accepted, the rent of 88 per cent. of dwellings is controlled.

rents are pegged at figures which bear no relationship to the general rise in prices. The fact that rents are stabilized at 1939 levels while the prices of most commodities have doubled since this date¹ has created many hardships and anomalies, and has been a deterrent to the provision of housing accommodation for the needy, inasmuch as the landlord's outgoings frequently exceed what he is permitted to receive in rent; but here we are concerned only with the fact that rent control at the 1939 levels is not dictated solely by solicitude for the needy but is part of a deliberate attack on rent as a form of private income. This is shown by the fact that houses owned by local authorities are exempt from rent control, although they are intended to be built for the needier families of the country. Local authorities are not only permitted to increase rents but have frequently done so.

The stabilizing of rents at 1939 levels in a period of rapidly rising prices has meant that the real receipts from rent in the national income have just about been halved. In 1938 the income received by way of rent of land and buildings in the United Kingdom was £395 million, or 8.5 per cent. of the national income of £4,640 million; in 1948 the income received by way of rent was £430 million—almost the same figure—but this was only 4.4 per cent. of the national income of £9,675 million. It is a fair deduction that the real value of income from rent has been almost halved.

The holders of bonds yielding a fixed rate of interest naturally suffer in any period of inflation, as do the recipients of all fixed incomes; the face value remains the same, but the amount of goods and services which can be bought declines. This is the main reason why the share of the national income taken by interest has substantially fallen since the Labour government took office. The Labour government must certainly be held responsible for a great deal of this inflation, but the extent to

¹ The Board of Trade's index of wholesale prices averaged 216.2 for 1948 (the average for 1938 being 100); it is not possible to compare the retail indices as the Ministry of Labour's interim index of retail prices begins with 17th June 1947, but other evidence suggests that the cost of living is roughly 180 per cent. of the pre-war figure; cf. *The Budget and your pocket*, p. 3.

² Cmd. 7649, 1949, Table 4, p. 8.

which it may be regarded as a deliberate attack on fixed incomes will depend on how far the government deliberately relied on a measure of inflation as an instrument of policy. If the answer can be given in the technical language of music the answer is probably, *un poco, ma non troppo*. Governments like a measure of controlled inflation to help them with their fixed payments, but they do not like to see it get out of hand.

The Labour government has, however, undoubtedly made an attack on interest as such in an attempt to drive down the rate of interest below its natural level by manipulation of the money market. Naturally every government likes to borrow money as cheaply as possible, and in former days of sound finance the rate at which a government could borrow was a measure of the country's confidence in it. Provided that the principles of sound finance are observed, it is the duty of a government to borrow as cheaply as possible, for in so doing it reduces its own expenditure on the service of the debt, and makes less expensive the social projects of bodies whose loans are guaranteed by the Treasury or move in sympathy with government funds, for example the housing schemes of local authorities.¹ But these conditions do not exist today. The rate at which the government borrows money may be a measure, not of the confidence felt in it by investors, but of the degree to which it has manipulated the market. The government now has control over vast funds, such as the exchange equalization fund and the social security funds, which enable it to enter the market when investors are shy and so to keep up the price of its own securities, that is to keep down the rate of interest that has to be paid. Such securities are said to be "taken up inside". There are also other means open to a modern government to "rig" the market, and it was by using such methods that the first Chancellor of the Exchequer in the Labour government succeeded in driving down the rate of new government

¹ A powerful defence of his cheap money policy on these lines was made by Mr. Hugh Dalton when Chancellor of the Exchequer in opening his budget on 15th April 1947 (House of Commons, *Hansard*, vol. 436, cols. 60-66). But he omitted any consideration of the extent to which the cost of borrowing was driven down artificially.

borrowing for long-term loans to $2\frac{1}{2}$ per cent. per annum for a time. This rate was the lowest ever recorded, but it proved impossible, or at any rate undesirable, to maintain such a low figure. The rate of government long-term borrowing was subsequently allowed to rise to about 3 per cent. per annum. A good deal of conversion of loans has been carried through at the lower rates,¹ and, apart from the decline in value due to the inflation, the money receipts from interest have almost certainly declined since 1938.

Naturally profits received from the Labour government even closer attention than rent or interest. In the inflationary situation there was certainly a strong case for preventing large increases in dividends, and there would have been no moral case for asking for restraint in demands for wage increases unless similar restraint was urged upon the distribution of dividends. But the demand which arose among Labour back benchers for the legal imposition of a low maximum on distributions had its roots more in dislike of profits than in fear of inflation. Such a legal maximum would be impossible to enforce in practice. Nominal rates of dividend have little significance owing to the varying prices above or below par at which a security may have been bought; a nominal dividend of 80 per cent. may bring in a real return of only 3 per cent., and the law could not take cognisance of all such variations; and even if a legal maximum to cover such variations could be framed, the ways of avoiding it would be so easy that the framing would not be worth while. The Labour government therefore felt that it could not tackle the question of profits in this way, and it relied on persuasion, but it satisfied its supporters by keeping the possibility of a legal maximum as a threat if persuasion should fail. In a white paper²

¹ To take government borrowing alone, Mr. Hugh Dalton said in the House of Commons on 15th April 1947 (*loc. cit.*): "Since His Majesty's Government took office we have issued more than £1,300 million of $2\frac{1}{2}$ per cent. long-dated and irredeemable securities—some long-dated and some irredeemable. Before our cheap money drive began, these issues would have had to be raised at 3 per cent. or higher. If we assume only 3 per cent. the long-term interest burden on the taxpayer has been lightened by at least £6,500,000 a year in respect of these long-term issues". But $2\frac{1}{2}$ per cent. may be more expensive than 3 per cent. when all the repercussions are considered.

² *Statement on Personal Incomes, Costs and Prices*, Cmd. 7321, 1948.

the Prime Minister made a general appeal for restraint in all demands for increases in personal incomes, and in March 1948 the Chancellor of the Exchequer, by then Sir Stafford Cripps, negotiated with the representatives of industry for a voluntary agreement not to increase dividends except in cases coming within certain categories which should receive his authorization; the request was made as part of the anti-inflationary appeal to the whole nation, and was accompanied by the warning, "I propose to leave the matter there until next year, by which time we shall see whether the promises not to increase the distribution of profits have been fully carried out."¹ While almost the whole of industry (93 per cent. in terms of aggregate share capital) responded to the Chancellor's appeal not to increase dividends, and much of the remaining 7 per cent. came within the scope of the authorized exceptions, in the next nine months successful wage claims added £2 million a week to the earnings of 7,760,000 persons. The result of the appeal was therefore to diminish the proportions of profits in the national income. A similar appeal, accompanied by similar threats, a year later led to a continuance of the semi-voluntary process of pegging dividends.

Another phenomenon of social importance has been the conversion of incomes derived from profits into incomes derived from interest, and at lower rates of interest than the old rates of dividend. This has arisen from the payment of compensation for nationalized interests in the form of bonds bearing a Treasury guarantee. Most of the compensated owners have experienced a severe contraction in their income as a result. The terms are defended on the ground that they now have the greater security of a Treasury guarantee, but this is little consolation if the holders have been dependent on the income at the higher rate.

Yet another significant phenomenon, and one that is likely to be of increasing importance, was the socialist attack on professional earnings. The medical profession was selected as the first victim. To prevent any possibility of misunderstanding, let it be said at once that there was need for a review of the existing provision for medical, dental, ophthalmic and hospital

¹ House of Commons, 6th April 1948, *Hansard*, vol. 449, col. 61.

services. The medical profession had itself been the first to point out the need for the inclusion of dependants in the benefits of the national health insurance system, and the first steps towards a comprehensive national health service had been taken by the coalition and Conservative governments during the war, but they had not been completed when the Labour government came to power. There was a strong demand in the Labour movement for the nationalization of the medical profession and the placing of all doctors on a salary basis. The Labour government did not go so far as to accede to this demand, but the financial result of its version of the comprehensive health service has been greatly to increase the element of salary and capitation fees in the remuneration of medical men and correspondingly to diminish the element of professional earnings. This has been achieved in the following subtle way. No medical practitioner was compelled to enter the national service, and he was perfectly free in law to remain outside the scheme and to rely entirely on private fee-paying patients. But if he did so he renounced any rights to his share of the £66 million compensation offered to those who entered the scheme for the acquisition of their goodwill; and his patients had every inducement to use the service as its benefits were free to the individual, the heavy cost being borne out of the general fund of taxation. Even if he entered the scheme, a medical man was in theory free to accept a certain proportion of private fee-paying patients, but as his patients could obtain the same services without individual payment the greater part of his income would necessarily be from capitation fees. The scheme was thus one of great subtlety, designed to give every legal appearance of freedom of choice to the medical man, but in practice virtually compelling him to rely on capitation fees paid by the state according to the number of patients up to a maximum of 4,000; and the capitation fees were fixed at so low a level that general practitioners suffered a severe contraction in their income.¹

¹ Though not dentists, apparently through a miscalculation, nor specialists, owing to acceptance of the recommendations of an independent committee presided over by Sir Will Spens.

The method has been worth describing at some length because it shows the socialist attitude to professional earnings and because it illustrates that if socialism comes in Great Britain, it is likely to come, not so much through outright expropriation of "the means of production, distribution and exchange", but through subtle schemes of this character which achieve the same result but can plausibly be represented as being completely fair to all concerned. After the medical men it will be the turn of the lawyers, and, indeed, under the guise of providing legal aid for the poor (which has in fact been readily provided by the profession itself for generations) proposals have been made to solicitors which would amount to a partial nationalization of their profession.

In these ways the proportion of the total of personal incomes distributed in the forms of rent, interest and profit has been brought perceptibly lower. But the main weapons in the Labour government's attack on these forms of income have been various forms of taxation. We have hitherto considered only gross incomes, but at the present rates of taxation gross incomes have only a notional or theoretical significance. It is a travesty of language to describe as income sums of which the nominal owners cannot dispose and which, to a large extent, they do not even see owing to the collection of tax at the source. When the incidence of the present confiscatory rates of taxation on the middle and higher incomes is taken into account, it will be seen that the proportion of the total of personal incomes after tax taken by rent, interest and profit has suffered a startling diminution. If we include professional and farmers' earnings, the proportion has fallen from 34 per cent. in 1938 to 28 per cent. in 1948. The statistics unfortunately are not sufficiently complete to enable us to give the figure for "rent, dividends and interest" after tax, but it is clear that the decline must have been even more severe.

The main weapons in the armoury have been the income tax and the surtax; the income tax is a tax on all income at a standard rate, subject to many deductions and reductions, and the surtax is a graduated supplementary tax on that portion

of incomes exceeding £2,000 a year. The Labour government inherited a war-time standard rate of income tax of 10s. in the £, from which some relief could legitimately be expected in time of peace. The standard rate was indeed lowered to 9s., but at the same time, surtax was adjusted so that the combined incidence on the higher incomes remained the same; and the fact that the surtax level was kept at £2,000, though £2,000 after the war was equivalent to only about £1,000 before the war, meant that far more incomes were brought into the surtax gatherer's net. In theory income tax and surtax fall on all income, from whatever source it may be derived, but in practice they hit rent, interest and profit more severely than wages and salaries because the middle and highest incomes necessarily include an element of rent, interest and profit. There are relatively few salaries that in themselves attract the highest rates of tax. We are not now arguing whether it is a good thing that there should be substantial variations in income,¹ but only stating a fact; and the effect is all the greater because there are differential rates of income tax for wages and salaries and for investment income.²

Profits were attacked, not only through the income tax and surtax, but by means of discriminatory imposts specially aimed at them. In this field, and indeed in their taxation policy generally, the Labour party found the ground prepared for them by war-time policy; but what will be cheerfully accepted as part of the common sacrifice in time of war becomes a different matter when it is continued as a permanent policy for political reasons in time of peace. During the war profits had been quite properly limited by the national defence contribution levied on them and by an excess profits tax. The excess profits tax, though morally unimpeachable and economically valuable as a corrective to inflation, had grave practical defects, especially in so far as it was a deterrent to maximum production. It was accordingly repealed with effect from 31st December 1946.

¹ See below, p. 207.

² Officially between "earned" and "unearned" income, but the distinction is a complete misnomer. Interest on savings for which a man has worked all his life is regarded as "unearned", while a salary of £1,500 a year for part-time service in a public corporation is treated as "earned".

The national defence contribution, a tax on all profits at a flat rate of 5 per cent. before distribution, did not suffer from these defects, and in April 1946 it was renamed the profits tax and made a permanent tax on all profits. The appetite grows with eating, and a year later, in April 1947, the tax on distributed profits was increased to $12\frac{1}{2}$ per cent., the tax on undistributed profits being left at 5 per cent. Owing to the financial crisis, a second budget had to be introduced in the autumn of 1947, and—the appetite still growing—the profits tax was doubled, to 25 per cent. on distributed profits and to 10 per cent. on undistributed profits. It is an old problem in philosophy at what point a difference in degree becomes a difference in kind, but there can be little doubt that in passing from 5 per cent. to 25 per cent. the profits tax had passed from a difference of degree to a difference of kind. When added to the standard rate of income tax, it meant that 70 per cent. of dividends was taken by the Treasury before they reached the holders. But the tax on undistributed profits was even more vicious, for this was a tax on the reserves of industry and, in a period of rising prices, made it impossible for industry to make adequate provision for the maintenance of plant and new capital equipment. The tax on distributed profits, even at 25 per cent., could be justified in the circumstances of the time as a temporary anti-inflationary measure. But undistributed profits cannot cause inflation. They ought in such circumstances to be encouraged, not penalized. This matter is so serious for the whole future of British industry that we may well ask ourselves what reasons animated the Labour government? Beyond doubt it was a refusal to trust the people. It was thought that a general election might bring a government of another complexion into power, and that the undistributed profits might then be released. To forestall this possibility, the Labour government did not hesitate to deal a crippling blow at industry's capacity to build up adequate reserves. It shows how far doctrinaire socialism will go.

In comparison with this tax, so closely affecting the efficiency of industry, we need not give much attention to another special impost on profits, namely a stamp duty of 10 per cent. on the

value of all bonus issues of shares. It was in any case repealed in 1949 just two years after its imposition.

By a measure as important as it was novel in British financial history, the Labour government in 1948 attacked the source of rent, interest and profit jointly in a capital levy, described as a "special contribution". It was not based on an assessment of capital, but was a graduated tax on investment income, rising to 10s. in the £. But when this tax was added to income tax and surtax (themselves totalling 20s. 6d. in the £ in the highest ranges), it was clearly impossible to meet the tax out of income; payment could be made in many cases only by the realization of capital, and this was indeed admitted by the government. The author of the tax, Sir Stafford Cripps, described it as a "once-for-all-levy",¹ but any faith in this undertaking was destroyed when his predecessor in the office of Chancellor of the Exchequer, Mr. Hugh Dalton, who had himself been a keen advocate of a capital levy after the first world war, while giving "an especially warm welcome" to the "special contribution", said there was "only one straightforward and satisfactory way of dealing with the matter" of the interest on the national debt, "and that is by means of a capital levy on a substantial scale".² A more conventional attack on the ownership of property was made by further increases in the death duties, which can be paid for in the case of the larger estates only by the realization of capital.

Taken cumulatively, these changes are undoubtedly a conscious and calculated attempt on the part of "the first Labour government with power" to strike at rent, interest and profit as sources of income. They support the view that in a completely socialist state the only sources of income would be wages and salaries, pensions and allowances. These changes must be reckoned as at least as important as the measures of nationalization in any assessment of the degree in which Great Britain has been turned into a socialist state. Their effect has been substantial, and has been disguised by the fact that a large number of persons are maintaining their standard of living by

¹ House of Commons, 6th April 1948, *Hansard*, vol. 449, col. 71.

² House of Commons, 7th April 1948, *Hansard*, vol. 449, cols. 202, 194.

realizing capital. In particular, a large number of parents are now providing for their children's education out of capital, and schools are making arrangements for them so to do. Human nature being as it is, men will spend their capital on their children rather than see it spent—and as many of them think, wasted—by the government.

The effect of the measures already taken was shown by Sir Stafford Cripps on 7th September 1948 in addressing the Trades Union Congress. Sir Stafford Cripps said that in 1947 the amount distributed as dividends in 1947 was provisionally estimated at £320 million, after deduction of tax; the amount distributed as wages was £3,260 million after deduction of tax; and the amount distributed as salaries was £1,435. The figure of profits distributed by corporations was about one-tenth of the total of wages and about one-fifteenth of the total of wages and salaries combined. Even if corporation profits were reduced by as much as one-quarter, it would mean an average addition to wages and salaries of no more than 4d. in the pound.

Planning

We noticed as the third characteristic of a socialist or communist state the conscious planning of production in place of automatic regulation by the profit motive. Judged by this standard, "the first Labour government with power" has carried Great Britain far towards the collectivist goal.

Limitation and taxation of profits have naturally tended in any case to curtail the operation of the profit-motive. Owing to the graduation of the income tax and surtax, with a very heavy incidence in the higher ranges of income, individuals have to some extent lost the incentive to work for high profits. When their income exceeds a few thousand pounds a year, the tax on any additional income is so heavy that the effort to earn it is not worth while. This is another phenomenon to which we must revert when we consider socialism in relation to human nature. We are here concerned with it only for its effect on the profit motive as an automatic regulator of economic activity.

But Labour ministers were not content with curbing the profit motive. They had long advocated in speech and writing the deliberate planning of production, and they were given an ideal opportunity to put their philosophy into practice because they inherited an elaborate system of war-time controls. In their measures of nationalization they had to fight for each step separately, but in their measures of planning they merely had to decide which of the war-time controls should be carried into the peace as a permanent feature of the country's economic life. They have naturally maintained that there are many war-time controls which they would like to remove at the earliest opportunity, and some have indeed been removed, but it is clear that the conscious planning of production will inevitably entail a network of controls, and the socialists will be unable to surrender controls because they will not give up planning.

The machinery of planning has naturally been adapted to British traditions. After the short-lived experiment of 1947 of a Minister of Economic Affairs as well as a Chancellor of the Exchequer, the responsibility for the general planning of the country's economic and financial life is concentrated in the Chancellor of the Exchequer. He has an Economic Planning Board, now part of the staff of the Treasury, to assist him in these general economic plans. Individual ministers have the duty of stating their own requirements, but it is for the Chancellor to co-ordinate their requirements within the pattern of a national plan, and as often as not to persuade, or compel, them to accept reductions in their stated requirements. A disagreement between a minister and the Chancellor of the Exchequer could be referred to the cabinet, but in such a case the Chancellor's wishes would almost certainly prevail.

In earlier days the relations of the Chancellor of the Exchequer to ministers were of a similar nature, but were then confined to financial matters. Ministerial heads of departments then estimated that they would need so much money for the approaching financial year, and the Chancellor of the Exchequer, in the light of the country's financial position, said they could have so much; and after some haggling a figure would be agreed upon.

This was planning in a rough and ready sense, but it left considerable latitude to ministers to decide how the money should be spent within the limit of their allocations. There are two great differences between this rough-and-ready financial planning of the old days and planning in Great Britain today. In the first place, thanks to the wide powers of control now exercised by ministers, the area of departmental responsibility has been widened until it is practically co-terminous with the economic life of the nation. In the second place, planning is no longer confined to setting limits to expenditure of money within the next financial year, but covers in detail the supply of labour and raw materials and the marketing of the products; and even within the financial range the planners make a detailed division of expenditure for current consumption and expenditure for capital development such as was not attempted in the past.

The British plan is an annual affair. There is, indeed, in rough outline a British four-year plan, coinciding with the period of Marshall Aid, under which a balance in overseas payments is to be achieved by 1952.¹ There are also, in very rough outline, ten-year plans of colonial development and welfare. But the detailed British plan is only for twelve-monthly periods. Although in the past theoreticians have hankered for a plan over several years to coincide with phases of trade cycles, it is probably realized that current uncertainties are too great to permit planning for more than twelve-months ahead. Even within these narrow limits, wild errors have been made.

The annual plan is contained in a paper known as the *Economic Survey*, presented to Parliament by the Chancellor of the Exchequer, supplemented by the Budget proposals and possibly by papers on specialized aspects, such as capital investment. It covers five main items²: (i) The balance of payments; (ii) targets for home production; (iii) capital development; (iv) manpower, and (v) national income and consumption.

¹ *European Co-operation*, Cmd. 7572, 1948.

² The British plan is better studied from the *Economic Survey for 1948* (Cmd. 7344) than the *Economic Survey for 1949* (Cmd. 7647). The latter paper, though an interesting and effective economic survey of 1948, as the *Economist* observed (19th March 1949), is vague and hesitant about the prospects for 1949.

The British plan stands in marked contrast with the Russian in the priority given to the balance of payments. In theoretical works on planning it is commonly assumed that the framers of a national plan first ask themselves what are the consumptive needs of the people, and then make arrangements to meet them. We are told by Sidney and Beatrice Webb,¹ for example, that the Soviet Union plan "starts—and this is an important point on which it differs from any analogous forecast in other countries—not from any consideration of the government's financial requirements or any statistics of the 'balance of trade', but from the human beings of whom the nation is composed, the whole population of the U.S.S.R., whose labour force is available for employment, and whose consumption of commodities and services has to be provided for."

But Great Britain is so completely dependent upon imports of food and raw materials that any realistic plan, even under a socialist government, must begin by ensuring that these imports can be paid for. As imports are paid for mainly by exports, the British plan therefore begins by laying down targets for the export industries, measured both in terms of money and as percentages of the 1938 volume. In the light of these estimates, programmes of permitted imports are next laid down; the items consist mainly of essential foodstuffs and feeding-stuffs, raw materials (especially for the export industries) and such additional articles as can be paid for out of the available resources. The available resources, apart from the receipts from exports of merchandise, are mainly receipts from invisible exports (oversea investments, shipping, insurance, films, tourism), and the British plan next estimates what receipts and expenditure will be under these several heads. The next step is to strike a balance

It is uncertain whether the figures therein given are intended to be plans, targets, prophecies or pious aspirations. If this indicates a realization that closely detailed planning is unwise, this is a good sign. In the *Economic Survey for 1948* the methods of the planners are seen much more clearly, and it will here be taken as the basis for an analysis of British planning. A useful explanation of their methods and aims is also given by the planners themselves in the *Economic Survey for 1947* (Cmd. 7046).

¹ *Soviet Communism: A New Civilisation*, p. 625.

between payments and receipts, and this is done by taking into account what sums will be available by way of loans or Marshall Aid, and thereby deciding by how much gold and dollar reserves need to be depleted; in other words a decision is taken to deplete the capital account by the extent of the deficit on current account.

The second stage in the British plan is to lay down targets for home production. Where an industry caters for export as well as for the home market, the figure is dictated in part by the export target already set. Detailed targets are laid down for coal, electricity, oil, steel, inland transport, textiles and agriculture.

The third stage is to decide how much of the current national resources shall be set apart for capital development. This is a deliberate decision to withhold so much of the national resources from consumption in order to maintain and enhance the productive resources of the country, and the standard of accommodation and is one of the most difficult decisions to take. The British plan of capital investment gives answer to this question under the general heads (a) building and civil engineering, (b) plant and machinery, (c) shipbuilding and (d) road vehicles.

In the fourth stage of the British plan, the planners attempt to settle what shall be the size of the labour force and how it shall be distributed among the various industries in civil employment, taking into account the needs of the armed forces and the industries supplying the armed forces. Finally the planners reach the person for whose benefit their labours are presumably intended, the consumer, and we are told how much may be spent under the various heads of consumption, and how much is to be saved by private persons.

We are not at the moment concerned with the feasibility or success of such planning, but only with the fact that there is in Great Britain at the present time an elaborate and detailed planning of the national economy. Conscious planning by a central authority, rather than the automatic operation of the profit motive rules a great part of British life today, and to that extent Great Britain has already been carried a long way to the

socialist goal. The profit motive operates only within narrowly circumscribed limits; and, indeed, what are called profits in industry today would in many cases be more accurately described as commissions, for they are in effect permitted margins on sale.

The main elements in contemporary British planning are: (a) financial control, (b) control over raw materials, (c) price control, and (d) control of labour.

Exchange control is stringent, and although there are numerous cases of evasion in respect of small sums by tourists almost all external transactions are successfully controlled. The general principles are laid down in the Exchange Control Act, 1947, which confers on the Treasury powers to regulate the buying and selling, or lending and borrowing, of gold and foreign currency; the making of payments inside or outside the United Kingdom for the credit of persons resident outside the scheduled territories (the so-called sterling area); the issue or transfer of securities to persons resident outside the scheduled territories; the import and export of notes, Treasury bills, postal orders and similar papers; and the transfer and settlement of property outside the United Kingdom.

Another important and sweeping financial control is the control of borrowing and new capital issues.¹ The Treasury has been empowered to make regulations governing the borrowing of all sums of more than £10,000 in a period of twelve months and the raising of money by shares, debentures or other securities. The permission of the Capital Issues Committee is needed for such new issues, and a memorandum of guidance issued to the committee in December 1947² reveals the extent to which control of the economic life of Great Britain now resides in government departments. The memorandum states:

"It has always been a cardinal feature of the administration of the capital issues control that the committee should refer applications for advice to the appropriate departments and should take account of any advice that may be so received. This consultation is of even greater importance in present circumstances,

¹ Borrowing (Control and Guarantees) Act, 12th July 1946.

² *Capital Issues Control*, Cmd. 7281, 1947.

and the committee is asked, when considering applications to raise money for fresh capital outlay, not to recommend consent, except to the extent to which they are definitely assured by the terms of the departmental reports that the scheme is in full accord with the revised general programme of capital investment”.

The second general control is the control of raw materials. As so many of the raw materials of British industry have to be imported from abroad, this control is largely exercised through the import programmes already mentioned, and the means by which it is made effective are import licenses. It is necessary to obtain a license for the import of a very large number of commodities into the United Kingdom today. The main raw materials produced within the United Kingdom are coal and steel, and there are systems of allocation of these and other raw materials to the consuming industries.

The third general control is price control. Maximum prices are fixed for the sale of a very large number of articles,—and in practice, of course, they tend to become minimum prices as well. Price control is supplemented by purchase tax, which is not only a large source of revenue, but is a big factor in the price of eventual sale.

The fourth general control is the control of labour. It has long been a point of hot debate whether planned production is possible without the direction of labour, and it will be necessary to return to this question owing to its bearing on the compatibility of the democratic way of life with socialism. In Great Britain powers to direct labour were taken and exercised during the war. They were dropped after the war, but owing to the failure to attract workpeople into essential under-manned industries the power was resumed in the Control of Engagement Order 1947. Under this Order men between the ages of 18 and 50 and women between the ages of 18 and 40 may not be engaged except through an employment exchange of the Ministry of Labour, apart from certain exempted occupations. Workers in coal mining and agriculture are not permitted to leave those occupations. Other applicants at an employment exchange are

offered jobs that in the Government's view have the highest priority. If an applicant refuses to accept such a job he can in the last resort be directed, and failure to obey the direction can be punished by a fine or imprisonment. Such has been the law in Great Britain since September 1947. It is true that very few persons have been ordered to take up jobs under the order.¹ But the fact that almost all vacant posts must be filled through the government machinery is a considerable limitation on freedom of choice of occupation;² and the fact that the order exists may have a deterrent effect on persons who feel a temptation to abandon essential work for more attractive but less essential occupations. The fact that the headmaster had a cane in his desk often has a deterrent effect even if he never uses it; and the power to direct labour may have an important place in the planning of British production even though it is seldom invoked.

¹ According to the *Economic Survey for 1949*, p. 30, only 300 directions were issued in 1948; but "576,000 placings were made in the essential industries granted priority in the supply of labour."

² Mr. Hopkin Morris, member of parliament for Carmarthenshire, startled the House of Commons on 24th March 1949 by declaring "I represent a division of serfs"—for most of his constituents are engaged in coal mining or agriculture. (*Hansard*, vol. 463, col. 602).

CHAPTER VI

THE BRITISH LABOUR PARTY AND SOCIALISM

THE FACT that the British Labour party has called itself the Labour Party and not the Socialist party, or even the Social Democratic party, has encouraged the hope that it is not a socialist party, or at any rate not a socialist party in the continental sense of the term. The Labour party was founded in the year 1900 as the Labour Representation Committee, and it took its present name in 1906. Until the end of the first world war it was certainly not committed to socialism, though it included socialists¹ and, after many hesitations on both sides, had been affiliated since 1904 to the Socialist International. Its constitution in those days contained no reference to objects except "to organize and maintain in parliament and in the country a political Labour party". In 1918 a new constitution was adopted, and the objectives of the party were defined in the following words:

"To secure for the producers by hand or by brain the full fruits of their industry, and the most equitable distribution thereof that may be possible, upon the basis of the common ownership of the means of production and the best obtainable system of popular administration and control of each industry and service.

"Generally to promote the political, social, and economic emancipation of the people, and more particularly of those who depend directly upon their own exertions by hand or by brain for the means of life."

¹ See G. D. H. Cole, *A History of the Labour Party from 1914*, pp. 3-4.

Although the reference to "the common ownership of the means of production" was one important element in socialism, the Labour party still carefully avoided calling itself a socialist party. Later the term "producers" was altered to "workers", and "distribution and exchange" were added to production, and the statement of objects now reads:

"To secure for the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible, upon the basis of the common ownership of the means of production, distribution and exchange, and the best obtainable system of popular administration and control of each industry or service.

"Generally to promote the political, social and economic emancipation of the people and more particularly of those who depend directly upon their own exertions by hand or by brain for the means of life."

It will be seen that in its constitution the Labour party still does not describe itself as a socialist party; the term "socialism" is not used in the document, and the only use of the term "socialist" is in the provision that affiliated members may include "socialist societies" and that the party's aims shall include "to co-operate with the labour and socialist organizations in the dominions and the dependencies" and "to co-operate with the labour and socialist organizations in other countries". It is true that in less fundamental documents the Labour Party had begun with increasing frequency from 1932 onwards to describe its ultimate purpose as socialism. MacDonald's formation of a national government in 1931 after the Labour party's paralysis in the economic depression gave a great impetus to the left-wing of the movement, and in self-defence the national executive felt obliged to vaunt its socialist faith. For the first time party reports on policy and election manifestos began to appeal with such titles as *Socialism and the Condition of the People* and *For Socialism and Peace*. Its election manifesto in 1945 entitled *Let Us Face the Future*, included the

statement: "The Labour Party is a socialist party, and proud of it. Its ultimate purpose at home is the establishment of the socialist commonwealth of Great Britain—free, democratic, efficient, progressive, public-spirited, its material resources organized in the service of the British people. But socialism cannot come overnight, as the product of a week-end revolution. The members of the Labour Party, like the British people, are practical-minded men and women." This statement was ambiguous, and could be taken to mean, as it was taken to mean by large numbers of electors, that although the Labour party's ultimate goal was socialism, it was not to be regarded as an issue at the election.

The constitution being the fundamental document, it was therefore still possible for non-socialists to be members of the Labour party in 1945, though they were being increasingly isolated. Actions, however, are believed by the British people to speak louder than words, and after the first experience of "Labour in office with power" there cannot be any doubt that the Labour party is irrevocably committed to socialism, has already carried the country a long way to the socialist goal, and is bent on achieving "socialism in our time". Moreover, the Labour party has at last made clear beyond peradventure with all the stamp of authority that the socialism to which it is committed is Marxian socialism. To one who belonged to the Labour party not in a spirit of doctrinaire socialism, but "to promote the political, social and economic emancipation of the people" it came with a deep shock in 1948 to see the Labour party publish a centenary edition of the *Communist Manifesto* in which it publicly and officially proclaimed its endorsement of Marxian socialism, that is to say, of the communist goal.¹ This edition contains a "Foreword by the Labour party", in which "the Labour party acknowledges its indebtedness to Marx and Engels as two of the men who have been the inspiration of the whole working-class movement". It continues: "The British

¹ *Communist Manifesto : Socialist Landmark. A New Appreciation written for the Labour Party by Harold J. Laski together with the original text and prefaces.*

Labour party has its roots in the history of Britain . . . But British socialists have never isolated themselves from their fellows on the continent of Europe. Our own ideas have been different from those of continental socialism which stemmed more directly from Marx but we, too, have been influenced in a hundred ways by European thinkers and fighters, and, above all, by the authors of the *Manifesto*." A little later comes a remarkable commentary on the work of "the first Labour government with power" which deserves to be cited side by side with a passage from the *Manifesto*.

Manifesto

"The communist revolution is the most radical rupture with traditional property relations; no wonder that its development involves the most radical rupture with traditional ideas.

"But let us have done with the bourgeois objection to communism.

"We have seen above that the first step in the revolution by the working class is to raise the proletariat to the position of ruling class to win the battle of democracy.

"The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the state, *i.e.* of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible.

"Of course, in the beginning this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore,

Foreword by the Labour Party

*Manifesto**Foreword by the Labour Party*

which appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production.

"These measures will of course be different in different countries.

"Nevertheless, in the most advanced countries the following will be pretty generally applicable.

"1. Abolition of property in land and application of all rents of land to public purposes.

"2. A heavy progressive or graduated income tax.

"3. Abolition of all right of inheritance.

"4. Confiscation of the property of all emigrants and rebels.¹

"5. Centralization of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly.

"6. Centralization of the means of communication and transport in the hands of the state.

"7. Extension of factories and instruments of production owned by the state; the bringing into cultivation of waste lands, and the improvement of the soil generally in accordance with a common plan.

"The authors were the first to admit that principles must be applied in the light of existing conditions but even the detailed programme they put forward is of great interest to us.

"Abolition of private property in land has long been a demand of the Labour movement.

"A heavy progressive income tax is being enforced by the present Labour government as a means of achieving social justice.

"We have gone far towards abolition of the right of inheritance by our heavy death duties.

"Centralization of credit in the hands of the state is partially attained in the Bank of England Act and other measures.

"We have largely nationalized the means of communication

"while extending public ownership of the factories and instruments of production.

¹ The Labour party could have found an analogue to this item in the regulations severely limiting the amount of money that a person can take out of a country.

Manifesto

"8. Equal obligation of all to work. Establishment of industrial armies, especially for agriculture.¹

"9. Combination of agriculture with manufacturing industries; gradual abolition of all the distinction between town and country by a more equable distribution of the population over the country.

"10. Free education for all children in public schools. Abolition of children's factory labour in its present form. Combination of education with industrial production, etc."

Foreword by the Labour Party

"We have declared the equal obligation of all to work.

"We are engaged in redressing the balance between town and country, between industry and agriculture.

"Finally, we have largely established free education for all children in publicly-owned schools.

"Who, remembering that these were demands of the *Manifesto*, can doubt our common inspiration?"

It matters not that some items in this programme, such as a better balance between town and country and the improvement of the soil, can be commended. The significant fact is that the Labour party has now officially admitted its Marxist inspiration and its acceptance of a Marxist programme.

There is a point in every long flight by aeroplane known as "the point of no return". In drawing up his flight plan before leaving the ground, the pilot is required to calculate it. When he has reached "the point of no return" he knows that there can be no going back, as his reserves of fuel would be insufficient. He must press on remorselessly to his destination, whatever the consequences may be.

In its acceptance of the Marxist outlook and programme the Labour party has passed "the point of no return". There can be no going back to social democracy. The party can only go on relentlessly to communism.

In another parable, the Labour party is like a train with a

¹ The Labour party does not boast that it *has* established an industrial army for agriculture through the Control of Engagement Order, 1947. No agriculture worker may leave the soil.

locomotive in front and another locomotive behind. It has travelled far and fast in the past few years, and the passengers have enjoyed themselves. The train has acquired momentum and is rushing on gaily beyond one landmark after another. But the driver and fireman of the front locomotive now see danger signals ahead. They would like to put on the brakes and slow down. Unfortunately the signals cannot be seen or are ignored in the rear locomotive; the driver has opened the throttle and the fireman is piling on the fuel; and the passengers' sympathies are nearly all with the occupants of the rear locomotive. The timid efforts of the driver and fireman in the front locomotive to shut off the steam and apply the brakes are met with frigid disapproval; the recklessness shown in the rear cabin is lustily cheered. The occupants of the front locomotive give up the thankless effort and the train rushes madly down the slope that leads to the totalitarian bog. The only way to safety, perilous though it be, is to jump off the train before it is too late.

The manner in which the British Labour party addressed itself to the tasks of government from 1945 onwards proved a bitter disappointment to millions of non-party electors who voted for it in July of that year. They thought that a Labour government based on the trade unions would be more likely than any other government to secure industrial peace in the disturbed conditions of the post-war world and to obtain the maximum effort from the manual workers in meeting the grave problems of the post-war balance of payments, the re-equipment of industry, and the building of homes for the people. They hoped that a Labour government would be able to maintain better relations with the Soviet Union than any other government. They expected a substantial advance in the social services on the lines of schemes drawn up during the war coalition; and they were prepared to see an extension of the principle of public ownership, especially to the coal mines, gas, electricity and the railways.

It was soon evident that a Labour government would be no more likely than any other to ensure good relations with the Soviet Union; but for this fact the fault lay entirely in the Kremlin and there was no disposition to seek party political

advantage out of it; the Labour government was rather honoured for its firm resistance to Soviet demands. The electors who had voted Labour were not cheated of their hope of seeing industrial peace. The number of man-days lost through industrial disputes was only about one-tenth of the man-days lost through the same cause in the same period after the first world war. But, taking industry as a whole, the Labour government did not get the necessary response from the manual workers, especially in such key industries as coal mining; the increase in total production over 1938—about 20 per cent. in 1948—was no more than would be expected from the increase in the population, the virtual elimination of unemployment, the influx of foreign workers, and technical improvements. It seemed that in many industries the great official strikes which marked the years 1919–21 had been avoided only at the expense of under-productivity in work. In one industry, building, of crucial importance in the circumstances of the time, an official inquiry showed that the average productivity of the operatives was nearly one-third below the pre-war standard.¹ The failure of the Labour government to get the needed response in the field of production meant that the British people were obliged to continue for years on a war-time standard of living in food, clothes, shelter and fuel. This would have been accepted, as it was accepted in time of war, if it had been necessary, but there was a widespread feeling that the Labour government's measures aggravated the problems instead of solving them. It appeared to millions of non-party voters that instead of putting first things first—food, clothing, shelter, fuel—the Labour government was bent on a policy of nationalization and planning, in other words of doctrinaire socialism, and that every further experiment in nationalization, and every fresh extension of planning made the task of recovery more difficult. There was a welcome on all sides for the extension of the social services and their integration into a single comprehensive scheme. Some

¹ *The Cost of House Building*. First report of the Committee of Inquiry appointed by the Minister of Health (The Girdwood report), 1948, p. 22. The decline in productivity per man-hour in 1947 compared with 1938–9 is given as 31 per cent.

of the more prudent counsellors thought that too big an additional burden was being placed on a harassed economy all at once; yet even they did not dispute the desirability of the individual measures taken. But the extension of nationalization and planning aroused increasing irritation as it became clear that the Labour government, against the advice of its wisest leaders, was being pushed farther along the road of planning and nationalization that can end only with the totalitarian state.

The decision to nationalize the iron and steel industry was of the utmost significance, not only in itself, but as showing how the Labour party is being driven on relentlessly from the rear. The Labour government's first attempt to nationalize the steel industry, on lines expounded to the House of Commons on 27th May 1946, was abandoned when it was found to be impracticable, and its author was eventually jettisoned. There appears to have been a division of opinion in the cabinet about the reviving of the proposal in the autumn of 1947, and those who demanded its immediate inclusion in the legislative programme for 1947-8 were apparently solaced for its postponement by a measure to reduce the powers of the second chamber. This is the only conclusion to be drawn from the speech of Mr. Arthur Greenwood, who had himself only just left the cabinet, when he said:¹ "Had the Steel Bill been introduced this session, the need for the use of the Parliament Act as it was passed might have arisen, but no need would have arisen for tinkering with it". Although the wiser members of the Labour government appreciated the serious effects of dislocating the steel industry on the nation's power of economic recovery and capacity for defence they were powerless to do more than prevent postponement. In the autumn of 1948 an Iron and Steel Bill was introduced into Parliament, and in addition to the powers already sought to curb the House of Lords, the Government imposed a time-table upon discussion in the House of Commons—the procedure known as the "guillotine"—so that many important sections of the Bill were passed without any discussion.

¹ House of Commons, 29th October 1947, *Hansard*, vol. 443, col. 896.

The Iron and Steel Bill differed from all previous measures of nationalization in that no single economic or industrial argument could be used for it. As already noted, some plausible argument could be given to support most of the previous measures of this character. In the case of the iron and steel industry, there were no arguments of an economic or industrial nature. Between the two wars it had suffered severely from the contraction in demand, and the policy of its leaders was frequently attacked. But in 1948, when the Government finally determined to nationalize it, labour relations were as excellent as they had been for half a century; output both in sum and for each worker, was greater than ever before; although weekly wages had more than doubled since pre-war days, and the price of a main raw material, coal, was nearly two and a half times as great as in pre-war days, prices of finished steel products were only about 70 per cent. above the pre-war level, and were the lowest of any country in the world except Australia, where specially favourable conditions for cheap coal and iron ore existed; this was made possible only by a high degree of technical improvements, and by much building of new plant; and a big programme of capital development until the year 1953 had been worked out in concert with the Government.

In his speech on the 16th November 1948,¹ on the second reading of the Iron and Steel Bill, Sir Stafford Cripps attempted to give three reasons for nationalization. In the first place, he said, "a large degree of cartelization or monopoly of control" was required and it had to be decided "whether such a large measure of private control by private interests is consistent with present-day democratic government"; but the leaders of the British iron and steel industry had never at any time attempted to follow a line different from that of the government of the day, whether Conservative or Labour, and had always worked out their major plans in agreement with the government. Sir Stafford Cripps's second point was that steel was so essential to all branches of the national economy that the government could make its economic plans only if it had "a form of general

¹ House of Commons, *Hansard*, vol. 458, cols. 307-326.

control or nationalized ownership of the industry"; but it is possible to have a "general control" the need for which had never been denied by the leaders of the steel industry, without "nationalized ownership". Sir Stafford Cripps's third argument was strategic. "We cannot again, as we did before the last war, leave it to the chances of the interest of private enterprise to determine whether or not we shall have adequate capacity suitably located to provide our defence needs". It is an argument that would have been more seemly on other lips. In 1939 the British steel industry was not unprepared, and met all the demands that were made upon it by the war. But what was Sir Stafford Cripps himself doing in the days of the Nationalist Socialist challenge to the world? In October 1936 he was reported as saying: "I believe that this opportunity of fighting the rearmament policy of our government is a glorious opportunity of turning the government out of power". In November 1936 he was reported as saying that if Britain should be defeated in a capitalist war "I do not believe it would be at all bad for the British working classes". In February 1937 he was reported as saying: "All sorts of excuses are being given why we should uphold rearmament, including the old-fashioned 'For God, King and Country' patriotism, assisted by all the tomfoolery of jubilees and coronations". And as late as November 1939 when the country was already engaged in mortal struggle, Sir Stafford Cripps was reported as saying: "I fear that if the Government's war aims are clearly stated the people will be so disgusted they will refuse to continue the war."

These are clearly no reasons for the nationalization of the steel industry. The real reason came out at the end of Sir Stafford Cripps's speech when he referred to the opponents of the measure as making "a challenge to the capacity of democracy to deal with the private industrial empires than have been built up under capitalism". He went on to say:

"That is a fundamental challenge which we accept. Is it right or wrong, if the nation believes that for economic reasons the steel industry should be nationalized, that that nationalization should take place; or is there some peculiar right in the

owner of this class of property to have his property preserved, and with it the power of control over the industrial life of the whole country?

"I answer these questions without hesitation by saying that, this challenge having been put forward by private interests, it is essential that democracy should assert its rights, as otherwise it must acknowledge for all time that it cannot touch these citadels of power, and that it is not the electorate but the owners of industrial property who shall determine the economic policies of the country. And the ugly alternative would then be that any such change which is to occur must be brought about by other and more violent means, and it is because we are preventing that that we say that socialist democracy is the true barrier against communism".

The rest of his speech was drowned in the justifiable indignation of members of Parliament whose instinct is nearly always sound on fundamental questions of freedom, democracy and public morality. Stripped of its perfunctory references to democracy, Sir Stafford Cripps's remarkable peroration is marked by one characteristic—the lust for power. Steel is power; therefore steel must be brought under the control of the state. The argument about the "ugly alternative" of "other and more violent means" is sinister. It is the familiar argument of the highwayman, "Your money or your life."

This is the reason why the decision to nationalize the steel industry, despite the grave dislocation of British industrial life which it will entail, is so significant. It is a symbol of the tendencies which have become uppermost in the British Labour party. It is seized with the lust for power. The appetite has grown with eating, and it will not be content until its grasping hands are laid on every section of the industrial and trading life of the nation.

If the Labour government had stopped in the summer of 1947 and consolidated its work it might not have received an ungenerous verdict from history—apart from the grievous handling of the mounting deficit that year in the balance of payments, which was halted only on the brink of disaster.

But the Labour government could not stop; and its course has made it doubtful whether a social democratic party can ever stop. Is the Bolshevik revolution being enacted again in Britain in slow motion? There is not likely to be in Great Britain the bloodshed through which the Bolsheviks waded to power, but a haunting fear has arisen that Mr. Attlee may be playing the part of Kerensky to some more ruthless figure waiting to seize the sceptre from him.

PART II

SOCIALISM AND THE LIFE OF MAN

CHAPTER VII

SOCIALISM AND FREEDOM

THE BRITISH experience is certainly proof that the socialists are in the right against the communists on the question of tactics. Violent revolution is not essential for the attainment of the socialist state. It is possible, under the conditions of universal adult suffrage, for a country to vote itself into socialism. Under favourable conditions, with a judicious sugaring of the pill, with a skilful blending of socialism and social reform, it is possible for a determined socialist party to secure a mandate for a sweeping programme of reconstruction. If it remains united, and uses its period of office skilfully, with one eye on the socialist commonwealth and one on the next elections, if it distributes favours sufficiently widely to overcome the less popular side of its measures, and if it does not become involved in war or a world trade depression, it is possible for a socialist party to secure successive periods of office until the transformation to socialism is complete and irreversible. To this extent the thesis of social democracy is correct. But can it remain democratic when it has reached its goal? Though socialism can be achieved by democratic elections and parliamentary processes, is it compatible with individual freedom and parliamentary democracy when it has been achieved? To these great questions we must now address ourselves. The questions are linked, for parliamentary democracy, as we shall see, can exist only in a society where there is individual freedom.

The nature of individual freedom has been one of the most debated questions in the history of thought. We may concede at once that complete freedom for the individual, in the sense of complete liberty to do as he pleases without any consideration

for others, is impossible; and such complete freedom has been properly called licence to distinguish it from true liberty. The freedom of one person must have reference to the freedom of others. Moreover, an apparent restriction on freedom may really be the means of enlarging liberty; a requirement that vehicles shall pass each other on specified sides of a road is an apparent infringement of the drivers' liberties, but is in reality an enlargement of their freedom, as it enables them to move with a speed and safety that would not otherwise be possible.

With this premised, it can be shown that neither socialism nor communism is compatible with individual freedom or parliamentary democracy; and that although personal liberty may not have been complete in the capitalist era, it has supported a greater measure of individual freedom than any previous system, and is far superior in this respect to socialism or communism.

As we have seen, socialism and communism alike have three main characteristics: (1) the communal ownership of the means of production, distribution and exchange; (2) the abolition of personal incomes derived from rent, profit and interest, and (3) the central planning of production. Let us consider the implications of these three characteristics for personal liberty and parliamentary democracy.

Ownership and Freedom

The institution of private ownership in the means of production, distribution and exchange has been universally condemned by socialists, and no doubt many instances of the oppressive use of the power conferred by the ownership of property can be given. But we must ask ourselves what is the alternative, and, as we have seen, the alternative to private ownership and control is in practice state ownership and control. The possession of property undoubtedly confers power on the possessor, and that power can be, and has been abused; but the state ownership of all the means of production, distribution and exchange leads to a concentration of power immeasurably greater than the power

wielded by any individual, and the possibilities of its misuse are correspondingly increased. It was possible for the Hegelian and neo-Hegelian schools of political philosophers, writing in the peace and prosperity of the nineteenth century, to represent the state as the expression of the will of the whole community, and to invest it with qualities of wisdom and goodness superior to any collection of individual citizens. But we who have lived through the Kaiser's war and Hitler's war, we who have seen the Bolshevik state and the Fascist state and the Nazi state and the Falangist state cannot entertain these metaphysical delusions. The state in practice, as we have seen, is capable of tyranny and oppression and brutality on a scale which would be impossible for a private person, and from which all except the most debased private persons would shrink. The power of the state is vastly greater than the power of the mightiest private owners of property; and men will commit cruelties and atrocities in the name of the state which they would be too ashamed to commit in their private capacity. We must be chary, therefore, of assuming that we shall cure any misuse of the power inherent in the private ownership of property by concentrating all ownership of the means of production, distribution, and exchange in the state.

It is one of the commonest of human delusions that all change is bound to be for the good. There is an impressive array of historical evidence in the contrary sense, but men persist in the belief that they can improve their lot merely by altering it, without considering what is to take its place. How many revolutions have begun with high hopes and ended in a worse tyranny than that from which an escape was sought! And this applies not only to a violent overthrow of society but to "peaceful revolutions" and "socialist reconstructions". If men will not learn from history, let them at least learn from the proverbs in which the wisdom of the ages is concentrated, for example, "Better the devil you know than the devil you don't know". In more stately language, the path of political wisdom has been defined in the words, "If it is not necessary to change, it is necessary not to change".

From the angle of the maintenance of liberty the institution of private ownership in the means of production, distribution and exchange has several notable advantages over state ownership.

Firstly, as already noticed, it prevents an excessive concentration of power in the hands of the state. It acts as a salutary check on the power of the government. We have seen in the twentieth century the dire consequences when all power is concentrated in the hands of the state. When power is widely diffused, it is difficult and normally impossible for any one man or a few to turn it all at once to evil use. But when all power is concentrated in the hands of the state, it is a simple matter for one man or a few men having control of the state mechanism to turn all that concentrated power in any direction they please; and unhappily their pleasure has usually been in the direction of evil. The wide diffusion of property therefore acts as a valuable corrective to the evil propensities of totalitarian *régimes*.

Secondly, the institution of private property gives its possessors a measure of security, and enables them to pursue courses that they would not be able to pursue if they were tenants of a universal landlord or the servants of a universal employer. The ownership of private property thus has beneficial results both negatively by setting limits to the power of the state, and positively, by promoting liberty of thought, writing and action among the private owners. If the history of thought is studied, particularly in England, the student cannot fail to be struck by the fact that so many of the leaders, the pioneers and the discoverers have been men enjoying a sufficient competence to free them from dependence upon anyone else. It may be only a modest competence, but if it is sufficient to enable them to pursue the tenor of their way without fear or favour it acts as a wonderful stimulus to independent thought. Some have acquired such a competence by birth, some by their own exertions, some by marriage, some by the tenure of an office. If we may take a few examples from the history of English science Boyle was born with the wealth to pursue his researches, Kelvin acquired financial independence through his own

exertions, Davy married a wealthy wife, and Newton held fellowships which amounted to a life interest in property. We may safely hazard the guess that they would not have pursued their researches with so much freedom if they had been servants of the state, dependent for their livelihood upon the continued favour of those in power. If England has been the source of many theological movements which have stirred the world, it is largely because the clergy of the Church of England have been removed, by sufficient personal means or by "the parson's freehold", which amounts in effect to a life interest in the temporalities of their cures, or by a similar life interest in Oxford and Cambridge fellowships, from dependence on the powers that be. John and Charles Wesley, Charles Simeon, Keble, Pusey and Newman, Charles Gore and many others were all relieved by independent means, by Oxford or Cambridge fellowships, or by a "vested interest" in parishes, from dependence upon either their temporal or their ecclesiastical superiors; and the results are seen in the independence of their thought and action. In the realm of pure thought the great British trinity, Locke, Berkeley and Hume, were enabled by moderate but sufficient private means to be indifferent to the slings and arrows of their contemporaries. But the outstanding proof of the value of independent means in encouraging independent thought comes from the history of British socialism itself. It is ironical that the men who are bending all their energies to the "liquidation" of private property and the elimination of incomes derived from rent, profit and interest have been in so many cases able to do so only through the ample possession of property and untouchable incomes derived from rent, profit or interest. The British socialist revolution is not in general being carried through by the sons of the proletariat, or the representatives of the toiling masses, but by the scions of the aristocracy and the products of the famous public schools. Mr. Ernest Bevin having been too fully occupied with foreign affairs to have any direct concern with the domestic revolution, Mr. Herbert Morrison is the only member of the inner ring of the British Labour government who can be regarded as proletarian in origin; and his influence

has nearly always been exerted in a moderate direction, like that of most persons in the Labour movement who have had a real experience of the masses. The other members of the inner ring are Mr. C. R. Attlee, born in the middle classes and educated at Haileybury; Mr. Hugh Dalton, son of King George V's tutor and himself educated at Eton; and Sir Stafford Cripps, son of a peer and himself educated at Winchester. The subordinate ranks of the government reflect the composition of the inner ring, and Eton and Winchester are almost as well represented on the government front bench as ever they were in a capitalist *régime*. There is no need to question the sincerity of these men. For the most part, and certainly in all the cases named, they are undoubtedly sincere. If they are "traitors to their class", it is through conviction and not through expediency. But it is ironical that the success of their efforts will prevent anyone coming after them with the same independence of mind. Sir Stafford Cripps is an outstanding example. Aristocratic in every joint of his body, autocratic in his demeanour, always a lone figure and unable to win the confidence of the trade unions and the workers generally, he has been able to defy the national executive of his party and survive expulsion because he has had sufficient personal means to do so; and eventually by persistence and the unexpected turns of the political wheel he has arrived at a position where he has already done much to ensure that there shall be no future Sir Stafford Cripps. A farm labourer or a railway clerk, dependent on his weekly wage or on subventions from his union, or even the manager of a factory dependent on a monthly salary, could not have kicked over the traces as Sir Stafford Cripps did when he was running his "popular front" campaign against the opposition of his national executive; Transport House would have crushed him at once. Nor could Sir Stafford Cripps have survived for long if he had been dependent for himself and his family on his parliamentary salary alone. In the case of Sir Stafford Cripps we have to consider that, apart from any private means he may possess, he was at all times able to command a high income in the shape of professional fees at the bar. But these fees could not have been

paid unless there were persons or companies able to pay them out of rent, profit or interest. In a fully socialized state it is more than probable, as we have seen, that all lawyers, like doctors, would be put on a salary, and the salary could be cut off if they became troublesome; but even if professional fees were permitted, in a community where all the means of production, distribution and exchange were owned by the state, it is inconceivable that the government of the day would permit the socialized corporations to brief so troublesome a person as Sir Stafford Cripps proved himself in the years 1932-39. It will be understood that there is nothing personal in this use of Sir Stafford Cripps to make this point. It is well known that Sir Stafford Cripps has been able to pursue his rather independent line in politics because he has been in possession of private means, or in receipt of professional fees paid in the last resort by people who have private means; but the conclusion is not as widely realized as it should be that if Sir Stafford Cripps's policies prevail, there can never again be another Sir Stafford Cripps. Not only could there not be another Sir Stafford Cripps—this consummation might rouse different feelings in different persons—but there could be no substantial independence of thought, writing or action in science, religion or politics when we are all wage-earners in the socialist commonwealth.

The benefits of such independent thought are not confined to the persons directly concerned. The work of the men of science, for example, lifts the life of nations to a higher level, and millions benefit by the independent researches of one. But the millions also benefit directly from the institution of private ownership, and thus is the third of the benefits to be noticed from the angle of freedom. For private ownership means that there are many landlords and many employers, and if a man runs foul of one landlord or one employer he can seek another. If he is turned out of his house or farm by one landlord, he has the possibility of renting a house or farm from another; if he is thrown out of his job by one employer, he can try his luck across the road with another. But when the private owners of property are expropriated and the state steps into their shoes,

henceforth there is only one landlord and only one employer. This unpalatable consequence of socialist doctrine has not been given the attention it deserves. The success of a man in finding new employment depends in private enterprise upon the prevailing economic circumstances, but he has at all times the theoretical possibility of finding a new employer, and in times of good trade a virtual certainty of so doing. When the state is the universal employer, there is no such possibility whatever the economic circumstances may be. Under private enterprise a mineworker dismissed in Great Britain could seek employment with about nine hundred other employers if he were prepared to travel far enough afield, and with a large number even in his own region; but a mineworker whom the National Coal Board wants to get rid of has no possibility of again getting work in a British pit. He must seek a place in another industry. But will even this freedom be permitted to him? When all the means of production, distribution and exchange are in the hands of the state, will it not be brought about in the blessed name of co-ordination that a man denied employment in one industry will find the doors of all shut against him? This question is particularly important to the managerial and technical staffs, for they are brought into direct contact with the employer, and have to take decisions on which a legitimate difference of opinion is possible, a difference that may bring them into conflict with their employer. In such circumstances under private enterprise a continuation of their old employment may not be possible, but there may be other employers who share their point of view and would eagerly snap up their services. But the manager or technician who falls foul of the minister or board running a nationalized industry has no alternative employer; only outer darkness awaits him.

Income and Freedom

The derivation of private incomes from rent, profit and interest can be just as easily attacked as the institution of private property, of which it is a corollary. But, as in the case of private property, we are obliged to ask what is the alternative? The

receipt of such private incomes enables the recipient to stand out against the tyranny of the state and to pursue independent lines of thought and action. The argument being the same as, and indeed one with, the argument from private property—for the purpose of private property is to provide a private income—we need not repeat it. We need only point out that if private incomes from rent, profit and interest are abolished, then all individual incomes will be derived from the state or state bodies. They may be in the form of wages, salaries, pensions, allowances and possibly fees, but they will all come from one central chest, and if the persons who control the flow from the chest decide to stop or divert it they can do so. It will be seen how precarious are the liberties of man in such a system.

But the “liquidation” of rent, profit and interest has consequences which are even more far-reaching for human liberty. To say that the system of private enterprise is based upon the automatic operation of the profit motive is equivalent to saying that it is based upon consumers’ choice. Indeed, it is better to regard the free preferences of consumers as being the mainspring of private enterprise than the operation of the profit motive, for consumers’ choice is prior both in logic and in time to the element of profit; it is only by meeting consumers’ wishes that a profit can be made, and therefore it is better to regard consumers’ choice as being the mainspring of the system. The system of private enterprise thus appears to be far more deserving of the name of economic democracy than socialism. For it is the existence of consumers with their free right to spend their money on what goods they please that determines what goods shall be produced, in what quantities, and so on. The whole system is built to satisfy the wishes of consumers, and the mechanism by which it does so is profit. The business man who supplies what the public want makes a profit; the man who does not will eventually go out of business. But if profit-making is eliminated, consumers’ choice will inevitably follow; and this is a consequence which will be felt in every home in the country. The fundamental right of every human being under private enterprise to say how he shall spend the income

left to him after taxation, whether it be small or great, will inevitably disappear; for it is only through profit that it can operate. In place of consumers' choice we shall be given "planned production for consumption", which means in practice that instead of a man deciding for himself on what goods he shall spend his money, the state planners will decide it for him.

The issue of consumers' choice *versus* planned consumption has been seen most clearly over cheese. The planners have been determined to say what cheeses the public shall eat, and the discriminating public have been no less determined to eat what cheeses they like. It is not so odd as it sounds that cheese should have become the point of dispute, for individual palates are very sensitive to the many varieties of cheese; and cheese is a particularly useful subject of contention inasmuch as the great English cheeses are among the culinary glories of the United Kingdom and therefore good taste in cheese cannot be so easily dismissed as, say, a liking for truffles or *escargots*. This is nevertheless the surprising line taken by Dr. Edith Summerskill, Parliamentary Secretary to the Ministry of Food, who has declared:¹

"The function of the Ministry of Food is not to pander to an acquired taste,² but to ensure that the people who have never had time to acquire these tastes are suitably fed."

It is also the line taken in an official Labour party publication, *Feet on the ground*, which manages to inject into a discussion of foreign policy the following assertion:³

"Many of the dollars now spent on American cheese would be saved if Europe concentrated on producing cheap cheeses for mass consumption instead of luxury cheese like *camembert* and *gorgonzola*."

Here is the whole frightful doctrine of the planners put in a sentence. How convenient it would be if everyone were content

¹ House of Commons, 25th February 1947, *Hansard*, vol. 433, col. 2018.

² Are not all tastes for cheese acquired—even for the variety favoured by the Ministry and commonly known as "mouse trap"? The baby has no innate preference for "mouse-trap".

³ *Feet on the ground*, p. 8.

to eat one kind of cheese, which could then be produced in hundreds of thousands of tons, sliced into identical slabs, and wrapped in identical wrappers! Pool cheese like pool petrol! After all, what is the difference between "mouse-trap" and blue Cheshire! Human beings are tiresome creatures from the planner's point of view—always wanting something different; and to make it worse, the wicked capitalist supplied what they wanted. The planner would have it the other way round. Instead of supplying what people wanted, he would make them want what they are supplied with. *Autres temps, autres mœurs.*

If it is thought that this is a caricature of socialist planning, let us consult Mr. D. P. T. Jay, who is Economic Secretary to the Treasury, and whose book *The Socialist Case* has recently been republished with a foreword by the Prime Minister. Mr. Jay is one of the ablest members of the Labour government; he had a fine academic record at Oxford culminating in a fellowship of All Souls; and he has been city editor of the Labour movement's newspaper, the *Daily Herald*. Mr. Jay writes:

"Housewives as a whole cannot be trusted to buy all the right things, where nutrition and health are concerned. This is really no more than an extension of the principle according to which the housewife herself would not trust a child of four to select the week's purchases. For in the case of nutrition and health, just as in the case of education, the gentleman in Whitehall really does know better what is good for people than the people know themselves."¹

Do we need further confirmation that socialist planning must mean the end of consumers' choice?

Planning and Freedom

We have seen that the main controls necessary in a planned economy are the control of foreign exchange and investment, the control of raw materials, the control of prices, and the

¹ *The Socialist Case*, by Douglas Jay, with a foreword by the Rt. Hon. Clement Attlee, p. 258.

control of labour. Except for the limitation on the acquisition of foreign monies by tourists and the ban on taking more than a small amount of currency out of the country, the first set of controls is not directly felt by many people as an infringement of their liberty. The control of raw materials is also seen in operation by relatively few people. Control of prices touches everyone, but although maximum prices tend to become minimum prices they are not perceived by most persons as having a bearing on their liberty. The control of labour, however, not only touches everybody but is immediately perceived as a limitation of liberty. A consideration of the direction of labour is therefore crucial to the philosophy of socialism. The efforts of the British socialist government to avoid the direction of labour have already been noticed, and close attention should be paid to some words written by E. F. M. Durbin, who until his untimely death in 1948 was one of the more sagacious and far-sighted members of that administration. Mr. Durbin, who was himself a trained economist and a genuine lover of liberty, wrote in 1948:¹

"The decision to free labour from direction [at the end of the war] was not an error of absent-mindedness. It is not a 'gap' or 'weakness' in our planning arrangements. It is the fulfilment of the principle of economic organization in which we believe. It is one of the corner-stones of *democratic* planning. We believe, rightly or wrongly, that by controlling the use of property and the material instruments of production we can extend freedom and run an orderly economy without sacrificing any essential civil liberties. Of those the free choice of a job is one. There may be exceptional periods of crisis, such as war or the threat of famine, that justify a temporary suspension of this right, but its enjoyment must remain the normal condition of a personal life; and the Labour government was faithful to its highest principles in re-establishing it at an early date after coming to power."

Let us pause here to note that Mr. Durbin regards "the free choice of a job" as one of the "essential civil liberties"—as all who knew him would expect. Let us also note that he thinks

¹ *Socialism: The British Way*, pp. 9-10.

democratic planning is possible. But is it? The possibility becomes more doubtful as we proceed with the citation.

"But one consequence of abandoning the direction of labour is quite unavoidable. The economic life of the nation cannot thereafter be arbitrarily changed or planned. It is not possible to order the production of x million tons of coal a year or to fix a programme of $\pounds y$ million of exports with any certainty that these quantities will, in fact, be produced. If individual men and women are free to choose what work they will do, and where they will do it, the fulfilment of any set of tasks depends, in the last resort, upon persuading, not ordering, them to enter certain occupations and to carry out their duties in them. The solution of this technical problem of persuasion is, as we shall see, the main challenge facing the whole Labour movement at the moment. Unless it can be resolved in the next few years, our principles will have proved inconsistent and our policies impracticable."

The experience of the past few years has so far tended to support the fears of Mr. Durbin's last sentence. Persuasion was first used to induce workers to go to the industries where the planners wanted them to go, particularly agriculture, coal-mining and textiles. Huge posters were placed on hoardings throughout the country; their effect was negligible, and, indeed, it was a little incongruous to see the government asking for men to volunteer for the mines in districts where the traditional textile industries were under-manned. The Prime Minister broadcast to the nation on 18th March 1947:

"Ask yourself whether you are doing the kind of work which the nation needs in view of the shortage of labour. Your job may bring you more money but be quite useless to the community. You may complain of the shortage of coal or houses . . . towels and underclothing . . . but have you any right to complain if you are content to do some better-paid but quite useless work?"

His hearers continued to seek the better-paid but less useful work. At this point there arose a demand on the academic wing of the government for a "national wages policy", that is,

government control of rates of wages in order to attract workers into under-manned industries. But the trade unions were not prepared to see the government usurping their position in the regulation of wages. "Under no circumstances", said Mr. Arthur Deakin, "is the regulation of wages a matter for the government. The people that I represent are not prepared to play second fiddle." But the grim facts of economic life forced the government's hand, and on 6th August 1947 Mr. Attlee told the House of Commons that the government had decided "to re-impose the control over the engagement of labour which was almost universal during the war, but has since been removed from all industries except coal-mining, building and agriculture",¹ and that to support the control of engagements "it will be necessary to resume to a limited extent the use of powers of direction".² This was done, as already noticed, in the Control of Engagement Order which was made on 18th September 1947, and debated in the House of Commons on 3rd November 1947. In asking the House to annul the order, Mr. Rhys Davies, Labour member for Westhoughton, declared with vehemence and truth:³

"It will be obvious to all honourable members that this motion is intended to challenge the right of the government to choose their jobs for the unemployed, instead of allowing the unemployed to choose their own occupations. . . . I want next to challenge the new philosophy about industrial conscription that has arisen in our party. I have been preaching this same gospel for fifty years—and I preached it when some honourable members on the front bench belonged to the Tory party, by the way. This is the argument which I hear on all hands; people say to me, 'If you are to have a planned socialist society, you must accept compulsion of labour'. But the gospel which I have preached all along the line—and I have done as much as most of my honourable friends on the public platform—is that socialism would provide greater personal liberty and freedom for the worker than capitalism. If honourable members to-day

¹ House of Commons, 6th August 1947, *Hansard*, vol. 441, col. 1500.

² House of Commons, 6th August 1947, *Hansard*, vol. 441, col. 1501.

³ House of Commons, 3rd November 1947, *Hansard*, vol. 443, cols. 1343-4.

will convince me that we cannot have as much individual freedom in a socialist society as we could get under capitalism, I am opposed to a planned socialist state."

This is part of the tragedy of socialism, and Mr. Rhys Davies's disappointment will be echoed by many others when it is realized that the fully planned socialist state inevitably means the direction of labour among its other abridgements of liberty. Any tactical suspension with a general election in the offing may be ignored. We should not be surprised that the British Labour government has been compelled to re-introduce the conscription of labour in its pursuit of the planned socialist state. The lesson of planning since 1918 is emphatically that planning involves the direction of labour. The Russian planners have never had any illusions on this score. Forced labour has been a major phenomenon in the Soviet Union from the outset. According to figures given to the United Nations Economic and Social Council by the British and American delegates on 14th and 15th February 1949, and not challenged by the Russian delegate, there are between 8,000,000 and 14,000,000 persons in the Russian labour camps. Some observers put the figure even higher. Mr. Arthur Koestler says that "estimates by people who have peeped behind the Soviet scene suggest about 10 per cent. of the total population", that is to say, about 17,000,000 souls.¹ This agrees with an interesting analysis of Soviet Union statistics which he has made. Recalling a declaration in 1930, when the statistical bureaux were purged, that "statistics are a weapon in the fight for communism", he notes that the census of 1939 gave the total population of the U.S.S.R. as 170,126,000 souls—"roughly 15,000,000 less than the statistical expectation".² It is significant that the results of the census taken in 1937 were not published because they contained "grave mistakes owing to the activities of enemies of the people".³ A figure of 10 per cent. of the population in labour camps is not so fantastic as it seems, observes Mr. Koestler, since 5,000,000 *kulaks* or 3½ per

¹ *The Yogi and the Commissar*, p. 185.

² *Ibid.* p. 181.

³ *Izvestia*, 26th March 1939, cited by Koestler.

cent.¹ were officially stated to have been deported in the years of the collectivization of farming, and the crushing of the various oppositions which culminated in the purges must have greatly increased the number. Apart from these vast influxes, the maintenance of a totalitarian *régime* such as that of Russia must mean a steady flow of prisoners to the camps, and a stable level of 10 per cent. of the population is not at all unlikely. Life in the camps, as described by such inmates as have escaped, is sufficiently grim to be a powerful deterrent in the hands of the *régime*. They have a political purpose, and the existence of "corrective" camps has not been denied by Soviet Union spokesmen. But we are here concerned with their economic purpose. Thanks to the vast reservoir of labour, the Soviet Union never has any "under-manned" industries. It has been officially acknowledged that the White Sea canal was built entirely, and the Turk-Sib railway partly, by forced labour brigades; in each case it is estimated about a million men were at work on the vast works, but no figures were ever published and no visitor, Russian or foreign, was ever permitted to enter the camps. The legend which Dante saw written over the gate of the *inferno*, might well be written at the entrance to these camps: "Abandon hope all ye who enter here."

The recent history of Germany confirms the history of Russia in suggesting that central planning involves the direction of labour. At this point we are not raising the general question how far a socialist *régime* is bound, if it remains true to its principles, to approximate to the National Socialist *régime* of Adolf Hitler.² At present we are concerned only with planning, and there can be no doubt that National Socialist Germany was a centrally planned state, and that its central planning was in many respects a model for all central planning.

In this planning the direction of labour had a vital place. By a law of 26th June 1935 service in the *Arbeitsdienst* was made compulsory. Normally every German was required to enter a

¹ That is, 3½ per cent. at the time, which would make the total population at the time 143,000,000.

² For this question, see below, pp. 241-242.

labour camp between the ages of nineteen and twenty-five, and to give six months' labour to the state. The half-yearly intake of men was about 100,000. At the time the *Arbeitsdienst* was criticized in other lands as being a para-military service; and no doubt the discipline and physical exercise of the camps served the conscripts in good stead when they came to do their military service. But its purposes were primarily economic, and in particular to reduce the number of unemployed. The *Arbeitsdienst* was mainly used to carry out public works which it would not have been economical to carry out by paid labour. This relation of planning to unemployment is so important that it must be considered in a later chapter, but here we are justified in pointing out that in Germany, as in Russia, central planning has involved the direction of labour through labour camps. The German camps differed, of course, from the Russian as all German youths were required to pass through the camps and they involved no social stigma, whereas the Russian camps are definitely "corrective" for "enemies of the régime"; the brutalities of the Soviet Union camps were not copied in the National Socialist *Arbeitsdienst*; and service in the *Arbeitsdienst* was for six months only, whereas no one comes back from the Soviet Union camps after the completion of his sentence. But the fundamental idea is the same in Soviet socialism and in National Socialism—the creation of a large pool of labour which can be directed to any tasks for which it would be difficult to find men by normal economic processes, that is to say by economic processes resting on the worker's right to choose his employment.

Nowhere in the world has planning been carried to such an extent as in Bolshevik Russia and National Socialist Germany. Bolshevik Russia is the land of the five-year plan, Germany of the four-year plan, and in both the direction of labour has been central. For these reasons the experiment in state planning now being carried out in Great Britain is critical, and perhaps decisive.

The British planners, as we have seen from Mr. Durbin's remarks, have been trying to plan without direction of labour. If

the British planners should succeed, it would be possible, despite the Russian and German experience, to believe that planning is compatible with freedom of occupation; the Russian and German use of labour camps would have to be ascribed to national authoritarian tradition rather than to planned socialism. If the British planners should be obliged to have recourse to the direction of labour as a permanent measure, the conclusion that it is inherent in socialism would be inescapable. It is premature to say that the British planners have failed to avoid direction of labour as a permanent measure, but the fact that they had to reintroduce it so quickly gives credence to the belief.¹

¹ Professor Jewkes has collected (*Ordeal by Planning*, pp. 200-1) a number of sayings by Sir Stafford Cripps which show this gifted socialist doing his best to fight against the logic of events. The successive concessions are illuminating.

"Our objective is to carry through a planned economy without compulsion of labour" (February 1946).

"We are attempting to make a success of democratic planning and, save for emergency measures such as are necessitated by war, or may be necessitated by some urgent economic crisis, we have decided not to employ, as a normal matter, methods of direction or compulsion of man-power outside the necessities of defence" (March 1947).

"It has been decided to stop, by negative control, further people from going into the less necessary industries. If, at some future date, further and more stringent measures become necessary, we can then consider the question of the direction of labour, but my right honourable friend the Prime Minister said it was only in a marginal case connected with the negative control that that power might possibly be used under existing circumstances, not as a general proposition" (7th August 1947).

"We do not propose to introduce industrial conscription unless it is proved there is no other way out" (12th September 1947).

Within a week of this last speech industrial conscription, in the sense of power to direct labour, had been introduced into the United Kingdom.

CHAPTER VIII

SOCIALISM AND PARLIAMENTARY DEMOCRACY

WE HAVE been forced to the conclusion that the socialist state is not compatible with individual liberty, and as parliamentary democracy is the form of government which has evolved among the nations where individual liberty is most cherished, we must now ask ourselves whether socialism is compatible with parliamentary democracy. In the case of Soviet socialism the answer is immediate and emphatic. Parliamentary institutions have always been openly derided by the Bolshevik and Communist parties of Russia, and in their place they would put soviets (or councils) composed of delegates of industrial workers, peasants and soldiers. In contrast, social democrats pride themselves on their belief in parliamentary institutions, and the sincerity of their professions cannot be doubted. There are nevertheless good grounds for believing—though it is painful to write it—that they are deluding themselves and that in the long run social democracy will be no more compatible with parliamentary forms than is communism.

It will be universally accepted that the duties of a member of parliament or of any similar body such as the congress of the United States have been stated in classic form by Edmund Burke in his speech at the conclusion of the poll at Bristol on 3rd November 1774. This statement has been taught without challenge in all the schools and universities, at any rate of the English-speaking world, as a precise summary of a member's position in relation to his constituents. The kernel of the speech lies in the following words:¹

¹ *The Works of the Rt. Hon. Edmund Burke*, 1826, vol. iii, pp. 18-19.

“Certainly, gentlemen, it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion high respect; their business unremitted attention. It is his duty to sacrifice his repose, his pleasures, his satisfactions, to theirs; and above all, ever, and in all cases, to prefer their interest to his own. But his unbiased opinion, his mature judgement, his enlightened conscience, he ought not to sacrifice to you; to any man, or to any set of men living. These he does not derive from your pleasure; no, nor from the law and the constitution. They are a trust from providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgement; and he betrays, instead of serving you, if he sacrifices it to your opinion”.

The essence of this passage is that a member of parliament is not a delegate but a representative; and his prime duty as a representative is to use his unfettered judgement on any question that comes before him. The difference between a delegate and a representative is that a delegate is instructed by those who have appointed him how he shall vote and in what sense he shall speak; but a representative accepts no such instructions and uses his own judgement according to his lights, and naturally after listening to the arguments put forward, on every question brought before the assembly of which he is a member.

The position of a representative as thus defined is not compatible with the socialist or communist state, and the communists at any rate have frankly recognized the fact. It may appear a hard thing to say, but it is undoubtedly the truth, that if a member of parliament is to carry out the duties of a representative, that is to exercise his unbiased judgement on the questions before him, he must have an assured financial position. If his own livelihood, and perhaps that of his family, are conditional upon the way he speaks and votes, there is a high probability that either he will frankly abandon the claim to an independent judgement, or his judgement will be subtly corrupted. In the former case he will become frankly cynical, in the latter case he will convince

himself that the concurrence between his judgement and his interest is purely fortuitous, but he will probably convince no one else. Hitherto this basis for the exercise of an independent judgement in parliament has been provided either by independent means or by a professional income not derived from parliamentary duties. Independent means presuppose the existence of private ownership and of personal incomes derived from rent, profit or interest; a professional income presupposes the existence of businesses and occupations not owned and controlled by the state. A community in which all the means of production, distribution and exchange are communally owned cannot therefore provide the basis for independent judgement on which in the last resort parliamentary institutions rest.

Does this mean that only a wealthy man can be a good member of parliament? This would be a travesty of the argument. The essential basis for a good representative is not the size of his income but its independence. A couple of pounds a week which cannot be affected by any action he takes in debate or in the division lobby is sufficient to make all the difference between a representative and a delegate. If the representative has a farm or a shop to which he can return, if he is in receipt of even a small pension which cannot be touched, it makes a wonderful difference to the free exercise of his judgement. If there is a job which is always open for him, he will approach the moment of speaking or voting in a different spirit from the spirit in which he would approach it if the daily bread of his wife and children depended on his actions. If he can always be sure of earning a sufficient income as a barrister or solicitor, as a doctor or a dentist, as a journalist or teacher, he can follow his own judgement irrespective of the consequences. He need be under no obligation to any body outside parliament, and if his pursuit of his honest and independent judgement should lead him into conflict with his constituency or national party executive he can afford to risk exclusion from parliament at the next general election. The argument by no means presupposes that a member of parliament should be a wealthy man, but it does imply that a man would be wise not to seek to enter parliament until he has achieved a

position in life in which he can follow his unbiased judgement without fear of the financial consequences. In other words, the parliament of a democratic country should not be composed of "professional politicians" but of men with other interests in life which assure them a sufficient measure of financial independence.

The man who is entirely dependent on his parliamentary salary is not in this position, especially if he has no prospect of gaining a comparable salary in the event of his losing his seat in parliament. The temptation in such a case always to speak and vote as he is told is strong. The man who has always at the back of his mind the thought that he must at all costs survive the next election is not likely to make a good representative. In such a case he will tend to be subservient to the organizations whose backing is essential for his return. These will always include the local and national organizations of his party, and may include a trade union or a professional body if his candidature is sponsored by such an organization, and more especially if he receives a financial subvention from such an organization in addition to his parliamentary salary.

It is clear that in such cases the real independence of members of parliament on which in the last resort parliamentary institutions rest must be seriously jeopardized, and this has in fact happened even in Great Britain. All Labour candidates for parliament are required to give an undertaking that they will "accept and act in harmony with the standing orders of the parliamentary Labour party", and among these standing orders are the following:

"1. For the purpose of securing concerted action in the house, members shall consult the officers of the parliamentary party before tabling any motion, amendment or prayer, or other proposal which may involve party policies or decisions and shall not vote for any motion, amendment or prayer contrary to the decision of the party meeting. . . .

"3. It is recognized that on certain matters, for example religion and temperance, members may have good grounds for

conscientious scruples, and in such cases they may abstain from voting."

The effect of the first standing order, if fully observed, would be to reduce Labour members of parliament to rubber stamps or voting machines, automatically recording approval of decisions taken by a majority at a party meeting even though they should be strongly opposed to such decisions. It is a poor compensation that by the third of the standing orders the Labour member with conscientious scruples can abstain when religion or alcoholic refreshments are in question; even on these matters he must not follow his conscience to the point of an adverse vote. It is no more adequate compensation that, before he votes against his conviction, he can give vent to these convictions at a secret party conclave which the party organizers can nearly always be sure of controlling. If the first of these standing orders has not, in fact, been fully observed, it is partly by the dexterity of rebellious members in playing off their constituency party organizations against the national party organization; the national organizers hesitate to invoke the sanctions within their power, such as withdrawal of the "whip" or expulsion or refusal of endorsement at the next election if the member is assured of support in his own constituency. But there is another factor which is more directly relevant to the present examination; it is the paradox that the socialist ranks in parliament include many men deriving substantial incomes from rent, interest or profit, and they can afford to flout the party caucus without fear of the financial consequences. British members of parliament, even socialist members, do not in fact make good rubber stamps, and the standing orders have been so frequently and flagrantly violated that for the past few years they have been suspended. But their existence shows the inevitable tendency of a socialist party to treat a member of parliament as a delegate instead of as a representative.

The dependence of parliamentary institutions for their efficient working upon a wide diffusion of private ownership can hardly be disputed. Three retorts may, however, be made

to this argument, and they must be met before we can proceed.

The first is that even in former times members of parliament did not enjoy that financial independence which is here presupposed as the condition of their being good representatives. It must be frankly admitted that in the long history of the British parliament there have been times when members were far from possessing or desiring such independence. It is notorious that in the eighteenth and early nineteenth centuries members of parliament commonly owed their seats to some powerful patron, against whose wishes it would ill have become them to speak or vote; and governments maintained their control of the House of Commons by a lavish distribution of bribes. This corruption was without doubt more inimical to the independence of members of parliament than dependence on a parliamentary salary or subventions from a trade union. But a weakness in parliamentary institutions is not converted into a strength by the fact that it has existed before. From the passage of the Reform Bill in 1832 corruption was eliminated, and the greatest days of parliamentary government in Great Britain, from 1832 to 1914, were precisely the days when the system of free enterprise was at its height. As the above analysis has shown, this is no accident but is due to the fact that good parliamentary representation depends in the last resort on financial independence.

The second retort is that there are other considerations besides the financial which may so influence a member's judgement as to weaken the independence of his judgement. A man may be in love with the House of Commons so much—and only those who have been members of parliament know how deep that love can be¹—that he will do nothing to imperil the security of his membership of "the most select club in the world". Though he may never approach the sixty-three years of Mr. Gladstone's membership, he hopes to live out his time with all the prestige and glamour that long-continued membership gives him in his neighbourhood. Another member may so have surrendered his

¹ See Lord Wedgwood, formerly Mr. Josiah Wedgwood, M.P., in *Testament to Democracy*, pp. 14-24, for a moving passage on this subject.

judgement to a leader whom he admires that he has ceased to exert any independent influence. Yet another may place party solidarity so high that he is prepared to vote for "my party right or wrong" without compulsion. Such cases are by no means rare. But these limitations on independence of judgement are self-imposed and can be self-withdrawn. They are not so debilitating as financial insecurity. They arise from qualities in human nature, and are irrelevant to the question whether a property-owning democracy or the socialist state is more compatible with parliamentary institutions. The existence of other factors which may bias a member's judgement is no argument for not recognizing that financial independence is an essential foundation for political independence.

The third retort is that the efficient working of parliamentary institutions depends on parties, preferably on two well-defined, compact parties, and that the "unbiased judgement" of which Burke wrote is undesirable, as it would reduce parliament to a collection of independents whose actions could not be predicted from day to day and whose vagaries would make parliamentary government impossible. It is indeed the case that parliamentary government has been most efficient when it has been based on two strong parties, one giving general support to the government and one in general opposition; without some such system the daily working of parliament as we have known it would not be possible; it is only against this background that independent members of parliament (that is, non-party members) can achieve the valuable work which they have undoubtedly achieved; and individual members of parliament normally work most effectively when they work through a party. But the argument presupposes an erroneous conception of party. There is a world of difference between a party unity which is imposed from above and maintained by financial considerations and a unity which springs from the voluntary adhesion of like minds to a common idea. A political party should be an association of men who have banded themselves together because they are in general agreement; it should not be an association of men who are in agreement because they have banded themselves together. This

latter conception of party, which prevails throughout the communist world and is the model to which all socialist parties approximate, kills all initiative on the part of members and in the end is destructive of democracy itself. To be a good member of a party in a democracy by no means implies the complete surrender of a member's judgement to his party leadership. In the years 1850-60, which were certainly among the great years of parliamentary democracy, and when parliamentary majorities were precarious, no government could count on fewer than ten per cent. of its followers voting against it; and in more recent years the wide tolerance practised in the Conservative party enabled Mr. Churchill to remain a member of the party even when crusading on major issues against his own leaders, and so to be available when no other could have taken his place in the hour of his country's mortal peril. There is such a thing as independence of mind within a party as well as independence outside parties, and it is this independence of mind within a party which is not compatible with the socialist organization of society. If this independence of mind within a party leads a member outside the wide limits of tolerance that are permitted in a healthy party, he should leave the party, and if he thinks fit join another which approximates more closely to his own views.¹

¹ The demand, which has sometimes been heard in recent years, that a member who leaves his party or joins another should thereupon resign his seat and seek re-election shows the extent to which the "rubber stamp" theory of a member of parliament has crept in. Though occasions when members "cross the floor" will be rare, the right to do so is essential to British constitutional theory and has been exercised by such great parliamentarians as Mr. Gladstone and Mr. Churchill. There are countries, notably those of the Soviet Union *bloc*, in which the elector is asked to vote for a party list, but Great Britain is not one of them. If members who felt obliged to dissociate themselves from courses taken by their parties were thereupon required to resign their seats it would put a premium upon docility and a penalty upon independence of judgement. If the argument were valid, it could be only upon the assumption that a member who has left the party to which he belonged at his election has ceased to represent the views of his constituents; but only an election can determine this fact, which is to beg the question. Moreover, if the argument were valid, it would apply to a member expelled from his party no less than to one who leaves it voluntarily; and no one has yet sought to draw this conclusion. The safeguard against abuse is that parliament must come to an end within a stipulated period, but until the parliament in which he is elected to serve comes to an end the member has only one duty, to serve his constituents and his country according to the best of his unbiased judgement. No candidate

But "his unbiased opinion, his mature judgement, his enlightened conscience, he ought not to sacrifice . . . to any man, or to any set of men living"; and this state of things, as we have seen, is incompatible with socialism and compatible only with a property-owning democracy.

Communists have always openly derided parliamentary institutions. For Marx the purpose of general elections was to decide "once in three or six years which member of the ruling class was to represent and repress¹ the people in parliament". The Paris *commune*, which provoked this remark, appeared to him to have provided a substitute for parliamentary institutions. He specially liked the fact that "the *commune* was to be a working, not a parliamentary, body, executive and legislative at the same time". In this sentence he showed his inability to appreciate the value of free debate—the communists have habitually mocked at parliaments as "talking shops"—and the separation of the executive and legislative powers which is so highly and so rightly esteemed in Great Britain and the United States.

Lenin proved an apt pupil of Marx in this as in other respects, and when he returned to Russia after the February revolution of 1917 he saw in the soviets, as Marx had seen in the *commune*, a substitute for parliamentary government. He then gave

should pledge himself to follow his party right or wrong, for this is to undermine the very basis of true representation. If he did, or if he gave other specific undertakings, it would, of course, alter the case. Officially the British constitution ignores parties; they do not appear with the candidates' names on the ballot paper, and they are never used in records of parliamentary proceedings. Membership of a party is an unofficial arrangement between the member and those with whom he normally associates—to use a time-honoured parliamentary phrase. The Labour party is in no position to demand the resignation of a member who "crosses the floor"; among other precedents, the Minister of Food, Mr. Strachey, resigned from the Parliamentary Labour party in 1931, and later in the same year from Sir Oswald Mosley's "New party", without vacating his seat; and in the present parliament it has welcomed into its ranks, without suggestion of resignation, three members elected as Independent Labour and one as a Liberal (Mr. T. L. Horabin).

This note is based on British constitutional theory and practice, but the United States has the same fundamental conception of a representative and his relationship to his party. The relationship is even more fluid than in Great Britain.

¹ There is a play on words in the German—*vertreten* and *zerreten*.

currency to the slogan, "All power to the soviets!", which was another way of saying "Down with the provisional government!"; in speech and writing he made vicious attacks on parliamentary democracy;¹ and he set himself to sabotage the constituent assembly which the provisional government had convened for January 1918. Such a constituent assembly would have been the correct and normal method for bringing a revolutionary situation to an end. But the prospect filled Lenin with alarm. He was loth to see the elected representatives of the people choose their own constitution after free debate. At first he tried to secure postponement, but was unsuccessful. Then, in his *Theses on the Constituent Assembly* published on 26th December 1917, he gave specious reasons for believing that "there is not, nor can there be, even a formal correspondence between the will of the mass of the electors and the composition of the constituent assembly".² Even from Lenin's own words it was clear that the real reason lay in the fact that in a short time the Bolsheviks would have captured more positions of power. The assembly met on the assigned date of 18th January 1918. But Lenin's resources were not exhausted. On 23rd January the third congress of soviets met in Petrograd, and Lenin obtained its approval for the forcible dispersal of the constituent assembly. Lenin's comments to Trotsky on this high-handed action are illuminating.³

"It was of course very risky of us not to have postponed its convocation—very, very incautious of us. But in the final reckoning it was better that it turned out that way. The dispersal of the constituent assembly by the Soviet government is a frank and complete liquidation of formal democracy in the name of the revolutionary dictatorship. Henceforth the lesson will be clear cut."

At the same time the congress of soviets proclaimed itself the government of Russia, and ever since the supreme power in Russia has in theory lain in the soviets. Articles

¹ As in *The State and Revolution*, August 1917, *Selected Works*, vol. ii, pp.

141-225.

² *Selected Works*, vol. ii, p. 247.

³ Leon Trotsky, *Stalin*, p. 343.

2 and 3 of the constitution which has been in force since 1936 are:¹

“2. The political foundation of the U.S.S.R. is formed by the soviets of toilers’ deputies which have grown and become strong as a result of the overthrow of the power of the landlords and capitalists and the conquests of the dictatorship of the proletariat.

“3. All power in the U.S.S.R. belongs to the toilers of the town and village in the form of soviets of toilers’ deputies.”

There is a vast pyramid of such soviets. At the base are the soviets of towns and villages. Above them are the soviets of districts, regions, provinces and territories. At these levels the executive and administrative organ is an executive committee comprised of a chairman, vice-chairman and members. Higher up the pyramid we have the supreme soviets of union republics, whose executive and administrative organs are councils of people’s commissars. At the apex of the pyramid there is the supreme soviet of the U.S.S.R., divided into two chambers, the soviet of the union and the soviet of nationalities, and having a council of people’s commissars as its executive and administrative organ.

Such is the theoretical basis of political power in Russia, and such is the system which communists would like to substitute elsewhere for parliamentary institutions. The essential differences between the soviet and the parliamentary systems are two-fold: (a) a member of a soviet is a delegate, whereas a member of parliament is a representative; and (b) soviets are largely assemblies of producers—urban workers or peasants—whereas parliamentary representation is based on the totality of adult residents in a prescribed area. As we have seen, a parliamentary system is not compatible with the communist organization of Russia, and the real attraction of the soviet system to the present rulers of the country appears to be that the delegate system and

¹ *The New Soviet Constitution*, issued by the Anglo-Russian Parliamentary Committee, p. 13.

the hierarchical structure of the soviets facilitates manipulation in a manner which would not be possible in the worst parliamentary system.

In Great Britain the attitude of the Labour party to parliamentary government has fluctuated. Parliament has a habit of moulding its members, and some of the severest critics outside have become devoted adherents inside. But even from socialist members of parliament there have been enough threats to parliament to cause uneasiness about their intentions. Sir Stafford Cripps, for example, said in June 1933: "It is no use pretending that socialism can ever be accomplished by our existing parliamentary methods. To do so is to mislead the people." It would be a mere debating point to cite such a threat from a speech made in 1933 if experience since 1945 had not gone some way to confirm it. The first threat came from the sheer volume of legislation which parliament was asked to pass. Parliamentary processes are normally slow processes, and this has been the main theme of impatient socialist critics. But it is better to be slow than sorry. Nature also is slow in many of her processes, but she is sure. In the sessions 1945-47 parliament was asked to pass so many major bills in so short a time that adequate consideration was impossible; members frequently sat late into the night, or all through the night, but proper consideration cannot be given to complex measures in such conditions. In these years the House of Lords, carrying out its functions as a revising chamber, removed many of the imperfections in bills as they left the Commons, and the government draftsmen were often grateful for its existence. But in the autumn of 1947, in order to make sure of carrying the Iron and Steel Bill before the end of parliament, the government introduced a bill to decrease to twelve months the delaying powers of the House of Lords. It was widely felt to be the prelude to single-chamber government. This would have been more acceptable if the government had not also severely curtailed discussion in the lower house by frequent use of the "guillotine", that is a time-table for the various stages of bills. As a result large portions of complex major bills received no

consideration during their committee stage in the House of Commons. The Town and Country Planning Bill contained 108 clauses and nine schedules, of which 52 clauses and six schedules were passed without a word of discussion at any stage. In the report stage of the Transport Act 85 of the 123 clauses were entirely passed over, and 173 amendments were not discussed. During the committee stage of the Iron and Steel Bill 181 amendments could not be proposed owing to the fall of the "guillotine". The "guillotine" was originally introduced to surmount calculated obstruction by the Irish members in the nineteenth century, when the measures before parliament were relatively simple. The complex industrial measures of modern times properly require full discussion, and the use of the "guillotine" to curtail discussion on such major measures as those mentioned seems to show scant respect for parliamentary principles. The parliamentary "guillotine" is less brutal than the physical one, but not less effective in curtailing discussion. Sufficient disregard of parliamentary usage has already taken place in Great Britain since 1945 to confirm the suspicion that socialism, like communism, will not prove compatible with parliamentary institutions; and this disregard in practice is more important than the lip service to parliamentary democracy which has from time to time been paid by socialist leaders, notably Mr. Herbert Morrison.¹

¹ In his speech, for example, in Paris on 6th May 1949.

CHAPTER IX

SOCIALISM AND HUMAN NATURE

THE ROCK on which socialistic experiments have hitherto always foundered is human nature. Any sound political system must be based on a correct appreciation of human nature; and socialism is bound to fail because it offends the best elements in human nature and panders to the worst.

The men for whom statesmen have to legislate are neither angels nor beasts. They are neither wholly good nor wholly bad. The legislator who assumes that they are wholly good will make an error not less harmful than he who assumes that they are wholly evil; the latter will concentrate so much on repression that he will not extract the "soul of goodness" that is to be found even in "things evil", "would men observingly distil it out", while the former's structures will be wrecked by lack of co-operation from the people he trusts. There are indeed some men who are almost entirely good, and others who are almost wholly evil, but the statesman would be foolish to legislate for a society either of saints or of sinners. It is his duty to construct a society which is suited to the average human being, compounded as he is of good and evil ingredients; and he must leave the extremes in either direction to be provided for by special measures.

The prime fact of human nature which the wise statesman must take into account is that men will exert themselves for their own benefit, or for that of their families, regarded as an extension of themselves, as they will exert themselves for no one else; and, in particular, men are not prepared to work for the state or for any other collectivity as they will work for themselves or for their families. Perhaps this is a defect in human

nature, but it is a fact, and the statesman ignores it at his peril. Perhaps it proves the theological contention that man is a fallen creature,¹ or the modern psychological doctrine of the importance of the *ego* in the human make-up; but its truth cannot be challenged by any honest observer of human affairs.

In order that they may enjoy a higher standard of living, or may be secure from the uncertainties of old age, illness and fortune, or may lift themselves above their fellows, men will toil day and night; and they will exert themselves no less in order that their wives may be finely dressed or have the best medical attention or in order that their children may be well educated or their children's children placed above the vicissitudes of fortune which they have themselves known. There are no other known motives for which the average man will put out his full effort. If it is made impossible for him to advance himself or his family by his exertions, the average man will cease to exert himself. No motive comparable in its effects with the advancement of one's self or one's family has yet been known in the history of the human race, and it is more than improbable that at this late stage in human history some new incentive of like compelling power will be found.

There are indeed in every community men in whom the desire to do good to others is even more compelling than the desire to benefit themselves. There are even some few who succeed in obliterating all thoughts of self and live solely to benefit their fellows. But it would be temerarious to construct a society on the assumption that such men are universal, or even common. Now socialism makes an even greater demand upon man, for it asks him, not to work to advance himself or to benefit his family, not even to work out of compassion for the sick and the oppressed, whose sufferings he can see and whose cries reach his ears, but to work for an abstraction called the state. There are indeed some who can do it. They are usually men of wide reading and deep thinking who have reached a conception of the state as being the personification of the community in which they live. But such men are rare. The only occasions

¹ See below, pp. 167-172.

when the state can evoke such feelings on the part of the average man are in times of mortal peril. In war the average man will submit himself wholly to the commands of the state; but when the danger is past, the state again becomes an abstraction, his natural enemy more often than, as the philosophers would have him believe, the expression of his real will. Because socialism expects the average man to exert himself for the state as he would for himself, because it expects him to live in peace on the emotional plane of war, the socialist is doomed to disappointment when he comes to put his ideas into practice.

The wish is often expressed with a sigh that men would show in peace the same qualities of altruism and subordination of self that they showed in battle or during air-raids in time of war. If only this were done, it is urged, the problems of peace would soon be solved. But those who express this understandable wish overlook the fact that men can show these qualities in the exceptional circumstances of war only because they are seldom called upon to display such virtues. It would be as reasonable to expect the athlete to run the whole of a mile race at the same speed at which he runs the first or last furlong; world champions can do it, but not the average runner. It would be equally sensible to expect a pianist to rehearse at "concert pitch" the whole time; some pianists may be able to do it, but for most the result would be a nervous breakdown. The result of expecting men to live in peace on the emotional plane of war, as socialists expect them to do, would be that in a national crisis they would have no extra moral and spiritual reserves to throw in.

This is the great objection to socialism on the ground of human nature, that it calls upon men to do for the state what they will do only for themselves or their families; but socialism runs counter to many other traits in human nature. The average human being likes variety in his life. He is not content to live wholly in the plains, but likes sometimes to be in the valleys and sometimes on the mountain tops; and socialism, with its constant striving after uniformity, would keep him in the plains. This is even truer of women than of men, and as socialists have

been determined not to be left behind in the admission of women to the same political rights as men, their schemes will never satisfy women. Marriage and the bearing of children necessarily produce great and unpredictable turns in the life of the average woman; and the colour which they lend to her whole outlook is bound to make the dreary round of socialism unacceptable to her. But although the average man is able to pursue the tenor of his way more evenly, he also likes variation and adventure. If he is not allowed to show it in good ways, he will show it in bad. This is the social significance of gambling, which has now reached such alarming dimensions.

Another characteristic of the average human being is his sensitivity to the opinion of his fellows; in particular, if the vernacular of the average man may be permitted, he hates to see "the other fellow getting away with it" and he hates "being swung". In a community, such as a socialist society must be, where extra individual effort brings no reward, or no sufficient reward, the worker will always be looking over his shoulder to see that he is not doing more than his fellows. The human frame, the product of a millennial evolution, does not object to hard work; on the contrary, it is so constituted that hard work is essential to the proper functioning of the bodily processes. But human beings are so made that they will not work hard if they think their companion at the bench or at the pit face is going to get the same reward for less work.

The earliest systematic description of a socialist society is that given by Plato in the fifth century before Christ for the life of the guardians of his ideal state as described in the *Republic*. His great pupil, Aristotle, promptly objected on the score that it made excessive demands on human nature. The incentives to exertion were taken away, he complained, and disputes would arise when each was dependent on all; everyone would produce as little and consume as much as he liked.

Aristotle's objections to socialism have never been answered and they are still a sufficient refutation of the theory. But the refutation needs to be re-stated in the terms of each age. Let us now consider, from the angle of human nature, the three

main characteristics which we have selected as being common to socialism and communism. In their attitude to ownership, to personal income and to planning socialism and communism are alike offensive to human nature.

Human Nature and Ownership

The desire to own property is one of the most deeply rooted instincts in the human race. It is found in babies almost as soon as they become conscious of the external world. "That's mine" are among the earliest words which infant lips form. Children become deeply attached to their personal belongings, which they treat as an extension of their own personality. The little girl loves to have her own doll, which she jealously preserves from other hands; with boundless care she washes and dresses it. The little boy delights in his own boat, which no one else is allowed to put on the water. The rights of others to their property are respected almost as punctiliously as the right to one's own belongings is asserted. If there is a nursery quarrel over a toy, it is invariably sufficient for the parent to say, "Whose is it?" "Daddy gave it to me on my birthday" is considered in the nursery code a complete title to possession and use. If the facts are admitted—and children's minds are a veritable Domesday Book—there is no appeal. It never occurs to the young claimant to say, "I know daddy gave it to you on your birthday, but what is yours is mine."

These traits survive throughout life. "In matters of dress", said a famous judge, "women remain children to the very end"; and his dictum could be applied to many other forms of property. Some men like to accumulate books, others pictures, nearly all like a house of their own and a piece of garden to cultivate as they please. A woman will work more hours than there is daylight to beautify her own home, a man will drive himself in his own garden till his hands are blistered.

Socialists will retort that their proposals do not touch personal property, but only the "means of production, distribution and exchange". Can they be so certain that once they

begin the process they will be able to stop? The distinction between the "means of production" and personal property, or between capital goods and consumption goods, is by no means clear. There is no form of property which touches a man so intimately as the house in which he lives; but to which class does it belong? The British Labour party has certainly shown a strong leaning in favour of the building of houses to let against the building of houses for owner-occupation or sale. Licences have been issued for the building of four houses to let for every one built for sale, and local authorities have not been permitted to sell council houses to tenants who desire to buy them. Suspicion has been engendered that socialism prefers tenants to owners, and values the "mobility of labour" more than the right to a home of one's own.

Socialists will also retort that it is capitalism which denies the possibility of ownership in the "means of production, distribution and exchange" except to the few. They are not wholly right in their facts, for through the medium of the joint stock company with shares quoted on the Stock Exchange the ownership of industry is very widely diffused. In any large and well-known enterprise the average size of the shareholding is surprisingly small; there may be a few big blocks of shares, but there will be thousands of holdings worth less than £200. In the economic democracy of Throgmorton Street it is possible for anyone who has saved £10 or more to become a part-owner in any one of a thousand industrial enterprises.

But even if the socialist critics of capitalism were right, even if capitalism did deny except to the few the desire to own property which is so deeply implanted in the human race, socialism is not the remedy. Socialism merely accentuates the problem. For if capitalism denies the right of ownership except to the few, socialism denies it to all. In transferring the ownership of the "means of production, distribution and exchange" to the state, socialism is taking a large class of goods out of the possibility of personal ownership. Socialists have maintained that when "communal ownership" is achieved, we shall all have that sense of personal property which is now confined to

the few.¹ But the evidence is emphatically against the view. It may be doubted whether one Englishman in a million felt the slightest emotional difference when the words "Great Western" or "London, Midland and Scottish" were painted out from the nationalized locomotives and the words "British Railways" substituted. The Englishman would be amused to be told that it is now his own coal which he is burning, his own electricity which he uses for lighting, his own gas which he uses for cooking. His comment would be that his bills are no smaller and the quality no better. The nationalized concerns are more remote and impersonal than the expropriated owners. The psychology of the matter was well expressed by the woman who said to her companion who was just too late in the fish queue, "Never mind, dearie, you own the Bank of England". State ownership is the antithesis of personal ownership; and the more thoughtful socialists, realizing the weakness of the attempt to create a moral justification for state ownership, have sought to justify it purely on the grounds of alleged greater efficiency. If the charge made by socialism against capitalism were true, the remedy would not be less ownership but more; the proper course of policy would be to secure a much wider diffusion of personal ownership. In this way we should achieve a state of affairs corresponding still more closely with the best in human nature. But the only human emotions which the socialist treatment of property satisfies are the worst and basest. It satisfies the desire of those who have no property themselves to drag down everyone to their own level. It satisfies the emotions of envy, hatred and malice. But it leaves everyone dispossessed instead of the few. The real way of advance is the widest possible extension of personal ownership consistent with industrial efficiency.

Human Nature and Income

The socialist treatment of income runs up against human nature no less emphatically, and we must consider both the size of incomes and their nature.

¹ See the quotation from Mr. Attlee given above, p. 39, note.

As far as the size of incomes is concerned, socialists have never been able to make up their minds on the desirability of equality. It is true that Mr. Bernard Shaw is the only person who openly maintains that equality of income is the essence of socialism,¹ and in Russia and in the British socialized industries wide disparities in income have been introduced² as baits to the ablest men. But the hankering after equality, or a greater approximation to equality, is always in the background. It is seen, for example, in the British Labour government's tendency to put all teachers on the same salary basis whether they are teaching in elementary, secondary or grammar schools. The justification is that teachers in elementary schools have to work just as hard, perhaps harder, than those in secondary or grammar schools, as is indeed the case; but the argument overlooks the fact that men and women, even when helped by state grants, are not going to spend several additional years in preparation for teaching in the higher schools, even though supported by state grants, if their remuneration at the end is going to be the same and their responsibilities greater. Human nature does not cherish an abstract equality. The average normal human being likes to see prizes in life for success and is willing to accept penalties for failure. He likes the element of risk, even of gambling within moderation. He shows this trait by his partiality for race-meetings and football pools. At least half of the British adult population probably fill in football pools every week. If they win, no one grudges them success; if they lose, they do not complain.

We need not labour the point, for so far the hankering towards equality has been a tendency rather than a policy; and in practice the governments of both Russia and the United Kingdom have given the leaders of socialized industries salaries which have scandalized their more egalitarian followers. Let us turn

¹ See *The Intelligent Woman's Guide to Socialism*, *passim*.

² When I moved in the Standing Committee which was considering the Iron and Steel Bill an amendment limiting the remuneration of members of the Iron and Steel Corporation to £5,000 a year, with allowances for expenses, all the socialist members present voted against it except for one who abstained. (House of Commons, *Official Report of Standing Committee on the Iron and Steel Bill*, 15th December 1948, cols. 275-276.)

to the forms of income. Human nature being as it is, it is desirable that the forms of remuneration should be such as to give the maximum incentive to work. But in the fully socialist state those forms of remuneration which offer the greatest incentive will be forbidden, and those which offer the least incentive will alone be permitted. As we have seen, the only forms of personal income permitted in the fully socialist state will be wages and salaries, pensions and allowances, and possibly professional fees (such as a medical man's capitation fees). State pensions and allowances clearly have no incentive value. They are fixed sums paid as of right. Salaries are also fixed sums paid periodically irrespective of the work done, and therefore have no incentive value; the only incentive arises from the fear that the salary may be reduced or taken away, or from the hope that it may be increased. If a maximum is set to the number of consultations, as is inevitable, capitation fees are analogous to salaries. They have an incentive value only until the maximum is reached. Wages are of two classes, wages based on hourly rates which do not vary with results and wages based on piece-rates which do so vary; frequently the weekly wage paid is made up of both elements. Now these two elements are utterly different in their nature. Fixed hourly rates have no incentive value; the able, the conscientious and the industrious are put on the same level as the dull-witted, the malevolent and the lazy; and human nature being as it is, the average human being tends to do as little as he can for the fixed rate. But piece-time rates have a high incentive value, the weekly wages depending directly and solely on the output. The transformation in output when a job is converted from hourly-rates to piece-rates is one of the best attested phenomena of industrial life; and who with any knowledge of human nature can be surprised? The existence of piece-rates within the wages structure is a great safeguard to incentive. But how long will it last? The tendency within socialist movements is always to press for payment by hourly or weekly rates; and in a completely socialist society it is more than probable that this tendency would triumph. So far the existence of piece-rates, with their

powerful incentive to maximum output, has prevented the worst consequences of socialism.

The socialist may rejoice when he has destroyed the profit motive. But what has he in fact done? He has prevented the earning of all personal incomes from the buying and selling of goods and services. For that is what the word profit, round which so much mythology has been woven, really means. Now no economic incentive has ever acted so powerfully as the buying and selling of goods and services. This is a far stronger spur to action than any of the forms of remuneration permitted in a socialist society. The buying and selling of goods and services will still have to go on, but in future the state will do the buying and selling; and instead of earning their living by the margin between their buying and selling prices, the persons who actually do the work will get a wage or a salary. Is it to be believed that they will put their backs into it in the same way? Of course not. Under private enterprise they had a powerful motive for maximising the margin between the buying and selling prices; under socialism their only concern will be to "take the cash in hand and waive the rest". They will not have the same direct interest in the success of their operations as in former days. The bearing of this on the wealth-producing power of the community is a matter which will need to be considered later;¹ here we are concerned only with the fact, that men who had a direct personal interest in the success of their work have now been deprived of that interest.

The term rent has suffered from mythological accretions no less than the term profit. It would be idle to deny that landlords and property-owners have from time to time been extortionate, and it is the business of statesmen to see that such abuses are curbed. But to seek to curb them by abolishing rent is to throw out the baby with the bath-water. The institution of rent is one of the means by which the surface of the earth has been developed to the great good of all mankind. It has provided an incentive to development. When all land and all property is owned by the state, no one will have any personal

¹ See Chapter X.

interest in its development; what is everybody's interest will soon become nobody's. It is undoubtedly the case that the private ownership of land—and all that is below it to the centre of the earth—greatly facilitated the development of the coal seams and oil beds of the world. The private owners had a direct personal interest in searching for minerals under their land, or giving others a licence to search for them. Whatever case there may have been in modern times for the state acquisition of mining royalties, there is no doubt that if the judges had decided in the year 1570 that the coal seams belonged to the state, like mines of gold and silver, instead of the private owners of the surface land, the British coal industry would never have developed so quickly. It is equally certain that the oil beds of America would never have been developed with such rapidity if their ownership had been vested in the state.

The socialist who seeks to abolish rent, interest and profit (including in the term profit professional earnings) will abolish many of the "glittering prizes" of life, to use the vivid phrase of F. E. Smith, first Earl of Birkenhead; and the films and football pools testify to the hunger of the mass of mankind for "glittering prizes". Wages and salaries (even on the scale allowed by the Labour Government to socialized industries), pensions, allowances and capitation fees can never provide sufficiently glittering rewards. It is only when men break out of the rut, throw caution to the winds, and risk their all in the buying and selling of goods and services (that is, in profit-making) that the glittering prizes for which human nature craves can be found. They may lose all or they may gain much; that is the way of human advance.

Human Nature and Planning

The third feature common to socialism and communism is central planning, and, as we have seen, it is a necessary deduction from the elimination of the profit motive which is itself a necessary consequence of the abolition of private ownership. Planning is anathema to all human beings except the planners.

It is contrary to human nature because it limits the freedom of choice of the individual; and the average human being prizes freedom of choice above everything else in life except life itself. In the last resort, as we have seen, it demands direction of labour, and reduces men to a condition only a little above that of serfs. It is frustrating to those in charge of industry because they will not accept Mr. Jay's dictum that "the gentleman in Whitehall really does know better".¹ It is defended on the ground that it is the only form of organizing our economic life that leads to "fair shares"; but human nature does not ask for fair shares, any more than it would expect all the eleven members of a cricket team to make the same number of runs. It prefers that men should take a chance and get their reward if they win, and accept their punishment if they lose.

But if planning, with its inevitable corollary of controls, runs counter to the best elements in human nature—the freedom-loving elements—it also panders to the worst elements, which ought to be discouraged. It creates new classes of privileged persons. The man who can get petrol while his neighbour cannot has a status in society, and he will do much, even if he has no greater need for the petrol, to be able to flourish his coupons in front of his neighbour's eyes. The efforts of man are diverted from the creation of wealth to the satisfaction of regulations. "Wangling" is elevated to the position of one of the great economic virtues. The passport to success is to know someone who knows someone else who frames or administers the plans. An underworld of "contact men" is created. Their only qualification is that they "know people". They may not really know them; but they find it useful to convey the impression that they do. The lubricants needed to make the system work may be innocent enough at first; but, human nature being as fallible as it is, it would be surprising if it did not end in unashamed bribery and corruption. Socialism, which sets out with such high ideals, is bound to end in a general lowering of the moral standards of society.

¹ See above, p. 131.

Socialism and the Family

The manner in which socialism runs counter to human nature is well summed up in relation to the family. The institution of the family as the fundamental unit of society is more agreeable to human nature than any other form of organization; for men and women feel that their families are extensions of themselves, bone of their bone, flesh of their flesh, and they will sacrifice themselves for their partners and their children, or even their children's children, hardly less than for themselves. The strongest human societies have been those which have been built upon the family. "The foundations of national greatness", said King George V in a memorable sentence, "are set in the homes of the people." But socialism in its completed form is not compatible with the family. This was thoroughly recognized by Plato who, as we have seen, drew up the first sketch of a socialist commonwealth. Having decreed that among the guardians of his ideal state all property must be held in common, with remorseless logic he perceived that the family must be destroyed, or otherwise property would not long remain common. "The wives of our guardians are to be common", he laid down,¹ "and their children are to be common, and no parent is to know his own child, nor any child his parent." To achieve this end, the magistrates were to arrange that at certain seasons persons of the appropriate ages should come together, and the offspring of these unions were to be taken away immediately from their mothers and brought up by the state. Infants born out of due season were to be exposed. It was logical, but allowed no place for natural affection.

Aristotle saw at once that such a plan would break on the natural affection of husbands and wives for each other and for their children. But can socialism ever afford to allow a place for the family? If it does, will not the desire of men and women to provide for their children inevitably lead to the re-introduction of private property?

The charge was made against the socialism of Marx and

¹ Plato, *Republic*, v. 457 c-d.

Engels, and they never answered it. All they did was to hurl abuse at the position of the family under capitalism, which is as good as to admit the charge. This is what they wrote in the *Manifesto*:

"The bourgeois claptrap about the family and education, about the hallowed correlation of parent and child, becomes all the more disgusting, the more, by the action of modern industry, all family ties among the proletarians are torn asunder, and their children transformed into simple articles of commerce and instruments of labour.

"But you communists would introduce community of women, screams the whole bourgeoisie in chorus.

"The bourgeois sees in his wife a mere instrument of production . . . The communists have no need to introduce community of women; it has existed almost from time immemorial."

When the Bolsheviks came to establish a socialist state according to the pattern of Marx they did not go to Plato's lengths and decree that no parent must know his child, no child his parent. But they went a very long way to dissolving the institution of the family by permitting divorce on the simple application of either partner.¹ The results were so disastrous that much stricter divorce laws had to be re-introduced,² and the authorities began to fight "lightminded attitudes towards the family and family obligations". But the new respect for the family has meant that many other features of capitalist economy, including the right of inheritance, have had to be re-introduced. Perhaps Plato was right; there can be no half-way house. The family and private ownership stand or fall together.

It is true that a number of advocates of "free love" have from time to time attached themselves to the British Labour party,

¹ Decree on the introduction of divorce, 19th December 1917, embodied in the "Code of laws concerning the civil registration of deaths, births and marriages" of 17th October 1918 and the "Code of laws on marriage and divorce, the family and guardianship", 19th November 1926.

² Family law of 8th July 1944.

and to no other British political party. But it would be unfair to judge the Labour party by its lunatic fringe. Most members of the Labour party are good family men, and would be deeply shocked at any suggestion that the completion of their programme must lead to the dissolution of the family. Yet that is precisely the dilemma which some day they will have to face. When they realize it, I believe that many of them will take their stand with the family.

This assertion does not rest upon the vast social benefits of which the Labour party has made itself the advocate. There is, indeed, no prerogative in these social services in any political party, for all the major parties are committed to them and all have helped to build them; and the Labour party has indeed been the first to call a halt to their extension.¹ The provision of family allowances, unemployment benefit, medical, dental and ophthalmic services, sickness benefit, maternity benefit and retirement pensions is a valuable and necessary corrective to the natural tendencies of a free economic system, and can be a buttress to that system. They can be so described because (a) they are to some extent contributory, and the contributory element prevents them from becoming a simple dole from the state; and (b) even at the present levels they do not suffice to meet all needs, and have to be supplemented by individual effort or family responsibility. If they were simple doles from the general fund of taxation, or if they were so large as to relieve the individual or the family from all concern, they might indeed seriously weaken the sense of individual or family responsibility. The free-and-easy administration of the national health service may indeed come under this censure; but with this exception the British social services have so far been run in a prudent manner which avoids both niggardliness and demoralization. The charge that socialism must inevitably lead to the dissolution of the family rests not upon the present scale of the social

¹ "We therefore feel it our duty to state frankly that new commitments for further expansion of our social services can only be accepted as production goes up; indeed, more production will be necessary to underpin the immense changes on which we have already embarked." (*Labour Believes in Britain* pp. 18-19.)

services but upon the abolition of private ownership, and the forms of personal income derived from private ownership, to which it is committed.

Socialism and the Fall of Man

For confirmation of the argument of this chapter, that socialism is bound to be wrecked on human nature, we may profitably turn to the theologians. A sound political philosophy, like a sound theology, must start from the fall of man; and to say that socialism must fail because it ignores human nature is equivalent to saying that it must fail because it ignores the fall of man. The fundamental fact about human nature has been expressed by a Christian apostle and a pagan poet living about the same time in vivid and almost identical language; neither could have known what the other had written, and the striking similarity of their language bears witness to the correctness of their analysis.

St. Paul's words are:

"For that which I do I allow not: for what I would, that do I not; but what I hate, that do I" (*Romans*, 7. 15).

Ovid's lines are:

"I see the better things and approve, but follow the worse."¹

St. Paul's analysis of the "war in his members" is so arresting that we may profitably continue the quotation:

"If then I do that which I would not, I consent unto the law that it is good.

"Now then it is no more I that do it, but sin that dwelleth in me.

"For I know that in me (that is, in my flesh) dwelleth no good thing: for to will is present with me; but how to perform that which is good I find not.

"For the good that I would I do not: but the evil which I would not, that I do.

¹ . . . *video meliora proboque, deteriora sequor.* (*Metamorphoses*, vii. 20-21).

"Now if I do that I would not, it is no more I that do it, but sin that dwelleth in me.

"I find then a law, that, when I would do good, evil is present with me.

"For I delight in the law of God after the inward man:

"But I see another law in my members, warring against the law of my mind, and bringing me into captivity to the law of sin which is in my members" (*Romans*, 7. 16-23).

This basic fact of human nature—this proneness to do evil even when we know what is good—was not discovered by St. Paul. It had been given a name—the *yēçer ha-ra'* or "evil impulse"—by the Jewish rabbis before St. Paul. What he did was to state it in more vivid language than ever before. A few centuries later another of the supreme masters of psychology, St. Augustine, delineated it in almost equally graphic language and in even greater detail under the name of "original sin". It has sometimes been overstated by subsequent theologians, such as Calvin, and extravagant consequences have been deduced from it, but ever since St. Augustine it has been regarded by Christian theologians as the necessary starting point in an understanding of man and his relations with God.¹

A wise political philosophy will accept this fact and will not place upon human nature burdens greater than it can be expected to bear. This is one of the great merits of free enterprise. The socialist legislates for a society of angels and he must not be surprised if it quickly becomes a paradise for sinners.

Can Human Nature be Changed?

If human nature is as it has been portrayed in this chapter, it may be asked how socialists and communists believe that their schemes can ever succeed. The more thoughtful among them frankly admit that human nature must be changed.

¹ One of the most important studies is Mr. N. P. Williams' *The Ideas of the Fall and of Original Sin*.

I do not know whether Marx had human nature in mind, along with other things, when he declared: "Previous philosophers have tried to understand the world; our business is to change it." Perhaps he was thinking only of forms of economic and political organization. But subsequent writers have stated explicitly that human nature can and must be changed. Mr. William Gallacher, for example, writes:¹

"By the time we reach communism, there will have been tremendous changes in the moral and intellectual outlook of the people—a vast change, in fact, in human nature. Under capitalism, everyone is forced to look after himself, to adopt in some degree a selfish outlook and to put service to the community very low down in the scale of importance. So soon as the ownership of the means of production becomes public and therefore its product is placed at the disposal of the people, the new social outlook begins to replace the old selfish outlook. The people are drawn into the administration of their own society, with the planning of its productive resources and of the use to which they are put. This develops the social outlook still further. Instead of the compulsion of fear of starvation and poverty, and the knowledge that our labours are making others rich, there is the pleasure of fulfilling our naturally creative characteristics as human beings and the satisfaction of knowing that our work benefits all of us, as well as ourselves individually. In industry and in the home, science will change the nature of work, removing the drudgery. Not fearing dismissal or redundancy by the introduction of new, labour-saving methods resulting in higher output for less labour, the working people will release the enormous store of initiative and enterprise which is bottled up in them by the conditions of capitalism, because every advance in production means greater benefit and every reduction in labour means more time for education, physical and mental culture and taking part in the running of affairs."

¹ *The Case for Communism*, pp. 93-4.

After this rhapsody it is reassuring to read:

"These changes cannot come about in a short time, but require more than one generation. The outlook of centuries persists long after the conditions which give rise to it pass away. But once the material conditions of society are changed so does the process begin in which man's moral outlook also changes and becomes, in time with the changed nature and aim of his work, a naturally accepted duty and responsibility to the community."

Mr. Strachey¹ is of the same opinion as Mr. Gallacher:

"Communists and socialists have quite as clear and realistic a view of what is called human nature as have the capitalists. In fact they have a much more accurate grasp of human nature, for they have discovered what determines human nature within wide limits. They are not only able to see, as shrewdly as anyone else, what human beings are like to-day; they are also free from the peculiar illusion that human beings have always been the same as they are at present, and will always remain the same in future.

"Having a science of history, they are able, for example, to observe, and to account for, the fact that the human nature of both the slaves and the patricians of classical antiquity was markedly different from that of either the serfs or the lords of the middle ages, and that the human nature of these latter feudal personages was different again from that of contemporary industrial wage workers and capitalists. In a word, they are convinced that there is no such thing as abstract human nature, independent of time and place. The nature of human beings is, on the contrary, invariably modified by any major change in the social system under which they live."

If Mr. Strachey had a knowledge of history instead of a "science of history" he would have realized that in writing this passage he was writing nonsense. Our evidence for human nature in antiquity must be derived from its literary and

¹ *The Theory and Practice of Socialism*, p. 107.

epigraphic remains; and when we consider the books and inscriptions of antiquity, we cannot fail to see ourselves portrayed therein. All the available evidence goes to show that human nature has never varied in recorded time. Mr. Strachey's classical master at the expensive school where he received his early education must have been astonished at what his pupil wrote about the slaves and patricians of antiquity. Put the slave in the place of the patrician, and he will behave as the patrician; turn the patrician into a slave, and he will behave as the slave. Their nature is identical; only their circumstances differ. The *History* of Herodotus and the *Characters* of Theophrastus illustrate all the varied types of human beings that we know to-day. Those who have no Greek or Latin have only to turn to their Bible to find evidence of the constancy of human nature. In the very first pages Eve, tasting the forbidden fruit, and Adam, blaming the woman for his own transgression, are types of men and women at all times. Nor does human nature vary with geography. The sophisticated inhabitants of London and New York are stirred by the same impulses as the primitive tribes of Africa. "How can we increase the production of coal in Great Britain?" the worried Labour statesmen asked in 1945-7. "Put more goods in the shop window," the economist answered. "How can we increase the production of cocoa and oil-seeds in West Africa?" the colonial administrator asked in the same years. "Make more consumer goods available," the economist answered. The consumer goods may be blankets in the one case, bicycles in the other; human nature is the same in Great Britain and in Nigeria; only outward circumstances differ.

The evidence is decisive that human nature does not change with environment; and the claim of Christianity is that where the nature of individuals has changed it has been through the infusion of supernatural grace. Let us complete the citation from St. Paul:

"O wretched man that I am! who shall deliver me from the body of this death?

"I thank God through Jesus Christ our Lord" (*Romans*, 7. 24-5).

Socialism and communism directly challenge this claim of Christianity that only through redeeming grace can man be saved from the consequences of his fallen nature. Both socialism and communism assert that the nature of man can be changed by changes in his environment.

In the Soviet Union this challenge has come to a head in the biological controversy associated with the name of Professor Lysenko, which will be more fully described later.¹ No doubt the main reason of the Soviet authorities for elevating the teaching of Professor Lysenko to a state dogma is the wish to encourage greater production of cattle and higher yields of crops. But they are prepared to fly in the face of all the great biologists because they have come to believe, and it is essential for their purpose to believe, that man is moulded by his environment. They have enough perception to realize that human nature as it manifests itself to-day in capitalist society would wreck socialism; and therefore they assert that in changing capitalism to socialism they will also change human nature.

Nature and a Pitchfork

The ancient poet wrote that though you drive out nature with a pitchfork, yet will she return.² The wisdom of his words has been amply confirmed by the experiments in socialism which have been made in the Soviet Union and in Great Britain.

We have already noticed that in Russia the rigour of the original communist ideals had to be softened by the payment of interest (at what the western world would consider very high rates) and permission for inheritance. In June 1931 Marshal Stalin made an even greater concession to human nature, when he included among six points for raising industrial efficiency, a far-reaching differentiation of incomes; and so "equality of income, which had been a soviet ideal, was suddenly turned into a crime".³ But the greatest conflict with human nature arose

¹ See below, pp. 225-229.

² *Naturam expelles furca, tamen usque recurret* (Horace, *Epistles*, i. 10. 24.)

³ Victor Kravchenko, *I Chose Freedom*, p. 77.

over the decision to collectivize farming; and here it was communism, not human nature, which triumphed after a bloody struggle without parallel in the modern world in time of peace. The Soviet statisticians were no doubt able to give convincing proofs of the inefficiency of individual farming. No doubt they were able to show that when the land was held in common, and all farming implements were common property, and vast areas were worked as a single unit, the cooperative efforts of the workers could secure much better results than peasant farming. A much higher degree of utilization of the implements would be obtained, the tractors could run for miles before they had to waste time and space by stopping or turning at a boundary, and a much higher division of labour could be secured. On paper no doubt the planners had a convincing case for the collective farm. But they omitted human nature from their calculations. They did not realize that human beings will not do for the state what they will do for themselves or their families. When the collective farms did not give the results predicted on paper, the Soviet authorities began to suspect that the peasants were hoarding their grain and other products; and it was certainly the case that many peasants, trusting to their own granaries with peasant shrewdness rather than to paper promises of "fair shares for all", were withholding such supplies as they needed for their own use and could conceal from the hundred-eyed Arguses of the *régime*. To overcome the peasant resistance the Soviet authorities set in motion a terror such as even the Russian countryside had never previously known. It was in theory directed against the *kulaks*, or big peasants, and the crudest appeals were made to the basest passions of the small peasants in order to enlist them in the campaign. But let us see what a *kulak* meant in practice according to one unforgettable account by an eye-witness. M. Kravchenko relates how his mother gave shelter to Katya, a "barefoot, half-naked bit of humanity", "one of the new crop of 'wild children'" who were to be seen in the streets begging their bread. When she had become sufficiently calm she told her story:¹

¹ Victor Kravchenko, *I Chose Freedom*, pp. 88-9.

“ ‘My father didn’t want to join the *kolkhoz*.¹ All kinds of people argued with him and took him away and beat him but still he wouldn’t go in. They shouted he was a *kulak* agent.’

“ ‘Was your father a *kulak*?’ I asked. ‘Do you know what a “*kulak* agent” means?’

“ ‘No, uncle, I don’t know what those words mean. Our teacher didn’t teach them to us. We had a horse, a cow, a heifer, five sheep, some pigs and a barn. That was all. Every night the constable would come and take papa to the village soviet. They asked him for grain and didn’t believe that he had no more. But it was the truth, I swear it.’—She crossed herself solemnly.—‘For a whole week they wouldn’t let father sleep and they beat him with sticks and revolvers till he was black and blue and swollen all over.’

“ ‘When the last *pood* of grain had been squeezed out of him, Katya recounted, her father slaughtered a pig. He left a little meat for his family and sold the rest in the city to buy bread. Then he slaughtered the calf. Again ‘they’ began to drag him out every night. They told him that killing livestock without permission was a crime.”²

Katya’s family, like hundreds of thousands of other peasant families, was put in a train for deportation. She escaped, and presumably her father, if he had not died already, is one of the millions of workers in Soviet labour camps. No fewer than five millions were deported in this frightful attack on the individuality of the countryside. Their land went uncultivated, their crops rotted, famine raged throughout the land, and millions of Russians perished of starvation. Farming was collectivized, and the Communist party triumphed, but at what a price!

The Englishman consoles himself with the thought that “these things can’t happen here”, and perhaps they will not, but British socialism has come up against human nature not less than Russian. The basic fact, so fatal to socialism, that men will not work for the state as they will for themselves or their families has been vividly shown in the coal-mining and building

¹ Collective farm.

² As it is in the British countryside to-day.

industries. The coal-miners had been the mainstay of the Labour movement; in its darkest days they remained solid. When the Labour government came into power it did more for the coal-miners than for any other class of the community; not only did it concede nationalization of the industry, which the miners had long demanded, but it gave them greatly increased wages, a five-day working week, special rations of food and vast new capital equipment bought for dollars. The Labour government was entitled on all moral grounds to expect a fine response in the shape of production, and such a response, especially in substantial coal for export, would have immensely eased its burdens at home and powerfully helped its foreign policy abroad. But the Labour government did not get that production. It was baffled, and the trade union leaders chagrined. The shortage of coal has remained a limiting factor to industrial expansion at home to the present day, and exports of coal could be resumed only in 1947, and still remain on a modest scale. Despite all that the government had done, despite all the exhortations of their leaders, the miners did not give the production to which the government felt entitled. Let us not enter into the controversial question whether the output per man-shift could have been increased. If voluntary absence from the pits had been reduced to normal proportions, this factor alone would have altered the whole industrial and trading position of the United Kingdom.¹ There can be no doubt that a section of the miners was holding the country to ransom. They felt power in their hands for the first time; they felt instinctively that power would remain in their hands as long as output was kept below demand; the personal incentive to work had been largely destroyed because high wages incurred high taxation; and they kept the power in their hands. Let us not be too hard with them. There is a long history to the mining industry which has to be remembered. They were acting only in accordance with human nature. Let us rather be hard on those states-

¹ The percentage absenteeism (the difference between shifts worked and possible shifts expressed as a percentage of possible shifts) was 6.4 in 1938; in 1945 it was 16.3, in 1946 it was 16.0 and in 1947 it was 12.4 (*Ministry of Fuel and Power Statistical Digest*, 1946 and 1947, Cmd. 7548, 1948).

men who do not take account of human nature in framing their plans.

The story of the British building workers since the war is analogous to that of the miners. Thanks to the virtual cessation of house-building during the war and the ravages of bombing the need for new houses was the biggest social problem confronting the Labour government when it took office. It might have been thought that the building workers would have strained every effort to help the Labour government in solving this problem. Every town had thousands of applicants for houses, most of whom were ordinary working folk who had voted socialist in 1945. But the output of building operatives, as measured by an official inquiry, instead of rising to the measure of the need, dropped by nearly one-third below the pre-war hourly average.¹ It can be only because the personal incentive to work harder had ceased to exist, and, human nature being as it is, social need is not a sufficiently compelling motive. It is instructive to compare production in the coal-mining and building industries with output in the steel industry under private enterprise, which continually reached new all-time records. The main reason is probably to be found in the wages structure of the steel industry, which offers the maximum incentive to the individual; payment is in general by results to groups of men engaged in a particular task, and no one in the group can slack or he would disrupt the work of the whole group.

The Labour government has had evidence of the facts of human nature in another aspect of the wages question. In order to prevent the inflation which tends to follow great wars, it appealed for restraint in wage claims as part of a general policy of pegging wages, salaries and dividends.² In theory the workers' leaders accepted the policy. But in order to attract workers to essential under-manned industries it became necessary (if direction of labour was not to be applied on a large scale) to raise the wages in those industries. In particular, the wages

¹ See above, p. 113, note.

² See above, pp. 91-92.

of agricultural workers were increased to a level more commensurate with their place in the future economy of Great Britain. But industrial workers had become accustomed to a hierarchy of values in which the agricultural workers were at the bottom, and when the wages of farm workers were increased other workers demanded increases also to restore the balance. There has been particular restiveness among railway workers, who were in the first place recruited from the countryside, and are loth to admit that work on a farm is now equal in national esteem to work on a railway. This tendency to be looking over the shoulder at the other fellow's wage packet has seriously jeopardized the Labour government's anti-inflation policy; but it should have brought home the fact that egalitarianism has no roots in human nature. To put it crudely, the average man would like to be equal to his superiors, but he will be d . . . d before he sees his inferior equal to him.

The Labour government has also come up against human nature in its treatment of the land. For several generations statesmen of the eminence of David Lloyd George and Philip Snowden had vainly sought to deal with what was called the unearned increment in land values, that is the increase in the value of land to an owner as the result of action not by him but by the public authorities or public utilities, for example in the building of a railway. The complex Town and Country Planning Act of the Labour government has indeed solved this problem, but in a manner reminiscent of the baby poured out with the bath water. Under the Act the state has acquired *all* development rights in land, and the owners of land will have a claim on a sum of £300 million which is being set aside as compensation. But one consequence was not foreseen. The owner of land now has no incentive to see it developed; and much-needed industrial and other schemes of development are being delayed or prevented.

The national health service scheme is an even more glaring example of the way in which British socialism runs up against human nature. The need for a revision of the medical, hospital, dental and ophthalmic services was not disputed; the medical

profession, as already noted, had pointed out the need for including dependants of insured persons in the insurance scheme, and the coalition government in the war had begun the consultations for a comprehensive medical service. But the scheme actually brought into operation by the Labour government invites the non-cooperation of human nature. Though the service is necessarily costly, and imposes a heavy burden on the general fund of taxation, it is entirely free to the individual, who is therefore encouraged to maximize his demands upon it. Surgery doors are besieged by patients, many with trifling complaints which they would never have dreamed of taking to a doctor in former days; the doors have frequently to be closed almost as soon as they are opened on account of the numbers, and only great care on the part of medical men can ensure that the genuine cases are discerned and treated. Because drugs are provided free on the prescription of a medical practitioner in the scheme, the woman who used without complaint to buy a bottle of tablets for her headaches now goes through all the paraphernalia of getting a prescription in order to save sixpence.¹ It is little wonder that the original calculations for the cost of the scheme have been grossly exceeded. The severest censure for its administration has come from the Socialist Chancellor of the Exchequer, who in opening his budget on 6th April 1949 made the remarkable suggestion that the "free" service should be taxed to make people more economical in its use. It would have been better if the government had not left human nature out of its calculations.

The realities of human nature have been brought home to the Labour government by its administration of food subsidies. Originally and quite properly introduced in the war to stabilize the cost of living and prevent demands for wage increases, the cost of food subsidies had grown to an alarming extent—from £63 million in 1940-1 to £485 million in 1948-9—and threatened to get out of control. But, human nature

¹ For the sake of the good example I may add that one medical man of my acquaintance, a Scotsman, prescribes two tablets in such circumstances; the patient generally finds the repeated visits too troublesome and reverts to buying her own tablets.

being as it is, the mass of the British people came to accept the low subsidized cost of rationed foodstuffs as natural, and a man thought nothing of paying for cigarettes in a week five or six times the cost of the whole of his rationed foodstuffs. When the Chancellor of the Exchequer, Sir Stafford Cripps, decided to put a firm stop to the policy of subsidization and to allow the cost of cheese to rise by 4d. a lb., meat by 4d. a lb., margarine by 1d. a lb. and butter by 2d. a lb.,¹ resentment was widespread, and—so perverted had the situation become—that people spoke of food being taxed because the subsidy had not been allowed to rise!

The student of ancient Rome cannot fail to be reminded of the largesses of grain which so materially contributed to bring the mightiest empire which the world has ever seen to its knees. Long before the policy of food subsidies was initiated, a historian had foretold the problem on the basis of Roman experience. St. Loe Strachey, who has recalled Hodgkin's words to me, prefaces his citation of Hodgkin's remarkable query with the words:²

"The more the history of the decline and fall of the Roman Empire is studied, the more clear does it become that it was not the armies of the barbarians which destroyed that empire. Rome fell because 'her heart was stone', and her heart had become petrified because her people had been ruined and pauperized by the insidious action of state socialism."

This is what Hodgkin wrote:³

"Of all the forces which were at work for the destruction of the prosperity of the Roman world none is more deserving of the careful study of an English statesman than the grain-largesses to the populace of Rome. Whatever occasional ebblings there may be in the current, there can be little doubt that the tide of affairs, in England and in all the countries

¹ See his budget statement in the House of Commons 6th April 1949, *Hansard*, vol. 463, cols. 2092-5).

² *The Problems and Perils of Socialism*, pp. 116-17.

³ *Italy and Her Invaders*, vol. ii, pp. 612-613.

of western Europe, as well as in the United States of America, sets permanently towards democracy. Will the great democracies of the twentieth century resist the temptation to use political power as a means of material self-enrichment? With a higher ideal of public duty than has been shown by some of the governing classes which preceded them, will they refrain from jobbing the commonwealth? Warned by the experience of Rome, will they shrink from reproducing, directly or indirectly, the political heresy of Caius Gracchus, that he who votes in the forum must be fed by the state? If they do, perhaps the world may see democracies as long-lived as the dynasties of Egypt or of China. If they do not, assuredly now as in the days of our Saxon forefathers it will be found that he who is 'giver of bread' is also lord.¹ The old weary round will recommence, democracy leading to anarchy, and anarchy to despotism, and the national workshops of some future Gracchus will build the palaces in which British or American despots, as incapable of rule as Arcadius or Honorius, will guide mighty empires to ruin, amidst the acclamations of flatterers as eloquent and as hollow as the courtly Claudian."

Voluntary Socialism

It should be clear by now that socialism will never work among the great mass of human beings. It can work, but only among a relatively small *élite* who have voluntarily embraced it and have achieved the self-discipline and altruism which is essential to its success. If we may revert to the first picture of a socialistic society, that delineated by Plato in the *Republic*, we shall recall that he confined the socialist life to a relatively small section of the inhabitants of his ideal state, namely the guardians who had undergone a long training for their duties. Plato had no illusion that he was depicting a life of ease for his guardians; on the contrary, he realized that the socialistic life

¹ Lord = *Hlaford*, the loaf-giver. The derivation is questioned by some scholars [Hodgkin's note].

was one to which the average man could not hope to aspire, and the great mass of the inhabitants in his ideal state were exempted from its rigours. Plato was right; socialism can succeed for the few only on the basis of individualism for the many. Subsequent experience has confirmed his analysis. There have been, especially in the history of the Christian Church, many examples of successful socialism or communism, but only as a life voluntarily embraced by small communities. In the first days of the Christian Church the Apostles led a communistic life, but it was short-lived. In later centuries the monastic life has provided many examples of successful communism, for monks and nuns renounce individual rights to property and have all things in common. But it is successful only because the monastic life is recognized as a vocation, to which few are called; before he is allowed to take his final vows, the would-be monk is required to spend several years as a novice or a postulant testing his vocation; and many aspirants decide that they are not capable of meeting the demands of the monastic life. The Communist party in Russia has many similarities to a monastic order, and in describing its place in the Soviet Union Sidney and Beatrice Webb entitled their study "The vocation of leadership". The Communist party in the Soviet Union consists of a relatively small *élite* of the population—some 2,000,000 in a population of 180,000,000—whose suitability has been severely tested; and despite this severe preliminary testing "purges" are frequent. The socialist or communist life can succeed among such relatively small groups of men with severely-tested vocations; but the attempt to apply it to the great mass of mankind will produce a revolt from human nature. No one would attempt to make the mass of men live under the monastic vows of poverty, chastity and obedience; and we should not expect the attempt to make them live under the monastic rule of communal ownership to be any more successful.

CHAPTER X

SOCIALISM AND THE WEALTH OF NATIONS

THE BITTEREST disappointment for socialists is that socialism, far from ushering in an age of plenty, will reduce the wealth of nations and perhaps take mankind back to the material poverty of the feudal ages. For although the increase of material wealth is not the loftiest of human aims, socialism has always been primarily an economic theory; one of the points on which all socialists have been agreed is that it must lead to an increase in material wealth; and even those socialists whose objectives are primarily immaterial have seen in the increase of material wealth the means to achieve a release of spiritual forces. Alas! this is only a dream. It is now clear that the vast increase in the wealth of nations under free enterprise is peculiar to free enterprise; that it will not automatically continue under socialism; and that socialism will inevitably lead to a retrogression.

The student of history will regard as highly temerarious the claim of socialism that it can advance the wealth of nations more rapidly than capitalism. Ever since the year 1500 the western world has seen a continuous and spectacular increase of wealth. For a long period the average annual increase in productivity under free enterprise has been reckoned at about 2 per cent. per annum. This 2 per cent. is cumulative, following the laws of compound interest, and means that the wealth of society under free enterprise doubles about every thirty-five years. This is surely a very remarkable achievement. For the wealth of a country to be doubled in less than half a century, and quadrupled every century, is no mean feat, and the challenger has a formidable task. That this is no figment of the imagination of

statisticians is easily seen when we reflect how few of the commodities which are to-day regarded as an indispensable part of the standard of life were even known in the year 1500. Our medieval ancestors lived very largely on beef and beer; they had no railways, of course, and their only roads were cart tracks; except for a little use of coal their only fuel was wood. When we consider the difference to-day we may wonder whether the average annual increase in productivity can have been placed sufficiently high at 2 per cent. Nor does this advance show any sign of slackening; if there is any change, it is an acceleration. In the present century we have seen motor-cars and aeroplanes, films and plastic materials, radio and television added to the resources of mankind, and each of these inventions or discoveries has been the basis of vast new industries catering for many millions and greatly increasing the wealth of nations. New fibres, fuels and building materials have been developed, and in a thousand minor ways the life of mankind has been enriched by free enterprise.

Yet socialists make so bold as to accuse free enterprise of wastefulness and to assert that socialism will usher in an era of comparative abundance. The charge is twofold, that is to say that competitive private enterprise leads to waste and overlapping, and fails to keep the whole resources of the people employed because a high degree of unemployment is essential to its working. Let us examine the charge.

Is Competition Wasteful?

It is true that there is a degree of waste in competitive private enterprise, but the question is whether it is avoidable waste. The floor of the carpenter's shop is littered with shavings when he makes a piece of furniture, but no one holds him to blame. The bench of the metal worker is strewn with strips of metal when he has finished his task, but the waste is inherent in the process. The good carpenter or metal worker will see that the waste is reduced to a minimum and that it is put to good use, the shavings for firewood, the metal for scrap. The greatest of

all artificers, Nature, is prodigal at her work. She will scatter billions of seeds in order that one ovum may be impregnated, but who can produce such results?

The alleged waste in the system of free enterprise is twofold, and in neither case can the charge be generally substantiated. There is first the waste that is said to arise from excessive production by competing firms each making its own estimate of demand. But the effect of increasing production is to bring down the price, and it is only when the public declines to buy any more goods even at the lowest price at which production can be profitably carried on that waste in the sense of excess production arises. But at this point the system is self-correcting. No sooner does production in excess of demand begin to appear than production is cut back, so that supply and demand are kept in rough equilibrium. A firm which ignores the signs of accumulating stocks will be unable to carry on at a profit and unless it takes action it will go out of business. The small genuine surplus of goods that is periodically produced in the rhythm of the process is disposed of at bargain prices or turned to other use. Far from there being much waste under this heading, the manner in which the system keeps supply in equilibrium with demand is a miracle of efficiency.

The second type of alleged waste arises from the dynamic nature of the system. As we have seen, it is a system that is continually developing. Processes are improved, inventions and discoveries are made and applied, old wants are sated, new wants are satisfied. The system is never static, and in the search for perfection it is inevitable that mistakes should be made. Inventions are used and then superseded by something better. Systems are tried and then discarded. It may be only after he has tried fifty different processes that the *entrepreneur* finds one with which he (or the public) is completely satisfied. There is no broad highway marked out before the industrialist and signposted "To success". Only a trackless jungle lies before him. He turns now to the right, now to the left, and frequently has to retrace his steps before he discerns the way ahead. There is no royal road to industrial success, only the

road of trial and error. This being so, there is a degree of waste in industrial progress under free enterprise, but it is unavoidable if there is to be progress.

A classic case of waste of this type is electric fittings. It must have been very exasperating to all of us at some time or another to have had to change electric fittings because they are not suitable in a new house, and we have tended to say, "Why couldn't they make up their minds?" But there was in fact no way of "making up their minds" except by trial. In the early stages of the electrical industry it would have been unwise and impossible to have laid down a single voltage and frequency for the transmission of electricity, or to have insisted on plugs of an identical size. It is only after much experience and much discarding of unsuccessful systems that standardization becomes possible. This is perhaps the most extreme example of a phenomenon common to all developing industries. Several systems of television were tried out until a few years ago it became possible in the light of experience to choose one of them for universal transmission in Great Britain. At the present time several types of jet aero engines are being developed, and only competition between straight jet engines, turbo-jets driving propellers, and reciprocating engines driving propellers will decide which method of propulsion is best for a particular purpose.

The waste alleged to inhere in the system of competitive private enterprise is therefore small in proportion and a condition of economic progress. Will socialism reduce the waste? On the contrary, socialism will vastly increase the waste or lead to economic stagnation.

The Waste in Planning

Let us reconsider the first type of alleged waste. Socialism will substitute for competitive private enterprise regulated by the profit motive a system of planned production; and the waste which arises from the miscalculations of competing *entrepreneurs* is nothing to the waste of the planners. It may

very well be that a Supreme Planner who was all-wise and all-knowing would so arrange affairs that there was no waste; he would arrange for just the right goods to be produced in the right quantities at the right times by the right number of people. But the planners we know are fallible human beings like ourselves, and while the mistakes of competing *entrepreneurs* may not greatly matter and often cancel each other, the mistakes of the planners are made on a prodigious scale. The history of planning, whether in Nazi Germany or communist Russia or socialist Britain is a history of muddle and inefficiency. Orders are given for no apparent reason and are as capriciously countermanded. Some essential element in the chain of production is overlooked, and work is held up for months until the shortage is made good. Public demand is miscalculated, and large surpluses—typewriters or Algerian wine or what you will—are accumulated. The industrialists begin to learn the game, and realize that in order to get what they want they must ask for double or treble, in order that when the planners divide their requests by two or three they shall not suffer. Deliveries fall hopelessly behind allocations. Chaos descends on industry.

If it is thought that these are exaggerations, let us consider one practical example, the East African groundnut scheme, which is particularly relevant because the minister in charge of it, Mr. John Strachey, had written in lyrical terms about the superiority of planned production for use over production for profit. After observing that the planning authority will constantly have to allocate productive resources to new purposes in order either to fulfil some new need or to fulfil an old need in some new, more efficient and more economical way, Mr. Strachey writes:¹

“No planning authority will perfectly perform these functions. But it is impossible to believe that even in the very first year, and even if the planning authority is composed of the most fallible of fallible human beings, it can fail to provide for human needs to so gross an extent as does the

¹ *The Theory and Practice of Socialism*, p. 38.

capitalist principle of regulating production by profitability. However serious were the mistakes of the planning authority, it *could* not achieve such grandiose misdirections of production as does capitalism."

Such is the theory. The East African groundnut scheme gave Mr. Strachey an admirable chance to put his theory into practice. There were difficulties, of course, in the virgin soil, but the virginity freed the planners from any difficulties over land tenures and they had one great advantage on their side—an acute world demand for fats made from the groundnut oil. They drew up their plan. It was examined by Mr. Strachey, accepted by him with some modifications, and presented to parliament as a blue book entitled *A plan for the mechanized production of groundnuts in East and Central Africa*.¹ The scheme provided for the clearance of 3,210,000 acres at a cost of £23,975,000 for the mechanized cultivation of groundnuts. Under the plan the area to be cleared and planted with groundnuts was to be 150,000 acres in the first crop-year; the actual achievement was 8,000 to 10,000 acres,² say one-fifteenth of the plan. The area to be planted with groundnuts in the second crop-year was, under the plan, 600,000 acres and in actual achievement 50,000 acres,³ or one-twelfth of the plan. Production of groundnuts in the second crop-year was to be 56,920 tons, but in fact not more than 5,000 tons of groundnuts and other oil seeds were collected, or about one-eleventh of the plan. Opposition speakers in the House of Commons charitably decided to allow Mr. Strachey to call the second year his first, but even on this basis he achieved only one-third of his planned area of cultivation. In justifying himself did he remember his words, "It is impossible to believe that *even in the very first year*, and even if the planning authority is composed of the most fallible of fallible human beings, it can fail to provide for human needs to so gross

¹ Cmd. 7030, 1947.

² *East African Groundnuts Scheme, Review of Progress to the end of November*, 1947, Cmd. 7314, 1948.

³ Mr. Strachey in his speech in the House of Commons on 14th March 1949 (*Official Report*, vol. 462, col. 1770).

an extent as does the capitalist principle of regulating production by profitability"? The business man who achieved only one-twelfth, or even one-third, of his plans would soon be in the bankruptcy court. The plans for capital expenditure have been just as grossly missed by excess as the plans for acreage by deficit. The capital expenditure at the end of the first two crop years was to have been £4,984,000; in actual fact it was over £20,000,000, and the scheme will clearly cost twice as much as was planned and will absorb almost the whole borrowing powers of the Overseas Food Corporation which has been entrusted by the government with the administration of the scheme. Moreover the total planned acreage is now to be reduced to 2,000,000 acres by a revised cropping programme in which, instead of a plot being sown with groundnuts for two years and then allowed to be fallow or under grass for another two years, it will be sown with groundnuts for five years and with sunflowers for three years, and will be under grass or cereals for two years. These may be desirable changes, and the men carrying out the scheme have done an epic job and have probably accomplished all that it was possible to accomplish in the first few years. But, judged as an essay in socialist planning, the East African groundnuts scheme—or the East African oilseeds scheme as it has now become—has been a total and complete miscalculation. *The review of progress to the end of November, 1947*¹ is a melancholy record of things that did not go according to plan. "The fuel crisis and the general dislocation of the transport system delayed the reconditioning and movement to seaboard of the machines bought in the United Kingdom; furthermore, the first shipment of supplies was held up for over two weeks by fogs and storms." On arrival in Africa they were "delayed by the breaching of a railway embankment owing to floods". "On the basis of experience elsewhere, it had been expected that the heavy rooting machines towed by tractors would rip out the roots of the bush . . . In practice, the extensive tough and pliable roots of the Kongwa thorns and the multiplicity of stumps have proved beyond the power of

¹ Cmd. 7314, 1948.

normal rooting machines"; and so on. These experiences in a scheme widely trumpeted as a model of socialist planning must make us doubt whether socialist planning has any advantages over business planning, or indeed whether planning in this detail is possible.

But this is not the end of the story of the groundnuts. For while the socialized scheme in East Africa was running into these troubles, the peasant producers of Nigeria, without mechanical aids and acting solely in obedience to the "wicked" and "wasteful" profit motive, were quietly producing larger crops of groundnuts than ever before; and owing to the failure of socialist planning to provide locomotives needed for the Nigerian railway, they could not all be taken away, and had to be piled up in pyramids under tarpaulins at Kano. At the height of the picking season the deposits reach 300,000 tons, and there has been for some years a large carry-over from one season into the next. To add to the problem, they attracted the attention of a beetle—*trogaderma*—which had not previously been known to attack groundnuts, and Mr. Oliver Stanley very properly asked if it was right to place temptation in its way! It is worth having the exact words of the Select Committee on Estimates of the House of Commons, which investigated the matter in 1948:¹

"At the beginning of November 1948, when next season's crop will begin to arrive at rail-head, there is likely to be a balance of 175,000 tons of old crop waiting to be moved from the Kano area. This would be enough to provide an ounce of margarine a week for the population of the United Kingdom for a year.

"This situation is due to no fault of the management of the railway. As has been shown, the total tonnage hauled has been steadily increased in spite of a decreasing engine capacity. Nor was there any failure to provide for replacements. As far back as October 1943, the Ministry of Production had

¹ Fifth Report from the Select Committee on Estimates, Session 1947-8, *Colonial Development*, House of Commons Sessional Paper No. 181, p. xxiv.

received from the Crown Agents a list of colonial railway requirements for 1945 which included 11 main line locomotives for Nigeria, and in the following July these locomotives were given a place in the United Kingdom programme of production for 1945. . . . The foregoing account makes it plain that the present cumulation of groundnuts in Northern Nigeria was due not to the shortage of engine-building capacity, but to a complete breakdown of the organization in London for arranging priorities."

What a picture of muddle we have here! The beaches of the Philippines scoured to find tractors for producing groundnuts in East Africa, while groundnuts were being infected by the weevil in West Africa! An ounce of margarine a week for everybody going begging because someone in Whitehall had blundered! It would hardly appear in practice, whatever claims are made on paper, that government planning has any advantage over "unregulated private enterprise". It may confidently be asserted that unregulated private enterprise would quickly have cleared the groundnuts from West Africa and would have been rather more realistic about what could be done in East Africa.

Does Free Enterprise Produce the Right Goods?

Mr. Strachey may perhaps object that what he had in mind when he wrote *The Theory and Practice of Socialism* was an alleged misdirection of effort under private enterprise. He would not deny that private enterprise produces the goods, but he asserts that it produces the wrong goods—"a plethora of yachts and beauty parlours while millions of men and women lack for food and shelter". This is also a main part of the careful argument of his colleague, Mr. Douglas Jay, in his book *The Socialist Case*. Mr. Jay pays much attention to marginal spending, and the essence of his case is that in a free economy, owing to wide disparity in incomes, the goods produced are not those which are most needed.¹

¹ *The Socialist Case*, pp. 100-101.

"The price process implied in free exchange, even in conditions of free and perfect competition, must ignore the difference in intensity between the needs of different people. And in doing so, the process is not merely arbitrary and haphazard; it is powerfully weighted against those who start poorest. For though the process has no means of comparing different people's needs, it has a very easy way of comparing their 'demands'. It simply assumes that every sixpence or shilling or pound should count equally. This is necessarily implied in its method of comparing the different needs of the same person. For if a sixpence spent by a poor man on cigarettes is to count equally with a sixpence spent by the same poor man on bread, it is inevitable, in an uncontrolled money economy, that any sixpence spent by anybody must count equally with any sixpence spent by anybody else. *The rich man's pound exerts exactly the same influence in determining the distribution of productive resources as the poor man's pound. Yet the need represented by the one overwhelmingly exceeds the need represented by the other. . . .* But this is not nearly the end of the story. Not only does *laissez-faire* fail to compare the intensity of one consumer's needs with those of another; it also fails to compare the intensity of one producer's efforts or sacrifices with those of another. The fact that every man is able freely to offer his services or his savings to whomsoever will pay the most for them ensures that nobody will make a greater effort or sacrifice than he considers worth the reward offered; and it ensures that all services and savings will tend to be employed where they will bring the greatest money reward."

This is a serious argument, and it deserves careful consideration. But it will be noticed that it is not on the surface an argument for socialism. It is an argument against a wide disparity in incomes. It is an argument for socialism only if it is conceded that a wide differentiation in incomes is an inevitable consequence of *laissez-faire*, cannot be reduced by taxation, trade union action or other means, and can be curbed only by

"the socialization of the means of production, distribution and exchange". But whether the first assumption is correct or not, the second and third are definitely untrue. Experience in recent years has shown that trade union action and taxation can bring about a sweeping redistribution of incomes.

The first part of the reply is that the reading of history by both Mr. Strachey and Mr. Douglas Jay is at fault. Private enterprise not only produced "yachts and beauty parlours", but—if we set aside for later consideration the question of the unemployed and confine our attention to the great mass of the working population in regular employment—it also produced "food and shelter" on a scale and at real prices previously unknown. The great improvement in the material standards of the working classes both in Europe and in America until the outbreak of the first world war, simultaneously with the production of "luxury" goods never before seen for the enjoyment of the few, will not be disputed. In the United States the process has indeed gone on with temporary setbacks to the present day. There competitive private enterprise has achieved for the great mass of the population material standards far in excess of those seen elsewhere either now or at any time, simultaneously with the production of "luxury" goods which are the envy of the rest of the world. The argument of Mr. Strachey and Mr. Jay is, in fact, drawn from experience between the wars. It is temerarious to draw any conclusions from the convulsions which inevitably follow a world war, but even so the argument would not be valid for the great mass of the British or American people in regular employment, whose standard of life rose steadily throughout the period. The British workers were able to buy food at the lowest prices for generations; not only was the housing shortage, so largely aggravated by the first world war, well on the way to eradication, but a higher standard of accommodation was accepted as normal, and it became possible to make overcrowding a legal offence; and the standard of life came to include many times regarded as "luxuries".

This bears on the fundamental fallacy in the argument of Mr.

Strachey and Mr. Jay about the misdirection of effort in the capitalist system. It is only because the system produces "luxury" goods that the standard of living of the mass of the people can rise. What are luxuries in one generation become part of the standard of life of the masses in the next. The bathroom and the water-closet which are found only in a few stately homes in one generation are installed in every council house in the next. The refrigerator which is the toy of a few wealthy households in one decade is the demand of every housewife in the next. The motor car which takes the millionaire to his pleasure resort in one generation becomes a family and business necessity in the next. The wireless set which amuses or edifies the drawing room in one decade is installed in the kitchen in the next; and television will go through the same experience. The washing machine is now in the process of ceasing to be a curiosity and becoming a household necessity. The production of "luxury" goods for the few, far from detracting from the standard of life of the masses, is the method by which that standard rises. If there were no "luxury" goods, the standard of life would at the best remain static—and, for reasons which we shall see later, it would almost certainly fall.

The Waste in Unemployment

It is clear that socialist planning has no advantage over free enterprise on the score of misdirection of effort. Let us now turn to the other head of the charge, that free enterprise wastes the resources of the community because it requires a large pool of unemployment.

The existence of mass unemployment was undoubtedly a great blot on the otherwise not unattractive domestic scene between the wars. The lowering of the material standards of the unemployed was in itself serious, but was not the most serious aspect of the problem; the moral and spiritual degradation of strong, conscientious men unable to find work for month after month and in some cases for year after year was still more serious; and the loss of skill that came with prolonged

unemployment was another grave aspect. It was the rise of mass unemployment that first made the German people listen to Hitler, who until that point had been preaching to the air; and some measure of responsibility for the outbreak of the second world war in 1939 must therefore be laid at the door of those statesmen who had to confess themselves baffled by the problem of unemployment.

But all statesmen at that time were in the same predicament. There were few who dared to proclaim "We can cure unemployment", and when they were heard they were generally found to have quack remedies. In Great Britain the socialists were even more helpless than others in coping with the problem. It was their misfortune rather than their fault that they came into office in 1929 only six months before the world economic crisis began; but they were so inept in handling the problem that when they were swept out of office in 1931 the figures of unemployment had risen to unprecedented heights.

Their defence of their incompetence has been that they were necessarily, not having a majority in the House of Commons, acting within the framework of capitalism; that capitalism inevitably produces unemployment; and that if they had been able to carry through a socialist transformation of society they would have been able to produce full employment.

Let us first examine the theory that unemployment is inherent in competitive private enterprise regulated by the profit motive. The theory is twofold. It is alleged in the first place that free enterprise requires for its efficient working a reservoir of unemployed to maintain discipline in the works and to restrain wage claims below the point at which profitability begins. The allegation is that free enterprise works because only the fear of dismissal induces the worker to put out his best efforts and restrains him from putting in claims for higher wages, or even induces him to accept lower wages. The second charge is that free enterprise regulated by the profit motive necessarily works in a rhythmical manner in which expansion is followed by contraction, contraction by expansion, "boom" by "slump" and "slump" by "boom". In periods of contraction or

"slump" the number of unemployed rises rapidly; and the socialist contention is that the magnitude of the oscillations has been increasing lately and will increase until the violence of the swing destroys the whole system.

It would be morally impossible to defend unemployment as a permanent element in the economic system; and the defender of competitive private enterprise must be ready to show that unemployment is no necessary feature of it. But before we proceed, let us notice that mass unemployment is as injurious to the capitalist as it is to the workman. If there are 2 million unemployed persons in the United Kingdom receiving on the average, say, £2 a week instead of the £6 a week which they would receive in regular employment, a sum of £8 million of purchasing power is withdrawn weekly from the community, or more than £400 million a year. But the evil is not confined to this withdrawal of £400 million. The wife of the unemployed man is obliged to spend less with the grocer, and the grocer is obliged to forgo his summer holiday, and the boarding-house keeper is obliged to do without a new dress, and the dressmaker is obliged to reduce her attendances at the cinema, and so on. It is reckoned that the withdrawal of purchasing power has to be multiplied by at least three to measure its full effect, that is £1,200 million or about one eighth of the present national income of the United Kingdom. In such circumstances it is difficult for any enterprise to remain profitable. Ruin is bound to overtake many businesses. We must therefore get out of our heads the idea that those who run private enterprise welcome mass unemployment. In such circumstances the whole nation suffers, and to prevent mass unemployment must be in the forefront of every political programme.

If the first head of the charge is now modified to read that capitalism needs a moderate degree of unemployment to preserve discipline and keep wage claims within bounds, we may concede that the existence of moderate unemployment has frequently had this effect in the past. But there is a very real problem here which socialists ignore at their peril; and to do them justice British socialists are now becoming very conscious of it though

they have no solution. Discipline must be preserved even in socialized industries; it is not possible even in nationalized undertakings to have men strolling in half an hour after the whistle, loafing about at their job, and knocking off with half an hour still to go. The rhythm of socialized production no less than of private production is upset if men take days off without warning to go to the horses or the dogs. So far socialism has found no remedy for this problem except the time-honoured remedy of the "sack"; and the value of this sanction is certainly diminished in times of full employment when the dismissed person has only to walk across the road to get a new job without questions asked. But these extreme cases are not the most serious aspect of the problem of maintaining discipline in the works. The most serious aspect is persistent under-employment at work, a deliberate "go slow" movement, not perceptible in the individual but perceptible only in the mass. In the British socialized industries this problem has undoubtedly come to light from time to time; and the drastic remedy of closing down the whole enterprise, say a coal mine, has been threatened and sometimes carried out. It would not appear that socialism has found any better solution than private enterprise for dealing with the problem. The old remedies of dismissal for the individual and closure for the unit are crude and unsatisfactory. It should be possible in an educated community with proper incentives at work to maintain good attendance and proper work without the threat of unemployment; but this problem of human nature is one that waits equally on private enterprise and on socialism for its solution.

The other type of unemployment alleged to be inherent in free enterprise is that associated with the troughs of the trade cycle, or cyclical unemployment. The profit motive acts like the governor of a steam engine, automatically shutting off the steam when the pressure becomes too great and admitting more steam when the pressure falls too low. In this way the governor keeps the pressure close to the desired figure, though there is a small oscillation about the figure. The profit motive should act in the same automatic way to keep the supply of goods and

services in rough equilibrium with the demand. When the demand exceeds the supply, higher prices will be paid and profitability rises. The higher rate of profit attracts capital into the industry, more workers are taken on, both in existing works and in new enterprises, and production rises until it first overtakes and then exceeds demand. But when supply exceeds demand, labour forces have to be reduced, sellers have to accept lower prices, and the less efficient firms are unable to make a profit and are forced out of business, thus swelling the total of the unemployed. Just as the workers are able to obtain higher wages in the period of expansion, so they may be obliged to accept lower wages in the period of contraction. When the contraction has gone a certain way, supply again falls below the demand, production again becomes profitable, and the cycle starts once more.

A cycle of about ten years can be roughly discerned in British industry for the past hundred and fifty years or more. Provided that the oscillations are small, the self-correcting mechanism of the trade cycle is a very efficient method of securing the continual adjustment of supply to demand. Until the first world war the oscillations were not violent, but the impartial historian must record that even in those years the amount of unemployment associated with the troughs of the trade cycle caused great social misery and was a blot on the efficiency of the system. Between the world wars the oscillations became more violent, and at the troughs, in 1921 and in 1931, unemployment became the biggest domestic problem in all the countries of Europe and America. Socialists often argued that this was proof of the approaching collapse of capitalism, but they could never show any organic reason why the oscillations of the trade cycle should grow bigger with time, and it seems more reasonable to conclude that the new violence of the oscillations was due to the upheaval of the first world war.

But no one should minimize the gravity of the social and economic problem of unemployment in those years. We have now to ask ourselves whether cyclical unemployment on this scale, or even on the scale that preceded the first world war, is a necessary

feature of private enterprise working for profit; and whether socialism will automatically eliminate unemployment of this nature. The answer to both questions must be "No".

It is only since the year 1935 that the causes of cyclical unemployment have come to be properly understood. This is in itself evidence that unemployment had not become a problem of the first magnitude until the world depression of 1929-32, or economists would certainly have given more attention to it. About that time the causes of cyclical unemployment were brilliantly analysed by John Maynard Keynes,¹ and once the causes became known it became easier to suggest remedies. The views of Keynes² may not be correct in every detail. It is probable that they were to some extent coloured by the depression through which the world had passed; and when the history of trade is studied as a whole it will be seen that this period is exceptional, and that some of Keynes's paradoxes, such as the virtue of spending, could be justified only in such an exceptional era. Nevertheless the general soundness of his analysis has now come to be universally accepted. He concentrated attention particularly on the importance to the problem of employment of the right flow of investment.

During the second world war, which wiped out the last vestiges of unemployment, the coalition government of Conservatives, Socialists, Liberals and Independents, headed by Mr. Churchill, addressed itself to the problem of preventing a recurrence of unemployment after the war. Its proposals were based on the Keynesian economics and were published in a white paper, "Employment Policy".³ According to this paper, if mass cyclical unemployment is to be avoided, three conditions must be satisfied: (a) Total expenditure on goods and services must be prevented from falling to a level where general unemployment appears; (b) the level of prices and wages must be kept reasonably stable; and (c) there must be sufficient mobility of workers between occupations and localities. In order to maintain total

¹ Later Lord Keynes.

² Most fully expressed in his book *The General Theory of Employment, Interest and Money* (1936).

³ Cmd. 6527, 1944.

expenditure, it is suggested that privately-owned enterprises should be encouraged to plan their capital expenditure in conformity with a general policy of stabilization, while public investment by the government and local authorities would be used even more directly for the same purpose; if these measures should not succeed in maintaining total expenditure, it is suggested that the government should leave more purchasing power in the hands of the people for consumption goods by varying the rates of contribution to the social security services, and by acceptance of a budget deficit in lean years to be balanced by a surplus in good years. It is emphasized that to be effective these steps must be taken at the first onset of a depression. "The crucial moment for intervention is at the first onset of the depression. A corrective applied then may arrest the whole decline; once the decline has spread and gathered momentum, interventions on a much greater scale would be required—and at that stage might not be effective."¹

It is not doubted among economists to-day that mass unemployment can be avoided and that the white paper shows how to do so. But the proposals in this white paper are not socialism. As we have seen, they are based on the works of Keynes, and this is what Keynes himself said on the subject:²

"The state will have to exercise a guiding influence on the propensity to consume partly through its scheme of taxation, partly by fixing the rate of interest, and partly, perhaps, in other ways. Furthermore, it seems unlikely that the influence of banking policy on the rate of interest will be sufficient by itself to determine an optimum rate of investment. I conceive, therefore, that a somewhat comprehensive socialization of investment will prove the only means of securing an approximation to full employment; though this need not exclude all manner of compromises and of devices by which public authority will cooperate with private initiative. But beyond this no obvious case is made out for a system of state socialism

¹ Cmd. 6527, p. 16.

² *The General Theory of Employment, Interest and Money*, p. 378.

which would embrace most of the economic life of the community. It is not the ownership of the instruments of production which it is important for the state to assume. If the state is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them, it will have accomplished all that is necessary."

Keynes went on to remind the reader of the great advantages of individualism in a passage which we shall have occasion to quote later.¹

Except in regard to control of the flow of investment, the socialist cannot regard Keynes as being on his side; nor can he attribute to socialism the fact that there has been full employment during and since the war. The reason for full employment in this period is the very simple one that both during and since the war there has been an insatiable world demand for goods. It would have needed a genius to produce unemployment in the conditions which have prevailed since the end of the war. But these conditions are now coming to an end. The world demand for goods is beginning to be satisfied in several directions. The real test of the ability of socialism to prevent unemployment—and for that matter the first practical test of the Keynesian remedies—will come when world supply has caught up with world demand generally. Until socialism has successfully surmounted that trial, it would be premature to say that it can solve the problem of unemployment.

If socialists succeed in warding off unemployment other than by the use of the non-socialist Keynesian remedies it will either be through concealment of the problem or at the expense of liberty. It is relatively easy to "solve" the unemployment problem by keeping the persons who would otherwise be unemployed on the pay-rolls of their employers. This method was adopted in Italy after the war for good reasons. During the war employers had kept on their books large numbers of workers whose services were not really wanted in order to prevent their deportation to

¹ See below, p. 211.

Germany, and when the war came to an end it was forbidden by law to get rid of them on account of the social problem that would have arisen. In this way the unemployment figures in post-war Italy, high as they were, masked the gravity of the problem. This is the essence of all schemes for "sharing out available work". But it is not an answer to the charge that private enterprise wastes the resources of the community through unemployment; for if private enterprise employing only 90 per cent. of the available working population produces a total wealth greater than that produced by socialism with 100 per cent. of the available working population employed, it is socialism which wastes the resources of the community. The real nature of unemployment is also concealed by putting the unemployed to work which has no economic justification. There is, as we have seen, good reason for timing public works for the period when they can be most useful, but to absorb the unemployed on uneconomic schemes is no true solution. This would readily be admitted if the unemployed were put to dig holes and fill them up again; but to make an unwanted road does not differ in principle.

If socialists were to prevent unemployment it might be by a remedy of this type, which has often found favour in socialist circles; but there is an even worse remedy to which they might turn. Unemployment in the capitalist era has been a reflection of the workman's freedom to choose his own occupation. There was no unemployment in the feudal age for the reason that if a man had a serf he took good care to see that he was employed. Unemployment in the nature of things could arise only when a man was freed from being tied to the soil, when he was able to work for money wages, when he was able to give or withhold his labour without legal restraint, and when his employer was equally free to dispense with his services. But if this freedom of the workman and the employer were abrogated, it would be much easier to cope with unemployment. One difficulty in coping with unemployment in modern times has been the relative immobility of labour. It is not that there is insufficient work for all, but there is not sufficient work in the places where men live, and they are loth to tear themselves from their old associations and perhaps

from homes that they have bought and gardens they have cultivated. These instincts are entitled to respect in a free society; but if labour could be ordered about at will the problem would be much more tractable. If the claim that the Soviet Union has no unemployment is valid, one good reason is that it has about 10 per cent. of its population in forced labour camps where they can be turned to any job for which voluntary labour is not forthcoming. In Great Britain there would undoubtedly be much unemployment in other industries if there were insufficient miners to win the coal needed for their fuel; and the regulation that a man may not leave the mining industry may therefore be helping to maintain full employment. There is always a danger that socialism may "solve" unemployment by such methods, but let us be clear that it would be at the expense of values which most of us prize more highly. Better 10 per cent. of unemployment in a free society than full employment in a slave society. But if the analysis given above is correct, it is possible to maintain full employment without interference with the essentials of a free society.

Socialism and Efficiency

We have so far freed private enterprise from the charge that it must lead to avoidable waste of the community's resources; and it is a matter of undeniable history that free enterprise has immensely increased the wealth of nations and the range and variety of human life. Can socialism do more?

The acutest discovery for the socialist is yet to come. Far from increasing the wealth of nations, socialism will make it impossible to maintain present standards, and will inevitably lead to a relapse, perhaps to conditions which have not been known for centuries.

One reason has already been hinted at when we were considering the allegations of waste through competition. Private enterprise works through a process of elimination of the inefficient. As a result only those firms or processes that are best fitted to survive do in fact survive. By this means a continually rising

standard is secured. It is analogous to the process of natural selection which is the main agency in the evolution of the species. But under socialism this process of selection through competition will cease, and there is a great danger that under socialism the inefficient will be preserved along with the efficient. For many socialists this is the declared object of socialism. They want to prevent what they call the ruthless elimination of the weak. They want the weak to be propped up. Their attitude is understandable, but we must recognize what it involves. This is the philosophy behind the Coal Mines Act of 1930 introduced by the second Labour government, under which an elaborate series of quotas and minimum prices was fixed. It is the philosophy behind the various marketing acts passed at the same time. This desire to "support the weaker brethren" had many commendable features, but we must recognize that it meant keeping the weaker brethren permanently in existence and therewith delaying the recovery that otherwise would have taken place. The social benefits may have been worth while, but they were bought at a cost. Socialism, in the sense of nationalization, goes much farther in the same direction. The Russians, realizing the problem, have tried to re-introduce an element of competition under the name of "socialist emulation", but they are fighting against more powerful tendencies which they have themselves created. The National Coal Board in Great Britain, recognizing the problem, has threatened to close down inefficient pits, and in some cases has actually done so. In all cases it has met with strong resistance from the workers, who say, "Have we voted socialist for this? Is there no difference between socialism and capitalism?" But resistance of this nature is not the most important obstacle. In a nationalized industry it is not possible always to tell which are the efficient and which are the inefficient units. In private enterprise the profit-and-loss account provides an automatic test. When all concerns in an industry are lumped together, it defies accountancy to say, except in gross cases, which are the inefficient units. Under socialism it is therefore inevitable that a number of inefficient units will be carried by the efficient units. There may be social arguments for

it, but it prevents the steady increase in wealth that takes place under private enterprise. When an inefficient concern is eliminated under private enterprise, the private owners bear the loss; it is often a heavy loss, but they are prepared to shoulder it. Under socialism when an inefficient unit is carried by the efficient ones, the whole nation bears the cost. In the case of the elimination of a firm under private enterprise, the workers may also suffer until they get new jobs. This is a real social problem, but we merely create a new problem if we keep their source of employment in existence even though operating below the recognized standards of efficiency.

There is an even more important reason why socialism will be unable to maintain the progressive advance registered under free enterprise. It lies in the analysis made in the last chapter. Free enterprise has achieved its results because it cooperates with human nature; socialism is bound to lead to a retrogression because it flouts human nature.

Free enterprise gives those who embark upon it a direct personal interest in the success of their ventures. They will work night and day to make a success of their ventures. They will risk their all for the chance of success. The men who have built up the great successful businesses of the present day have not been merely lucky; luck may have played an element in their success, but luck by itself would never have pulled them through. In a large number of instances, too large to be fortuitous, the pattern has been the same. They have begun in a humble way as wage earners or small traders. They have discerned a need of the public and they have produced something to satisfy it. They have laboured day in, day out, never taking a holiday, unable to afford illness, denying themselves the normal pleasures of life, in order to perfect their product and sell it to the public. They are able in the course of time to engage men to help in the work. But they get caught in the general movements of trade, and when times are bad they scarcely know how to pay their men their weekly wages. They borrow from the banks as long as the banks will lend, and when the banks decline they turn to well-disposed friends, who say, "Never mind about

security or interest, but give me a share in your risk, and if you prosper I shall prosper with you, if you go down I shall not hold it against you." By devious stratagems the weekly wage bill is honoured. In many cases the venture fails; the venturer has to admit that he miscalculated the public need, or he cannot go on long enough, or ill-health or other misfortune breaks him. But in other cases he turns the corner, and what had previously been a hard and hazardous operation becomes plain sailing. Wealth flows in and honours accumulate. Faith is rewarded, his critics are discomfited, his friendly backers share in his good fortune. His product becomes a household word.

This is no fairy tale devised by Samuel Smiles for the edification of the working classes. It is the simple and unadorned tale of hundreds of successful enterprises to-day. It is by the efforts of such men that the standard of life has been so marvelously raised in the course of centuries. Consider such a man as William Morris, Lord Nuffield. Beginning as the owner of a small cycle shop in Oxford he discerned at an early stage the possibilities of the internal combustion engine for road transport. He laboured incessantly to perfect a motor-car technically satisfactory and within the financial means of a large section of the population. By sheer grit and more than herculean labour he won through incredible obstacles to success, and built up a huge manufacturing organization. By his faith and determination he has greatly enriched the wealth of the British nation and raised its standard of life; the cars he has produced have smoothed the lives of families and facilitated the course of business; the wages he has paid have improved the lot of thousands of workers; and the contribution he has made to the export trade has eased a national problem. But this is not the end of the story. In creating great wealth for others, Lord Nuffield has declined to enrich himself. The vast fortune which he could have used for his own purposes he has given away to medical and academic institutions; and his princely but carefully bestowed benefactions will yield a return in the relief of human suffering and the advancement of spiritual values for generations to come. If the state owned the Nuffield organization, would it spend the profits

as wisely as Lord Nuffield? Would there, indeed, be any profits to spend?

Lord Nuffield is an outstanding example of the pioneer in private enterprise, but he is outstanding only in the magnitude of his success and the scope of his good work. The pattern which his life has followed is not exceptional; it can be matched in every other great industry, and indeed by other pioneers in the motor trade. This is the normal method by which the wealth of nations has been so amazingly increased in the past four centuries.

It must not be supposed that this process will go on under socialism. There is nothing automatic about the process. It is not the case that if William Morris had not built the Morris car, someone else would have done it; or if someone else had done it, it might have been done in some other country giving greater scope to free enterprise. The life-story of a William Morris will not be possible under socialism. What was it that made this obscure cycle-dealer set out on the path that led to wealth and fame? The magnet was not the desire to build hospitals or found a new college at Oxford. These things he could not have foreseen and could hardly have dreamt. The magnet was the desire to make himself independent, to get out of the rut, to raise himself above his fellows. But socialism will take away these possibilities. The wage-earner will see no horizon beyond his pay-packet at the end of the week or the salary-earner beyond his cheque at the end of the month. These will not act as sufficient incentives to stir men to action on the scale of a William Morris. Even the prospect of a seat on the board of a socialized industry, from which he is liable to be removed at the whim of a political minister or the dictates of a back-bench caucus, is not likely to release incentive and industrial genius as they have been called forth by free enterprise.

This is the answer to the careful argument by Mr. Douglas Jay, already noted. His contention is that a pound in the hands of the poor will be spent more usefully than a pound in the hands of the rich because it is more likely to be spent on goods of great

utility and less likely to be spent on luxuries. We may pass over as only a debating point the fact that this able socialist writer and minister would not trust the poor housewife in the matters of health and nutrition.¹ Nor need we lay overmuch stress on the wise and beneficent way in which Lord Nuffield has used his wealth. It would be possible to cite other cases in which great capitalists have squandered their wealth, or more probably their sons have squandered it for them.² But, taking a broad view, we may fairly claim that the accumulation of wealth as a result of private enterprise has been used to benefit the religious and artistic life of man and philanthropic purposes in a manner which would not be possible under socialism, or which, even if it were possible, would be accompanied by unacceptable conditions of state control. Contributions from the state for such purposes can never be given with the freedom of private benefactions.

Leaving these aspects aside, let us turn to the real issue, which is that, human nature being as it is, the economic life of the nation can be maintained only by a difference in levels. It is only because a substantial inequality in fortunes and incomes is permitted that the economic standards of the community can be raised or even maintained. A water mill works only when there is a difference of level over which the stream can fall. Steam can do useful work only when there is a difference of pressure inside and outside the boiler. Electricity can be usefully employed only when there is a difference of potential. In the same way human nature only stirs itself when there is a difference of reward.

It may be objected that such men as Lord Nuffield are rare. However much they stir themselves, most men can never hope to attain to his success or usefulness. It is true that such men as Lord Nuffield are rare, but it is on the emergence of such men

¹ See above, p. 131.

² Even this aspect is not without its advantages, for it prevents the creation of semi-feudal dynasties. Wealth is almost as difficult to keep as to make. "From clogs to clogs in three generations" is an expressive Yorkshire description of the process by which, in an era of free enterprise, wealth is continually changing hands.

that the advancement of nations depends. If our political or economic arrangements made it impossible for such men to emerge, it would be useless to look for the spectacular economic progress which we have known in the past. But there is more to the argument. The maintenance of our standard of life is not automatic but calls for continual putting out of effort in all ranks; and it is precisely because there are many ranks, because there is a continuous gradation in status and reward from the labourer to the general manager, that sufficient effort is put out. Take away the necessity for that effort, and the economic standards of society will not be maintained. Take away these incentives, as socialism will take them away, and the standard of life will sink. Human beings in a society where rewards are approximately equal will always be looking over their shoulder to see that they do not do a stroke more work than the other fellow. As Sir John Anderson has written,¹ "Uniformity and incentives are incompatible. Visible inequality is a constant spur to ambition."

It may be objected by such socialists as Mr. Jay that they do not wish to achieve complete equality of income, but to reduce inequalities even more than they have been reduced already. The redistribution of wealth has already reached a point where it is acting as a serious "disincentive" to effort, so much so that the Chancellor of the Exchequer, Sir Stafford Cripps, has had to issue the severe warning:²

"There is not much further immediate possibility of the redistribution of the national income by way of taxation in this country; for the future, we must rely rather upon the creation of more distributable wealth than upon the redistribution of the income that exists."

The Labour party itself has also seen the red light and has supplemented Sir Stafford Cripps's warning with the words:³

¹ *Sunday Times*, 3rd July 1949.

² Financial and economic statement in the House of Commons on 6th April 1949 (*Official Report*, vol. 463, col. 2083).

³ *Labour Believes in Britain*, pp. 18-19, already quoted, p. 166, note.

"We therefore feel it our duty to state frankly that new commitments for further expansion of our social services can only be accepted as production goes up; indeed, more production will be necessary to underpin the immense changes on which we have already embarked."

Human nature is clearly imposing limits on the possibility of the further equalization of incomes. Incentive has already to a large extent been destroyed, and if the higher production on which the Labour party is gambling is not achieved it will be faced with the dilemma of making an economic retreat or embarking on authoritarian measures to take the place of incentives.

But an economic retreat which will permit greater incentives in the form of greater monetary rewards will not be sufficient. As we have already seen, it is not only the size but the nature of monetary rewards that matters. The distinctive and attractive feature about incomes derived from ownership is not their size but their independence. That is what has made them such a big incentive to effort throughout the era of free enterprise. Are socialists prepared to give up their objection to the private ownership of property and to personal incomes derived therefrom? If not, they will be unable to furnish sufficient incentives to maintain the standards we have known in the past. If they do, they will cease to be socialists.

CHAPTER XI

SOCIALISM AND THE WAY OF LIFE

WE HAVE seen that socialism begins as a demand for the concentration of all economic power in the hands of the state; but what begins as an economic programme cannot end there. The wide diffusion of economic power in private enterprise is a guarantee of independent thought and action. When all economic power is concentrated in its hands, is it likely that the state will permit the free expression of opinion and the independent courses of action which formerly it could not suppress? If the state were all-wise and all-good it is conceivable that it would not misuse its supreme economic power. But the idea that the state is somehow wiser and better than the best of its citizens is a metaphysical delusion. In practice the concentration of all economic power in the hands of the state, whether it be a socialist or a fascist state, has hitherto always been followed by the enslavement of thought and action. "Power corrupts", and states do not differ from individuals in this respect. But the tyranny of an individual is limited by the circumscribed area of his power, whereas the power of the collectivist state is boundless; and the concentration of all power in the hands of the state will in practice almost certainly be followed by the imposition of a rigid orthodoxy in belief. Art, science and religion will be required to serve purposes of state and freedom of expression and of association will be formally proscribed or rendered impossible.

The manner in which free enterprise is a guarantee of the free life of man has been well described by the late Lord Keynes in a passage where he defended himself from the charge that his proposals for preventing unemployment were socialistic. In mentioning that under his proposals the traditional advantages

of individualism would still hold good within a wide field, he wrote:¹

“Let us stop for a moment to remind ourselves what these advantages are. They are partly advantages of efficiency—the advantages of decentralization and of the play of self-interest. The advantage to efficiency of the decentralization of decisions and of individual responsibility is even greater, perhaps, than the nineteenth century supposed; and the reaction against the appeal to self-interest may have gone too far. But, above all, individualism, if it can be purged of its defects and its abuses, is the best safeguard of personal liberty in the sense that, compared with any other system, it greatly widens the field for the exercise of personal choice. It is also the best safeguard of the variety of life, which emerges precisely from this extended field of personal choice, and the loss of which is the greatest of all the losses of the homogeneous or totalitarian state. For this variety preserves the traditions which embody the most secure and successful choices of former generations; it colours the present with the diversification of its fancy; and, being the handmaid of experiment as well as of tradition and of fancy, it is the most powerful instrument to better the future.”

It should be clear to all, as it was to Keynes, that the way of life we have known under free enterprise is directly related to free enterprise. If socialism is substituted, there cannot fail to be profound changes in the general pattern of life. Let us examine the inevitable changes in some of the main fields of human activity.

Socialism and Freedom of Expression

Freedom of expression, that is, the right of a man to say and write what he pleases, subject only to certain safeguards for the rights of others, has become taken for granted in the western

¹ *The General Theory of Unemployment, Interest and Money*, by John Maynard Keynes, p. 380.

world. It has become as natural as the air we breathe; and, like the air we breathe, it is only when this freedom is taken away that we realize how much we value it. No legal permission is needed, no censorship has to be satisfied, before we speak or write. If we say or write something that in the judgment of a competent court is slanderous, libellous, blasphemous or seditious, we shall be called upon to pay a penalty, for the rights of others must be protected, but no prior permission is needed, and no restraint is felt on these grounds by the average man; and the elected representatives of the people in parliament are free even from this restraint and subject only to the corporate sense of their fellows. If a man has something worth saying or writing, and cannot say or write it in one place, it is not usually difficult for him to say or write it elsewhere. Freedom of expression is not only an ideal but a reality in the western world.

In the Soviet Union, and over a great part of eastern Europe where socialism and communism have now been established, this is not so. The chief means of expression in the modern world are the printed word, the radio and films, and all three are tightly controlled by the state. A rigid orthodoxy in belief is enforced. No deviation from the views of the rulers is permitted. If the party line changes, the views of the newspaper writers, radio commentators and film producers undergo a simultaneous transformation as though by a kind of pre-established harmony. It is analogous to the family in the overcrowded bed; "when father turns, we all turn". The correct interpretation of events is turned on like water from a tap; and woe betide the writer, speaker or film producer who drinks at some independent source.

The newspapers of Russia are dominated by *Pravda* and *Izvestia*, which are the organs of the party and the state respectively. Their names mean the *Truth* and the *News*; and Trotsky once mordantly observed that there is no *Truth* in the *News* and no *News* in the *Truth*. Other newspapers are published by the trade unions and co-operative societies, but as they are all agencies of the central government it is not surprising that the views expressed are identical. The publication of books is a monopoly of the State Publishing House. Broadcasting is also a state

monopoly. Wherever the hammer and sickle have spread in eastern Europe, these features have been reproduced. Independent writers and editors have been among the first victims of purges, and the orthodoxy of those who remain is normally guaranteed by the presence of a representative of the Communist party in their offices. The machinery by which this identity of outlook is preserved is usually hidden from the outside world, but its existence becomes clear when the party line changes or when someone blunders. In the latter case an abject retraction usually follows, as it did recently when Professor Varga recanted in sackcloth and ashes the doubts previously expressed by him about the alleged inevitability of a breakdown in "capitalist Britain".

Will these features be reproduced where socialism becomes the accepted pattern of society? The comment of those social democrats who are friendly to Soviet communism is twofold. In the first place, they assert that when socialism is established no one will wish to disagree with the government. This is asking too much of human credulity. There will always be differences of view among human beings, and the only question to be considered is whether a socialist state will permit or suppress such variations. In the second place, such social democrats, while not denying the control of opinion in the Soviet Union, allege that there is no real freedom of expression in the world of free enterprise. Mr. Strachey has put the argument with his usual forthrightness:¹

"This is the short answer to those who feel that the educational system, the press, the cinema and the wireless, in the existing socialist community [i.e. the Soviet Union], are in some sense unfree in which they are free in Britain and America. In order to get any significance out of this allegation we must ask at once the counter-question—free to whom? For it is perfectly true that the press of a socialist Britain and America will be as unfree to Messrs. Hearst and Howard, to Lords Rothermere and Beaverbrook, as it is now unfree to the

¹ *The Theory and Practice of Socialism*, p. 203-4.

masses of the population. . . . Formally, legally, there is nothing to prevent any British citizen from establishing, say, a London daily newspaper in competition with Lord Rothermere's *Daily Mail*, or Lord Beaverbrook's *Daily Express*, or Mr. Elias' *Daily Herald*—nothing, that is to say, except the need to command at least one million pounds sterling. . . . So long as our press lords are content with the *fact* of monopolizing the effective expression of views and opinion, and do not lay claim to a legal title to this monopoly, they will not, it seems, be accused of even infringing the freedom of the press. They will remain free to drench us with the news and the views, and those alone, which suit their interests: to select, to suppress, to distort, to harangue; to deafen and madden the world with their campaigns and their crusades; to prevent us even from noticing, far less resenting, their exploitations; and finally to drive us into mutual slaughter to settle their accounts. And they will do all this in the sacred name of the freedom of the press."

It is curious that the press lords whom Mr. Strachey so vigorously denounces have given the hospitality of their columns to socialists no less to anti-socialists. Mr. Thomas Driberg was for long on the staff of Lord Beaverbrook's *Daily Express* and many of the leading persons in the parliamentary Labour party have been frequent contributors to his *Evening Standard*; some of them are even reported to have enjoyed the hospitality of his house as well as of his columns. Such allegations as those made by Mr. Strachey led in the period of "the first Labour government with power" to the appointment of a royal commission on the press, and, without pretending that the British press has no blemishes, the royal commission has effectively shown the baselessness of Mr. Strachey's charges. If the British press has a failing, it does not lie in the direction of the suppression of news or views, but in the competition to be "first with the news" and "first with the views". But we need not inquire into the details, for Mr. Strachey's argument falls to the ground for a reason even more cogent than its rhetorical inaccuracy. He does

not appear to have noticed that a British reader is not compelled to read either the newspapers owned by Lord Beaverbrook or Lord Rothermere or an American those owned by Mr. Hearst or Mr. Howard; and if these newspapers have large circulations, it can be only because they satisfy the needs of consumers. The British reader is as free to pay his penny for the socialist *Daily Herald* as for the independent *Daily Mail* or *Daily Express*. If several more millions prefer to buy the *Daily Mail* or *Daily Express*, it can be only because they prefer the *Daily Mail* and *Daily Express*. They do not necessarily take their views from these newspapers; and, indeed, at the general election of 1945 millions of British electors must have voted in a sense contrary to the course urged upon them by the newspapers of their choice, just as millions of American electors did in the presidential elections of 1947. In the British and American newspaper world consumer's choice is a reality.

As for books, freedom of expression in this aspect of the printed word in all countries of the western world can hardly be doubted. The publishing houses are numerous and generally small, competition between them is keen, and every taste is catered for. If an author cannot get his views accepted somewhere for publication, it may fairly be presumed that it is because there will not be enough readers to justify publication.

The question of the radio is a little more complex—and certainly too complex to be fully discussed here. The limitation on frequencies available for broadcasting makes it impossible to have a large number of separate programmes in any area. But it will hardly be denied that in the United States with its sponsored programmes every view except the queerest—or perhaps including the queerest—can and does find expression; the only question that arises is whether the intrusion of advertisements is not too high a price to pay for this freedom. In Great Britain this price is generally considered too high, and broadcasting is a state monopoly paid for out of the licence fees of listeners. But successive boards of governors have shown themselves aware of this problem and have jealously maintained the independence of the British Broadcasting Corporation. There are, of course,

disgruntled persons who complain that their views find no expression over the broadcasting system, but most fair-minded persons consider that the B.B.C. has discharged its duty with zeal but without partiality. Socialism has certainly never lacked expression on the B.B.C. There is a theoretical danger that under governors of a different stamp the B.B.C. at some future date might misuse its great powers in favour of one system of beliefs, but every year that passes strengthens a tradition of impartiality that will be difficult to upset. A high degree of regional autonomy is being wisely encouraged, and the periodical revision of the charter gives an opportunity of considering these fundamental questions. In any case, the fact that the radio programmes must more or less satisfy listeners or they will protest and eventually refuse to pay their licence fees is, in a free country, a guarantee that the need for impartiality will always be kept in mind.

The question of the films is also too complex to be fully discussed here. It is unfortunate that a quite unnecessary tradition of "fabulously expensive" films has grown up and limits the possibilities of expression. But there can certainly be no complaint that socialism and communism have not found free expression. Hollywood is ridden with communists, and many of the most widely-circulated films have had a socialist or communist appeal. The box-office is the ultimate guarantee in a free country that there will be no suppression of popular views. As with newspapers, books and radio programmes a public endowed with the right of spending its money as it pleases will get what it wants. No newspaper proprietor, no book publisher, no radio corporation, no film company could go on indefinitely producing newspapers, books, radio programmes or films that the public did not want. The fact that there is a demand shows that in general the public are content.

The communist *tu quoque* is therefore unjustified. No person having anything worth saying can truthfully assert that in the world of free enterprise he is denied the means of expression. The question whether a social democratic state would go the way of the Soviet state has not yet been put to the test, but there

have been some disturbing phenomena. The appointment in Great Britain of the royal commission on the press was due to socialist resentment at attacks in opposition newspapers—for no evidence of widespread abuses could be offered. The limitation on the size of newspapers may be another indication. Newsprint costs dollars, but if the socialist government attached a higher importance to freedom of expression in its scale of values, dollars would have been found for newsprint in preference to many other articles. The fact that the Labour party has always attached itself to a single official party newspaper has been an ominous sign; for truth is not a monotone but a rich harmony for which many instruments are needed.

Socialism and Trade Unions

Of all forms of human association, the association of men in trade unions is more directly relevant to socialism than any other. The rise of trade unions for the protection of the workers, for the enhancement of their bargaining power through collective negotiation, and therewith for the improvement of their wages and conditions of work is one of the outstanding developments of the era of free enterprise. Bitterly opposed at first by employers, as undermining their own power, by political economists, on the ground that their interference with the natural operation of economic laws could not fail to be injurious, and by the state, in the interests of the employers and in obedience to the economists, they have long since won for themselves an assured place in the national life of civilized countries. The freedom of the workers to associate in trade unions is now recognized in all democratic countries as being not only right and proper, but a convenience to employers and a buttress to the state.

But can trade unions exist in a socialist state? The question may appear paradoxical. Is it not a matter of history that the *laissez-faire* state denied recognition to trade unions until it was wrung from them? And is it not the case that most trade unions are deeply committed to socialism? Are not trade unions the solid core of the British Labour party?

The questions are fair, but it is not difficult to show that trade unions as we know them to-day are a phenomenon of the age of free enterprise and will disappear with free enterprise. They will be, not only an anachronism, but an intolerable nuisance in a socialist state. They may not be suppressed but they will be turned into instruments of state.

We must not be misled by the tension which exists between trade unions and employers in free enterprise. We can find many examples from the physical world to show how tension preserves a state of equilibrium. The tension of the muscles in the human body, the play of gravitational forces in the solar system, the respective pull of the sun and the moon in producing the tides are analogous to the self-adjusting forces which maintain the efficiency of the system of free enterprise. In this system the tension of employers and trade unions is an essential part in settling the proper level of wages, the proper length of the working week, and the proper standard of conditions of work. As in physical systems, if the tension becomes excessive, the system snaps; and danger would arise if the tension between employers and trade unions were carried too far. But within proper limits of play it is the best method yet found for securing necessary adjustments in the conditions and remuneration of work.

But what will be the place of trade unions in a socialist society? In a socialist society there will be only one employer, the state, though the fact may be disguised by the use of local authorities and public boards; for all the "means of production, distribution and exchange" will be communally owned, and even if not nominally owned by the state they will be effectively controlled by it. The natural tension between trade unions and employers thus brings the workers into conflict with the state. The demand for higher wages or a shorter working week or improved conditions now becomes a demand on the state; and to strike for these objects is to strike against the state. How then is trade union action to be distinguished from disloyalty? How is a strike to be distinguished from mutiny or rebellion?

The answer of the Soviet Union is clear. For trade unions to demand higher wages, fewer hours or improved conditions is treason; for trade unionists to strike is rebellion, and will be punished as such. The function of trade unions, in the eyes of the Kremlin, is not to demand concessions from the state, but to act as public relations officers on behalf of the government. The business of trade unions is to explain government policy to the workers and get the necessary response from them.

This issue was decided after a sharp struggle about the time of the introduction of the first five-year plan in 1928. After the chaos of the revolutions, the era of workers' control and the civil war, a measure of private enterprise had been re-introduced in 1921 to save the situation, and so long as this policy lasted trade unions could be given a rôle analogous to that in "capitalist" countries. But with the ending of the New Economic Policy and the start of the first five-year plan in 1928, the question could no longer be postponed.¹ Tomskey, who had been president of the All-Union Central Council of Trade Unions, argued strongly that the function of trade unions was essentially the same as in capitalist countries, that is, for each trade union to press for improvements in the condition of its members. It was not for the trade unions, he said, to press for improvements in factory technique, even if these would lead to increased productivity. He, or one of his supporters, is even reported to have said that the government must indeed be hard up if it wanted "socialist competition" among the workers to increase output.

"Against Tomskey's view of trade union function [say the Webbs]² the whole influence of the Communist party was thrown. It was not for such an anarchic scramble after rises in wages by the strongest trade unions, irrespective of their effect on the required universal increase of industrial productivity, that Lenin had restored trade union independence. The very existence of the Soviet state, it was held, depended on the bound forward of industrial productivity being universal; and, even if

¹ See *Soviet Communism: A New Civilization*, by Sidney and Beatrice Webb, p. 169.

² *Soviet Communism: A New Civilization*, p. 170.

only from the standpoint of permanently securing higher wages for their own members, it was this universally increased production that it was the duty of the trade unions to promote."

L. M. Kaganovich, who now plays as prominent a part in the Soviet Union, was selected to ensure the adoption of this point of view, and for two years he carried out a continuous "educational campaign". The "education" included a purge of persons who did not accept this point of view. Tomskey retired in 1929 from trade union leadership, and in 1930 the sixteenth all-Union congress of the Communist party decided that it was the duty of the trade unions to take the lead in promoting "socialist competition" and in organizing "shock brigades" to raise output. This point of view has ever since prevailed in the Soviet Union. No doubt many private employers in other countries wish that their trade unions could be induced to take the same view of their functions! The comment of the Webbs is interesting as well as a little naïve:¹

"Not unnaturally, this lesson was hard to learn. It has taken nearly a decade to persuade the strongest defenders of trade unionism that its functions as an 'organ of revolt' against the autocracy of each capitalist employer, and as an instrument for extracting from his profits the highest possible wage for the manual workers whom he employed, had passed away with the capitalist employer himself."

The trade unions of western Europe and America have no illusions about the so-called trade unions in the Soviet Union. The two types of bodies have nothing in common except the name; and they have found it impossible with such different outlooks to work together in the World Federation of Trade Unions. The American trade unions are wedded to free enterprise, but most of the European trade unions are working to promote socialism.² Are they not digging their own graves?

¹ *Soviet Communism: A New Civilization*, p. 172.

² There are Christian trade unions on the continent of Europe which do not share this aim.

It seems clear from the analysis of the nature of socialism which we have made that they are so doing. The socialist state gathers all power into its hands, and it cannot tolerate "a state within a state", as it would inevitably regard trade unions of the type familiar in the world of free enterprise. Either the state must devour the trade unions or the trade unions must devour the state. Either the government must control the trade unions, or the trade unions must control the government.

The reality of the approaching dilemma has already been seen in Great Britain. During the period of the "first socialist government with power", the trade unions have never quite known whether they are bodies to promote the interests of their members or agencies of the government.¹ No doubt they hope in general terms that the two objectives are not incompatible, but in practice they have frequently had to choose. In such matters as special rations for categories of workers, or the restraint of wage claims, they have frequently had to hold back their members in support of general government policy. They have obtained many advantages, not only in such matters as wages and hours, but in consultation before appointments to the boards of socialized industries. But they have obtained these advantages at the cost of largely abdicating their traditional rôle. In becoming virtually instruments of the government, they have to a large extent lost touch with their members; and this had led to a large number of unofficial strikes in defiance both of the government and of the trade union leaders. It is true that the total number of man-days so lost is not so large when measured by the man-days lost after the first world war; but the experience must make all thoughtful trade unionists realize that there will be no place for trade unionism (as the term has hitherto been used) in a socialist state.

Socialism and the Arts

A notable warning about the potential dangers for the arts in a socialist state was given in 1947 by Mr. J. B. Priestley, who is

¹ At times it has also been doubtful whether the seat of government is in Downing Street or in Smith Square.

generally credited with left-wing views, to a socialist audience, the Fabian Society, in the period of the "first socialist government with power" in Great Britain.¹ Mr. Priestley's argument is so cogent, so revealing and so witty that it may be commended unreservedly to all readers, even to those who would normally look askance at a work bearing his name.

There is first the danger that arises from the elimination of the traditional patrons of the arts and the substitution of new, untried patrons of another type. "The artist (says Mr. Priestley) tends to be afraid of socialism, and feels that he may be called upon to sacrifice too much for it. . . . The artist wonders rather dubiously about the socialist atmosphere of co-operation, committees and commonsense; asks himself how he will like it when splendid wealthy patrons are replaced by earnest and dreary town councillors. . . . He is ready to reject the devil of commercial exploitation but cannot look forward to the deep sea of Arts Councils and committees."

Then there is the danger that people will not appreciate what is laid on as a kind of social service:

"I for one do not want a society in which art is laid on like hot and cold water. . . . One day, perhaps, when a generation has grown up in a true socialist atmosphere, the general attitude may be quite different, but as people are at present and will be in the near future, they tend to undervalue what is given away for nothing or for very little."

Mr. Priestley next considers the danger that the state will interfere with art:

"Then there is another kind of control that the state would soon begin to exercise if it were responsible for maintaining its artists. It would remind them that he who pays the piper calls the tune. It would begin to dictate what kind of art these state servants must produce."

¹ *The Arts under Socialism*, by J. B. Priestley.

Here we come to the point in Mr. Priestley's analysis which is critical. He says that it is somewhere here that "we part company with our communist friends".

"We jog along finely together for a good part of the way, but then suddenly arrive at a crossroads. As I hesitate, they are bewildered and saddened by my sudden revelation of unsuspected bourgeois prejudices, the lingering traces in me of decadent liberalism, idealism, mysticism, and my astonishing ignorance of dialectical materialism, socialist realism, and sound communism."

But is it possible to part company at this point? Socialism and communism, as we have seen, are alike in their fundamentals, and the same consequences must flow from them. Is it not that the communists are more logical than the socialists? How will it be possible to maintain free expression in the arts when the economic basis of that free expression has been destroyed? In the lecture quoted, Mr. Priestley makes it abundantly clear that he would not be prepared to accept the communist view of the artist's functions; his purpose is to give a warning to the creators of the socialist state, and no doubt he believes that if his warning is heeded a socialist atmosphere favourable to the arts can be created. In particular, he believes that when the wealthy patron has gone, other people collectively, backing their fancy to the extent of a pound or two, may take his place. If he were proved wrong, his choice would clearly be freedom for the artist.

The issue has not yet come to a test in Great Britain. But since Mr. Priestley gave his lecture there has been in Russia a startling example—only the most startling of many examples—of state interference with artistic freedom in the treatment meted to three of the leading composers of the Soviet Union—Dmitri Shostakovitch, Sergei Prokoviev and Aram Khatchurian—as well as lesser lights by the central committee of the Communist party. On 11th February 1948, this body pronounced that the works of these composers reflected "the spirit of the modern *bourgeois* music of Europe and America", and deplored the fact that there had lately "not been created a single Soviet opera that

stands on the level of the Russian operatic classics", and laid down the following programme: (1) the development in Soviet music of "realistic direction", the foundation of which was "recognition of the great progressive rôle of the classical heritage, and especially the traditions of the Russian musical school"; (2) "the utilization of this heritage and its further development"; (3) "the combination in music of a high content of artistic perfection and musical form"; and (4) the recognition of the "truthfulness and reality of music, of its deep organic connexion with the people and their music and songs, and of high professional art combined with simplicity". Soviet musicians were accused of "formalistic distortions and anti-democratic tendencies alien to the Soviet people and their artistic tastes", "denial of the main principles of classical music", "propagation of atonality, dissonance and disharmony, which are alleged to be the expression of 'progress' and 'novelty' in the development of musical forms", "renunciation of such important foundations of musical creation as melody", and "a passion for neuropathic combinations which transform music into a cacophonic and chaotic heap of sounds".

It is immaterial that much of this statement would be accepted by many of us as sound and welcome criticism. "A passion for neuropathic combinations which transform music into a cacophonic and chaotic heap of sounds" are the words for which many of us have searched on listening to Soviet music! If they had been written by the music critic of *Pravda* or *Izvestia* we could only approve. But what must put the most devoted lovers of classical music on the side of Shostakovitch, Prokoviev and Khatchurian is the fact that the critic was on this occasion the central committee of the only political party allowed to exist in Russia.¹

¹ If rumour is correct, the original criticism comes from an even more exalted quarter. The committee's censures are said to have resulted from the performance of a new opera *Great Friendship* by Vano Muradeli at the Bolshoi theatre in Moscow on 7th November 1947, being the thirtieth anniversary of the Bolshevik revolution, before Marshal Stalin and other leading members of the government. This was the only performance of the opera, which was described by the committee as "historically and ideologically incorrect".

It is true that this example of artistic intolerance comes from Soviet communism. But if the argument of this book is sound, a socialist state would inevitably be led sooner or later along the same path.

Socialism and Science

The dangers to freedom of scientific thought and experiment in a collectivist state can, like the danger to the arts, best be studied in an example taken from the Soviet Union, in this case the remarkable rise to fame of Professor L. D. Lysenko.

The scientific world was startled when Moscow radio announced, on 27th August 1948, that M. L. Orbeli, the leading biologist in the Soviet Union, had been dismissed from his post as secretary to the biological section of the Soviet Academy of Sciences for failing to place biology "at the service of the vital needs of socialist construction", particularly in the spheres of plant and cattle breeding. In a letter to Marshal Stalin written at the same time the Academy of Sciences confessed that "mistakes" had been made by biologists in the Soviet Union and that "would-be-scientists" had "unfortunately given their help to reactionary, idealistic and anti-national theories"; the academy, which had once numbered Mendeleev and Pavlov among its members, promised to ensure "the unhampered development of a progressive, socialist theory of biology in order to help the development of the great aims of our nation and the building up of communism".

The deposition of M. Orbeli was followed by the elevation of Professor T. D. Lysenko to the leading place among Soviet Union biologists. At a conference of the Soviet Academy of Agricultural Science held from 31st July to 7th August, he had achieved notoriety by attacking leading Russian geneticists for supporting the "reactionary" and "bourgeois" theories of Mendel. But what were his qualifications for being heard? In a debate broadcast by the B.B.C. on 30th November 1948, Dr. E. C. Harland, director of the Institute of Cotton Genetics at Lima, said that he had met Professor Lysenko in the course

of much work in the Soviet Union and had found him "completely ignorant of the elementary principles of genetics and plant biology", and that talking to him was "like trying to explain the differential calculus to a man who does not know his 12-times table." In the same debate Dr. C. D. Darlington, director of the John Innes Horticultural Institute, said that Professor Lysenko's theories were a "fairy tale".

How could such a man be elevated to the leading place among biologists in the Soviet Union? Why did the Kremlin think it worth while bringing down the scorn of all the scientific world? The answer is that it would be highly convenient to the government of the Soviet Union if Professor Lysenko's theories were true; but it does not appear to have occurred to the rulers in the Kremlin that theories do not become true merely by being made official doctrine. In the free world theories are required to fit the facts, but in the Soviet Union apparently the facts are required to fit the theories. It would be very convenient to the Soviet Union if it could secure a large increase in its production of cattle and yield of crops by experiment and hybridization, and on Professor Lysenko's theories this ought to be possible; he apparently possesses what gardeners know as "a green thumb", and on the slender basis of some of his experiments he had ventured to challenge a century of work in biology. Early in the nineteenth century Lamarck had taught that acquired characteristics could be transmitted. (To give the classic example, on this theory the giraffe could acquire a longer neck by stretching for the higher leaves to eat, and could transmit the longer neck to its progeny.) Later Darwin, while conceding a place to the transmission of acquired characteristics, held that the main factor in evolution was the "natural selection" of variations favouring the survival of the species in the struggle for existence. (To use the same example, in a time of scarcity only giraffes with long necks would survive, because they alone could reach the highest leaves.) The theory of natural selection received powerful confirmation when the work of Mendel became known; for Mendel seemed to have laid bare the mechanism of inheritance, and according to his work the

characteristics of a plant or animal depended entirely on heredity. Mendel's work was confirmed in countless experiments, and the science of genetics was founded on it. Thereafter it was commonly denied that the transmission of acquired characteristics had any part in evolution. What Professor Lysenko has done is to deny all this work and revert to the views of Lamarck. If he had a substantial basis of experiment for his views, it would be a scientific event of major importance. But let us see what one of the leading biologists of the world has to say on this subject.

On 25th November 1948, Sir Henry Dale, formerly president of the Royal Society, issued the text of a letter to the Soviet Academy of Sciences in which he resigned his honorary membership as a protest against the subordination of Russian biologists to purposes of state. After pointing out that in 1942 the Royal Society had elected N. I. Vavilov, formerly director of the Lenin Academy of Genetics, as a foreign member in recognition of important contributions to agricultural science, Sir Henry said:

"It had been reported already in 1942 that N. I. Vavilov had somehow fallen from favour, though the cause was still unknown; we might have supposed it to be political or otherwise irrelevant to his scientific achievement. Not till 1945 did the Royal Society discover that he had been dismissed from his position, had disappeared with a number of his co-workers in genetics, and had died at some unknown date between 1941 and 1943. Repeated inquiries addressed to your academy by the Royal Society asking only the date and place of his death received no reply of any kind. I understand that the Royal Society has not yet been officially informed whether this distinguished Russian scientist was still alive at the time of his election to its foreign membership.

"More recent events, of which full reports have come to hand, have made it clear what has happened. The late N. I. Vavilov has been replaced by T. D. Lysenko, the advocate of a doctrine of evolution which, in effect, denies all the progress

made by research in that field since Lamarck's speculations appeared early in the nineteenth century. . . . This is not the result of an honest and open conflict of scientific opinions; Lysenko's own claims and statements have made it clear that his dogma has been established and enforced by the central committee of the Communist party as conforming to the political philosophy of Marx and Lenin. Many of us have been proud to think that there were no political frontiers or national varieties in a science common to all the world; but this is now to be separated from 'Soviet science' and repudiated as 'bourgeois' and 'capitalistic'.

"Decrees which the *praesidium* of your academy issued on 27th August give effect only too clearly to this political tyranny. My old and honoured friend, Academician Orbeli, a distinguished neuro-physiologist of the school of your great Pavlov, is dismissed from his secretaryship of your academy's department of biological sciences because he failed to anticipate your decrees, in their restriction of all research and teaching in genetics in the U.S.S.R. to this politically imposed orthodoxy.

"Since Galileo was driven by threats to his historic denial there have been many attempts to suppress or mutilate scientific truth in the interests of some extraneous creed, but none has had a lasting success; Hitler's was the most recent failure. Believing that you and your colleagues must be acting under a like coercion, I can only offer you my respectful sympathy. For my own part, being free to choose, I believe that I should do disservice even to my scientific colleagues in the U.S.S.R. if I were to retain an association in which I might appear to condone the actions by which your academy, under whatever compulsion, is responsible for such a terrible injury to the freedom and integrity of science."

Science has not yet been put to such a test in Great Britain; and, indeed, there is a fashion among the middle-aged men of science—it is hardly more than a fashion which began when they were young and has persisted into their middle age—to

describe themselves as socialists. But if the argument of this book is correct, what has happened in Russia is not peculiar to communism but is inherent in collectivism, and in due course would inevitably be manifested in a socialist no less than in a communist state.

Socialism and Religion

Religion is the channel by which the great majority of mankind make contact with the ultimate reality of the universe; and therefore freedom of religious belief and practice is even more vital for the great mass of mankind than freedom of artistic expression or freedom of scientific inquiry. What place will religion have in a socialist state?

It is clear that religion cannot co-exist with Marxist socialism. For Marxist socialism includes not only the three fundamental economic doctrines which have been analysed in earlier chapters, but a materialist philosophy which allows no place for religion. According to Marx, God is only the reflection—or, as modern psychologists would say, the projection—of the social and economic relations existing in society at a particular epoch. The idea of God has no substantial reality, and it will disappear from the minds of men when they have become emancipated from the toils of capitalist production. He writes, for example, in one of his works:

“The omnipotence of God is nothing but the fantastic reflexion¹ of the impotence of people before nature and the economic social relations created by themselves. Such religious reflexions of the real world will not disappear until the relations between human beings in their practical everyday life have assumed the aspect of perfectly intelligible and reasonable relations as between man and man, and as between man and nature. The life process of society, this measuring the material process of production, will not lose its veil of mystery until it becomes a free association of producers, under their purposive control.”

¹ That is, reflexion in the form of fantasies.

According to Marx's view, religion has acted as a powerful ally of the capitalist system by reconciling people to their lot on earth. Borrowing a phrase from Charles Kingsley, in his *Introduction to a critique of the philosophy of Hegel* he declared religion to be "an opiate of the people".

It is obvious that the Marxist state is not compatible with religious belief and practice. When Marxist writers appear to deny this incompatibility, it will be found on a closer reading that what they are really denying is a charge that the Marxist state will persecute religion. In their view it is not necessary to persecute religion because it will die out when socialism is established. This is the line taken by Engels in his *Anti-Dühring*, where he refutes the assertion of the materialist philosopher Dühring that a socialist society would "abolish all the paraphernalia of religious magic, and therewith all the essential elements of religious cults". After defining religion, in words similar to those already quoted from Marx,¹ as being "nothing but the fantastic reflexion in men's minds of these external forces which control their daily life" Engels writes:

"When society, by taking possession of all means of production and using them on a planned basis, has freed itself and all its members from the bondage in which they are now held by the means of production, which they themselves have produced but which now confront them as an irresistible extraneous force; when therefore man no longer merely proposes but also disposes—only then will the last extraneous force which is also reflected in religion vanish; and with it will also vanish the religious reflection itself, for the simple reason that then there will be nothing left to reflect."

In citing this passage Mr. John Strachey says:²

"It is clear that no one holding this view of the origin and nature of religious belief will favour a policy of suppressing religion. Engels believed that religious belief would

¹ See above, p. 229 and note.

² *The Theory and Practice of Socialism*, p. 217.

disappear when the cause which engendered it had been removed."

This is also, no doubt, the *arrière pensée* behind the apparently tolerant views of Mr. William Gallacher:¹

"We accept the Marxist theory of dialectical materialism as the guiding principle that determines our policy. But our policy is directed towards the changing of social relations in favour of the people as against those who live off the labour of the people. We are for the people, not against them, therefore it would be folly to ignore the fact that people, in general, have religious beliefs, or to interfere in any way with these beliefs. We would give no state assistance to any religious body, but we would allow the utmost freedom of worship for those, whatever their creed, who desired to participate in religious activities."

As a matter of fact, twice in our own times a Marxist state has initiated a fearful persecution of religion—in Russia and in Mexico; and these persecutions have been as severe as any that the Christian Church has been called upon to endure. But even if Marxists are content to rely on the "withering away" of religion rather than on its active suppression, the adherents of religion will hardly have much cause for rejoicing. In either case it is clear that religion cannot exist in the Marxist state.

But many social democrats would hold that it is possible to separate the economic tenets of socialism from Marx's materialist philosophy; and that a non-Marxist socialism need not be in conflict with religion. Indeed "Christian socialism" exercised a powerful and beneficent influence in England at one time, and is still not without a power to attract.²

Lenin despised "Christian socialism" as "the sorriest sort of 'socialism' and its vilest perversion". There was a section of

¹ *The Case for Communism*, pp. 203-4.

² The "Christian socialism" of the later William Temple, Archbishop of Canterbury, had a profound effect upon British political life; and the Parliamentary Christian Socialist Group shows that the idea is still potent.

the Bolsheviks known as the "god-seekers"; they included such men as Maxim Gorky and A. V. Lunacharsky, and Lenin exceeded his usual venom in denouncing them. In a letter to Gorky, for example, he wrote:¹

"All that has in actual practice been *historically* and socially associated with the idea of God (bedevilment, irrational prejudice, and the glorification of ignorance and wretchedness, on the one hand,—and serfdom and the monarchy, on the other), are eliminated, while in place of this historical and social reality is inserted a nice little petty-bourgeois phrase (God=' the idea which arouses and organizes social emotions ')."

If "Christian socialism" is thus attacked from the side of socialism, it is also bound to come under fire from the side of Christianity. We have seen that socialism and Christianity take fundamentally opposed views of the nature of man, socialism taking an optimistic and Christianity a pessimistic view of human nature until redeemed from its fallen condition by divine grace. Experience so far is against the socialist view and in favour of the Christian, and socialist constructions are bound to fail because they make too great demands on human nature. For this reason "Christian socialism" is necessarily a contradiction in terms. Socialism attempts to do by social constructions what, in the eyes of Christianity, religion can alone achieve by a transformation in the heart of man.

It is clear from Sir Stafford Cripps's speech in Rome, on 3rd May 1949, that one socialist at any rate is becoming aware of this problem though he draws the wrong conclusion from it. Sir Stafford Cripps then said:

"Either power must be handed to a few individuals who would lay down and enforce, brutally and rigorously, what they believe to be right for humanity, or else mankind must, in controlling its own affairs, show a sufficient moral sense to

¹ *Lenin on Religion* (Little Lenin Library), pp. 52-3.

enable it to determine the rights and wrongs of political, social and economic issues."

As mankind will not, in the absence of redeeming grace, which is not conveyed through political channels, develop such a moral sense, the danger that Sir Stafford Cripps's Christian socialism may lead to Christian dictatorship is clear. It is far better to make economic constructions on the basis of human nature as it always has been since the fall of man rather than as we should like it to be.

Even if we ignore this fundamental difference between Christianity and socialism, the main problem for religion in a socialist state remains. The main problem is the same as for art or science or any other human activity. It is that the socialist state is by its nature omniscient and is unlikely to permit any activity that does not further the interests of the ruling powers.

In an ideal community, such as existed in the vision of Dante or the mind of Hooker, state and church would no doubt be one society in its secular and religious aspects, and no tension would arise. But we do not live in an ideal world, and in practice there is found to be from time to time tension between the demands of religion and the requirements of the state. In the era of free enterprise the power of the state to enforce its requirements has been limited. The church has been able to rebuke rulers, and the rulers have not been able to do more than chafe or fume. But when the state has all economic power in its hands, is it likely that it will permit the free exercise of religion except in so far as it coincides with the interests of the rulers? Theoretically it is conceivable that the rulers might be so wise and so tolerant as to listen in all humility to criticism even of themselves, but in practice it is more than likely that they would use their powers to suppress or bend religion to their purposes.

The matter has fortunately not yet come to a test in socialist Britain, but it has long been a major issue in the east of Europe, and the moral is that socialism cannot tolerate religion except

in so far as it relapses into mere pietism or frankly becomes an instrument of state. In Russia the Bolsheviks in their early years of power attempted to wipe out religion. According to official figures, 20 bishops and 1,414 priests had been executed up to 1922; a Russian bishop gave the figures for persons executed up to 1926 as 8,100 priests, monks and nuns. But religion in Russia proved too stubborn to be wiped out by persecution. Subtler methods were tried, such as the fomenting of schism in the form of "the Living Church" and the encouragement of foreign missions; the powerful weapon of ridicule was employed; severe restrictions were imposed on the instruction of the young and the training of ordinands; the life of priests was made almost intolerably hard; the full blast of state propaganda was turned on in favour of atheism; and the profession of atheism was made essential in any career; but still religion did not die. The communists were at a loss how to proceed when the Nazi attack exposed them to mortal peril. The Orthodox Church, despite two decades of persecution, rallied to the patriotic cause, and the rulers of Russia, only too anxious to strengthen the home front, seized the opportunity of making their peace. But reconciliation has proved more dangerous to the church than persecution. The Kremlin has abandoned the persecution of the church because it finds it more convenient to use it for its own purposes. There are three motives in its new toleration of the Orthodox Church—a desire to rally the mass of the people, whose religion has proved too deep to be eradicated, behind the government; a desire to further the extension of the Soviet power over those parts of eastern Europe where the Orthodox religion is strong; and a desire to undermine the position of those foreign critics who allege that Soviet communism is hostile to religion. It may be doubted whether foreign opinion has been deeply impressed—the realities of the situation have been too obvious—but the other two aspects of the policy have been notably successful. The Orthodox leaders in Russia have powerfully buttressed the *régime*, and there have been some instances where, wittingly or unwittingly, they have allowed themselves to be used as

instruments of the foreign policy of the Kremlin.¹ The foreign well-wisher will pray that the holy Orthodox Church of Russia, which has borne so great persecution with apostolic courage and dignity, may be aware of and protected from the greater but more seductive dangers that arise from the new and purposeful tolerance of the Kremlin. He will not fail to notice also that where communism or socialism has spread in eastern Europe sooner or later, and sooner rather than later, a violent clash has arisen with those religious manifestations which do not suit the purposes of the state. In Poland, in Czechoslovakia and in Hungary the clash has naturally come with the Roman Catholic Church because they are outposts of the Roman Catholic world. But let us not make the mistake of supposing that it is a quarrel with the Roman Catholic Church alone. It is a quarrel with any religion that claims a sphere of its own in which the state has no jurisdiction. It is a quarrel with all who, rendering to Caesar that which is properly Caesar's, claim that there is another realm in which God, and not Caesar, is supreme.

Socialism and the Nation

The attitude of socialists and communists to their own country has varied considerably. In the *Communist Manifesto* Marx and Engels wrote:

¹ Consider, for example, the letter written at Easter 1948 by Alexy, Patriarch of Moscow, to Damaskinos, Archbishop of Athens:

"Saluting your Beatitude fraternally I convey to your holiness and in your person to the whole Church of Greece the greeting of love and peace in Christ. In these glorious days in which the whole world is celebrating the 'slaying' of death in the risen Christ, our joy is clouded by the news of grievous events in the land of the holy Church of Greece. Is it possible that in a Christian country the cruel mutual extermination of thousands and thousands of men should be permitted? How can the innumerable executions of hostages be tolerated from a Christian point of view? . . ."

To this the Archbishop of Athens tactfully and truthfully replied:

"Most blessed brother in Christ . . . The sorrow of your beatitude for the prolonged bloodshed in Greece is justified. But it is clear from your letter that the extent and significance of what is happening amongst us is by no means known to your beatitude. The bitter truth has not, it appears, found any way to penetrate the high walls surrounding you so that it may reach your Christian soul. And the truth is that in Greece a small but powerfully organized minority revolting against the lawful state is attempting with savagery and violence to gain control of the country. In this attempt it enjoys the unqualified assistance of the neighbouring countries . . ."

"The communists are further reproached with desiring to abolish countries and nationality. The working men have no country. We cannot take from them what they have not got."

This cosmopolitanism was typical of socialist thought until the outbreak of the first world war in 1914 and was seen in the formation of the first and second internationals. But the outbreak of the first world war showed that among the mass of professing socialists love of their country was stronger than the cosmopolitanism of Marx; and many social democratic thinkers had an appreciation of the fact that a true international society could be built only out of nations, just as nations themselves are built out of families. The desire to see an international society come into existence, and the belief that socialism would promote this end, was a powerful motive with many professing socialists.

This has, alas! proved another of the tragic delusions of socialism. The era when the principles of free enterprise were universally accepted, that is to say the second half of the nineteenth century, now appears in retrospect as one of the golden ages of the world, comparable only with the age of the Antonines. It was not exempt from wars, but they were limited in scope, and the bonds of free commerce united the nations of the world in a real international society. Except for Russia, the traveller could move from one end of Europe to the other without a passport. All currencies were freely convertible, and as they retained their mutual values unchanged for decades the world enjoyed in effect a single currency. Goods were produced where the conditions were best suited to their production, and frontiers were no barriers to trade. Tariffs might be imposed for revenue or even for the protection of trade, but they were not such as to alter the natural flow of commerce; and such unnatural impediments as quotas and licences did not exist. Capital flowed with equal freedom to the undeveloped areas of the world. Immigration was unrestricted. Though the nation-state was acknowledged as sovereign, in practice

a real international society had been brought into being by the ties of commerce.

If free enterprise achieved an international society while not acknowledging any master above the nation, socialism has done the reverse; while playing lip-service to the idea of a supreme international or supra-national authority, it has in practice carried nationalism to lengths previously unknown. The rot started in Bolshevik Russia. The original aim of the communists had no relation to Russia. It was to create a communist society to which all peoples could belong. Marx himself thought that Germany, as the scene of a highly developed industrial life, would first see the communist revolution. Contrary to his expectations the revolution came in Russia, but when the Bolsheviks triumphed they believed it was only the prelude to world revolution. They called the area of their rule "the Union of Soviet Socialist Republics", and the omission of any reference to Russia was presumably meant to indicate that the union was open to any state which organized itself on socialist lines through soviets. The red armies which were to carry revolution across Europe were, in fact, halted before Warsaw in one of the decisive battles of the world; and in due course the leaders of the U.S.S.R. had to make up their minds on a big issue. Trotsky remained faithful to the original aim of world revolution. Stalin proclaimed the goal of "socialism in one country". Trotsky did not believe that "socialism in one country" was possible. Stalin triumphed, and Trotsky, still breathing threatenings and slaughters, was eventually bludgeoned to death in his Mexican exile. Many socialists in other lands drew the conclusion that if "socialism in one country" was right for Russia it could not be wrong for them; and the international ideals of the original socialist faith began to fade. Until 1943, when for tactful reasons it was suppressed,¹ the Communist International remained in being with its headquarters in Moscow, but under Stalin's new policy it underwent a profound transformation. Instead of being the agency through which a non-

¹ It was in effect revived in 1947 as the Communist Information Bureau, or Cominform.

national Union of Soviet Socialist Republics should be enlarged with each successive communist revolution until it became co-extensive with the world, the Communist International became an organ for advancing in all foreign countries the national policies of communist Russia. In all their somersaults and tergiversations the communist parties of the world between the wars had one universal characteristic, their instant readiness to carry out the instructions they received from Moscow, which instructions were always directed to furthering the aims of the Soviet Union as conceived at the time. Naturally this led to even further divergences between local socialists and international communism pledged to advance the interests of the Soviet Union at all costs. As the second world war drew to a close, it became clear that the formula "socialism in one country" had been only tactical. It became clear that the rulers of the Kremlin sought to bring all eastern Europe and all Asia under their sway, and it was not manifest where their pretensions would stop short of the whole surface of the globe. It might appear that Stalin had appeased Trotsky's spirit. But there is a profound difference between Trotsky's ideas and the policy of the Soviet Union since the end of the second world war. For Trotsky's desire was to see a non-national union of soviet socialist republics co-extensive with the world; the aim of the Soviet Union since the second world war has been to bring vast areas (and perhaps eventually the whole world) under the sway of Moscow. Russian nationalism of the type familiar under the tsars but vastly more ruthless has triumphed under the name of communism. The old aims of the tsars—control of the Dardanelles, hegemony over the Balkans, the absorption of Persia, advance into India and China—have reappeared under the slogan "Workers of the world, unite!"

The subordination of international communism to the policy of the Soviet Union became clearer than ever on 22nd February 1949 when M. Thorez, addressing the central committee of the French Communist party, made a statement to the effect that the French workers would not oppose the Red Army if it entered France. A similar statement was made by Signor

Togliatti, the Italian Communist leader.¹ M. Thorez's statement, which was debated in the French parliament on 24th February, was:

"If the common efforts of all Frenchmen devoted to liberty and peace do not succeed in bringing our country back to the camp of democracy and peace, if in consequence our people were dragged despite their wishes into an anti-Soviet war, and if in these circumstances the Soviet Army, defending the cause of the people and of socialism, found itself driving back the aggressors on our soil, could the workers and people of France conduct themselves towards the Soviet Army otherwise than the workers and people of Poland, Rumania and Yugoslavia?"

It is not wholly surprising that socialists in other countries have demurred at being made instruments of Russian policy, and they have tended to identify themselves more and more with the achievement of socialism within their own borders. The outstanding example in Yugoslavia. The reason for the break between Marshal Tito and the Kremlin is that the Marshal was not prepared to accept the place allotted to Yugoslavia in the Kremlin's scheme of things. The Yugoslav five-year plan did not fit into the Kremlin's pattern of production for eastern Europe; Yugoslav ambitions in Macedonia did not accord with the ideas of the Kremlin, which has obligations to other Balkan countries; and there were various irritants, such as the great differentiation required by the Soviet Union in the pay of Russian specialists in Yugoslavia and corresponding Yugoslav workers. Marshal Tito has not ceased to be a communist; on the contrary, the communist revolution which he is pushing through in Yugoslavia is very thoroughgoing. But he apparently wants to be a Yugoslav communist, not a Russian communist.

A same tendency has been manifest in a less spectacular manner among the social democrats of the west. In many ways this is a most welcome change. Before and during the first world

¹ See *The Times* of 28th February, 1949.

war many socialists had set little store on patriotism, and it was good that love of country should come to have a higher place in their outlook. But in Great Britain an outraged opposition, most of whose members had served their country under arms in one world war or both, felt that the limit had been passed when it was taunted by the socialist Minister of Food, Mr. Strachey, with putting its political prejudice before its patriotism because it criticized his arrangements for buying meat.¹ A more significant indication of the change came with the cause of a united Europe. Here, it would have been thought, was a cause into which socialists could throw themselves with zeal; and, indeed, many social democrats such as M. Blum and M. Spaak to their honour have done so. But the chief driving force and the most eloquent advocacy behind this great ideal have come, not from socialism, but from the champions of free enterprise, and in particular from Mr. Churchill. In Great Britain, whose government could so powerfully have advanced this ideal, socialists—again with notable exceptions—have not openly declined to tread the same road as the advocates of a united Europe but they have “dragged their feet.”² Instead of boldly brushing aside difficulties—as they would do if it were a question of achieving socialism—they have emphasized the need for caution, for prior consultation, for ensuring that no step is taken until it is quite certain that nobody’s corns will be trodden on. Labour members of Parliament were discouraged from attending the congress at The Hague—apparently because Mr. Churchill was expected to play a prominent role there. Socialist ministers indicated that they were not prepared to work for a united Europe if it meant sacrificing socialism;³ it must be either a united socialist Europe or nothing. This is not the spirit in which great historical advances are made. What has been achieved

¹ House of Commons, 5th April 1949, *Hansard*, vol. 463, col. 1985.

² Not the Foreign Secretary, Mr. Bevin, personally, for his feet have been steady and his vision clear, but the government of which he is a member.

³ Mr. Hugh Dalton, for example, speaking in Paris on 23rd April 1948 said: “As socialists, we must make sure that the success of the socialist policy now being pursued in Britain, Scandinavia and other countries is not jeopardized by the premature creation of a political union, in advance of the assurance of economic stability throughout the union” (*The Times*, 24th April 1948).

in the way of bringing the countries of western Europe closer together has, in fact, been largely accomplished under pressure from the United States, the classic home of free enterprise. The necessity for co-ordinating requirements of dollars, and a fear that the supply of dollars might be turned off if the American desire for a United Europe were not humoured, has compelled British socialists to raise their blinkers a little.

These developments give rise to a big question—perhaps the biggest, as it is certainly the most embarrassing, which history has yet posed for socialists. If cosmopolitanism has given way to patriotism, if internationalism has made place for nationalism, are we not correct in saying that international socialism has given way to national socialism? And what is the difference between national socialism, in minuscules, and National Socialism, in majuscules?

Undoubtedly Hitler thought that in working for the triumph of National Socialism he was aiming at "socialism in one country". From the point of view of the fundamental human liberties there is little to choose between communism, socialism and national socialism. They are all examples of the collectivist or totalitarian state. In each the state is all-important and the individual counts for nothing. In all three economic life is regulated down to the details by central planning. In all three profit has ceased to play the fundamental role which it plays in a free economy. There is a difference between communism and socialism on the one side and national socialism, fascism or the corporate state (to give three variants of the same idea) on the other. In communism and socialism the means of production, distribution and exchange are owned by or on behalf of the state; in national socialism, fascism or corporatism the legal ownership may be left in private hands, but they are effectively controlled by the state. The difference is expressed with sufficient accuracy in the saying that socialism takes away a man's cow but leaves him the milk; fascism leaves him the cow but takes away the milk; communism takes away both cow and milk. As far as the general pattern of economic life is concerned, and

as far as the guarantees of the basic human rights are concerned, the difference between socialism, communism and fascism may be ignored.

This is a theme that would need a book in itself. I do not dwell on it at length because it arouses emotions which might prevent the calm reading of the earlier arguments of this book, which I should like to see. But I cannot pass the subject entirely by, nor fail to register a conviction that in its essentials not only is completed socialism the same as communism but it hardly differs from fascism. This would be more obvious if it were not for the habit of abbreviating Hitler's National Socialists to Nazis and his National Socialism to Nazism. If we always used the names in full, the problem would strike us every time.

When Mr. Churchill during the general election of 1945 warned British electors that the triumph of socialism would inevitably mean some kind of *Gestapo*¹ he was denounced and ridiculed. He may have fore-shortened history; it may not have been good electoral tactics; but it has yet to be proved that he was wrong. Even in Great Britain since 1945 the maintenance of private police forces (under the names of enforcement officers) by the Ministry of Food and other departments, and the official encouragement of delation, have awakened an uncomfortable suspicion that even in this matter, as in so many others, Mr. Churchill may prove to have been prophetic.

There is a great divide separating the systems of political and economic organisations which have appealed to men in recent years. On the one side is private enterprise in its various stages of development; on the other are communism, socialism, national socialism, fascism, corporatism. Each side has its characteristic way of life. On the former side art, science, learning and religion flourish luxuriantly in the kindly air of

¹ In his broadcast address on 4th June 1945: "No socialist government conducting the entire life and industry of the country could afford to allow free, sharp or violently-worded expressions of public discontent. They would have to fall back on some kind of *Gestapo*, no doubt very humanely directed in the first instance . . ."

freedom; on the latter, art, science, learning and religion are choked by the heavy-laden and oppressive atmosphere. Can any person pitching his tent on the summit of the ridge and surveying the scene, doubt where humanity should make its abode?

CHAPTER XII

“HOLD FAST THAT WHICH IS PROVED”

MANY socialists, as we noted at the beginning of this book, have been inspired by the thought that they were ushering in a new age which would be as superior to the capitalist age as the capitalist age was itself superior to the feudal. The organisation of society is never static, according to their view, but is in a state of continual evolution; and just as the feudal age inevitably developed in the course of time into the capitalist age, so the capitalist age contains within itself “the seeds of its own decay” and in the fullness of time will inevitably develop into the socialist age.

Some socialists have found support for this philosophy of history in the triads of the Hegelian metaphysics, which has had—and not only through Marx, who claimed to have “stood Hegel on his head”—a powerful influence on socialist thought. The feudal age, to their minds, was the *thesis* of a Hegelian triad; the capitalist age was the *antithesis*; and the socialist age would be a *synthesis*, combining all that was best in the earlier ages and rejecting all that was undesirable.

It is now clear that, if there is such a law of inevitable growth in society—and it is surprising in politics as in religion how zealously men will work for the triumph of that which they regard as inevitable!—the new socialist age would not be an advance on the era of free enterprise but a retrogression. In material standards and in the pursuit of spiritual values it would be a step backwards in the evolution of the human race.

The blunt teaching of history is that socialism is not an advanced stage in the evolution of human society but one of

its most primitive stages. A highly-articulated form of socialism was practised among the Incas, the tribe which Pizarro found in control of Peru when he landed there in 1527. All produce, whether agricultural, pastoral or industrial, was the property of the state. Land was distributed for cultivation by the commoners, the priests and the state. Public granaries were maintained by the state and through them a kind of rationing system. Labour was directed. In fact, the Incas had not only "communal ownership of the means of production" but a "planned economy". All the basic features of socialism were present, and the feature which has specially attracted the attention of the archaeologist is that the Incas were in effect a huge bureaucracy. Socialism is also practised among many primitive African tribes to-day; and "communal ownership of the means of production", that is the land, is a main cause of soil erosion and the persistent low level of agricultural productivity. Far from "the communal ownership of the means of production" being an advance on private ownership, the lesson of history is clear that communal ownership is normal among primitive people, and the institution of private property in the "means of production" is the first big step on the road to civilisation.

It may be that the evolution of the human race is cyclical, and that mankind is destined to pass from a collectivist form of society through private enterprise back to collectivism. Astronomers tell us that the rich variety of stellar and planetary life has evolved from a primeval nebula, and that its further evolution will be governed by a law of the universal degradation of energy until a dead level is reached. May it be that there is a similar law of entropy in the evolution of human society, and that the brilliant profusion of life in the era of free enterprise is destined to sink into a dead, egalitarian level?

We may well shudder at the prospect and hope that, as in the case of the physical universe, if it takes place we shall not be here to witness it. But if the future is still under our control, in what direction should we try to mould human society?

This is not a subject that can be discussed in the closing words of a long book. This work has been dedicated to the task of

showing that socialism would be a retrogression in human evolution rather than an advance. But if this task has been successfully accomplished it will be clear that the true line of advance lies in the widest possible diffusion of personal ownership.

This attractive theme cannot be developed here, but we must notice the objection of those who contend that private enterprise has itself been tending for a long time in the opposite direction, that is to say in the direction of concentrated ownership. Mr. Douglas Jay, for example, writes:¹

“I wrote in 1937 that ‘imperfect competition is the rule in the real business world and perfect competition the exception. What is more, the exception is a rare one’. After five years of fairly close acquaintance with a large number of firms and industries in Great Britain, I have become convinced that competition (in the sense in which its classical defenders conceived it) is not merely rare, but for all practical purposes, non-existent. To an extent that neither the public nor the academic economist seems even yet to have realized, restrictive practices—whether by way of combines, trusts, cartels, rings, price arrangements, or the gentlemen’s agreement of the trade association—are practically universal in modern industry. And this has come about, not because of any particular qualities or vices of the British or other industrialist, but for basic and inescapable reasons which are bound to prevail increasingly in all highly developed industrial societies. With the ever-growing economies, not merely of large-scale production, but even more so of large-scale organization, the tendency for almost all forms of production to be concentrated in a fairly small number of units is overwhelming; and the likelihood that these units can be induced, in the search for profit, to compete to the detriment of themselves and their colleagues (for that is how they regard one another), simply does not exist. Competition between products, such as gas and electricity, or between alternative services, such as sea

¹ In the introduction to the second edition of *The Socialist Case*, p. xiii.

and air, may still continue in the modern world. But competition between individual producers in the same industry has become virtually a myth; and yet such competition was the sole serious justification for *laissez-faire*."

I am inclined to think that these facts have been exaggerated by Mr. Jay. The big firms attract attention; the many thousands of little ones escape notice. The big firms are nearly always in the old and controversial industries; but in the new industries, which are continually springing up under private enterprise, the units of production are normally small. In my own political work, and especially in looking after the interests of the constituencies with which I have been associated, I have been impressed by the very large number of small businesses, many employing fewer than fifty people, businesses in which the head takes off his coat like his men; and I am surprised that Mr. Jay should draw the conclusion he has drawn from his work at the Board of Trade as the official figures bring out the large number of small businesses. If he is thinking more of "rings", cartels and restrictive practices than of large-scale units, I doubt whether his view would be confirmed by those actually engaged in business. Their experience is that competition between firms in a trade association is intense; the agreements between the firms on, say, prices merely define the area of competition, and make the competition keener in those areas which are not subject to agreement. In the United States, of course, although units of production are large thanks to the large population, the anti-trust laws ensure that competition is preserved.

But even if Mr. Jay is correct, the remedy does not lie in socialism. For socialism would create the grand monopoly. In place of a limited area of restricted practices, socialism would substitute universal restriction. It is argued that when a monopoly has grown up, it cannot safely be left by the state in private hands; whether this is so will depend on the facts in any particular case, but in any case the argument is political, not economic. The economic argument would seem to favour the breaking up of the monopoly, not the substitution of socialism.

We may indeed concede that there has been a tendency in recent years, and not only in socialist circles, to think that there is some virtue in size as such. The rationalizers have prepared the way for the nationalizers. If any industry has run into difficulties, the remedy almost always unthinkingly suggested is to concentrate production. This may indeed secure economies in certain overhead expenses, and in buying or selling—until the sellers or buyers follow the same course—but it is questionable whether these economies are not offset by the loss in efficiency through the weakening of the sense of personal responsibility and the growth of bureaucratic control. The time is now ripe for a better assessment of these factors, and it may well be found that the case for large-scale production and distribution has been overstated. From the point of view of maximum incentive the one-man business is the most efficient unit of production known,¹ the small family business comes next, and the nationalized industry comes lowest in the scale; concentrated production has to bring great advantages to off-set the loss of personal responsibility and the growth of bureaucracy.

In asserting that the true line of advance lies in the widest possible diffusion of personal ownership we must also note that this is not incompatible with the public ownership of certain basic industries and services. The public ownership of a few basic industries and services may, indeed, be a condition precedent to the successful operation of private enterprise in the remainder. Private ownership should not be elevated into a dogma any more than public ownership. Each case should be examined on its merits. No one will suggest, for example, that the roads should be privately owned and financed by a toll on users; the public ownership of the roads has provided the conditions under which private passenger companies and road

¹ If any one doubts this, let him study the habits of house painters and decorators. A house painter working for himself will arrive before breakfast and leave at sundown, and seems to need a minimum of sustenance or rest in between; he gets the job over as quickly as possible to go somewhere else. But painters working for a weekly wage for an employer resemble Charles Lamb in making up for their late arrivals by their early departure; cups of tea and the relief of nature consume an inordinate time in between; and the job is almost invariably spun out until Friday evening.

haulage contractors have carried out their highly efficient operations; and no one will accuse the private users of the port of London of being socialists because they combined to set up a non-profit-making Port of London Authority.

In the economy of the immediate future it seems probable that there will be a sector which will be publicly owned and controlled, and another sector which will be privately owned but which will be subject to state supervision on account of its relevance to national defence or the investment of the national resources. We need not now debate where their frontiers will lie, but if the argument of this book is sound the onus of proof that an industry should be brought within either of these sectors lies on those who wish to bring it in. In the remaining, and by far the greatest sector of the national economy, free enterprise will be the rule; ownership will be widely distributed and the economic forces of competition will be allowed free play.¹

The establishment of such a system as the alternative to the bleak prospect of socialism is one of the great tasks of our generation. The development of its economic, political and social consequences must be left for other occasions and perhaps for other hands. But the conviction may be recorded that in such a system, firmly built upon human nature as it is, and not as we should like it to be, lies the best hope of securing the enhancement of the material standards of life and the surest guarantee of spiritual values.

¹ This theme was attractively developed by Mr. Harold Macmillan in a speech at Newport, Mon., on 11th March 1949; see the newspapers of 12th March 1949. Those who wish to study the attitude of modern Conservatism to these problems cannot do better than begin with Mr. Quintin Hogg, *The Case for Conservatism*, and the various Conservative charters, for which Mr. R. A. Butler has been so largely responsible; they not only answer detailed questions but express a philosophy of life, which may be summed up in the term "a property-owning democracy".

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