

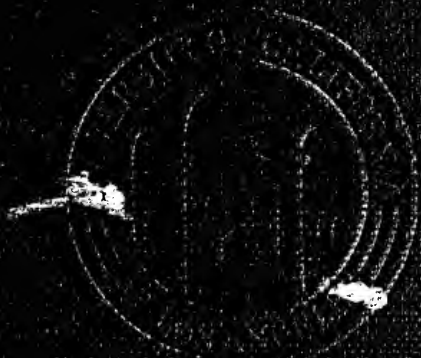
**FACTS
AND
FALLACIES
IN
ECONOMICS**

BY
T. G. G.

PREFACE BY LORD ABINGER

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Facts and Fallacies in Economics

BY

T. C.

Preface by LORD ABINGER

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PREFACE.

Mr. J. Ramsay Macdonald, M.P., in the preface to his "Socialist Movement," has complained that "one of the greatest of the difficulties which beset the path of the Socialist is the refusal on the part of his opponents to give an accurate statement of what Socialism means, and what the purpose of Socialism is." This seems a little unfair, since even Mr. Philip Snowden, M.P., a colleague of Mr. Macdonald's, in a recently published newspaper article dealing with the search of Labour for an industrial policy, has admitted that the lack of anything like a clear idea on the part of Socialists as to the functions of the State is "one of the most hopeless features of the present situation."*

It is rather the fact that to men filled with aspirations of a more or less indefinite nature—but which at root involve the quite primitive desire for more pay and less work—the Socialist has presented a vague policy for which neither the experience nor the economy of the past give justification, and the means of whose realisation he is unable to explain. Some of an all too credulous audience have swallowed his doctrines whole; others have accepted them in parts, without considering the relation of those parts either to each other or to the entire economic system of the nation. It has remained for those who are fighting Socialism in principle to expose the false foundation upon which its practical exposition is based.

The Socialist can have no real complaint that he has been misrepresented, if, while still groping for the light, he holds out to his followers a will-o'-the-wisp which he well knows can only lure to disaster.

*Daily News, May 28th, 1912.

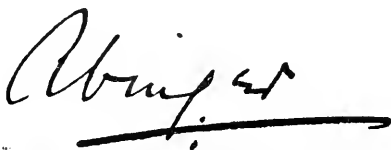
PREFACE.

I welcome the appearance of this small volume, as presenting in simple form and straightforward manner the facts and figures upon which our economic system is based, and the conception of the part which history has taught us that State organisation should play in the national life.

The average man or woman is almost always too fully occupied with the intricacies of the domestic Budget to explore more than superficially the depths of national finance, and I direct the special attention of those who read this book to the opening chapters, in which the author deals, to my mind, with great clearness and absence of bias, with the economic problems which every citizen is in practice called upon to meet, and in the solution of which he should be able to take an intelligent share.

The examination of statements such as "All wealth is produced by Labour, and therefore to Labour all wealth is due"; "Workers receive only bare subsistence wages"; "The rich are becoming richer, the poor are becoming poorer"—all the rhetorical stock-in-trade of the Socialist orator, lays bare their utter fallacy; and, if this book had accomplished nothing else, it would have done valuable service in exposing, once and for all, the baseless notion that under Socialism the worker would get all the product of his labour.

The chapters dealing with "The Growth of Bureaucracy," "State Action," and "Liberty"—in which the author performs for Great Britain a service similar to that which Professor Leroy Beaulieu has performed for France—are deserving of the most careful attention, and constitute evidence which, I believe, cannot fail to convince the thinking man.



CHAPTER I.

The Relations between Capital and Labour.

The relations of Capital and Labour constitute by far the most important and interesting public problem of our time, largely because the thoughtless and uneducated portion of the electorate have been giving their confidence to leaders who teach them grossly fallacious theories on the subject.

The uninformed are taught that if labour is poorly paid, if unemployment is rife, if economic evils abound, the capitalists are alone to blame, that Capital robs Labour. They are further taught that Labour alone produces all wealth, and should take all the production, and that the interests of Capital and Labour must always be opposed; that the "Class War" is not only justifiable but inevitable, and that the labouring class must wage war on the Capitalist and employer in order to take from them the control and

ownership of their property, the possession of which by them is sheer robbery.

Thus the Socialists would seek to benefit artificially the condition of Labour by robbing the Capitalist. The British Socialist Party teach the workers to recognise that "nothing short of the expropriation of the Capitalist Class can put an end to the economically abject condition of Labour."

All Socialist parties hold out to the working man the tempting hope that under Socialism he will get the whole of the wealth produced by his labour.

Thus, the fascination that Socialism possesses for the working man is not unintelligible when it is remembered that it promises him that some day, so far from being fleeced and cheated and exploited as he is now, he shall control and possess all; as Mr. Blatchford writes :—

"At present the frugal workman only gets about one-third of his earnings; under Socialism he would get all his earnings."

The most dangerous and fallacious economic teaching and the most efficient in producing discontent and unrest among the workers is that doctrine of Karl Marx, which declares that "*All wealth is produced by Labour, and*

therefore to Labour all wealth is due"—Labour meaning, as is evident from the study of Marx's context, Manual Labour. This doctrine has been taught during a quarter of a century to our workpeople in innumerable speeches, pamphlets, and press articles, and one cannot be surprised to find that those who have so patiently sowed the seed should be reaping now so rich a harvest. It is the one doctrine which, more than any other, leads the working class to Socialism, to the Class War, and to the struggle between Capital and Labour—factors that, so far from having opposite interests in the production of wealth, are absolutely dependent on each other, and must, by their very nature, be co-operative.

It is, of course, incontestably true that the producer of wealth is entitled before any other individual to the wealth which he has produced, but it is quite erroneous that the worker on any particular piece of wealth production is alone entitled to its whole value, denying any share of this to those who supply the capital employed, and thus treating the Capitalist as a mere "Parasite."

The assumption that the interests of Capital and Labour are antagonistic is quite false. The prosperity of the community and the production of wealth depend on the warmest co-operation of three factors:

First, the person who is prepared to risk capital; secondly, the person who, by enterprise, genius, inventive ability or peculiar mind powers, can direct the use of Capital and Labour; and thirdly, the services of Labour properly directed. In other words, wealth may be said to be produced by skilfully directed human Labour, applied to natural resources by the aid of capital, so that it is true to say that the prosperity of the ordinary man depends upon the efforts of the extraordinary man. If the Capitalists be frightened or discouraged, and if new inventions and new scientific developments are hindered, work cannot be had, wages cannot be paid, and thus the lives perhaps of hundreds of thousands will be affected for the worse.

It is further true that mind does far more than muscle in the creation of wealth. The genius and talent that invent machinery direct the work of labour, teach it what to produce, and finds the market for that produce, have more title to the wealth created than have the simple hands that only did as they were bid. When we see an express train running, we are more apt to thank the genius of Watt and Stephenson than the labour of the engine driver, and the man who invented the plough rather than the man who holds the stilts for the straight

furrow. A ship depends for its efficiency and speed in crossing the ocean more upon the intelligence of its builders and of the captain and officers who direct its course than upon the crew, who may be said to do all the work. Intelligence wrests its secret from Nature and directs Labour to reach its ends.

Marx further taught that the "*exchange-value* of a commodity is completely determined by the amount of *human labour* put into it." This, indeed, is the foundation of Marxian economics and the basis of Socialism. This crude idea, it need hardly be noted, is entirely fallacious. The exchange value of an article does not depend on the amount of Labour expended upon it, but upon the price which can be obtained for that commodity in the open market; and this again depends in the first place on the utility or desirability of the article, and in the second place on the relation between the supply of and the demand for that particular commodity. The value of the fish taken by the nets does not depend on the length of time nor on the labour expended in searching for them; one boat may, through falling in with a shoal, take the same amount of fish in one hour that a less fortunate one captures in the whole night. The same amount of time may

be spent in cutting and polishing a rock crystal as that expended on a diamond—will anyone hold that then their value must therefore be the same? There is as much human labour expended on writing, printing and publishing a book of which a million copies may be sold, as there is on a work that may not reach a sale of one thousand. Therefore, human labour is not the *determining* factor in the value of any commodity.

Another fallacious teaching of Marx often accepted as an economic truth, was the doctrine of the "Iron law of wages." This teaching was first promulgated by Lassale, but was developed and popularised by Marx. The so-called "Law" states that the wages of the labourer are limited to the exact amount necessary to keep him alive, and is based on the assumption that Capitalists, having obtained possession of the instruments of production, keep wages down to the lowest standard of subsistence that labourers will accept.

Wages, the price of Labour, depend, as do all things that are bought and sold, upon the laws of supply and demand, and on the inherent utility or desirability of the work done, in other words, the skill, the industry and the moral character of the worker.

We know that in the very same localities

and in the same branches of industry some employers pay a higher rate than others. And, so far from it being true that Capital can completely dominate Labour, it were more correct to say that Labour dominates Capital by its organisation. At present, in this country, the best calculations of the respective shares of Capital and Labour show that Labour is able to secure about seventy per cent. for itself.

Further, this "Law" is not borne out by the facts of modern industrial history. In every European country the last sixteen years have marked a distinct increase in wages. In our own country, as shown by the Returns under "*Public Health and Social Conditions*," the advance in direct wages from the year 1860 to the year 1907 was 52 per cent., and the price of commodities during the same period fell by 24 per cent. Further, during the same period, about three millions of the people worked their way up above the Income Tax-paying line of income. Again, we know that working men's savings amount to hundreds of millions of pounds. How could this occur under the operation of the "Iron law of wages"?

Another of Marx's fallacious teachings was his theory of "*Surplus Value*," which

he defines as the difference between the cost of Labour power and the price or value of the article produced. The difference Marx called the "Surplus Value" created by Labour, and therefore asserted that any portion taken in the form of profit, rent or interest was a robbing of Labour. The fallacy of this doctrine can be easily deduced from consideration of the two fallacies dealt with above, that which declares that Labour alone produces all wealth, and the other which states that the value of an article is determined by the amount of Labour put into it. The theory of concentration and accumulation of Capital, also taught by Marx, held that, of necessity, under competitive conditions, large Capitalists would swallow small Capitalists, until all Capital would be in the tyrannical form of huge trusts, combines and monopolies.

This theory cannot be supported on either inductive or deductive grounds. The "Law of increasing returns," a well-known economic law, does not prove that Capital can ultimately be monopolised by the few. It cannot be proved that trusts are possible in all industries, nor that they could be permanent in any industry. A great German Socialist — Herr Sombert — demonstrated that the number of great capitalists was not on the increase, and that small

capitalists were not disappearing, and that the severity of crises was diminishing rather than increasing.

Further, it may be noted that industrial history proves the incorrectness of the statement that the wage-earning class is divided by any hard and fast line from other classes, and that there is no appreciable passage from the lower to the higher classes and *vice versa*. We are sometimes told that all the land in this country is held by a few "idle rich" landlords, whereas the fact is that we have about 250,000 owners of land in Great Britain, and, in addition, hundreds of thousands of pounds of money belonging to the working classes in the Trades Unions, Co-operative Societies, Building Societies, etc., are re-invested in land, thus giving an interest in land investment to thousands and thousands of the poor of the country. In this connection it may be noted that the largest amount of house and site property in London held by one individual or one body is held by an insurance company, nine-tenths of whose policies are held by the working classes.

Or, take the holders of Railway shares in Great Britain :—exclusive of the holders of Debentures, the number of shareholders in the various companies is almost 500,000, and in some cases, a Bank, an Insurance

Company, a Friendly Society, or a Trade Union, though counting only as one holder in the list, might represent the investments of hundreds or even thousands of individuals.

Socialists make much of what they call the "*Tragedy of Toil*," or the loss of life among the labouring classes in various occupations. The lists of death or disablement from accidents among the labouring classes are, of course, regretted by all; but are there no dangerous occupations except the occupations in which some of the labouring class engage? It would be interesting to learn how Socialism proposes to prevent accidents and loss of life in mines, mills or railways. Mines must be worked, ships must sail in storms and fogs, railways will be then very much as they are now, outbreaks of fire will not respect State Socialism any more than they do the Capitalistic system. Further, it should be noted that our railway system is of all in the world the most free from grave accidents. The average annual numbers for the ten years from 1898 to 1907 were 21 killed and 626 injured, and our passenger traffic, exclusive of season ticket holders, in 1909, was 1,265,081,000. No State railway in the world has a record so satisfactory.

Socialists never tire of denouncing the

share of the profit taken by the owner of the Capitalist. Now, in Great Britain, statistics show that, apart from risk, the income from Capital is about 3 per cent. per annum; and John Stuart Mill writes:

“Of what the owner obtains beyond 3 per cent., a great part is spent in insurance against the manifold losses to which he is exposed, and cannot be said to be applied to his own use, but requires to be kept in reserve to cover those losses when they occur. The remainder is properly the remuneration of his skill and industry—the wages of his labour of superintendence.”

And the same great authority, in his “*Principles of Economy*,” wrote:

“The rate of profit greatly exceeds the rate of interest. The surplus is partly compensation for risk. By lending his capital on unexceptional security, he (the owner) runs little or no risk. But *if he embarks on business on his own account, he always exposes his capital to some, and in many cases to very great, danger of partial or total loss.* For this danger he must be compensated, *otherwise he will not incur it.* He must likewise be remunerated

for the devotion of his time and labour.”

Take, for instance, the property in railways. The “*Railway Returns for 1909*” show that the total amount of paid-up Capital of our railways for that year was £1,314,406,642; the average return on all classes of capital was 3.39 per cent. On 93½ millions of Capital no dividend was paid. The rates and taxes amounted to £5,010,000. In 1893 they were £2,588,000, and have practically doubled in sixteen years. The length of line in 1893 was 11,272 miles, and in 1909 had increased to 12,996 miles.

Taking the ordinary Railway capital, on which either no dividend, or not above 3 per cent., was paid in the year 1910, the following figures are given in the Board of Trade Railway Returns for 1910:—

<i>Amount of Capital.</i>	<i>Rate of Dividend.</i>
£67,358,262 ...	Nil.
£29,427,057 ...	Not above 1 per cent.
£18,072,847 ...	Above 1 and not above 2 per cent.
£87,676,759 ...	Above 2 and not above 3 per cent.

One of our greatest captains of industry, Mr. W. H. Lever, M.P., writing in the

"*Magazine of Commerce*," in October, 1907, stated :

"If we include those undertakings which, instead of making profits, are making losses, and take the average over all, I venture to say that employers, as a body, would make more money as managers under a system of fixed salaries than under the present system, and that the production of goods would not be cheaper, but dearer, under the system advocated by Socialists. . . ."

In all Socialistic literature and oratory the rate of interest, or the return on Capital, is grossly exaggerated. The instances on which they dwell are simply examples of the speculator's or gambler's good luck, and have nothing to do with normal trade.

It is also remarkable that while much is heard about profits great or small, the Socialists never tell us about the very large number of enterprises which, not only make no profit, but lose all their capital; in fact, where all concerned lost except the labourer who was regularly paid his wage. Of all the companies formed in this country for the quarter of a century after the year 1862, considerably more than half wound up in

failure. In the year 1907, 1,531 limited companies were wound up.

In all these cases the capitalist lost, the labourer won; and it is important to remember that it is only by the risk of capital that present industrial concerns can be kept up and developed, and new fields of industry and employment opened up. If there be no capitalist willing to run the risk of losing his Capital, there will be no wages paid to the labourer. Indeed, the labourer's wage is the first charge on industry; the labourer is paid his wages all the year round before it is known whether or not the directors will be able to declare any profits or dividends. From a recent Census of Production issued by the Board of Trade dealing with mines, coke, shale, oil, spinning and weaving in the cotton, woollen or worsted trades, smelting, rolling and founding in the iron and steel trades, it appears that the number of persons employed was 1,967,948. The cost of the materials amounted to £288,353,000, and the value of the output to £497,975,000. The difference between these two sums was the amount paid in wages, rent, taxes and rates and similar charges, and the manufacturer's profits. The part played by Capital in these industries is evident, for we see that, in order to find employment for nearly two millions of persons, over

£288,000,000 had to be expended for the raw materials of trade.

Just as the share of Capital is exaggerated, so that of Labour is minimised. In Chapter VI., we see that of the total National Income of this country, all except one-third is paid out in salaries and wages to Labour, manual and non-manual; but the Socialist, addressing an uneducated audience, regards the amount paid for what Mr. Sidney Webb calls the "quite inestimable service of management and direction," or of non-manual labour as not being paid to the workers, but taken up by the "propertied classes." Hence, even were all rent, interest and profit to go to the rich, as we know it does not, Labour would still be receiving a reasonable share of our National Income. Karl Marx wrote that, "The poor are becoming poorer in the capitalist state." We know that this statement is not correct. In the past century wages have doubled, and the price of necessaries has been reduced by nearly a half, and there has been no such advance in wages except in countries where there is capitalistic enterprise. We may ask what does the worker obtain under the capitalistic system for his payment to indirect taxation and rates, which amounts to about £7 per year? He is protected from crime at home

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and from attack by foreign countries; he has modern sanitation, he has free education for his children, railway and tramway fares at reduced rates, an old age pension, and first-class medical skill in large hospitals. Thus the labourer pays about £7 and gets in return value for at least twice that amount, the difference being paid by the upper and middle classes.

Indeed, much too little value is laid on what inventive genius and ability of management in industry have done for the labouring classes. Before the seventeenth century, individuals of genius and strong wills gave their talents, in the absence of industry, to ecclesiastical, political, and military affairs. After the seventeenth century industry absorbed such minds, and, as a result of their ability, inventive genius, and directive ability, Labour became more productive, and that influence is going on even in a more marked degree in our time, with the result that, year by year, the total sum paid in wages is increasing. When our labourers are told that they receive only a small percentage of what they produce, the simple method of their thoughtless instructors is to divide the gross product of the industry by the number of hands employed, and the result, as they say, should show the amount due to the

individual worker; but this system ignores the cost of raw materials, insurance, taxes, superintendence, the Labour value of the owners, and finally the value of the Capital itself.

We do not say or suggest that the position of the skilled worker is always what it should be, and in another chapter it is suggested that he should have a closer monetary interest in the industry and its profits. Further, there is no thoughtful person who will not have compassion for those of the workers who are below the grade of the skilled man. In another place we suggest what possibly might be done to benefit such, but the suggestion or doctrine that they are "robbed" by the capitalists and by the non-manual workers, is one whose fallacy is only equalled by its danger to the nation.

Another strange theory put forward by Socialists is that the adoption of labour-saving appliances and machinery injures the labouring classes and benefits the capitalist. This, of course, is not true. The progress of invention reduces the relative amount of labour necessary, and increases the amount produced, thus lessening the cost, creating larger demand, and increasing the demand for labour in the long run; it creates new occupations, develops new

fields of employment, and finds new markets. It must also be remembered that the manufacturer of newly invented machinery in itself creates a demand for Labour, and that the excess of the labour saved over that thus newly demanded, is set free for use in filling some of the new wants and desires which constantly arise where there is material progress and prosperity. If the reduction of machinery has injured the labouring classes, how is it that, compared with fifty years ago, we give employment to far more people, working hours are shorter, working conditions more safe and sanitary, wages higher, and housing largely improved, apart from the fact that the purchasing power of wages is enhanced by the use of machinery, and real wages are as important as money wages? The tables given in "*Public Health and Social Conditions*" show that between the year 1860 and the year 1907, money wages in this country increased by a little over one-half, whilst the price of necessary commodities fell by about a quarter. There are probably one hundred men employed on the railways to-day for the one employed on the systems of locomotion used before the invention of the steam locomotive. The same would be true of the number of printers employed in the country to-day compared with those

employed before the inventions that revolutionised the industry, and yet in each case thoughtless teachers, like those among us now, would probably have said that the introduction of this new machinery would throw men out of employment, and thus injure the labouring classes. It is, therefore, extraordinary to find a man like Mr. Belfort Bax asserting, as he does in his work, "*The Religion of Socialism*," that machinery "has proved the greatest curse mankind has ever suffered under"; and again, that "the action of the 'Luddites' in destroying machinery was perfectly reasonable and justifiable." Karl Marx also wrote in his "*Kapital*," that "Machinery acts as a competitor who gets the better of the workman, and is a power inimical to him."

One of the promises held out by Socialists to their followers, is that under Socialism each worker shall get the full product of his Labour. This, of course, can never be done under any possible system of production. The great deductions against which the Socialists declaim are those for rent and interest; but the greater portion of this sum finds its way back to industry, and always provides for the launching of fresh enterprise as well as for the renewal and extension of the old. In the Socialist state, there will be as large a non-producing

class as there is to-day; there will still be ministers of State, ambassadors, members of Parliament, sailors, soldiers, judges, police, officials for national, municipal, and industrial administration, insane persons, old age pensioners, hospitals, universities and schools for the young. It would be interesting to learn how each worker is to have the "full product of his labour" with all those deductions that must inevitably be made from the wealth produced by the workers of the country.

Therefore, those who are to help Labour in our time must not regard the vast system of industrial organisation as hostile to it and a thing to be destroyed, but must rather determine how to fit the worker's needs to this system which has been always working for him as an essential factor in the production of wealth. To destroy the existing economic and industrial system would be quite easy, but it would prove a task of huge difficulty indeed to find any constructive policy to replace it. Speaking at Aston, in November, 1907, Mr. Balfour made the following instructive statement :

"The productive energies of this country must in the future, as in the past, be based upon the individual energy of its citizens, and that indi-

vidual energy can only be called forth by a system based upon the fact that what a man earns he possesses, and no greater injury can be done to the working classes of this country than to spread that feeling of insecurity about private property which is not the safeguard of the possessions of the rich so much as the absolute condition upon which the production of rich and poor alike can alone be successfully carried on."

CHAPTER II.

Common Fallacies in Economic Teachings.

A large number of fallacious economic phrases are bandied about to-day, and accepted by many of the electorate as truths beyond question.

Those who are interested in spreading unsound economic doctrines place before the people certain vague and high-sounding ideals, which they strive to popularise by a body of specious phrases and arguments. Thus far, indeed, they go, but no farther, for they are neither willing to work their theories into any definite shape, nor to furnish any definite plans in support of them.

They propound vague architectural theories, which assume palatial proportions on the lips of irresponsible amateur Statecraftsmen, but which prove on examination to be in no way practicable for a more concrete development.

Among the statements and phrases employed by these theorists in presenting their

“case” are such statements as the following :—

“All wealth is produced by labour, and therefore to labour all wealth is due.”

“Workers receive only bare subsistence wages.”

“Capital is robbery.”

“The Rich are becoming richer, the Poor are becoming poorer, and the Middle Classes are being wiped out.”

With the first three of these utterances we deal briefly in Chapter I., and with the last in Chapter VI.

There are two other such war cries constantly in our ears at the present time, based on the very delicate principle of a State Regulation of Wages, and a State Interference in industrial economy—these are “the Minimum Wage” and “the Right to Work.”

The demand for the fixing of a *Minimum Wage* is for a wage not less than a determined amount, and this regardless in many cases of the ability of the particular trade to bear the increase.

That our wage system has some defects cannot be denied by any thoughtful economist. The system grew with the

growth of our great national industries. Before that era, the capital necessary was very small, and the workman was his own capitalist. A few simple implements and the price of a small quantity of raw material sufficed.

But with the Industrial Revolution came the necessity for large capital, large workshops, expensive machinery, and large numbers of workers employed together. Those who by skill and good fortune could command the capital necessary for the payment of fixed rates of wages to the workers, adopted the system of keeping to themselves complete ownership and the profits that remained after paying all charges.

This system called modern Trade Unions into being. The Trade Union method of improving the position of the workers was to obtain for them an increased fixed wage, and this was done sometimes, as stated above, without regard to the power of the particular trade in question to afford a higher wage, and always without offering in return security that proper efficiency in the worker should follow the increase in payment.

Much better than this would have been a system by which workers were given some interest in the business, and some share in its profits, but this question need not be

discussed here, it is dealt with in Chapter VIII.

While granting that the wage system is to some extent defective, the "Minimum Wage" is not a sound remedy for its deficiencies.

Among its most undesirable effects, from the labourer's point of view, would be the concentration of the capital in any industry into fewer hands, the consequent displacement of some of the workers in the industry concerned; the unemployment of these proving a menace to those still remaining in employment.

Even a poor wage is better than none, and the establishment of a Minimum Wage would do away with all sweated industry, and thus add largely to the already existing unemployed and the poverty-stricken.

Employers will always prefer male to female labour at the same rate of wages, except in those industries in which women are more expert. Thus, where men and women are employed together, the Minimum Wage must displace female labour. This occurred in Australia, where the women disappeared from the Governmental Departments upon the introduction of the Minimum Wage.

Mr. Moreton Frewen, speaking in the House of Commons in April, 1911, on the

resolution introduced by the Socialist-Labour Party in favour of a Minimum Wage of 30s. for every adult worker, said :

“If you take the census of wealth production, you will find in any of the trades of the country—I make this statement with absolute confidence—that at least 90 per cent. of the net production is paid in wages to labourers. I am perfectly convinced that if the Government appointed a Commission, and if that Commission reported on the net wealth produced after paying for raw materials, if they analysed the distribution of that wealth, it would be found that at the very outset nine per cent. went to Capital and ninety-one per cent. to Labour.”

Mr. Frewen is well known as one of the ablest thinkers on economic and industrial subjects in this country.

Indeed, one of the most far-reaching and pernicious economic doctrines of the present day is that which declares that, of the total wealth produced in the country, the share allotted to Labour is inadequate and unfairly small.

The fact is, as duly authenticated by statistics, that were a 30s. Minimum Wage universally introduced into the

industrial market, many great and thriving industries would be driven out of existence.

Mr. Philip Snowden, a member of the Socialist Labour Party, representing the town of Blackburn in the House of Commons, said in a speech at Bradford in July, 1911:—

“ If a 30s. Minimum Wage came into force in the cotton trade on the 1st of January next, every cotton mill would be closed. There is no shadow of doubt about that. To advance wages in Lancashire by 6s. to a 30s. minimum would take away far more than the whole of the profit in the cotton trade.”

It is interesting to note the annual charge on production that a 30s. Minimum Wage would involve. The Labour-Socialist Party in the House of Commons endeavoured last year (1911) to induce the House to pass a resolution in favour of this amount of Minimum Wage. On that occasion Mr. H. J. Tennant, the Secretary of the Board of Trade, said that it would involve a charge of no less than £88,000,000 per year. In a speech at Wigan, in July, 1911, during the campaign in favour of the Minimum Wage, Mr. J. Keir Hardie, M.P., stated that by it the wages bill of the country would be increased by £100,000,000 yearly. And the *Labour Leader* (the weekly organ

of the Independent Labour Party), July 14th, 1911, put the amount of the increase at £162,000,000.

This amount, whatever it might reach, would, of course, be added to the cost of production. This would mean higher price to the consumer, therefore less demand, therefore less output, therefore less employment, therefore less wages and more unemployment. Assuredly, in questions affecting our economics and industry, we must not allow caution and judgment to be silenced by sentiment: it is always easy to cure old evils by creating new ones.

Nor are we without examples of the results of this particular form of legislation. The compulsory principle in the fixing of wages has now been in force in New Zealand for sixteen years, in Victoria for fourteen, and in New South Wales for nine, and in each locality the results are far from satisfactory. The relations between employers and employed have become much less happy: the decisions of the courts have increased wages, but the provisions of the law have not prevented strikes: the men obey only the Union Secretary: the employer is harassed by perhaps a dozen awards in one industry: and both employer and employed are tired of the multiplied awards, the reduced output per man, and

the continuous surveillance by union secretaries and Government inspectors. The unions discourage immigration and apprenticeship, and this, in a country where more labour is required, must work national injury. The most extraordinary proof of the failure in the countries mentioned of the Minimum Wage legislation is to be found in the fact that many unions, in order to be ready for an upheaval, are cancelling their registration under the Act, and that all the signs point to the possibility that employers would welcome such an upheaval. Thus, after a fifteen years' trial, for which they appear to have paid dearly, our Southern colonies would not advise us in this country to adopt the Minimum Wage.*

The *Right to Work* is, in other words, a claim on the part of workers to have work supplied to them by the State when their

* As these pages are going through the press, our own Government has passed a Bill embodying the principle of the Minimum Wage. But it must be remembered that it is regarded on all sides as panic, rather than considered, legislation, and is merely an experiment for a period of three years. It was introduced and passed when, on account of the great coal strike, our great industries were being closed, and the poorer classes practically on the verge of famine through the loss of employment and wages.

ordinary means of employment fail them, and it sounds philanthropic, honest, and sound. It is, however, another economic phrase of the kind which must bring economic disaster upon any community that embarks on the schemes and costly plans engendered by it. The "Right to Work" is a claim made everywhere by the adherents of Socialism, and it is one of the chief items on the Programme of the Labour Party in this country.

The Unemployed Workmen Bill of 1908 embodied its principles; where a workman had registered himself as unemployed, it should be the duty of the local unemployment authority to provide work for him upon conditions equally favourable to him with those which represent the average of that particular work in that locality; and, failing this provision of work, the unemployment authority should supply the workman and his family with proper maintenance. The Bill was rejected, the number of votes in favour of it being 116. It was introduced the following year, and again rejected, receiving the same amount of support as in the preceding year.

In considering the principle of the "Right to Work" it must be remembered that the State and the Local Authorities are not constituted for, nor adapted to, the finding of

work for the unemployed. Even if the State or the Local Authority did undertake this function, let us see how it would work out.

Should it find paying work for the labourer it must be at the expense of other labourers, now employed; if the work found were not of a paying character, the taxpayers would have to pay the difference, and consequently the more unemployed were placed the higher the taxes would mount. Further, in almost every case a man is out of employment because his work was not profitable to his last employer; why, then, should the State be expected to undertake payment for work that cannot produce current profits? Any employer who can select his superintendents and workers as he wishes, may possibly make the work he pays for profitable, but in the case we are now considering the State, as the Employer, is to be given no choice of workers—being obliged to take the unemployed as they come—and to engage as superintendents successful politicians, rather than efficient business men, since the first would be more likely to capture the vote of the electors.

Again, the reason for unemployment is that necessary work is insufficient now to give employment to all that seek it; thus,

if the State agree to the "Right to Work" theory, the work it provides and guarantees must be unnecessary. Unnecessary employment is evidently more expensive than necessary work—"a sledge hammer should not be used to drive tacks." Apart from the question of expense, the worker himself would naturally take no interest in the improvement of his work, if the employment were guaranteed to him, and therefore the quality of it would rather depreciate than improve. Further, if we admit that it is the duty and function of the State to provide work for all who are unemployed, we cannot justly deny it the right of controlling the number and lives of the workers.

Trade Unions would, of course, also be weakened, and the large number of superintendents and other officials required to work the scheme would become a great burden on the payers of taxes and rates.

In the House of Commons, in February, 1911, the Right Hon. John Burns, President of the Local Government Board, himself once a Socialistic leader of the workers, spoke on behalf of the Government against the principle of the "Right to Work," in the following terms:

"Those who put forward the principle of the 'Right to Work'

assume that unemployment is a single and simple issue to be met by a single principle applicable to the complex evils of unemployment; and it is because we think this remedy would be dangerous to individuals, and disastrous to the nation if adopted, that we object to this wholesale method of applying a wrong principle in a vicious way. Instead of helping the unemployed, it would do them more harm than good."

Mr. Burns further added that out of 2,468 county boroughs and urban councils, only 24 had expressed themselves in favour of a "Right to Work" Bill.

One of the most inadvisable effects of "Right to Work" legislation has been stated above to be increased taxation. But to this the Socialist doctrinaire replies that "Increase of taxation is not so harmful since it is met by the rich classes, who can well afford it." This statement is believed to be sound by so many persons who have not thought it out, that it is well to examine it.

Every man's income is distributed under three heads: Necessaries, Luxuries, and

Savings; thus income is either saved or spent.

What is saved is simply accumulated by self-denial—anyone can spend the whole of his income if he wishes. Savings are generally invested; hence interest coming from a bank, or in the form of dividends from the business in which stocks or shares are held, is in reality a wage paid for thrift. Capital, which is as indispensable as labour, arises principally from the investment of savings. Hence increased investment must mean more Capital, and more Capital must mean more employment. An increase of taxation lessens private savings, and, if carried too far, will drive the owner to invest his capital in some other country where taxation is lower; thus decreasing employment here by decreasing the possibility of investment. On the other hand, moderate or reduced taxation goes to encourage investment, and, in proportion, to decrease unemployment.

Again, let us take the portion of income spent on necessaries and luxuries. To meet the increase of taxation, the buying classes cut down to some extent their expenses. This may be a benefit to themselves, but, if less be bought, less will be produced, and diminished production means increased unemployment, so that the producing

classes pay the tax indirectly by increased unemployment in so far as the tax affects the spending power of the buying classes.

Hence, though the richer classes originally pay the taxes, it is evident that indirectly the labouring classes pay by a loss of wages, less money being spent, and less Capital saved.

Unfortunately, we need not go far back into history, nor far afield, to find evidence of the disastrous results of putting the "Right to Work" into practice. One huge experiment was made in France; it ended in failure, riot, and slaughter. In Great Britain, small and more cautious experiments have been made, with results which go to prove that State provision of work is nothing more than another form of almsgiving.

The French experiment occurred in 1848, following the Revolution. The Republican Government adhered to the "Right to Work" principle, and determined to provide work for all, and Louis Blanc, a determined Socialist, who was a member of the Provisional Government, established National Workshops. Everything that money, ability, and enthusiasm could do to make the experiment successful was forthcoming; the Government furnished the Capital without interest; it gave an order

for 25,000 uniforms for the National Guard, and agreed to pay the same contract price as they had given to the private companies. Work was started by giving employment to 15,000 men; after some weeks the number rose to over 100,000. In spite of all that could be done, laziness, carelessness, and dishonesty appeared. Many of the men inscribed their names in several brigades in which the employed were organised, and succeeded in drawing pay from each. After some time it was found that the uniform, which formerly cost eleven francs, could not be made for less than sixteen. It was the same in other departments, and soon it became apparent that, as the number of men demanding work increased, the scheme had become a serious drain on the National Revenue. After a few months, the number employed in the National Workshops was nearly 120,000. The Government was reduced to the verge of bankruptcy; the workshops were closed. The workmen were ordered to join the army, but refused. Then they rose in insurrection, and for four days and nights rioting and bloodshed devastated Paris; in the end some 12,000 workers were shot down, and with them perished the public belief in the "Right to Work."

Speaking of this sad lesson to a deputa-

tion of Labour and Socialist bodies in January, 1906, Mr. John Morley (now Lord Morley) said :—

“The experiment of compelling the State to provide work at a standard wage was tried in France in 1848, and what was the effect? There they set up public workshops and the rest of it, and they paid a wage at a high rate. The result was that private enterprise was drained dry. The end was ruin in six months, private workshops were injured, the men were no better off, and it ended in a bloody and sanguinary catastrophe.”

Experiments, too, have been made in our own country. The Central Unemployed Body for London established work on the Hollesley Bay Estate, quite similar in every way to that proposed under the “Right to Work” Bill. Employment is given there to 250 men—the result is a net loss of £21,000 per year. And this after bringing these men into competition with the local market gardeners and labourers. The place has not served any useful practical purpose.

At the South Ockendon colony of the West Ham Guardians, 790 men have been trained in agricultural work at the public

expense, but there is not one recorded instance of any of them returning to agricultural work.

Speaking in the House of Commons in March, 1908, on these attempts, Mr. John Burns stated that all the Distress Committees throughout the country, including the Central Unemployed Body, were agreed that relief works, whether carried out by philanthropic efforts, or by public authorities, did the workmen more harm than good, and perpetuated and stereotyped in industrial society the very chaos they were supposed to remove. And in the Fourth Report of the Central Unemployed Body for London we read:—

“Unfortunately, colony work, except in an extremely small number of cases, leads to nothing in the shape of settlement on the land, and the experience or training gained by the men at Hollesley Bay is of no value after they return to London.”

Strong evidence as to the uselessness and loss involved in establishing employment on the “Right to Work” principle will be found in the Reports presented to the “Royal Commission on the Poor Law and Relief of Distress” as to “The Effects of Employment or Assistance given to the

'Unemployed' since 1886 as a means of Relieving Distress." The Report for Scotland states that it is generally conceded by Scottish authorities that municipal relief works forestall normal employment, and so tend to throw the better workmen out of work. "The 'Unemployed' secure work which better class workmen usually get."

In Glasgow, for instance, between 1878 and 1906, the Sanitary Department spent £104,120 upon work for unemployed workmen, and the total value received for the work done, articles produced, &c., was £46,125. The Report adds that these figures should interest people who imagine that it is a simple matter for public authorities to "provide work for the men." It must be remembered, in this connection, that the Corporation of Glasgow is recognised as one of the most efficient in this country.

In the Report upon England may be found a great many examples of ordinary labour having been displaced by providing work for the Unemployed. In many cases a man is employed at work in which he is inexperienced, and he displaces an experienced man, a result that is economically very unsound. Further, abundant examples can be given to show that the work done

by "Unemployed" men is far more costly than that done by ordinary workmen.

The Report shows that the increase in cost was about 50 per cent. at Birkenhead, 30 per cent. at Tottenham, 25 per cent. at Woolwich and Wandsworth, Marylebone and Stepney.

Thus the demand for the "Right to Work," whether there be a demand or not for the product, cannot be defended economically, but can only be upheld on the ground of charity; and experiments that are made in an effort to put charitable works or philanthropic fads in the place of economic laws must always prove failures.

CHAPTER III.

The Strength and Influence of Socialism in Great Britain.

Socialism is probably one of, if not the most sinister and momentous movements of our times, as it has for its avowed objects the destruction of all existing social, economic, and industrial conditions, and the establishment in their stead of a new and untried order of things.

It preaches the "Class War"—that the Poor must attack the Rich, and the workers must wage war against the employers; it requires as a requisite condition the abolition of the Monarchy and of standing armies; it advocates the repudiation of the National Debt, the overturning of our financial arrangements and systems of exchange; it labours to destroy all individual or private ownership in the means of the production and distribution of wealth, and indeed in all private property, and to create a condition of affairs in which there would be only one owner, one master, and one employer, namely, the

Socialist "State," with all workers as practically its slaves.

The Socialist Vote all over the world in 1867 was about 30,000; at the present time it is about 12,000,000.

It is a widespread and very powerful organisation, thoroughly militant, international, possessed of wide ambitions, commanding brains, money, resources, and youthful energy; untiring in its determination to reach its aims.

In one form or another Socialism is very old, and though it has no successful experiment to show in support of its claim for respect, yet it has, by the peculiar aptitude of its teachings to influence the uneducated classes, several times created serious confusion in the world. The Commune of 1871 and the Revolution in France were the direct result of Socialistic propaganda, and there can be no doubt that if the movement is not keenly opposed by organisation, discipline, money, brains, and persistence, it will very soon, in Western Europe and in this country, bring about a state of affairs fraught with national dangers.

Robert Owen, the great philanthropist, has been called the Father of British Socialism on account of his labours in that direction a century ago. He, indeed, taught doctrines that were largely Socialistic, but

in his projects at New Lanark there was Co-operation, not Socialisation. He made an experiment genuinely Socialistic in East Tytherlay, Hampshire, and on a much larger scale in New Harmony, in the State of Indiana, U.S.A., but both ended in abject failure. The Orbiston Socialist Colony in Scotland, started by A. J. Hamilton and Abraham Combe, became a dismal failure in two years. These, with the Christian Socialists' movement in 1850, and the Chartist's movement, are the only practical experiments of the Socialistic character that have ever been made in this country. Their lack of success caused a gap of thirty years in the progress of organisation.

Karl Marx, a German exile in London, died in 1883. He was the author of *Das Kapital*, a work which may be regarded as the gospel of modern Socialism. After his death his teachings and his writings became much more widely known. About the same time Henry George, the American writer, by his book, *Progress and Poverty*, and by his lectures in this country, gave considerable impetus to the formation of a popular Socialistic movement. In 1881 the first definitely British Socialistic organisation was formed in London—the Democratic Federation, until quite recently with us as the Social Democratic Party. It was

founded by Messrs. H. M. Hyndman, William Morris the Poet, Stuart Glennie, E. Belfort Bax, Dr. Aveling (son-in-law to Karl Marx), Herbert Burrows, and Miss Helen Taylor. Since that time other Socialistic organisations have come into existence.

The several Socialistic Parties in Great Britain may be divided into two great classes, differentiated by their methods of procedure: (1), those which advocate *revolutionary* methods to bring about Socialism, and (2) those that believe in *evolutionary* methods.

The principal parties of the first class are: The Social Democratic Party, the Socialist Party of Great Britain, and the Socialist Labour Party. The principal parties of the second class are: The Fabian Society, the "Clarion" Organisation, the Independent Labour Party, and the Labour Party.

The *Social Democratic Party*, as stated above, was founded in 1881 as the Democratic Federation, and changed its name in 1883 to the Social Democratic Federation. Quite recently (1912) it has become merged in the *British Socialist Party*. It is distinctly revolutionary in its aims, advocating the confiscation of all property, the abolition of the Monarchy, and the repu-

diation of the National Debt; it also advocates the abolition of indirect taxation, and an accumulative tax on incomes over £300. It is the second largest and most influential Socialist body in this country. It is strong in London and the South of England, and in Lancashire and Yorkshire. It expends on its work about £20,000 per year, and has nearly three hundred branches in the country. Its weekly Press organ is *Justice*, and Mr. H. M. Hyndman is Chairman of the organisation.

The *Socialist Party of Great Britain* is a small but growing organisation; its members are of a virulent and revolutionary type. It is even opposed to all other parties in the Socialistic movement. It can boast of many very able persons in its ranks; its press organ is the *Socialist Standard*. In a recent pamphlet published by it, there is the declaration that "Socialism is the natural enemy of religion." It has a large number of members in Scotland.

The *Socialist Labour Party* has its headquarters in Edinburgh. Its Socialism is also thoroughly uncompromising. It openly urges a Socialist Republic in this country. Its press organ is the *Socialist*. This body must not be confounded with the "Labour Party."

Quite recently, the Social Democratic

Party, with some members of the Socialist Party of Great Britain, the Socialist Labour Party, and the Independent Labour Party, have formed a new organisation called the *British Socialist Party*. To what extent the new organisation may succeed in welding together the other organisations it is difficult at this moment to surmise.

Fortunately, this country is not without an organisation whose direct and definite object is to expose and oppose the Socialistic propaganda. The *Anti-Socialist Union of Great Britain*, whose headquarters are in London, was founded three years ago, and is doing splendid work in conducting debates with Socialists, giving lectures, and also carrying on an extensive outdoor campaign by public meetings and canvassing.

Coming to the evolutionary Socialist Parties, the *Fabian Society*, established in 1884, claims with good reason to be the intellect of evolutionary British Socialism. Its policy is the permeation with Socialism of literature, education, and administration, and its field is the cultured class. The policy of the Fabians is exceedingly insidious in its character, and the society is probably one of the most dangerous organisations propagating Socialism in this country. In one of its tracts (No. 70)

we read:—"The Fabian Society, far from holding aloof from other bodies, urges its members to lose no opportunity of joining them, and permeating them with Fabian ideas, as far as possible. Fabians are encouraged to join all other organisations, whether Socialist or non-Socialist, in which Fabian work can be done." The Fabian does not proclaim his Socialism; some of the members of the society sit in Parliament as Liberal members, and on public bodies as Progressives. The Fabians, by their writings, lectures, and debates, supply Socialism with literature, and with such arguments as it has. There can be no question of the intellectual capacity of many of its members. Here are a few: Messrs. G. B. Shaw, Sidney Webb, Chiozza Money, M.P., Percy Alden, M.P., F. W. Goldstone, M.P., A. Rendle, M.P., Edward Cadbury, Joseph Fels, Rev. John Clifford, Rev. R. J. Campbell, Hon. W. P. Reeves (Director of the London School of Economics), Philip Snowden, M.P., J. O'Grady, M.P., W. Crooks, M.P., and Keir Hardie, M.P. Its membership is nearly 3,500, and it has forty branches in the provinces, and a few at the Universities; and it is generally believed that many secret Fabian workers are unconsciously sheltered by the British Press.

The *Clarion* organisations are not regular societies, but are propagandist bodies established by Mr. Robert Blatchford, the editor of the great Socialist journal, the *Clarion*. Mr. Blatchford, through his paper and these organisations, has done more than any other individual in this country to enlist young men in the Socialist ranks. The agencies which he has established are: (1) The *Clarion* vans, which carry organisers through the country. (2) The *Clarion* Fellowship Societies; these are various social agencies for the spread of Socialism, such as Social Clubs, Guilds, Cycle Meets, etc. (3) The *Clarion* Scouts, bodies of young recruits who organise Socialist meetings, and try to disorganise those of their opponents.

The *Independent Labour Party* is the largest of all the British Socialist organisations. It was established in the year 1893 at Bradford; its founder was Mr. Keir Hardie, M.P. Its real object has been to capture the Trade Unions for Socialism. It is an exceedingly energetic and combative body; it has about 1,000 branches all over the country, and nearly 1,000 Socialists have been elected under its auspices to the municipal bodies. It is very strong in Lancashire and Yorkshire, and many of the Socialist Members of Parliament are mem-

bers of the I.L.P. Among its most able members are Mr. Ramsay Macdonald, M.P., and Mr. Philip Snowden, M.P.; its organ, the *Labour Leader*, has a very large circulation. At the moment the party are trying to establish a daily Press organ. It is calculated that the party holds about 2,000 meetings weekly for propaganda work, and probably no other political organisation in this country can point to so much energy and enthusiasm.

A very important body—those who are gathering the harvest of Socialist effort in this country—is the *Labour Party* in the House of Commons. The party is not definitely committed to full Socialism by programme, but its executive officers and the majority of its members are thorough Socialists. It has no programme, but its policy is Socialistic. It was formed in the year 1900, when it was called the Labour Representation Committee. By it the Trades Unions, the I.L.P., and the Fabian Society joined forces for political purposes. The Social Democratic Party abandoned the Labour Party after a short time. To-day it may be said that it is the Parliamentary organisation of Trade Unionism, particularly in so far as the latter is Socialistic. Its membership over the country is about one and a half millions. The Labour Party

stands committed to the Socialisation of the means of production, distribution, and exchange, since at its Portsmouth conference in 1909 it passed a resolution declaring that the objective of the Labour Party was Socialism.

The strength of the Labour Party does not appear to be growing. At the last General Election (December, 1910), of the 40 successful Labour candidates not one had to face Liberal opposition. There are probably not ten constituencies in Great Britain where Labour could win a seat in a three-cornered contest, and not one where the Labour vote exceeds the Liberal and Conservative votes combined. Though the Liberals at the last election co-operated to some extent with the Labour Party, since the latter body became so strong the Liberals are showing no disposition to assist them to gain further power. Besides, the recent industrial unrest in this country shows that the labouring classes are placing more faith in strikes and in Syndicalism, as they have been taught to do by the more advanced Socialists, than in purely political action; and it is not improbable that, as in Italy and in France, the introduction of the General Strike will turn the minds of the workers from confidence in Labour representation in Parliament. Although the

payment of Members of Parliament has liberated funds for purely propaganda work, it will, it is believed, have the effect of making the individual members more independent of the Trade Unions and the party whip.

In addition to the organisations already mentioned, there are others spreading Socialism in this country. Many of them are unimportant, but the following are worthy of mention: the Church Socialist League, the Industrial Union, the Women's Labour League, the Socialist Sunday School Unions, the Teachers' Socialist Society, and the Civil Service Socialist Society.

The most notable of these are the *Christian Socialists*, one body of whom, like the Bishop of Birmingham, are really not Socialists at all, for they refuse to deny the right of private property and to believe in the Socialistic ideas about liberty and equality; the other body are genuine Socialists, accepting the principles of Socialism in their entirety. These last call themselves the *Church Socialist League*; they hold that the teachings of Christ and Socialism are identical. This not very consistent body co-operates with atheists and infidels in destroying some of the chief agencies for upholding Christianity in this

country, such as the system under which religion is taught in the schools. They apparently believe in the Tenth Commandment, and yet deny the right of private individual property. Hatred of the rich appears to be as intense with them as love for the poor. They judge the rich by their worst representatives, and the poor by their best. A leading member of the Church Socialist League, a clergyman, speaking at their last conference, said: "What they stood for was the same Socialism as that confessed by Mr. Hyndman, Mr. Blatchford, and Mr. Keir Hardie."

Professor Flint, the Socialist historian, in his work on *Socialism*, referring to the Rev. Mr. Headlam, a prominent Socialist worker, wrote:

"Mr. Headlam believes in a Socialism which aims at robbery on a gigantic scale, and in a Religion which forbids all dishonesty. What does that prove? That Socialism and Christianity are closely akin? No! Only that Mr. Headlam, like all other men, may regard incompatible things as consistent."

The Bishop of Exeter, in a recent address at Plymouth, said of this Christian Social-

ism, that "while there were and might be Christian Socialists, Christian Socialism was either not Socialism or was not Christian," and in this he has expressed the view of most commonsense people.

Another effective branch of Socialist propaganda is the Socialist *Sunday School Union*. Glasgow is the birthplace of the movement, and has now about 20 Socialist Sunday Schools. There are a large number of such schools all over Great Britain. In London there are about 1,000 pupils. There are nearly 3,000 in the English Provinces, and a considerable number in Wales. Many parents and guardians who send their children to those schools would be shocked at the code of teaching which prevails in the *Red Catechism*, in the *Child's Socialist Reader*, and the *Socialist Sunday School Song Book*, the "text books" used in those schools. Mr. Hyndman, the Chairman of the British Socialist Party, speaking at Burnley in June, 1910, said that :

"The Socialists were getting the children with them; they were teaching those who would be the vigorous people of the next generation. That was the real future of the people of

this country—the education of the children to Socialism.”

A remarkable fact with reference to the Socialist leaders who in this country are prepared to establish new systems of economics and industry, is that among them there is not included one individual who has made his name as one of our captains of industry, as an inventor, as a successful engineer, or as the organiser of any great mercantile undertaking. They are all authors, journalists, playwrights, or professional politicians. There is not one great business firm in the country who would engage any one of them as manager, and yet they coolly propose to reorganise the whole trade and commerce of the country!

It may be added that there is no country in the west of Europe so free from Socialism as is Ireland. This is accounted for by two facts: First, that the majority of the people are Roman Catholics, and Roman Catholic doctrine has pronounced emphatically against Socialism; secondly, that the operation of the Land Purchase Acts is converting the Irish farmers from tenants at will to practically the absolute owners of their farms, and, after a long struggle for this privilege, they will not easily allow State

Socialism to take possession of what they have won.

As to the strength of Socialism in Great Britain, the membership of the three principal Socialist societies would be approximately as follows:—

The Independent Labour Party, about 65,000 members; the Social Democratic Party, about 20,000; and the Fabian Society, about 3,500. There are considerable numbers in the other organisations mentioned, and there are some thousands who are not formally members of any organisation.

The Socialist vote in the General Election of January, 1910, was 550,861, and in December, 1910, 381,015.

The figures of the Parliamentary elections, on account of the quasi-alliance with the Liberals, are not very illuminating. The Municipal elections, on account of the less cost of putting forward candidates and the lessened co-operation with Liberals, are more instructive; but it must be remembered that at Municipal elections the issue before the electorate is often quite a local one. For the last three years the total Socialist vote at the Municipal elections was: In 1909, 290,000; in 1910, 203,000; in 1911, 204,000. It would be probably fair to estimate that the total Socialist vote

in Municipal contests would be about 800,000, and that the total number of declared Socialists in this country is about 600,000. At Municipal elections, of course, on account of local issues, Socialists get votes from electors who are not Socialists.

About 100,000 Socialist meetings are annually held in the country, and about a quarter of a million pounds are spent annually on Socialist organisation and propaganda. The great master stroke of the propaganda in this country has been their seizure of the organisation and, to a great extent, of the funds of the Trade Unions. This was the work of the Independent Labour Party and the Fabian Society. The old, able, and loyal organisers of the Trade Unions, who were non-Socialists, were, by quiet wire-pulling, thrust aside and supplanted by young Socialists. As a result, Trade Unionism has become disorganised and ill-disciplined. Men like Messrs. Broadhurst, Shipton, Bell, and Burt, have been replaced by professional Socialistic agitators. The "liberty" that has been preached has been used with a vengeance, and now sectional strikes, and the violation of agreements solemnly made, show that the workers have thoroughly learned their lesson from the

Socialists, and, while studying their rights, have forgotten their duties.

Recently it has been noted also that the same policy which the Socialists used with such success towards the Trade Unions is being used by them to capture the Co-operative Societies all over the country.

Along with those who are declared Socialists, thousands more have been influenced by its teachings, and, as Mr. W. C. Anderson, one of the leading Socialists of the country, recently wrote :—

“During the past four years we have seen Socialistic principles embodied in the legislation dealing with Small Holdings, Housing and Town Planning, Miners’ Hours, Old Age Pensions, Child Feeding, Workmen’s Compensation, Labour Exchanges, and Wages Boards.”

So vigorously is the Socialist propaganda being developed that there is hardly a man among the labouring classes of the country who has not been taught the fascinating portions of the doctrines of Socialism by being harangued at Socialist meetings, or primed with their literature. Socialistic theories are spreading, and Socialism, even in a crippled state, is being thrust into Acts of Parliament. Financial

insecurity is becoming more marked, national and local taxation are increasing, private enterprise and the development of our national industries are being checked. This sapping of the life of the nation must one day create collapse, and it is useless for us to shut our eyes to the probability that the present ignorance and apathy of our upper and middle classes may, as in other countries, some day result in the breaking loose of the rioters and revolutionaries. Speaking at an Independent Labour Party meeting at Nottingham in September, 1910, Mr. Seddon, Socialist M.P., said :

“There was no doubt but that a crisis was coming in the history of the Labour movement; events were tending either towards a Socialistic state or to the most bloody revolution that this country had ever seen.”

APPENDIX.

It has been so frequently declared that the dangers and the revolutionary side of Socialism are grossly exaggerated, and that British Socialism is exclusively concerned with the amelioration of the condition of the labouring classes and the Poor, we append some extracts throwing light on this question.

The following statements are all made by able, recognised, and representative British Socialists, writing or speaking about Socialism, and not in periods of national excitement or crisis:—

Justice, the organ of the Social Democratic Party, July, 1910, writes:

“Militarism and monarchy belong to each other, and are both survivals of a brutal and barbarous past.”

The *Socialist*, the organ of the Socialist Labour Party, April, 1908, has:

“There is no reason why a Socialist Labour Party man should take an oath of loyalty to King Edward VII. and heirs for ever, and swear to uphold the Constitution that we are out to destroy.”

Mr. J. Keir Hardie, M.P., a member of the Socialist Labour Party in the House of Commons, speaking at Chester-le-Street in July, 1910, said :

“I regard the existence of a king as a proof of lunacy among the people. A sane people would insist upon ruling themselves, but for the moment we have a King.”

Mr. J. Ramsay Macdonald, M.P., Chairman of the Labour-Socialist Party in the House of Commons, in his book “*Labour and the Empire*,” writes :

“Empire and Imperialism are expressions which must be obnoxious to any Democratic party.”

Mr. H. M. Hyndman, Chairman of the Social Democratic Party, moved the following resolution at Chandos Hall, London, May, 1907 :

“This meeting further records its fervent hope that this infamous British system in India, which crushes all economic, social, and political life out of 230,000,000 of people will, ere long, be peaceably or forcibly swept away for ever.”

Justice, August, 1908, writes :

“Those who control the armed forces are masters of the situation. That, however, is not any reason for despair, but for hope. If the proletariat will only recognise that fact, they will take care to get control of the arms as well as the votes.”

Mr. H. M. Hyndman, in a speech at the Imperial Industries Club, London, January, 1908, said :

“Christianity is Anarchism, not Socialism.”

Mr. J. Leatham, a leading Socialist, writes :

“Socialism is grand enough and strong enough to stand without Christian props. It is about as reasonable to speak of Christian arithmetic or Christian geometry.”

Mr. Robert Blatchford, in his paper, the *Clarion*, October, 1907, wrote :

“I took my course years ago . . . for, seeing that a conflict between Socialism and religion (so-called) was inevitable, I attacked the Christian religion. It had to be done, and it will have to be finished. No half-and-half measures will serve.”

Mr. Belfort Bax, in his book "*Socialism : What it is and what it is not,*" writes :

"The saying of Tridon, subsequently repeated by Bebel and others, to the effect that Socialism stands for a system of life and thought expressing itself in economics as Communism, in politics as Republicanism, and in religion as Atheism, embodies in a few words a large measure of truth. It may be convenient for Socialists, with a view to election expediency, to seek to confine the definition of Socialism to the economic issue abstracted from all the other issues of life and conduct. But the attempt to limit the term Socialism within the four walls of an economic definition is, in the long run, futile. Such a limitation is justified neither by historic usage nor, as above pointed out, by the implications involved in the economic change itself."

Professor Karl Pearson, in his work, "*The Moral Basis of Life,*" writes :

"Socialism arises from the recognition that the sole aim of mankind is happiness in this life."

The "*Bradford Socialist Vanguard,*" August, 1909, writes :

“Soon, again, the unerring hand of Time will sweep the memory of bishops, popes, and every variety of fakir upon the heap where sorcery and witchcraft already lie in the merciful obliteration of utter decay.”

Mr. Belfort Bax, in his “*Essays on Socialism*,” writes :

“The Socialists are, I say, quite aware that in such a society as Socialism implies, the principle of rigid monogamy enforced by law and public opinion, as at present, must break down.”

In “*Socialism, its Growth and Outcome*,” written by William Morris and Belfort Bax, we read :

“A new development of the family would take place, an association terminable at the needs of either party.”

Mr. H. G. Wells, in the “*Fortnightly Review*,” November, 1906, writes :

“The Socialist no more regards the institution of marriage as a permanent thing than he regards a state of competitive industrialism as a permanent thing.”

In the Independent Labour Party "*Programme*" we read their view regarding taxation :

"Abolition of indirect taxation and the gradual transference of all public burdens on to unearned incomes with a view to their ultimate extinction."

Mr. Belfort Bax, in "*The Ethics of Socialism*," says :

"The great act of confiscation will be the seal of the new era."

In the Official Statement of the Press Committee, Socialist Labour Party, Glasgow branch, we read :—

"Not only in Great Britain, but on the Continent, in America, in Canada, and in Australia the aim of the Socialist movement is confiscation."

Mr. Keir Hardie, M.P., in a speech at Saltcoats, September, 1906, said :

"The struggle must go on until there should be but two parties in the State, the Socialist and the Anti-Socialist. The day will come when there will be a Labour Parliament."

Mr. H. M. Hyndman, the leader of the Social Democratic Party, speaking in London, said :

“We are accused of preaching discontent, and stirring up actual conflict. We do preach discontent, and we mean to preach discontent, and we mean, if we can, to stir up actual conflict.”

Speaking at the annual conference of the Independent Labour Party, in Derby, in 1907, Mr. A. H. Lawrence said :

“It is likely that the final argument will be force.”

Mr. Belfort Bax, in “*The Ethics of Socialism*,” writes :

“For the Socialist it is indifferent whether social and political ends are realised by lawful or lawless means.”

The Editor of *Justice*, the organ of the Social Democratic Party, in October, 1893, wrote :

“We are prepared to use any means, any weapons, from the ballot box to the bomb; from organised voting to organised revolt; from Parliamentary contests to political assassination—which opportunity offers, and which will help on the end we have in view. Let this be understood, we have absolutely no scruples as to the means to be employed.”

Jack London, the Socialist author, in the *Contemporary Review*, January, 1908, wrote :

“The workers of the world, as a class, are fighting the capitalists of the world, as a class.”

In the *Socialist Standard*, November 1, 1908, we read :

“The task before us is not to appeal to the capitalist class to do something, but to organise the workers for the overthrow of the class so they may do something for themselves.”

Mr. Belfort Bax, in his “*Essays on Socialism*,” says :

“The small middle class in its various sections is the great obstacle which will have to be suppressed before we can hope to see even the inauguration of a consciously Socialist Policy. It must be destroyed or materially crippled as a class before real progress can be made.”

Mr. Karl Pearson, in his work, “*The Ethics of Freethought*,” writes :

“Socialists have to inculcate that spirit which would give offenders against the State short shrift and the nearest lamp-post.”

Mr. Blatchford writes in "*Merrie England*":—

“Under ideal Socialism there would be no money at all and no wages. Every citizen would take what he or she desired from the common stock. The only difference between a Prime Minister and a collier would be the difference of rank and occupation.”

CHAPTER IV.

The Influence of Socialism on the Army and Navy.

The attitude of a large proportion of the people influenced by Socialistic teaching towards our defensive forces, Naval and Military, is rapidly becoming a serious menace to the public welfare.

Socialists expect to bring about a time when all nations shall be at peace; they advocate the abolition of standing armies and the repudiation of the National Debt. If these two proposals were carried out in this order, the country, after being deprived of half its means of defence, would find war declared against it by the whole of the civilised world.

Unfortunately there can be no doubt that the security of the British Isles is jeopardised by the altered status of European sea power, and both naval and military experts admit that the invasion of our country by a foreign Power is becoming more and more within the realms of possi-

bility. It is a strange but undeniable fact that the need of our defensive forces is imperfectly realised by the average citizen; he takes a vague interest and pride in the Army and Navy, but hardly realises that its most important function is to ensure his daily bread.

No civilised nation would maintain instruments of destruction for mere destruction's sake. A successful foreign policy and an Army and Navy of unquestionably sufficient strength are absolutely necessary for the achievement and maintenance of those conditions on which depend industrial life, and therefore the homes of our people. Foreign politics are intimately connected with our most domestic and personal interests. The income of the working classes depends on the magnitude of our national income, and this in its turn rests on the political ascendancy of the nation; so that when we are engaged in a foreign struggle, the immediate effect of which is to defend a distant frontier or maintain the national prestige, we are indirectly struggling against want and hunger at home.

The late Lord Beaconsfield, speaking at Manchester in April, 1872, said:—

“The relations of England to the

rest of the world, which are our foreign affairs, are the matters which most influence the Englishman's lot. Upon them depend the increase or reduction of taxation, and the enjoyment or embarrassment of his industry."

The strength and efficiency and, especially, the discipline of our Navy—our first arm of defence—should be a cardinal article in the political creed of every Briton. We depend upon it to secure a continuous supply of food from abroad; without it we should be reduced to an immediate state of starvation. Our Mercantile Marine is the largest the world has ever known; our shipping trade brings in more than £90,000,000 per annum—more than one half of the world's sea-borne trade is carried by British ships, and this trade has to face the competition, the opposition, and the devices adopted by other countries to capture at least a portion of it. Without the Navy, however, this Mercantile Marine would be driven off the high seas in a few months, and with it its commerce and its trade; thanks to our naval power, our shores have not been invaded for seven hundred years. It is, therefore, not without good reason that we read in the preamble of the Articles of War: "That under

the good providence of God it is upon the Navy that the safety of this realm doth depend." An efficient scheme of national defence is the most efficient scheme of national income. Great Britain has been able to build up the empire by means of her naval superiority alone, and she must continue to exist by her foreign policy. To neglect it is to court disaster. Bismarck used to say: "We will never unite Germany from the inside or by home policy; foreign policy alone is our salvation." And if foreign policy depend in time of peace on diplomacy it must not be forgotten that in the absence of a substantial backing diplomacy can accomplish but little. Deeds must be ready to follow words, lest ill betide a braggart nation.

On the question of national defence Socialism is in rather a dilemma. In the Socialist state all is to be peace, equality, and brotherly love, and to provide an army or navy or even police would amount to an aspersion of the external creed; so we have one body protesting against the need of a defensive force and another body holding the opposite view, defensive forces being retained but only on the basis of "National Citizen" forces.

The British Socialist Party, one of the most influential bodies of Socialists in

Great Britain, has the following in its Programme: "The Abolition of standing armies and the establishment of national citizen forces." This article is merely a repetition of a policy approved of by Socialists for years. At the great congress held at Gotha in 1875 universal liability to military service and the substitution of a national militia for a standing army formed part of the resolved programme. The above mentioned article from the Programme of the British Socialist Party in this country is explained by Mr. Quelch, the editor of *Justice* (the weekly organ of the party) in his pamphlet concerning the objects, principles, and work of the organisation as follows:—

"Our Party, in common with the Socialist Party in all countries, stands for the abolition of all standing armies, which are the instruments of oppression and aggression in the hands of the dominant class."

And Mr. Hyndman, the chairman of the same party, speaking at the annual conference in March, 1910, said:

"We oppose to the military policy of our rulers, which consists in keeping up a mercenary militarist force against the people, dangerous in peace and in-

competent in war, a citizen army of the whole nation, as set forth in the full Programme of our party in France and other countries, and as proposed by our comrade Thorne in the House of Commons, ready to fight for the rights of the people, whenever it is necessary to do so, and to aid our comrades abroad, should they at any time call for our assistance."

And speaking at Burnley in June, 1910, he said :

"Every man should be trained to use arms, not to shoot each other, but to shoot those people who interfered with their right to live as they pleased."

Mr. Keir Hardie, M.P., a leading member of the Independent Labour Party, the most wide-spread section of Socialists in this country, in a speech at Sutton Coldfield in August, 1909, said :

"The lesson Socialists had to learn was that so long as political power, with the control of the Army and Navy, was in the hands of the capitalists, the people were more or less at their mercy. The first work that lay to their hands was to get control of the

political machine and become masters of both the Army and Navy.”

In accordance with these professions, we find the Socialists translating their opinions into action, so that in addition to the ever-present danger of foreign invasion, our harassed country has to contend against dissension at home. Seditious is being steadily spread among the men of the Royal Navy, and our soldiers are being told by means of leaflets in active circulation that “they are serving under a barbarous code called Military Law.” The Territorial Forces Act is therein denounced as a “sinister scheme to bring 300,000 men under the hateful capitalists.”

In recent years, unfortunately, the Trades Union Congress has been dominated by Socialists, and at the meeting held at Ipswich in 1909 a unanimous resolution was carried expressing emphatic disapproval of direct or indirect compulsory enlistment of the working classes into the Territorial Forces. And *Justice* of February, 1911, remarks :

“One good result we may hope from the trial (*Edmondson v. Amery*), and that is that it will help to discourage recruiting. Edmondson has done something in that direction already,

and we are pleased to believe that our efforts, with his co-operation, have been instrumental in making Haldane's Territorial scheme a fiasco."

For some years efforts have been made to subvert the allegiance and discipline of our soldiers and sailors by the dangerous and insidious tactics of capturing the defensive forces from within. Mr. C. N. Shaw, of the London Clarion Scouts, writing in *Justice* of April 9th, 1910, boasts that the propaganda work in the Navy goes steadily on, and that Socialistic literature circulates freely "'tween decks." That this dastardly attempt to corrupt the senior service has not been ineffective was shown by the outbreak, two years ago, of stokers at the Naval Barracks, Portsmouth, during the general election. It was the direct result of the free distribution of false and malicious pamphlets issued by the Socialist "patriots." This also was the cause of the trouble on board the "Mars" at Plymouth at a somewhat later date.

Similar tactics are at work in the Army. Mr. Victor Grayson, a prominent Socialist, said at Wigan on September 23rd, 1907 :

"I am looking forward to the time when the British soldier will emulate his brother of the National Guard of

France, and when asked to fire upon the people who are fighting for their rights, will turn his rifle in the other direction. We are making a Socialist now of Tommy Atkins by propaganda work in the Army. It is interesting work, and we are making Socialists of them by the dozen."

And in *Justice* of October 29th, 1910, we read :

"Now the Territorials having completely failed—partly, we rejoice to know, by reason of our own propaganda among the men—they (the upper classes) clamour for compulsory service enforced by conscription under military law."

Every regimental colonel to-day is faced with this problem of Socialistic tampering with his troops. In this connection it is important to remember how young the greater number of recruits are, and how impressionable to the specious promises and suave pleading of unscrupulous agitators.

In other countries similarly insidious and even more determined efforts towards the corruption of the defensive forces have been made. The terrible disaster to the battleship "Iena" at Toulon was caused by

Socialist sailors, who deliberately set fire to the ship, and more recently, at the launching of new warships, the French Government was obliged to take the greatest precautions to save the vessels from being wrecked by Socialist dock-yard men. The French have been almost in a state of anarchy for the past five or six years, since M. Pelletan, the French Minister of Marine, taught the French sailor that he was "a citizen of France, and equal to his master." Before this Minister held office the French Navy retained its pride of place as the best in the world after that of Great Britain. Now, the United States of America, Japan, and Germany hold stronger claims, and France has fallen to fifth place in the International list.

The *Pall Mall Gazette* of October 8th, 1907, thus describes the French Socialist of the present day :

" a parricide who awaits the crisis of his country's fortunes in order to stab its defenders in the back, and further the triumph of its enemies. To this end a systematic effort is being made to undermine the discipline and loyalty of those citizens to whom the Republic confides its safety. The conscript on his way to training is plied

with seditious leaflets, suggesting that he should shoot his own officers on the field of battle; the dock-yard and arsenal workers are corrupted with the same treacherous injunctions; and it is no exaggeration to say that the whole defensive organisation of France is paralysed by the knowledge of this hideous canker, and by uncertainty as to the vital points at which it may assert itself."

In the United States a Socialist paper, the *Oakland World*, was established a few years ago with the express design of teaching the Army and Navy men corrupting doctrines, such as "that there is no such thing as mutiny and desertion, which are heroic!" This precious organ stated during the recent Pacific cruise of the American fleet that "every battleship carried on it a band of devoted Socialists, who are spreading the propaganda." In Germany, in October, 1907, Herr Liebnect, a prominent Socialist, published a pamphlet in which he declared that :

"The destruction of militarism, which is an important weapon of the bourgeois against the proletariat, was an imperative necessity for the success of the proletariat's fight for freedom."

But the Executive Government there promptly had this gentleman tried, and he was convicted.

The lamentable action of Socialism towards the abandonment of our defensive forces comes strangely from a body whose chief object is professedly to lessen unemployment. They endeavour to persuade us into believing that under Socialism there would be no need for an Army or Navy, and thus some £70,000,000 of the country's money would be saved. But they omit to state the simple but important fact that these millions are nearly all spent in this country, employing labour of a non-competitive character. Nearly every industry in this country is affected by the naval and military expenditure, which is about £72,000,000 per annum. There are about 125,000 members of Trade Unions directly employed, and there are large sections of men in the engineering and other trades who have never worked upon any other class of work than on armaments and battleships. Iron-ore miners, iron founders, plate mill workers, steel smelters, boiler-makers, engine-fitters, all these would be among the first victims of the abolition or reduction of this expenditure. The naval coal bill is over £2,000,000 a year, therefore the miners would suffer

seriously. Then, there are explosive manufacturers, the general commissariat, the upkeep of works, barracks, the hospitals, the printing and boot trades. The reduction of armaments means unemployment in all these industrial areas. Many other trades and industries also would suffer from lessening consumption in the home markets caused by this new wave of unemployment.

But we are told this expenditure is a staggering burden on society. According to Mr. Chiozza Money, however, our national income is about £1,844,000,000, so that scarcely 4 per cent. of our national income is spent on armaments, and what is spent gives employment to about 750,000 workers. It cannot be denied, indeed, that too much money may be spent on armaments, and that something might be achieved in the direction of curtailment, but this can be done equally well under non-Socialistic conditions. In the United States Senate a Senator once proposed to limit the standing army to 3,000 men. George Washington said in reply that he would support the proposal if the mover could guarantee that the country should never be invaded by an army of more than 2,000!

With reference to the Socialistic proposal

for a "Citizen Army"—that workers should be soldiers and *vice-versa*—though it might be possible with evident limitations in the case of the Army, it would be altogether impossible in the Navy, where crews have to undergo a thorough course of training and instruction.

What then is the cause of the hatred of Socialistic bodies towards our defensive forces as at present constituted? It emanates largely from the fear that these forces may be used to retard or prevent the accomplishment of their aims, as, being under a military law, they must assist in suppressing disorder and protecting property. It is, therefore, hardly an exaggeration to say that should Socialism spread sufficiently to become a force in the Navy, it would be the beginning of the end of the Empire.

Surely then it behoves the citizens of this great nation to expose the fallacies disseminated by these traitors in their midst, who, in the name of Socialism, advocate such pernicious and destructive doctrines.

CHAPTER V.

Increase of Taxation, and Spread of Bureaucracy in the United Kingdom.

In one respect at least the people of Great Britain are drifting unconsciously towards Socialism, taking it as it were in instalments, by the equanimity with which they accept the growth of Bureaucracy. New offices are created, which lead to the creation of new officials, new salaries, new pensions, all resulting in higher taxation, armies of Directors, Inspectors, Registrars, and Officials, until it would seem as though the country were fast drifting towards a day when there will be but two classes in the State,—the Inspectors and the Inspected.

Public bodies must, of course, be governed by officials, and the modern tendency of legislatures to empower Secretaries of State and others of similar authorities in Government Departments with the power of declaring what is right and wrong, under the various Acts, and of framing regulations, rules, and orders, really gives undue power

to State officials, and subverses the principle of representative government. In proportion as we extend this sphere of operations of government we bring about the decadence and the want of self-dependence of the citizen, and thus any undue extension of bureaucratic methods in national and in municipal affairs must be a menace to progress.

The establishment of public bodies and paid officials to do what private individuals could do, must sap the very elements of the national character; personality, initiative, and thrift, being gradually destroyed through the growth of dependence. All real progress in the world has been brought about through the enterprise and efforts of individuals, and it has been well said that "No crowd nor committee ever produced a great work of art, generated a new energy, or conceived a new truth, but individuals ever and always." And Carlyle writes: "The history of what man has accomplished in this world is at bottom the history of the great men who have worked here."

As a rule, if business is to be done well, personal responsibility must be brought into play, and where this is wanting, sloth, wastefulness, and inefficiency must be the result. Elected bodies we must have, and paid officials we must have; the former are

selected because they are successful politicians, the latter by a literary examination or through political favour; and bodies of such men are not adapted for the management of any business that can be done by the expert individual. There have been striking and painful revelations of the results of such management on certain local boards in the East End of London. Men of small capacity and small character will undertake much more responsibility than they can be safely entrusted with. As bureaucracy grows, municipalities and local boards, and the officials connected with them, will attain greater power. They will have greater powers of and opportunity for interfering with the life and comfort of the people, and this will increase their opportunities of being tyrannical and unjust. Mr. George Bernard Shaw, a Socialist, has said :

“Capable men understand too well how difficult and responsible public work is to be too anxious to undertake it.”

And again :

“It is possible for a councillor to be stupendously ignorant and lazy, and yet to be not only popular with his fellow councillors, but provided he is a

tolerably entertaining speaker, with the ratepayers also."

During the ten years ending in 1901 private enterprise built houses for 1,014,000 persons in London, while the London County Council provided only for 15,000. In 1908 the Council had made provision for 44,000, but only 28,000 people lived in the buildings provided for them.

It must also be noted that every person unnecessarily added to the service of the Government or the municipality is withdrawn from the classes that produce wealth and revenue, and added to the crowd who live upon taxation. Further, there is no business responsibility in public departments, and no competition with or among them.

It has always been a feature of English public life that many men of ability and integrity have been found willing to work gratuitously for the public. We are at present changing that healthy custom, and allowing paid officials in Government offices, unacquainted with local circumstances, to replace and over-rule the decisions of local workers. During the last four years the Government in this country has appointed 2,500 new officials, at a public cost of about £450,000 (not including

offices under the new National Insurance Act, and the payment of Members of Parliament), and as the greater majority of these officials have salaries rising annually, the cost will greatly increase as years go on. The land clauses of the 1909 Budget have added about 800 valuation officers to the list of Government officials. By the taking over of the telephones by the State the number will come up to about 250,000, that is one official to every 160 of the population. In the administration of the Poor Law, the ratio of the number of officials to the persons receiving public assistance is about one in seventeen. Our Civil Service Estimates, which include the salaries of all Government officials, rose from £19,000,000 in 1895 to £42,000,000 in 1910. On the motion in the House of Commons to increase the salary of the President of the Local Government Board, Mr. Thomas Lough, Liberal M.P., said:

“The government of this country is becoming a huge Bureaucracy, and this House is doing much to strengthen the chains which that Bureaucracy is placing on the freedom of the country.”

As said above, the power given to some

Government Departments is subversive of freedom. A Department Order is as effective as an Act of Parliament, and often even the Courts have no power to interfere. Thus, under the Small Holdings and Allotment Act, 1908, land is acquired compulsorily, and the amount of compensation is to be assessed by a single arbitrator; and whether counsel or expert witnesses may be heard on behalf of those interested is left to the discretion of the Board itself. Delays, expenses, and mistakes are quite common in the departments. On two recent notable occasions the Courts decided that the Department of Education and the Charity Commission Department acted quite wrongly. Under the Housing Act of 1909 the Local Government Board have jealously kept in their own hands, and out of those of the County Council, the right of regulating sanitary and other matters, instead of retaining only the right of a final decision where local differences could not be otherwise settled.

In many parts of the country this burden of increasing bureaucratic control is being protested against. The Birmingham Chamber of Commerce has recently taken action. It drew attention to the increasing growth of officialism involved in much of the legislation of the past decade, and

pointed out that this tendency had been observable in the legislation of both political parties, and constituted a menace to the commercial welfare of the country, which now finds its liberty of action fettered and controlled by Government officials.

Not only is this growth of officials nationally and locally intrinsically objectionable, but increased taxation reminds the people that they must pay for it. In England and Wales both debt and expenditure are increasing more rapidly than the rateable value. Between 1868 and 1890 we find an increase in the rates of 5d. in the £ of valuation, but from 1890 to 1908 an increase of 2s. 4d. in the £ of valuation. In 1895 the debt was 23s. 10d. per £ rateable value, in 1908 it was 48s. 1d. per £. In England and Wales the increase in the local debt in ten years ending 1908 has been £241,628,464, an average of over £24,000,000 per annum. During the eight years 1900 to 1908 the National Debt of this country increased by £123,406,000, and the local debt by £235,353,000. In the year 1908 the local debt of the United Kingdom was £588,556,894; in the same year the National Debt was £762,326,051. Our State Departments are spending about £175,000,000 a year. No wonder, there-

fore, that a leading financial paper, discussing this subject, writes :

“We have certainly been going the pace with a vengeance, and it is about time that retrenchment and economy had a turn.”

We hear much about the growth in expenditure on the Army and Navy, but little or nothing of the useless growth in civil expenditure. Between the year 1898 and the year 1911 the civil expenditure of the country increased by £30,000,000, or 66 per cent.

In this country those who do not pay direct taxation appear to think that they are free from taxation, forgetting that indirect taxation is equally objectionable. In 1905-6 the cost per head of the population for food and drink taxes was in France 17s. 8d., in Germany 14s. 3d., in the United States 14s., but in the United Kingdom it was £1 3s. 10d. By an increase in the rates every article which a working man buys is either increased in price or reduced in quality to meet the demands of the local authority. Weekly rents are increased, factories are removed to less highly rated districts, unemployment is caused, and the cost of Poor Law relief becomes greater.

No one denies, of course, that the control

of a central department is necessary in important matters of finance or systems of administration, or to preserve necessary uniformity through the country, and in cases where the local authorities cannot agree. But when such central body takes upon itself, or has conferred upon it, the duty of constantly interfering in details of administration, its functions become not merely unnecessary, but involve delay and expense, and are injurious to the public spirit of the community.

It is, therefore, time that the citizens of this country should wake up to the fact that they are being gradually suffocated in the toils of a constantly growing bureaucratic tyranny, and that Socialism is really the extension of State encroachments. The extension of bureaucratic government in national and municipal affairs menaces progress, and all enactments tending to extend this sphere of operations of the Government should be opposed.

John Stuart Mill, in his work on *Liberty*, writes as follows :

“Every function superadded to those already exercised by the Government, causes its influence over hopes and fears to be more widely diffused, and converts more and more the active and

ambitious part of the public into hangers-on of the Government, or of some party which aims at becoming the Government. If the employés of all these different enterprises were appointed and paid by the Government, and looked to the Government for every rise in life, not all the freedom of the Press, and popular constitution of the legislature, would make this, or any other country, free, otherwise than in name. To be admitted into the ranks of this bureaucracy, and, when admitted, to rise therein, would be the sole objects of ambition. Under this *regime* not only is the outside public ill qualified, for want of practical experience, to criticise or check this mode of operation of the Bureaucracy, but even if the accidents of despotic or the natural working of popular institutions occasionally raise to the summit a ruler, or rulers, of reforming inclinations, no reform can be effected which is contrary to the interests of the Bureaucracy."

There is no bureaucracy in the United States; almost all the officials are in constant rotation. No country in the world feels more keenly the burden and danger

of bureaucratic tyranny than does France, and two great Frenchmen give Britons a warning on the subject. M. Yves Guyot, the celebrated French publicist, in one of his works, thus speaks of recent legislation in this country :

“Taxation is no longer imposed solely for the purpose of meeting expenditure incurred in the general interest. It is looked upon as an instrument for the confiscation of the rents paid to landlords and of the interest paid to holders of stocks and shares, as a means of absorption by the State of unearned income and unearned increment. No doubt the Chancellor of the Exchequer states that the scale of taxation proposed by him is a modest one, but he is placing the instrument in the hands of the Socialists.”

And further he considers that the Labour Party, Members of the House of Commons, though only one-fifteenth of the whole House, have succeeded in

“laying the foundation for the socialisation of land and of industrial capital, and in converting financial legislation into an instrument for the struggle of classes.”

And M. Emile Loubet, late President of the French Republic, speaking recently of his own country, expressed regret at the extension of the functions of Government, and urged his countrymen not to call in the State to do the work which they could do more effectually for themselves.

CHAPTER VI.

The Income of the Nation, and how it is Divided.

The Socialist case for the Class War rests largely on the contention that workers are "exploited" by the Capitalist, and robbed of the greater portion of the wealth Labour produces. They are repeatedly told that they are "done out of" two-thirds of the wealth they produce.

Hence, among the poorer classes and others who have neither the time nor the opportunity to study economics, we often hear the complaint: "We do the work and the rich take the profits."

This statement is incorrect. It would imply:—

- a. That there are only *two classes*, the Rich and the Poor.
- b. That *all profits* are appropriated by the rich.
- c. That there are *always profits* to be divided.
- d. That Labour alone is the *sole* cause of all wealth.

These implications are both misleading and untrue.

The following quotations from leading British and Socialistic publications are among those that are scattered broadcast among the working classes in pamphlet and speech, and a glance at them may perhaps enable us to understand how it is that our workers have been so ready to voice their discontent.

Mr. Victor Grayson, M.P., in a speech at Tottenham (June, 1908), said :

“On every shilling you workers earn, you who produce all receive only 3d., and the few who produce nothing get 9d.”

In “*The Basis and Policy of Socialism*,” published by the Fabian Society, we read :

“We estimate that the total drawn by the upper, middle, and trading classes, amounts at present to about £1,190,000,000 yearly, or just under two-thirds of the total produce.”

In a pamphlet entitled “*Simple Division*,” published by the Independent Labour Party, we read :

“We arrive finally at the conclusion that the relative shares (of Capital and

Labour) really stand in the proportion of one to six."

In the "*Red Catechism*," primarily intended for the use of children and teachers in the Socialist Sunday Schools, we read :

1. "The poor are poor because they are robbed."
2. "Q. Who creates all wealth? A. The working class. Q. Who creates all poverty? A. Our capitalist society."

And later in the same publication we find this :

"The amount of national wealth produced every year is £2,000,000,000, and the amount paid out in wages is only £500,000,000."

In order to refute these doctrines it is necessary to examine closely the distribution of our National Income, and thus to arrive at a determination on the question as to whether, under our present system, Labour is deprived of its due share in the national wealth.

There are no data available to enable us to state the exact amount of the National Income, but the most eminent and impartial economists and statisticians are agreed in placing it somewhere between £1,750,000,000 and £2,000,000,000.

Again, we cannot compute with absolute accuracy the division of the National Income among the various classes of our population, but the reports issued by the Board of Trade, the Commissioners of Inland Revenue, and other Government Departments enable us to make calculations of sufficient exactitude to justify our deductions and arguments.

The terms "Wealth," "Capital," and "Income," are often used inexactly, and misleading impressions thus produced.

"*Wealth*" may be said to be the result of the application to natural resources of intelligently directed labour supported by capital.

"*Capital*" is that portion of wealth which is set aside for the production of further wealth.

"*Income*" (annual) is the amount received in rent, interest, dividend, salary, or wage.

Thus, the real test of a man's prosperity is rather the income he receives than the capital he owns. He may have a large capital yielding but a small income, and on the other hand he may be in receipt of a large income in the form of salary or wage, and hold little or no capital.

It must also be remembered that our population is about 45,000,000, or nine

million families (statisticians reckoning generally five individuals to the family).

The *National Income* (that is to say, the total amount received yearly in the form of rent, interest, salary, or wage by all classes), amounts to about seventeen or eighteen hundred millions, of which nearly two hundred millions are derived from investments in industries abroad or outside Great Britain.

Now as to the distribution of this National Income among the various classes of our people.

First, as to those who are not "*Rich*" :

- (a) The more comfortable section of the lower middle class, and the best paid skilled workers. Here we have 1,580,000 families, or 7,900,000 persons, with an average income of £184 per year, or £3 10s. od. per week per family.
- (b) The less comfortable middle class and less well paid skilled workers. Here we find 4,542,000 families, or 22,710,000 persons, with an average income of £142 per year, or £2 10s. per week per family.
- (c) The unskilled and lowest paid class of workers. Here we find 1,437,000 families, or 7,185,000 persons, with

an average income of £18 7s. od. per year, or 7s. 6d. per week per family.

Or, taking the totals of the three classes, an average income of £140 per year per family.

Next, as to those who are called *the "Rich."* Their share of distribution is shown in the following table (taken from Mr. Mallock's great work, "*The Nation as a Business Concern*"):—

No. of Families.	Average Income. £	Aggregate Income (Million £'s).	Total population represented.
200	100,000 (over)	22	1,000
800	20,000	16	4,000
1,000	15,000	15	5,000
10,000	8,000	80	50,000
3,000	4,500	13	15,000
16,000	3,000	48	80,000
140,000	1,400	206	700,000
215,000	530	110	1,075,000
635,000	270	171	3,175,000
<hr/> 1,021,000 <hr/>	<hr/>	<hr/> 681 <hr/>	<hr/> 5,105,000 <hr/>

In considering the shares of the Rich, it must be carefully noted:—

First, that the Rich pay a sum of over £50,000,000 annually in *direct* taxation (for

the benefit of the nation), along with their share of indirect taxation, while the income of the Poor is not lessened by direct taxation.

Secondly, while of course it must be conceded that, as many of the Poor are poor by their own fault, so many of the Rich have incomes that are not the result of their own industry or ability, yet it must be acknowledged that the incomes of the Rich are, to a great extent, the result of their own unusual ability and industry.

Thirdly, the greater part of the money spent by the Rich finds its way eventually to the Poor in wages, and gifts, and charities.

Fourthly, the income of the Rich is not all expended on necessaries and luxuries; about £250,000,000 per year is saved by them as capital—the “Fund for Future Development”—to establish new, or foster old industries, without which the Poor could not have employment or wages.

Fifthly, the share of the Rich, as given above, includes nearly £200,000,000 per annum arising from capital invested in foreign countries, and therefore cannot be regarded as the result of the “exploitation” or “robbery” of Labour in Great Britain.

As to the respective amounts paid to

Capital and Labour, the following figures, taken from Fabian Tract No. 5 (a pamphlet written and published by Socialists), founded on the calculations of the great Government statistician, Sir Robert Giffen, may be taken as correct:—

Paid to Manual		
Labour	£690,000,000	
Paid to Labour not		
Manual	£460,000,000	
		<hr/>
Total paid to Labour		
of all kinds ...		£1,150,000,000
Paid as Rent ...	£290,000,000	
Paid as Interest ...	£360,000,000	
		<hr/>
Total Rent and Interest		£650,000,000
		<hr/>
Total National Income		£1,800,000,000
		<hr/>

From this it appears that of the National Income there is paid to Labour about two-thirds of the total, even supposing that Rent and Interest all go to the Rich. It is, of course, true that some of it goes to the middle and even to the poor classes of our people. The following shows at least a portion of the savings of the working classes in round numbers; and that the working classes have investments returning them Rent and Interest.

They have :—

£180,000,000 in the Post Office Savings' Bank.

£70,000,000 in the Building Societies.

£60,000,000 in the Trustee Savings' Bank.

£49,000,000 in the Friendly Societies.

£29,000,000 in the Co-operative Societies.

£6,000,000 in the Trade Unions.

A study of the various returns and statistics on these subjects brings out the following facts :—

1. The value of British Capital is estimated at nearly £12,000,000,000, consisting of public property to the value of about £500,000,000; private property over £11,000,000,000.
2. The private portion of this British Capital is owned by the Rich to the extent of £3,400,000,000, by the Middle Class about £6,700,000,000, and by the "Masses" £1,200,000,000.
3. Of the total of male adults in this country only one in 43,000 is a millionaire, and about 500,000 people own about £5,000 of Capital each. The proportion of Rich is one person in 1,150. The large number of people who are moderately, but not extremely, rich is a characteristic of Great Britain.

4. In the year 1910 a Committee of the British Association investigated the number and income of our non-manual workers, that is those occupying a position between Income Tax payers above and the manual workers below; with the result that the totals under both heads were calculated to be about 4,000,000 workers, receiving about £370,000,000, that is about one-fifth of the workers and of the Income of this country.
5. The people of this country spend 85 per cent. of the Annual Income in procuring needs for sustenance, clothing, houses, Government, travelling, &c.
6. If the "twelve millions on the verge of starvation," so frequently mentioned by Socialistic writers and speakers, were to be given a family income of about £2 per week from the portion now taken by the rich and upper middle classes, the benefit would only go to the bottom grades of society; the middle, the artisan, and fairly paid of the labouring class would gain nothing by it, but would probably lose a great deal. Hence, for the unskilled class of labourers,

and for those who are the least useful to the community, all our economic and industrial conditions would be destroyed, and replaced by a new system of which in actual practice no one can give any detailed plan.

7. During the sixty years between 1845 and 1905, 2,000,000 of our people from the Masses, by industry and thrift, worked their way upwards, and joined the Income Tax paying portion of the community.
8. The average return upon our invested capital (to the landlord, the banker, or shareholder) is about 3 per cent. per annum, making allowance for investments which yield no profit, or are entirely lost.
9. The Salaries or Fees received by middle class employees, apart from their capital, have been estimated at £150,000,000 per year.
10. About four-fifths of the expended income of the United Kingdom is paid to those of its workers who take no risk of loss during their employment.
11. About nine-tenths of the National Income is the direct reward of work, either physical or mental.

12. Our population grows at the rate of about 90,000 new families each year, and our yearly increase in Capital not merely provides incomes for these families, but raises the National Income all round by something less than £1 per head per year.
13. Taking the country as a whole, those who save money get as investors about one-eighth per year of the new income resulting from their thrift. Three-fourths of that income goes in salaries and wages, and one-seventh of it is added again to the accumulated capital of the country.
14. If the income of the "idle Rich" (which is said to be about £20,000,000, and amounts to only 1 per cent. of the total income of the country) were distributed among the Masses, it would benefit them to the amount of only about one-third of a penny per head per day. In this connection it may be noted that the British workman's annual drink bill amounts to five times 20 millions!

On the subject of the National Income and its distribution, it is useful to deal with some erroneous statements and conclusions that are abroad.

Thus, in Fabian Tract 13 (a Socialistic publication) the following figures are given :—

LABOUR.

Income paid to Wage Workers,
£690,000,000.

CAPITAL.

Income paid to Propertied Classes,
£1,110,000,000.

TOTAL NATIONAL INCOME.

£1,800,000,000.

Here we find the amount paid to Labour which is not Manual a sum of nearly £500,000,000 (including the salaries and wages paid to such persons as City Clerks, Bank Clerks, Commercial Travellers, Manager in a Trading House, Artists, Actors, and counted as income paid to the "Propertied Classes," and yet this little table has furnished the matter with which many a thoughtless agitator teaches his deluded auditory all over the country that the "Propertied Classes," or the "idle Rich" who do not work, take up two-thirds of the National Income, and that thus Labour is robbed or exploited of two-thirds of the work it produces; for according to them, "Labour alone produces all wealth!"

2. Again it is very widely asserted that the "Rich are getting richer, the Poor poorer," and as Mr. Snowden, M.P., says in *The Socialist's Budget*, "The few cannot be rich without making the many poorer."

Are the Rich becoming richer? In *The Case for the Labour Party* we read: "The amount of income assessed for Income Tax in 1901 was 833 million pounds, while in 1908 it amounted to 980 million pounds—an increase of 147 million pounds—all gone to the Rich."

Now, the figures given do not represent the net sum liable to Income Tax, but the "gross amounts brought under the view of the Inland Revenue Department." Again, many Income Tax papers are filled by people who are not liable to pay Income Tax at all; and in other cases, from the gross income many deductions are made on account of expenses on which the Tax cannot be charged. Also, there is an increase in the incomes of persons who are themselves wage earners, as Government and business employés. And only a portion of the income from countries abroad is earmarked in the Income Tax. Again, much of the increase is due to an increase in the number of persons who have raised their incomes above £160 per annum.

Now, for the seven years in question, we

find the following amounts have thus to be deducted from the gross amount reviewed for Income Tax purposes:—

1. Income under £160	...	14 $\frac{1}{5}$	million £'s.
2. Repairs and wear and tear of plant	15 $\frac{2}{5}$	„
3. Income of Charities, Hospitals, &c.	4 $\frac{2}{5}$	„
4. Local Authorities	9 $\frac{1}{4}$	„
5. Insurance premiums	3 $\frac{2}{5}$	„
6. Income from abroad	57 $\frac{4}{5}$	„
7. Employees (new incomes)...		31	„
8. New incomes other than those of employees	12	„
		<hr/>	
		147 $\frac{1}{2}$	million £'s
		<hr/>	

Thus we account for the whole of the increase alleged to have been added during those seven years to the incomes of the "Rich." The same truth is revealed by taking the National Incomes assessed to Income Tax in 1901, and 1908, divided by the number of Income Tax payers, which gives us the following results:—

	Income Assessed Million (£'s).	No. of Income Taxpayers.	Income per head.
1901	594 $\frac{1}{10}$	900,000	£660
1908	671 $\frac{3}{10}$	1,130,000	£594

This, indeed, shows that not alone is there no increase, but that there is a slight decrease.

As to the statement quoted above that "The few cannot be rich without making the many poorer," it is disproved by the fact that in the United States of America we find the greatest number of millionaires, and at the same time the smallest percentages of poor and the highest wages paid to labourers. For proof of the latter statement, see the Trade Unionists' report of the "Mosely Industrial Commission" of 1903, and the Reports of the British Commercial Agent in the United States. Indeed, Mr. Robert Blatchford, probably the greatest teacher of Socialism in this country, writing on another subject, agrees with these conclusions. In "*Britain for the British*" he writes:—"It is instructive to notice that our most dangerous rival is America, where wages are higher, and all the conditions of the worker better than in this country."

3. Another strange mistake often made is the accrediting of the "idle Rich" with the profits made by some companies, when we know that the shareholders in those companies are not confined to any one class of the community. The following table shows the extent to which individual under-

takings have been distributed amongst all classes of the people through the Companies' Acts, for the twenty years ending with 1907 :—

Year.	No. of Companies Registered.	Paid-up Capital. (millions). £
April 30, 1887	10,494	591
April 30, 1907	43,038	2,061

4. Many estimates as to the condition of the working classes are misleading in that they treat each worker as an isolated individual, or the unaided bread-winner of the family. On an average there are in this country two workers to each family. In well-to-do families there is generally but one, while among the poorer there are often three or four.

5. As to the "millions on the verge of starvation," so often mentioned by Socialists, while the sweeping assertion may include many of the deserving poor and most of the agricultural labourers, it must include a large number of persons who, under any circumstances, could never be wage earners—such as the incompetent, tramps, the workshys, the aged, most of the insane, and the criminals, as well as over a million paupers. Even under Socialism these would still be a burden on the wealth producers of the country.

6. All schemes for the distribution of the income of the Classes, or which treat savings as distributable, are absurd; since a large portion of our income must be always saved to create the new capital which is to provide sufficient work and wages for our steadily increasing population.

7. It is not true that our population is sharply divided into the Rich and Poor. Our population consists chiefly of those that are neither rich nor poor: The Lower Middle, Intermediate, and Artisan Classes, who comprise 33,000,000—or about three-quarters of the whole population. The average income of these three classes is £157 per year, or £3 per week.

8. Let us, then, suppose that by despoiling the Rich, and only the Rich, the Socialist goal of a minimum family income of £2 per week could be attained; it would attract to this country crowds of poor from foreign nations, and thus the Briton's share would be *pro rata* reduced. Laws against this immigration could not very well be passed by a Socialistic Legislature, since Socialism claims to be international, and preaches the "Universal Brotherhood of Man."

9. We are further often told that the Rich (or, as they are called in this connection, the "Parasites") consume the greater

portion of our income. The fact is that our 10,000 rich people receive but £121,000,000 between them, and enjoy but £70,000,000; and in this number are included our great Financiers, Merchants, Manufacturers, Contractors, Bankers, Shipowners, Brokers, Inventors, Engineers—in a word, all the most important and necessary commercial persons in the country, and who certainly, if they are rich, are not “idle.”

10. It is also important to note that Income Tax assessments are not an accurate test of actual profit, and that a sum largely exceeding the amount of the distributable profit is annually taxed for Income Tax; and also, that the depreciation, or the destruction of our Capital, amounting to about £100,000,000 per annum, is not at all shown as such in the Income Tax statistics.

11. In connection with the incomes of the various classes of our people, it is interesting to know that of our total spendable income, the rent of land represents less than 5 per cent., that the number of landed incomes exceeding £100,000 a year is not more than 15, and that the rent of agricultural land was £13,000,000 lower in 1905 than in 1885, and that every class in the country has investments in land, and that therefore the clamour against the idle

parasite of a landed proprietor is quite misleading.

Indeed, most of the bitter complaints and eloquently voiced discontents of the Socialist teachers and their disciples prove, under careful examination, to have little or no foundation. Moreover, by their campaign, if pursued upon the present lines, they will bring about—not the millennium, which fills their cloudy dreams, and distorts the imagination of their unfortunate dupes—but a state of chaos.

CHAPTER VII.

Unemployment and Poverty : their Causes and Remedies.

In the literature and the speeches of Socialists, great prominence is given to the problem of poverty and unemployment, as these sad conditions form one of the most invaluable assets for their propaganda.

There is, of course, no doubt that in this, as in other countries, there is a great deal of unemployment in almost all trades, and to the cry for work from deserving workmen patriotism and statesmanship are bound to respond by doing all that is possible to find a remedy.

The question, however, is an immense one, and it requires the most delicate handling; sentiment and emotion must be excluded from the consideration of it—for it is easy by hasty and ill-advised action to lessen or destroy the wealth-producing energy of the country and to thus reduce the conditions of employment and standard of wages to a state worse than they are at present.

A real impression has been made by the Socialist on the minds of honest and industrious members of the working class, by the promise of permanent provision of regular employment at an increased rate of remuneration and with more hours of leisure. The labourer is taught that irregularity of employment, long hours, and low wages are the result of our present industrial system, and that only one remedy for his woes can ever prove effective; that is, the solution offered by Socialism. They are taught that thrift, so far from being a virtue to be encouraged, is a failing to be denounced, since it may lead to capitalism, and since it must mean individual self-reliance, a quality which has no place in the doctrines of collectivism; and hence we find that recent reports made to the Friendly Societies at their annual meetings show a distinctly retrogressive tendency on the part of the members with regard to thrift.

As has been stated, the unemployed and the poverty-stricken form the stock-in-trade of the Socialistic propaganda. These "champions" of the working class dilate on the miseries and sufferings of the poor, on the evils of unemployment, and on the dreary outlook for labour as if Socialists alone had a monopoly of sympathy with the poor, and they alone were striving to remedy

the admitted evils of to-day. They say, "In London, one person out of every four will die in a workhouse, hospital, or lunatic asylum." "Do you know that one in every sixteen of the workers is to-day without a job?" "Are you aware that twelve millions of our people are on the verge of starvation?" Such statements are flung among those who believe them, knowing no means of testing their accuracy, and the working class are roused by the assurance that "the poor will be poor so long as they allow the rich to be rich."

It may be well to state that in the term "unemployed," we include those labourers and those alone who are unemployed through no fault or defect of their own; not those who are unemployed because from one cause or another they are unemployable.

To promote clearer ideas on this subject, and coming to the question of the number of the unemployed, it may be surprising to many to know that in face of those statements, we have no means of determining the number of unemployed in this country. No one can deny that there is too much unemployment, but it can be denied that there are any reliable data for the figures given by Socialists. We have only two sources of information on the subject, and both are unreliable.

The first, or the oldest, is the return made by the Trade Unions to the Government. But all the Unions do not make returns, and those that do can speak for only a class, or portion, of the labourers of the country. The majority of the Unions do not furnish any returns.

The other (and the more useful) source is the Return made under the Unemployed Workmen's Act of 1905. But these returns show only the number of applicants. Thus the recent returns show that over one million applied for employment, and one individual can figure several times as an applicant, as in the case of casual labourers, or through disappointment in finding work in a particular locality. Indeed, in the Report of the Local Government Board under this head for 1906-07, the following interesting statement is made :—

“The want of employment indicated by the returns received by us affected chiefly the class described as general or casual labourers, and men connected with the building trade. The former, both in the period ended March, 1906, and in the year ended March, 1907, counted for more than 50 per cent. of the applicants whose applications were entertained.”

When this is added to the statement in the latest report that, "Many men do not register, owing to the known inadequacy of the work available," it will be clear that neither from this source have we any complete data covering the region of unemployment on which to base a statement as to the number of unemployed.

With regard to the pauperism, we are told that in London one person in every three dies in the workhouse, hospital, or lunatic asylum. Now, sickness and lunacy do not fall exclusively upon any one section of the community, and they are not special features under any particular economic system. Could Socialists prevent sickness and mental unfitness? So we must leave the deaths in hospitals and in lunatic asylums out of the question, and these form more than one half of the total given by the Socialists. Then, as to deaths in the workhouse; London cannot be taken as an index to the condition of the country; like all great capitals, it is the haven of those who fail elsewhere, not to speak of a large and poor alien population which accentuates the struggle for the natives of the city. Hence we find, as we might expect, that taking the totals for a recent year, the proportion of deaths in the workhouse to the total deaths in England and Wales was 9.38 per cent,

while the similar proportion for London in the same year was 19.07 per cent.

There is no more common statement at Socialistic meetings and in Socialistic literature than that "Twelve millions of our people are on the verge of starvation," and this is given on the authority of the late Sir Henry Campbell-Bannerman, M.P. This statement was, indeed, made by Sir Henry at a meeting in Perth in June, 1903, but he, at the same time, stated that he was relying on figures given by Mr. Rowntree and Mr. Charles Booth. Now, Mr. Booth's investigations applied only to London, and in a letter to the Press, in July, 1903, he repudiated the suggestion that he spoke of "twelve millions on the verge of starvation," because he was speaking then only of people living in poverty, and as he pointed out, these are not as a rule without sufficient food. He further stated that Mr. Rowntree's investigations applied only to the city of York, and that no accurate scientific estimate for the rest of the United Kingdom could be based on the figures for those two towns.

In March, 1906, Sir Henry Campbell-Bannerman acknowledged that he had been under a misapprehension as to the facts in making the deductions which he had made in his speech at Perth. It is quite evident

that the condition of town, village, and country in the United Kingdom cannot be deduced from the condition of life in London.

On the condition of the labouring classes of the poor, we have statistics that are very instructive, and the accuracy of which cannot be questioned. Mr. Burns, President of the Local Government Board, speaking in the House of Commons in April, 1911, gave the following details :—

- (a) In the year 1850 there were 62 per thousand of the people paupers, and now the 62 had diminished to 18.7;
- (b) Since 1905 the total pauperism had diminished 22 per cent., and outdoor pauperism had diminished 33 per cent.;
- (c) Out of 900,000 persons dependent on rates and taxes for their subsistence, there were less than 10,000 able-bodied men in health in the work-house;
- (d) Old age pensions had been provided for one million people;
- (e) Of all the pauperism in the country, 30 per cent. was due to sickness, 45 per cent. to old age, infirmity and lunacy, and the balance to vagrancy and other causes moral or physical;

- (f) £1,000,000 has been expended on relief works, and it was found that instead of proving a remedy, this method rather accentuated the evil.

These figures and statements, which are above dispute, form a striking commentary on the cry of Socialists that the "poor are becoming poorer in the capitalistic state."

Coming to the question of wages, there are reliable statistics to prove that the condition of the poorer labourer is better at present than it has ever been in our industrial history. The working man has had legislation in respect of factories, mines, shops, education, health, housing, food adulteration, and trade disputes that has proved of incalculable benefit to him. The mass of the people are to-day better fed, housed, clothed and educated. Wages have improved, hours of work have been lessened, and compared with conditions a half a century ago, employment is at a higher and more constant average rate despite the larger numbers of our population.

Taking the thirty years from 1878 till 1908, in connection with the Building, Coal-mining, Engineering, Textile and Agriculture industries, and the Board of Trade Index number for 1900 equal to 100, we find, from the Board of Trade Returns,

that the mean wages in these our five principal industries, increased from 84.28 to 97.63, while the cost (wholesale) of ordinary commodities fell from 119.5 to 97.8.

Indeed, the President of the Miners' Federation of Great Britain, Mr. Enoch Edwards, M.P., at the Annual Conference at Newcastle in the year 1909, said that "wages were now 50 per cent. higher than they were when the Federation was formed in 1888."

When we come to consider the problems of poverty and unemployment and possible remedies, it is absolutely necessary to deal with facts and with causes; rhetoric and sympathy will not suffice. The "icy hardness" of individualistic literature is pointed out and condemned; but sympathy and emotion have no relation to, nor necessary place, in a serious study of political and economical systems which must be judged in the light of hard or "icy" economic laws. Great financial, political and economic developments, like creation in the natural and mental orders, are apt to be followed by an aftermath that may be undesirable; and the want of recognition of this fact, as well as of the truth that ethics and economics continually interact, has caused much confusion of thought and emotional action in the fields of politics and sociology.

The problems of production are most probably of much greater importance than those of consumption. Production was revolutionised in this country by the great mills and factories that came with the introduction of steam power and machinery. Production on a huge scale has favoured the consumer by cheapening commodities, but it injured the individual producer.

It must be remembered that there has been a very considerable increase in our population during the last half-century; it has risen from 29,000,000 in 1861 to 45,000,000 at present, and in order to provide for this ever increasing population, the socialistic system of "robbing Peter to pay Paul" is not economic; we must have sound constructive developments which will add to the productive power of the whole country.

Poverty, for the most part, is caused not by the present distribution of the national wealth, nor by an insufficiency of income, but rather by the misuse and mismanagement of that income itself.

The causes of poverty must be sought and rooted out; mere palliatives, though they may afford temporary relief, will never cure the disease.

We note here a few principal Causes of

poverty and unemployment; in the next chapter we deal with two principal causes and the remedies which might be applied:—

(1) One of our greatest national blunders has been the way in which we have sacrificed agriculture and allowed the towns to thrive by a consumption of rural industry; four-fifths of our population are herded in towns. Agriculture is no small ordinary industry, but probably the greatest of all industries, and interference with so vast a source of employment is highly dangerous. Other countries have not followed our bad example in this respect; in France agriculture employs 24,000,000 of the population; in Germany, 20,000,000; in our own country, only about 5,000,000; or, comparing them per area, we find the following numbers of persons employed per 100 acres: France, 7.8; Germany, 8.2; Hungary, 10.6; the United Kingdom, 4.5. In other words, allowing for difference in the cultivated area, this country ought to actually employ in its great land industry about 5,600,000, instead of 2,262,450; and it must be remembered that an average of two and a half persons are supported and subsist by agriculture for every person it directly employs.

Through our neglect of agriculture, the

rural labourer has drifted from the rural district where he was a skilled labourer, to the industrial towns, where he ranks as a non-skilled labourer; he has left his own best source of labour and wages behind him, and has come to assist in swelling the ranks of the unemployed in the towns; hence one of the soundest lines to work on in attacking the problems of Poverty and Unemployment would be the better and cheaper access to the land, and the encouragement of agriculture by cheap capital.

(2) Another cause of Unemployment in Great Britain is to be found in the large number of aliens who find refuge and employment in our country. Many of these, through their low standard of requirements, are able to reduce the competitive wage to a point much below the very reasonable British subsistence level, and foreigners step thus with no difficulty into wage earning positions that should be held in all justice by Britons.

Our difficulties regarding employment at home are momentous enough, and should absolutely debar us from deliberately accentuating them by facilitating competition between alien and British labour.

(3) Anything that injures public credit must hamper industrial enterprise and

decrease employment, and consequently those who are preaching to the people against the foundations of society, who try to break up the constitution and repudiate the National Debt are simply doing all that lies in their power to prevent the investment of British capital in Britain, and thus to weaken industrial enterprise, and to narrow still further the area of employment.

(4) One of the most serious causes of Unemployment and Poverty in this country is the excessive flight of British capital abroad, and this, of course, is a direct result of industrial unrest, irresponsible Socialistic teachings, and the extent to which Socialism has been creeping into recent Acts of Parliament. In normal conditions, of course, a considerable amount of capital would be attracted abroad; but we refer in this connection rather to the amounts which have been *driven* abroad. At the end of the year 1910 the amount of British capital invested abroad was about 3,100 millions sterling. Six years ago the amount was about 2,200 millions. So that in the last six years the total amount of British capital invested abroad has increased by nearly 900 millions, or at the rate of nearly 150 millions a year. Again, if we were to take a period before 1905, say ten, twelve, or fifteen years, we should find that during these periods the

amount increased only at the rate of some 14 millions per year. So we are here faced with the truth that for the last six years, or since 1905, our capital has been "flying" out of the country at over ten times the speed with which it fled before that date. Capital, being a proverbially shy bird, will only be found flying from the country where the socialistic sportsman in Parliament and outside it is making his presence felt.

It has been estimated, by a no less authority than Lord Furness, that £1,000,000 invested in industry in this country with an average degree of success, should give employment to about ten thousand workmen annually; and if this estimate be correct, it is quite evident that the bringing back of public security and confidence which would keep more of this capital at home in our own country, should practically settle our unemployment problems. From every £100 sent abroad that might be invested in productive work at home, we gain, say, £4 or £5 per year of interest; but the portion that pays the workers (about £65) and the amount that would be paid in taxation, rates, insurance and transport, are all lost to this country, and go to enrich the country in which the capital is invested. We have nearly 700

millions sterling invested in the United States of America, giving employment to at least 500,000 workers; we have nearly 270 millions in the Argentine, paying wages to over 190,000 persons. In the face of these facts, can we be surprised to find our workmen emigrating to the States and to the Argentine? or that the recent Report under the Unemployed Workmen's Act is obliged to say that, "The most encouraging results from the operation of the Act have been in connection with emigration."

The figures given above are based on the official information supplied by the Commissioners of Inland Revenue; they are, of course, incomplete, as they do not cover every class of investment abroad; also in the estimate, private capital taken or sent abroad is not included, but the incompleteness under both these heads rather, of course, strengthens than weakens the conclusions drawn from them. The prolonged depreciation of British securities alongside the sustained appreciation of foreign stocks has been too sustained to be accounted for by normally economic forces, and is clearly symptomatic of revolutionary conditions which are producing insecurity and want of confidence.

(5) Industrial unrest, unnecessary strikes and lockouts are, of course, highly inimical

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to good wages and a sufficiency of employment. They prevent wages being paid, prevent profits being earned, eat up trade union funds, injure trade in the locality, and throw to foreign nations the work and orders that Great Britain is unable through her own foolishness to execute. A strike may be necessary sometimes, but it is always a desperate remedy, and should only be resorted to when every resource of diplomacy has been exhausted. To-day, since the trade unions allow themselves to be led by the Socialists, the strike is not the last, but practically the first remedy tried, and "Syndicalism," or the National strike, by which men who have no grievance cease work, in sympathy with such others as are discontented, must be thoroughly destructive of all the trade and commerce of any country. Whatever can be done by good sense and patriotism among all classes, and by legislation to prevent these barbarous means being applied to our industrial troubles should be attempted.

(6) The Poor Law Commissioners' Reports are instructive on the causes of poverty in this country. In one of the recent Reports we read: "In attempting to arrive at the root cause of poverty we are driven back again to the moral cause. The poverty is attributed to a failure in character rather

than to any particular economic cause, making all allowances for the depression in certain trades which certainly exists in some of the towns."

There is no doubt that excessive drinking, want of thrift, and bad management constitute a great moral cause of poverty. According to Mr. John Burns, M.P., speaking in the House of Commons in March, 1908, and to Mr. Philip Snowden, M.P., in "The Socialist Budget," the working classes spend from 100 to 120 millions on drink annually, £50,000,000 in betting and gambling, £10,000,000 on tobacco, and about the same amount on music-halls, football matches, and other forms of popular amusement. In noticing these facts and figures, we do not suggest that none of this should be spent, but that very much less of this expenditure would be more proportioned to the income of those who spend it.

Thrift is the parent of independence and self-respect, two vital principles in national and industrial life, and during recent years our labouring classes have not become more thrifty. In France there are four and a half millions of people who have holdings in the national security corresponding to our National Debt, and in the State of New York, eight millions have a considerably

larger sum in the savings banks than have the forty-four million inhabitants of the United Kingdom. As might be expected, Socialism teaches the working men that thrift, which, of course, makes capital possible, is their enemy. Before the late Royal Commission on Labour, Mr. Hyndman, the leader of the Social Democratic Party, argued that the labouring classes have no benefit from their savings, and that all thrift on their part is making them small capitalists, and thus, intensifying competition must increase their economic evils. Mr. Quelch, the Editor of *Justice*, writes in his work, "*The Economics of Socialism*":

"Temperance, thrift and industry only serve to make labour an easier and more valuable prey to capital. If they reduce the cost of living in any particular, they but reduce the cost of labour to the capitalists."

When Socialists denounce thrift, they fall into two subsidiary errors. The first is that what is saved is not consumed; but we know it does not lie idle, though it may be spent in different directions; it facilitates production, increases purchasing power, and thus increases consumption and demand. The other mistake is in forgetting that thrift connotes character in the indi-

vidual and in the community; the spend-thrift individual or nation lacks stability of character and national *prestige*. As Lord Rosebery wrote a short time ago to a gathering of the Savings Banks Association in Edinburgh:

“Thrift is character, the basis of sound national as well as individual character. . . . Thrift is at the root of independence and self-respect, two vital principles in national life, more especially in the life of an ambitious and aspiring people like ours.”

CHAPTER VIII.

Co-partnership of Labour with Capital.

Co-partnership is not a direct remedy for poverty or unemployment, but as a preventive of industrial unrest, which causes poverty and unemployment, it is probably one of the most efficient solutions of the difficulties between Capitalists and Labourers. Many of the most thoughtful of those whose knowledge of our industrial problems cannot be questioned, hold that it would be just and politic that the worker should have a direct interest apart from his regular wages in the industry in which he is engaged, and in the capital which provides him with employment, and this all the more since the translation of wagedom into partial partnership requires no legislative enactments, but is within the sphere of voluntary effort.

Wealth cannot be otherwise created than by the joint forces of Capital, Ability, and Labour, yet in our time Capital and Labour, instead of recognising each other

as co-operators, regard each other too often as natural enemies.

The Capitalist puts his money in an industrial undertaking, takes all the risks, receives all the profits, or suffers all the loss. The Labourer gives his work in return for a fixed wage, which does not increase as the profit of the undertaking increases, but ceases altogether if the industry fail. Indeed, the wages generally approximate to the Labourer's fair share in the produce, but often they do not.

Thus our present wage system tends largely to discourage what interest the worker would naturally take in his work. The system created Trades Unionism, but the Unions struggled to get the fixed wage increased without encouraging any move to modify the system itself, until nowadays, under the influence of Socialistic teachers, the Unions go to the extreme of trying to overthrow the whole system of Capitalism. This, of course, is absurd, and can only lead to the ruin of our economic and industrial status; but there are many less rigorous methods by which the Labourer might claim a reasonable share of the profits in the production of which he is a necessary factor.

The fulfilment of this claim is what Co-partnership effects; by it the workers in an

industry are given, apart from their salaries or wages, a right to share the profits, and thus have a real propertied interest in the business, and become to some extent Capitalists themselves. This raising of Labour to the same footing as Capital would, among its other advantages, do away with the incessant friction now existing between Capital and Labour. The principle upon which Co-partnership rests is the recognition first of the workman's right to claim wage payment for his labour, secondly of the right of the Capitalist to claim some return upon the Capital he has employed and risked in the business, and thirdly, when both these claims have been met, the acknowledgment of the workman's right to receive an actual share in such profits as may remain by giving him shares in the concern to the value of his share of those surplus profits. This would be, in the case of a joint-stock company, a definite amount of the company's stock.

There are many examples of profit-sharing in the country, but it must be remembered that profit-sharing is not Co-partnership, because it does not give the worker propertied interest in the business. In instituting Co-partnership, a variety of methods might be adopted, and this variety makes very much for the facility with which

the difficulty of the application to particular cases might be overcome. Indeed, the practical difficulties of putting this system into operation are very few. It is evident that only by time and experience could a perfect adjustment be made between the rights of the Capitalist and the Labourer, but there is no doubt that the rest would follow when once a practical recognition of the worker's claim to a share in the fruits of his industry were established. Co-partnership would enable the workman, by industry and energy, to obtain a share in the business by which he lives, while at the same time the valuable services and great interest of the Capitalist and the Captain of industry would be retained.

Sometimes the Socialists claim Co-operation as part of the policy of Socialism, but it is well that it should be thoroughly recognised that the Co-partnership which has just been described is a very different thing from the merely generic term which in Socialism is known as Co-operation. Indeed, so widely do the two schemes differ that the proposals of Co-partnership as advocated by Social Reformers excite the bitterest opposition of the Socialists. Mr. G. N. Barnes, M.P., late Chairman of the Labour-Socialist Party, has said that the Co-partnership movement is not consistent

with the principles of Trade Unionism. There is no doubt that the recognised progress of Co-partnership would prevent the progress of Socialism. Bishop Westcott realised the fact when he said :

“There are undoubtedly many problems in Labour Co-partnership which are unsolved, many of which appear to admit of different solutions. There is room for experiment. But the central thought is clear and commanding; the elevation of the worker through his work.”¹

Many people appear to imagine that in this country Co-partnership is as yet an untried experiment. This is not the case; a very large number of pioneer experiments on both large and small scales have been made on considerably diverging plans, and in practically every case the results have been most encouraging. The greatest in this country, perhaps one of the greatest in the world, was that initiated at the South Metropolitan Gas Works (London) by the late Sir George Livesey—a name that must always be worthy of honourable mention in the history of the application of Co-partnership to industry. In the year 1899 a grave and tough strike occurred between the workers of the South Metropolitan Gas

Company directed by the Gas Workers' Union and the Directors of the Metropolitan Gas Company. The Company's Directors, headed by Sir George Livesey, won. But Livesey, not content with merely winning the victory over the Gas Workers' Union, determined to work out a plan by which the workers of the Company should be enabled in future to work in harmony with the directors. The first system established was one of profit-sharing, by which the workmen received in addition to their salaries or wages, first $\frac{3}{4}$ per cent. and then 1 per cent. on their wages for each reduction of a penny in the price of gas, with an initial price of two shillings and eightpence per 1,000 feet. The idea here was to bring about care and industry on the part of the men, and thus reduce the expenses, which would result in the reduction in the price of gas, which had been fixed by Parliament at a certain proportion to the profits.

In the year 1894 a full scheme of Co-partnership was introduced. Under it the men have yearly agreements of service under which they obtain full wages, but it is provided that men who take no interest in their work shall not have their agreements renewed until signs of improvement are shown. As a safeguard, lest there should be any threat of a strike, the agreements

are made to expire at different periods of the year. All servants in the Company holding such agreements are admitted to the Co-partnership scheme, but no one is compelled to take advantage of it.

As things stand in those companies now, each man has a yearly bonus equal to $\frac{3}{4}$ per cent. of his salary or wages for every penny at which the gas is sold below the standard price of 3s. per 1,000 feet. Hence if, for instance, it stands at 2s. 8d. per 1,000, the bonus in that year would be 3 per cent. on the wages or salary. It is paid as to one-half in the Company's ordinary stock at the market price, and as to the other half in cash, which may be drawn at a week's notice; the portion not withdrawn may be left in the company's hands at interest. If a workman regularly draws his half-bonus he is struck off the list of co-partners. The stock which an employé obtains under the system is his own, of course, but if he sells it he is expected to sell to the company—a sale to outsiders would be followed by a refusal to renew the man's agreement. As has been stated, the plan has worked and is working with thorough success. During the twenty-one years of this Co-partnership arrangement, the sum of £506,675 has been given to the employés under the Co-partnership system over and above their wages.

In the year ending June, 1907, £42,600 out of £45,590 was re-invested in the stock, and it is estimated that in ten years the workmen will have about £1,000,000 of capital in the concern.

Further, it is pleasant to know that the gain to the men has not been produced by a loss to the company. The greater heartiness with which the men labour, their vigilance against laziness, and favouring economical work, produce a greatly diminished cost of production. A most harmonious and beneficial interchange of ideas exists between the directors and the men, and some excellent proposals for increasing economy and expedition have come from the men themselves. The Board of Directorate includes two workmen and one clerk.

Similar success has followed the Co-partnership scheme established by the South Suburban Gas Company (London). Here are a few facts given by Mr. Stourbridge, one of the directors:—The scheme was introduced in 1893; in 1907 the number of co-partners was 553; the holding of stock and deposit, £28,168; amounts paid as bonus in 1907, £3,079. Twelve co-partners purchased the houses in which they reside through the Company's Building Society. Speaking recently at a meeting of the Southern District Association of Gas Engi-

neers and Managers, Mr. Stourbridge, of the South Suburban Gas Company, thus spoke of the advantages following Co-partnership :

“Before, the employés took little or no interest in their employers, or in their work beyond the wages they received. The success or failure of the undertaking gave them no concern, and there was no incentive to exertion beyond the fear of dismissal; for there was no hope of reward beyond the daily wage. The employers took no interest in their employés. They paid the wages and expected the employés to do their allotted tasks, and there the matter ended. But under the new system the employés realised that the company’s success was to their advantage, and that an injury to it was an injury to them. The pace and quality of the services rendered by the men improved. As owners of the stock, and therefore partners in the business, they stood on a higher level than ordinary workmen, and felt a higher sense of duty and responsibility.”

A large number of Gas Companies in this country have followed those two examples, and to-day we have no less than

twenty-eight companies who have adopted Co-partnership on practically the same lines as those initiated by Sir George Livesey. The number of employes under Co-partnership schemes in all these Gas Companies is nearly 20,000; the amount divided among them for the year ending December, 1910, was nearly £89,000. The market value on December 31st, 1910, of shares and deposits held in the various companies by employes was £597,775.

It is a rather notable fact that the municipal gas undertakings, having no shares, cannot give the opportunity to the workers of acquiring any ownership, and here at least is one respect in which municipal trading is against the interest of the workers.

Co-partnership has been introduced into a totally different industry at the Port Sunlight Soap Works by Mr. W. H. Lever, M.P. The system of Co-partnership adopted there has been to create half a million of Co-partnership Stock, which, after payment of 5 per cent. on the ordinary stock, ranks *pari passu* with that stock. From time to time portions of this special stock are issued free to the company's servants, the warrant for the possession being in the form of Co-partnership certificates. There is no regular *pro rata* distri-

bution throughout the service, but the certificates are issued to such of the servants, and in such amounts, as Mr. Lever or his advisers may choose. The conditions of eligibility for the partnership certificates are that the employé shall not be less than twenty-five years of age, and shall have served not less than five years with the company. The certificates are issued to both men and women servants. But although the allotment is at the discretion of the head of the company, a basis is followed roughly of granting ten per cent. of a man's salary, multiplied by the number of years of his service. Every servant desirous of obtaining these certificates makes an application, accompanied by a declaration that he "will not waste time, labour, materials, or money in any duties, but will faithfully further the interests of Lever Brothers, Ltd., and my Co-partners."

The instances just given are not the only encouraging experiments in this country. The firm of Armstrong, Whitworth, & Co., of Newcastle, employing 3,000 workpeople, have adopted Co-partnership, and in three years the amount paid in bonus and interest on the investments of employés has been £46,401. The scheme has been also adopted by the world-known firm of Messrs. Taylor, of Batley, and the facts and figures

given in the House of Commons by Mr. T. C. Taylor, M.P., one of the directors, on the 16th of February, 1912, give abundant proof of the satisfactory results accruing.

That private partnerships are as suitable as Joint Stock Companies for Co-partnership is evidenced by the success of the system in the printing trade of Hazell, Watson, & Viney, of London and Aylesbury. It has also been in operation for years on Lady Wantage's Berkshire estate, thus showing its applicability to agriculture. At Tiptree, in Essex, it has been successfully adopted in the great jam industry of Wilkins, Ltd. Our one solitary failure, or rather discontinuance, is instanced by that scheme which was inaugurated by Lord Furness in connection with the shipbuilding works directed by him at Hartlepool. The workmen by vote decided against its continuance. Lord Furness believes that the adverse vote was the result of Socialistic influence through the trades unions concerned.

The examples given show that companies or individuals introducing Co-partnership can have the experience of others to profit by, and it has so far proved a remedy for industrial unrest. We shall probably have many further trials in the near future.

Sir George Livesey, already referred to as the greatest authority in the world on the application of Co-partnership to modern industry, said :

“The present unrest is largely due to the unequal distribution of property. Co-partnership effects a better distribution, and displaces discontent by contentment. It is the best antidote for Socialism. The dispute between Capital and Labour has to be settled, and Co-partnership is the final and only solution.”

CHAPTER IX.

Liberty under a Socialistic State.

Liberty is the right of the individual to act as he wishes in so far as his action does not interfere with the enjoyment of similar rights by the rest of the community. Thanks to the struggles of the people of this country during centuries for freedom—freedom of speech, freedom of the press, and freedom of religion—the people of Great Britain have secured by their Constitution a measure of personal freedom unequalled by that of any other State in the world. But for the last half century there has been a tendency on the part of the State to restrict this personal Liberty by a growing interference in affairs personal and private, and a still more marked tendency to substitute the responsibility of the State for that of the individual.

Whatever be the form of Government, a consideration of its nature and the limit of the power which the State should exercise

over its citizens, is a matter of the greatest importance.

The State is the body charged under the Constitution with the duty of safeguarding our Liberty, security of property, and providing the means of resistance to oppression. The citizen expects the State to protect him, or to aid him in protecting himself, against any aggression of his private rights and Liberty by others, and to equip or organise means of national defence to protect the nation's rights from attack by other nations. The State consists under some Constitutions largely, under others exclusively, of persons elected directly or appointed indirectly, by the people. During all the years that nations have laboured to establish checks on Governors, the aim of written laws has been to free the citizen from the tyranny of tradition and custom, and in so far as the equal freedom of others did not otherwise demand, to remove restrictions interfering with the development of the individual.

The term "State" is very loosely used by many Socialists—with them it would appear to be some abstract entity uninfluenced by human agency, which can direct human affairs.

The progress of democracy during the last century is really based on the revolt of

the individual against the tyranny of the State. When the tyrannical Governor defended his right to tyrannise he fell back on his character as a representative of the State. What was called the interest and necessity of the community, whatever was the form of the State, was the tyrannical power that claimed personal subjection; "I myself am the State," said the French King Louis XIV.

Unless there be exact agreement on the nature and extent of the functions of the State, representative Government of itself does not do away with tyranny. In questions of resistance to attack on liberty or property the rule of the majority must be followed, because here the interests of all the citizens are alike; in other directions it may be as dangerous and tyrannical as that of any despot, and of course more difficult to detect and oppose.

Fundamentally the duties of the State are chiefly negative, and principally the prevention of injustice and crime, but with the progress of civilisation it will be found that those functions do not suffice; as human needs become more varied, and as national life becomes more complex, the functions of the State must be extended, and sometimes in a positive direction. Human laws are, by conditions that are continually alter-

ing, continually requiring amendments and alterations, and these alterations sometimes must affect even the fundamental policy underlying them.

Political parties are differentiated by the means they respectively think best for the attainment of the ultimate aim of all human law—the material and moral welfare of the nation. While the Socialist strives for the destruction of competition and the dependence of the individual upon the State, the non-Socialist or anti-Socialist discourages State interference with the individual, except in so far as is absolutely necessary, and supports legislation that encourages individual enterprise and enlarges individual opportunities. Hence, though Socialism means full State action, all State action is not socialistic.

State action which lessens the sense of individual responsibility must not be favoured; in the end it multiplies the number of the economically unfit, by weakening through disuse individual character.

Further, the aim of State action should be the elimination of the cause of the evil, and the primary means it should adopt wherever possible for that end should be to render such assistance as would encourage the individual to help himself.

The authority of the State should not interfere with individual freedom except where by its interference it liberates new or greater opportunities.

Socialism teaches that, by its instrumentality, all class distinctions will be abolished, that there will be only one class, the labouring class, that all will have equality of opportunity and reward, and that under its benign influence will flourish perfect Liberty, Fraternity, and Equality.

Let us examine the real state of Liberty in a commonwealth of Socialism.

The state of such a commonwealth is clearly shown by the following explanation given editorially in *Justice* (the Press organ of the Social Democratic Party) in February, 1893 :—

“Socialism means the nationalisation of the whole of the means of production, distribution, and exchange, and the bringing about of a state of society wherein rent, interest, profit, private property, capital and wages will be no more. Social Democrats do not and cannot deny the doctrine of holding all things in common.”

This means that the State would be the sole owner and controller of the means of the production of wealth, such as the land,

mines, minerals, the fisheries, mills, factories, shops, houses of every kind; and of the means of the distribution of wealth, such as ships and boats, railways, tramways, omnibuses, horses, carriages, waggons, etc. No private individual or company could have any ownership or control except as a State servant, nor be the owner of any money as we know it.

Now, private property is necessary for personal freedom. Socialism or State monopoly of production and distribution of wealth means one employer only, no choice of occupation, no freedom of contract, no change to another master, no freedom in bargaining as to hours, rewards, and conditions of labour, no choice of patronage in any business, no money, and no freedom in the spending of the reward for labour. Thus for the poor man as well as for the rich, the possession of personal freedom, which is more important than any material possession, requires as a condition the maintenance of the institution of private property.

It is regrettable, the extent to which two great truths in this connection are obscured—the first, as has just been stated, that the institution of private property is a requisite condition of personal and industrial freedom, and the second that the abolition of

private property and its socialization by the State is no safeguard against the formation of a tyrannical governing class in political and industrial affairs.

In any form of civilised society there must be an executive and an administrative body. In a Socialistic State the governing class elected or appointed will not merely control the political affairs of the country, but the whole of its vast industrial organisation, and consequently hosts of minor officials would get their orders from them. Hence the power of the governing official and the official classes would be much greater than it is under any other form of Government.

It is evident that there can be no individual choice allowed in the selection of a man's calling. *Fabian Tract, No. 127*, an unquestionable authority, says :—

“No one could or should have the right to ask that he shall be employed at the particular job which suits his particular temperament or taste.”

And Mr. Gronlund, the Socialist author, in his work, “*The Co-operative Commonwealth*,” writes :—

“The Commonwealth, while it guarantees suitable employment, can certainly not guarantee a particular employment to everybody.”

It is also evident that the immensity of the field of operations controlled by the Socialist State will make necessary the most strict discipline and subordination. Mr. Sidney Webb, one of the ablest of British Socialists, writes :—

“To suppose that the industrial affairs of a complicated industrial State can be run without strict subordination and discipline, without obedience to orders, and without definite allowances for maintenance, is to dream not of Socialism, but of Anarchism.”

It is scarcely necessary to remark that the terms “discipline” and “subordination” connote a governing and a servient class.

Unless human nature itself be totally changed, those who had Socialism imposed upon them against their will, and others would sometimes desire to act against wrong-doing and mismanagement in public affairs, but they would have no means of expressing their views? For Socialist leaders assert that as Mr. Blatchford writes in *“Merrie England”* :—

“Just as no man can have a right to the land, because no man made the land, so no man has a right to himself, because he did not make that self.”

Those holding this view once placed in

power would certainly hold that no man had a right to his own opinions, and that opposition to their rule should be summarily crushed. Indeed, Professor Karl Pearson, an eminent British Socialist, leaves us no doubt on that head, for in his book, "*The Ethics of Free Thought*," he writes:—

"Socialists have to inculcate that spirit which would give offenders against the State short shrift and the nearest lamp-post."

It would appear then that the only people who would count at all in the Socialist State would be the officials, and that not even a majority rule would necessarily be binding.

Mr. Belfort Bax, a distinguished British Socialist in his work, "*The Ethics of Socialism*," says:—

"The Socialist has a distinct aim in view. If he can carry the initial stages towards its realisation by means of the count-of-heads majority, let him do so. If, on the other hand, he sees the possibility of carrying a salient portion of his programme by trampling on this majority, by all means let him do this also."

Under present conditions the printing press and the newspaper, and the platform

are the essentials of organised opposition—the swords that defend freedom; but in the Socialistic State no public opinion could be expressed against the governing and official class; since the printing presses, publishing firms, the libraries, the public halls, and the newspapers and journals would be the exclusive property of the State, and under the control of the officials, so that it is not easy to see what possible outlet of escape there would be from tyranny, nor how a governing body could be turned out of office.

Under such conditions too, labour would lose the freedom that by the Trades Unions it has gained. The State would be the sole employer, and this sole employer would be the sole director of the police and military, so that combinations and strikes would become impossible.

Socialists tell the working classes that they are “out” to make the workers, economically “free”; but they do not tell them that under the new state of economic “freedom” they will be compelled to work at any employment, at any time, in any place, for so many hours, and for such recompense as their one employer may regulate and apportion. They do not tell them that strikes and Trade Unionism, and freedom of contract will be impossible; nor do they mention that, since even Socialists

cannot change human nature, so governors, directors, and officials, will still be human beings, subject to all human weaknesses, passions, and prejudices, favouritism and corruption, from the result of which failings the workman, under Socialism, will have no escape. The individual in a man would be crushed, he would become a State machine. Most of the great human possessions that have made life wonderful and attractive would have to be surrendered, and how can all this be worked out without much resultant misery in a world and life where each is naturally different, where things present themselves in different lights to each individual, and where each leads a life which, though it may to some extent, never can completely coincide with that of any other.

No other nation can be more unsuited for Socialism than is the British nation; of all peoples they are the most keenly individualistic, and have well shown in the course of their history, by every form of self-sacrifice, how they appreciate and insist upon Liberty and Independence—

“We must be free or die, who spake the tongue
That Shakespeare spake; the faith and morals hold
Which Milton held.”

CHAPTER X.

Nationalisation : or Ownership and Trading by the State and Municipality.

We are all more or less familiar with the latter day spread of State and Municipal Trading, and it is a matter to which the most careful consideration should be devoted. The process of the conversion of industries and trades that are outside the true sphere of municipalisation from private to public ownership and control, is a gradual, insidious and Fabian progress towards Socialism; and it leads to inefficiency, extravagance, increased and useless taxation.

Leading Socialists, of the Fabian or evolutionary school, labour to advance Socialism by means of the Government and the Local Authority; they recognise that this appropriation of great instruments of production and distribution, by the State or the Municipality, is a step towards appropriating or socialising all the means of the production and distribution of wealth, and thus they further this seemingly harm-

less process. Mr. Sydney Webb says: "It is the municipalities which have done most to socialise our social life," and he hopes for "the recognition of the Socialist principle in all the details of local government." And Mr. Sanders, organiser of the Fabian Society, in a lecture at York, in March, 1911, said, speaking of the socialistic teaching developed in municipal trading:

"It is because we want the people to know the meaning of social revolution that we want them to take an interest in these beginnings of Socialism."

The Socialistic idea is the motive power developing State and Municipal trading—the municipalisation of tramways, lighting, etc., the nationalisation or rather socialisation of mines, railways and land, are all important steps towards the realisation of the complete Socialistic aim,—the Socialisation (or public ownership and control) of all the means of production and distribution. A municipality finds a company in the town making good profits, and it promotes a bill for the compulsory purchase of that undertaking; it practically says to Parliament, "Those shareholders make a profit; if we could have the undertaking, the profits would go to reduce the rates. As our

town is developing, more money must be spent on the undertaking, and we can raise it on the security of the rates, cheaper than the company can. So all round, there is a gain to the inhabitants of our town." Thus the undertaking was transferred; and though up to the present there has been an attempt, not to take over undertakings that are not public services, it is hard to see where the argument stops. The profits of the brewers, the bakers, grocers and drapers, must, in the logical sequence of events, come under the same treatment.

Admittedly, it is not easy to state exactly which enterprises may be taken up by the community, and what should be left to private enterprise; that there are natural functions of a government body within the true sphere of municipalisation, cannot be denied. The natural function of a State or Municipality would comprise government and the direction of services essential to the community. Such would be:—

- (a) Prevention of crime and the administration of justice and all the necessary means for carrying these out;
- (b) Education, schools, museums, etc.;
- (c) Aiding the unfit, asylums, poor law;

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(d) Health and hygiene, as sewerage, parks, town-planning, etc.;

(e) Streets, bridges, roads, etc.

Also it may be stated that there should be some control of trade, in whose success the Municipality has a direct interest; there should be regulations affecting monopolies of service necessary to the community; where private enterprise fails efficiently to supply a public need at reasonable rates, the local authority would be justified in undertaking the service.

That State or Municipal trading outside the spheres indicated above is contrary to sound economic principles, is evident from a consideration of the following points:

(1) The success of an undertaking requires the securing of the ablest management. But, councils are elected, not because they are able business men, but because of their personal popularity or political principles; in giving appointments to others by vote, they are apt to be influenced by similar considerations, and to favour their own supporters. Such a system cannot secure the ablest management.

(2) It cannot be assumed that the rate-payer, even by tacit agreement, has agreed to be bound by the majority of the councillors in the matter of conducting trading

concerns that are non-essential in their functions to the community; although the opposite is the case with regard to essentially communal services, such as those enumerated above. For instance, all must agree that pure water is a necessity to a community, and that it is exceedingly improbable that any other commodity can ever take its place, as a condition to public health; and in procuring pure water for the public, the ratepayer at least tacitly agrees to be bound to the council. The same cannot be said, for instance, of electric light; there are other lighting agencies, such as coal gas, oil, etc., which some ratepayers may prefer to use; yet, such ratepayers are obliged to pledge their credit to the establishment of works for procuring electric light against their own judgment and wish, while the council has no authority to compel these same ratepayers to make the venture to which they must contribute become a success.

(3) In comparing public and private enterprise, it is practically always true that private enterprise shows a higher degree of efficiency than State and Municipal effort.

(4) It is not right that any authority should be able to make bye-laws and regulations under which it itself is a trader.

(5) There appears to be no absolute limit

to the taxing powers of the State, nor to the rating powers of a Municipality. Hence, a ratepayer is compelled to have a stake in municipal trading, not merely sometimes against his will, but with an unlimited liability.

(6) No business can be prosperous in which the directors are being continually changed for less qualified men. But councillors are frequently removed at elections, and it takes their successors some time to learn details of the trading concerned.

(7) Those who favour Municipal trading cry out against the monopoly by private companies. But there is no monopoly so stifling as that of the Municipalities. Their power in Parliament enables them to prevent the adoption of new ideas and new developments, and to prevent private enterprise supplying the public with better or at least competitive services.

(8) The danger of political corruption is also manifest; Municipalities are apt to favour their own class of employés at the expense of all others; the bait of higher wages will be held out by municipal candidates. At a conference of municipal employés in May, 1905, Mr. Keir Hardie, M.P., said :

“In this country there are over 2,000,000 municipal employés. As the total of wage earners numbered 14,000,000, this was very interesting. He had also found that in 1903, when there was a reduction in wages all round, the wages of municipal employés had alone increased—he might say have doubled.”

So that in this period of depression in trade, the wages of municipal employés had been nearly doubled!

(9) The best work and that of the highest kind must be got from personal enterprise. It is by it that trade is expanded, enterprise developed, and methods improved, and State and Municipal trading destroys private trading and the great springs of private endeavour and adventure.

(10) Public bodies, while they are quite willing to take over paying concerns, show no desire to embark on a new field of enterprise. Private adventurers must take all the risk in the early days of new inventions and new developments; corporations can never invent anything, and they can have no initiative. Indeed, as a rule, while the risk of a new enterprise is being taken by private individuals, public bodies only interfere to retard progress and to hinder any new development that might injure their own

monopoly ; our own Post Office department, for instance, regarding the telephone system as a new competitor to the telegraphic, harassed and discouraged it, but when private enterprise has succeeded in bringing it to the front, the State absorbs it, and makes it its own.

(11) If an enterprise in public hands becomes unsuccessful, it injures the ratepayers or the taxpayers; if unsuccessful in the hands of private individuals, it injures only those who were prepared to back their confidence with their money.

(12) The number of subjects to which Parliament and corporations have already to give their attention is quite large enough, and it is most unwise to add to it by engaging in trading.

(13) A large number of persons in every town have municipal voting power, who do not directly pay rates; such voters or tenants are generally indifferent to the way in which rates are spent; and it is still more unsatisfactory that there are very large ratepayers, such as joint-stock or other companies, who have no voice or vote in the spending of the rates.

(14) In most cases, instead of risking the money of the ratepayers, the Municipalities would receive greater benefit from private companies for the franchise of the streets,

and in payments to rates, than they can hope to make in profits. This is the general system on the Continent and in the United States. Thus, the Municipality of Paris lets its undertakings by tender, it receives for them £800,000 per year. The city of Berlin in the same way receives £250,000 for the electric light, and £176,000 for the tramways.

(15) As to the condition of Labour, there is no serious difference of treatment in rate of wages and hours of labour between those employed under private, and those under Municipal management. Railwaymen are encouraged to support the Nationalisation of railways; but whatever saving could come through the elimination of a competitive service and other ways, there is no doubt that one result would be the dismissal of a large number of railway workers. The amalgamation of lines would mean a less number of employés. Hence, Mr. Richard Bell, when Secretary of the Amalgamated Society of Railway Servants, wrote in October, 1908:

“I have not been a very forcible advocate of Nationalisation of the railways from the point of view of the men’s interests. I have always stated that when such did take place a large

number of men must inevitably be dismissed, and I was not anxious to advocate anything that would accomplish that."

Further, under the Nationalisation, for instance, of railways or mines, the owners, who would be the State, would also have control of the military and police, hence it is easy to see that the workmen would lose their right to strike. This has occurred in France, where the State has recently refused to the railway employes recognition of their right to strike, and has even taken steps to prevent organisation among the workers.

The case made out for public ownership is not at all strengthened by an examination of the practical results of the State trading administrations in foreign countries. The fact that there are no State railways in the United States is instructive. The Union Pacific line, which practically failed while under State control, has become a great success since twelve years ago, when it was taken over from the State by Mr. Harriman. In France the State experiment with the Western State Railway is most discouraging, and its employes were the last to return to work when the great railway strike two years ago collapsed. Further, the line

is known to be in a lamentable and dangerous condition, and the number of bad accidents occurring is appalling. The State in France holds also a monopoly in tobacco and matches, and the wretched quality of the goods supplied in each case is notorious, while the price is notably high. The Austrian National Railways are not successful; complaints are general, and they yielded a loss for 1909; and third class passengers' fares have been increased over 25 per cent. In Russia the State railways show a loss on working. The results of nationalising the railways in Italy have been almost disastrous, working expenses have increased; political considerations regulate appointments, and at present the railways involve an annual charge of about £7,000,000 on the national revenue. The State railways in Prussia have not been yielding nearly what was estimated, and huge expenditure has to be at last incurred on improvements that were delayed too long in the interest of the State finances. It should be remembered that the capital outlay on German railways was abnormally low, and that they enjoy a vast transit trade with other European countries; our railways, being railways on an island, could, of course, enjoy no such advantage. In Switzerland, the Nationalisation of the

railways led to great increase in working expenses. In Belgium, any success shown has been brought about by the practice of comparing the year's expenditure and ignoring interest on capital expenditure as well as the accumulated deficit. The Belgian railways also, of course, like those of Prussia, reap exceptional revenue from other continental countries. The State ownership of the lines in India, cannot, of course, be compared with our own, as there it is to be vindicated on special political and military considerations.

Turning to our Colonies, in Australia, the greater part of the railways are owned by the State, and only those of Western Australia have been able to show a profit since their inception. The result of the working for the past eight years of all the railways is a nett loss of £2,000,000. Further, the jealousies of the larger towns and trade rivalries have prevented the railways from co-operating with each other. There are State coal mines also in Australia, and they are enabled to make a small profit by inflicting loss on the railways; the chief commissioner for railways, in his evidence before the Select Committee of the Legislative Council, estimated that during 1911 the railways, through having to burn State coal, would lose £45,692. The same system of doing business prevails in New

Zealand; the government departments and the railways must take the coal from the State coal mine. The accounts of the Government Railways of Cape Colony for the year 1907, showed a loss of £217,354. There is only one government railway in Canada—the Inter-Colonial—and the line has proved a disastrous failure.

It is well known that the balance sheets of many of our municipal undertakings are not drawn up on strictly commercial lines; some of them ignore depreciation in machinery, reserves, and other establishment charges which should be debited, and until the system of book-keeping advocated by the Select Committee of 1903 be adopted, it will be difficult to know the extent to which the nimble method of keeping accounts has developed. The Departmental Committee of 1906 reported unfavourably on their method of keeping accounts.

But, it is argued, if the State can handle so well as it does the Post Office Department, why could it not do similarly with any other industrial undertaking? Now, what are the facts? The Post Office has a huge monopoly, and is worked on a competitive system; in the letters and parcels departments of its work it employs privately controlled companies to do practically all the work, and its employés are as discontented

as are those of any other undertaking in the country. The department makes a profit each year in the carriage of letters and parcels because the shipping companies, railways, and mail-cars privately owned and controlled do the work; in the telegraph and insurance departments, where the work is entirely in the hands of State officials, they make large annual losses. In the telegraph department there has been a loss, during the last forty years, of about £18,000,000; the Post Office Savings Bank is run at an annual loss of £100,000; the insurance business is almost a complete failure on account of bad management. The Post Office working of the telephone compared most unfavourably with the National Telephone Company's working, the former costing 74 per cent., and the latter 58 per cent. of the gross revenue. Further, on a population basis, the United Kingdom in proportion to the United States, is in arrear by 2,554,000 stations.

Of our Municipal Tramways only thirty-eight out of ninety-four are carried on at a profit. As a rule, also, they pay no way-leave fees for the use of the streets nor rates on the buildings, charges which, of course, privately owned companies should incur. The total capital expenditure on the London County Council Tramways to March, 1910,

amounted to nearly £11,000,000, and the nett debt to nearly £9,000,000; the Council, in 1907, charged only one-eighth of the cost of improvements in connection with tramways to the tramways account, and seven-eighths to the rates. Street widenings that are necessary for tramway traffic are charged, for the most part, to the improvement rates instead of the tramway account, to show a profit or at least a loss as small as possible on the municipal trading. The failure of the London County Council steamboats is only too well known. From 1905 to 1908 the rates had to contribute £137,931, and up to 1910 the total ascertained loss on the boats was £345,380.

In gas, the municipal undertakings have been generally taken over from private companies in the neighbourhood of coal-fields, where gas can be cheaply manufactured, and in the manufacturing districts where there is a demand for power. In London and the south of England, where coal is costly, the local authorities have not taken over the gas undertakings. And yet, as compared with the results of the private companies, the municipal undertakings do not show to advantage.

As to electricity, the effects of the Electric Lighting Acts of 1882 and 1888, promoted by municipalities, were most disastrous to

the development of the new industry. Sir Frederick Bramwall, giving evidence before a committee of the House of Lords in 1882, said: "I attribute the failure to make greater use of electricity in this country entirely to the Act of 1882." And Lord Farrer said that local bodies were inert and prejudiced by being owners of gas undertakings, and thus were unwilling to give ratepayers the benefit of the new invention. The President of the Institution of Electrical Engineers said that, "Electric tramways had been similarly hampered by adverse legislation and unsympathetic municipalities, and their progress in this country had been delayed while the Continent and the United States got an immense start of us." The Birmingham citizens have invested, as ratepayers, about £15,000,000 in the Corporation undertakings on which they lose all the rates and get a return of only less than one-half per cent. The truth is that municipal ownership is earning in this country at present about 1.8 per cent., whilst 3.2 per cent. is paid in interest on the money borrowed to enable them to make a loss; thus, instead of getting rid of the capitalist, as they imagine, they are being bound closer to him. In many municipalities the trading concerns not alone make no profit, but necessitate a

Rate in Aid. Thus, in Bristol, for 1911, the docks took a rate of 1s. 8d., and at Preston, 1s. 10 $\frac{1}{4}$ d.; in York, electricity and tramways take 2 $\frac{1}{2}$ d.; at Gloucester the light railways 3 $\frac{1}{4}$ d.; at Wigan, the water and tramways take a rate of 8d. in the pound.

The general financial results of municipal trading in this country are, therefore, discouraging, or, rather, alarming. For the twenty-two years before 1890, the rates increased by 5d. in the pound; for the eighteen years following 1890 they increased 2s. 4d. in the pound. In 1884, the Local Debt of the United Kingdom was £192,995,873; in 1908 it had increased to £588,556,984. The liabilities on account of trading undertakings is of the total debt (a) in England and Wales, 55 per cent.; (b) in Scotland, 66 per cent.; (c) in Ireland, 67 per cent.

It is therefore quite evident that municipal trading in this country may lead, if unchecked, to very grave financial trouble and political struggle. While a nation is wealthy and increasing its productive power, it may perhaps afford to ignore these burdens. But we are putting a load on productiveness and on labour by this means of trading, and with a decrease in wealth or a lessening of productive power, these enormous obligations and the difficulties they entail would come more clearly before our eyes.

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