

TRADITION AND MODERNISM IN POLITICS

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by

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CHAPTER I

THE DEGENERATION OF SOCIALISM

As the disintegration of our civilisation proceeds, certain things stand out clearly from their background. One of these is that Socialism has become a destructive force. It was not always so. Before the War Socialism to a great extent represented what was large and generous in modern society. The movement had a passion for social justice. It drew its recruits from among those who were outraged by the injustices and inhumanities of the present system. Before all things it was a moral revolt, and it gave the world a social conscience. But this is no longer the case. Post-war Socialism is a very different thing from pre-war Socialism. It tends to become merged in Communism, and as it does that it becomes informed by a different spirit. In the place of a passion for social justice we get a spirit of class warfare. This is a consequence of the Russian Revolution, following which there has come a belief in the poisonous doctrines of Marx. Thus we see there are two strains in Socialism or Socialist Communism. One is idealistic, cultured, humanitarian, generous and woolly; the other cares for none of these things, is clear cut, direct, materialist, thirsting only for

revenge. And the latter, owing to the prestige of the Russian Revolution, has conquered and killed the former. Earlier, before the War, it was possible for men of good will to identify themselves with Socialism, for the Communist element was negligible; it was possible to believe that what was good in Socialism would triumph. Unfortunately this is so no longer. We can see to-day only too clearly which way things are going, and men of goodwill can only continue to identify themselves with the movement if they are so blind as to suppose that those into whose hands the direction of policy has fallen share their idealism. Realists see they do nothing of the kind. To support Communism is to aid and abet a sordid and practical materialism, full of revenge, that cares nothing for the ideals which Socialists value; for ideas, art or culture, except in so far as they can be used for the purposes of propaganda.

We cannot be surprised if there are many to-day who live only for revenge, for industrialism has left them little else to live for. It is but natural that men who are exploited, badgered and bullied every day of their lives, and are compelled to labour at mechanical and inhuman tasks, should thirst for vengeance. That is a reason for abolishing industrialism, not for placing power in the hands of such men. For men in their frame of mind are not to be trusted with power. Suffering from a burning sense of injustice, and deprived of the culture that gives a true social vision, they act blindly and revengefully when suddenly raised to power. They are also filled with a general hatred and love of destruction for its own sake, as is witnessed by the conduct of the Reds in the Spanish Civil War, where class hatred is combined with religious hatred. Yet instead of Socialists in England and other countries re-

proving them for their vandalism and vile atrocities, they remained silent about them, and collected money for their furtherance. If a tithe of the crimes had been committed by the Right, what a song they would have made of it! But terror, torture and vandalism are to appearances in perfect order when committed by the Left. In England this support went on until protests from the Roman Catholic members of the Labour Party gave Socialists pause to think. It is significant that the protests had to come from Catholics. There is no reason to doubt that the Reds have committed wanton atrocities, considering that terrorism has been preached in connection with anarchism in Spain for over three-quarters of a century.

That Socialists support the Reds in Spain is, in my opinion, because they are mistaken about the facts of the struggle. That they are so mistaken is due to the unscrupulous propaganda of the Communists, which they accept at its face value. But this propaganda is not concerned with truth, but with securing support for the policy of Moscow, and with that object in view they carefully adjust it to the susceptibilities of different classes. Middle-class Communist propaganda stresses the idealistic side of Communism, plays up to the desire of middle-class Socialists and labour sympathizers for a better distribution of this world's goods, talks about class warfare as the dynamic law of history, and claims the allegiance of Socialists for the "Russian experiment," as the only practical attempt to translate Socialist principles into practice, while making no mention of its manifest failures. Thus well-meaning people are disarmed and tricked into supporting a policy which leads to the entire destruction of liberty and whose

means are murder, torture and destruction. Such people live in a world of illusions. They swallow Communism without tasting it; those who do taste it, spew it out. But the working class is told another story. The appeal there is not to the best, but to the vilest instincts in human nature. Communism is expounded as a gospel of class hatred; there is to be no social salvation apart from violence, and in the revolution that is to come there will be no quarter—and their audiences are left to put upon this what construction they like.

Meanwhile, Communists use Fascism as a bogey. They present it as an ungodly compromise with capitalism, while they divert attention from their own crimes by denouncing the violence of Fascism, though according to Gurian the Bolsheviks have put to death about 2,000,000 people as enemies of the regime, while those killed by Fascists amount to only a few thousand, and these deaths were necessitated to suppress Communist violence. Moreover, in Russia the killings still continue, whereas in Italy they only happened at the time of the Fascist revolution. The different temper of the Communist and Fascist regimes is revealed by the fact that whereas Communism invariably condemns those to death whom it considers its enemies, Fascism is content with imprisoning them. What is still more amazing, is that in this propaganda, Fascism is condemned as a dictatorship, while the fact that Soviet Russia is a dictatorship is ignored, though there is a hundred times as much liberty in Italy as in Russia. As a matter of fact the dictatorship in Italy is entirely concerned with the suppression of Communism and Liberalism, and a man who advocates neither of these enjoys as much liberty as any reasonable man could demand. Yet in spite of such

gross misrepresentation of the facts, the Bolsheviks manage to get away with it, so gross is the general ignorance. The Bolsheviks' latest dodge is to conceal, for propaganda purposes, the actual dictatorship behind a fraudulent democratic constitution, which takes away with one hand what it gives with the other.

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Now what is the explanation of this degeneration of the Socialist movement? Why does their humanitarianism seem to be ending in such inhumanity: in such a triumph of the powers of evil? The answer is it was inevitable from the start. Socialists, as I pointed out, are woolly, and woolly-minded people may end anywhere. Looking backward it would appear that the historical function of Socialism has been to create an intellectual fog in which "communism and class warfare" (a contradiction in terms)—murder, torture and vandalism—could materialize. Socialists suffer from a total incapacity for weighing evidences or discriminating between ideas, and are governed by their emotions and abstract theory. Indeed a Socialist, in these days, might be described as a person who is prepared to swallow any poison provided the bottle is labelled "For the good of the people," for they take everything on trust, and never examine the contents. They heard conflicting stories of what happened in Spain, as also what happened in Russia, and accepted the version of the Red because it accorded with their disposition. They see society as two hostile camps. In one camp are all the Reformers who support the cause of enlightenment and emancipation; in the other are the forces of darkness and oppression. In the first category they put all who have behind them a tradition of agitation

—Liberals, Socialists, Communists, Anarchists; all the noble souls who never think anything through, and never see a fact until it hits them in the face; in the other they put all who disagree with them. Socialism, Collectivism or Communism satisfies them completely because they do not see below the surface. Life for them has no depths and no heights; it is just flat. And they have no understanding of the ground on which they tread. In consequence the social problem is, for them, just a matter of arrangement of "planning," to use current jargon. All that is required is goodwill; the details can be left to a competent bureaucrat or chartered accountant to work out. They cannot imagine any one disagreeing with them who has not an axe to grind. That, indeed, there should be people who disagree with them, because they see more clearly than they do; that they see only too clearly that their activities are subversive of civilization, inasmuch as their final result is to liberate the flood of barbarism that is never far below the surface, is an idea that has never occurred to them.

But this social blindness is unfortunately not the monopoly of superficial, self-satisfied people. Sometimes men of depth are afflicted by it. An example is the Spanish philosopher Unamuno. Nobody would accuse the author of *The Tragic Sense of Life* of superficiality. Yet he has a blind spot where social dynamics are concerned. Unamuno was pre-eminent among the intellectuals who were responsible for the Revolution in Spain. Yet he failed entirely to foresee the consequences of overthrowing authority. He failed to see that Liberalism, in whose interests the monarchy was overthrown, was essentially a thing of transition, that it could never become a centre of authority, and

that its accession to power could only pave the way for the triumph of the Anarchists.¹ Only when the worst had happened—when the Government lost all control and the Anarchists had become masters in Spain, when terror, robbery and vandalism had become the order of the day, did he awaken to the fact that the real issue was not between Monarchy and Republicanism, Capitalism and Socialism, but between civilization and barbarism, and that unless the Reds were defeated civilization would perish. The issues in Spain are clearer than in Russia; for whereas Communism is both a continuation of and a reaction against Liberalism, Anarchism carries Liberalism to its logical conclusion, as anyone acquainted with Anarchist literature is well aware. The Anarchists are logical. There is no answer to the arguments by which their social theory is supported except by going behind Rousseau, and repudiating Liberalism root and branch, including the various social theories which have developed out of it.

To go behind Rousseau means repudiating the doctrine of the natural perfection of mankind and reaffirming that of original sin. The recognition of the reality of original sin would safeguard reformers against pitching their idealism in too high a key. It is a law of psychology that an excess of idealism will be followed by a fall from grace, for man cannot for long live on a higher moral plane than the normal; and this is as true of movements as of individuals. Socialists began by demanding a perfect society; that is, they began by demanding the impossible, for no society ever was or ever can be perfect so long as human nature is imperfect; it cannot be better than the human material of

¹ Before the Civil War there were in Spain 600,000 organized Anarchists, while there were only 50,000 organised Communists.

which it is composed. The depredations of the Reds in Spain do not leave much room for hope that the volume of sin in the world has to any extent appreciably diminished, or in any approach to the natural perfection of mankind. Their conduct gives the lie to the Socialist and democratic theory that all men are by nature equal and virtuous, that it is only circumstances that make them appear different, and that all would act decently under different conditions. For when everything that is due to circumstances is abstracted there remains a residuum of original sin which some possess in larger measure than others, and only by keeping it in subjection can society exist at all. This is not to justify existing social arrangements, but to insist that society cannot be rebuilt upon the assumption that all men are equal and by nature perfect; but only upon a frank acceptance of the fact that they are unequal and imperfect, and are likely to remain so.

Because of the imperfection of human nature a perfect society is beyond our reach; but a reasonable one is not. But to achieve it we must accept the sinful nature of man as our starting point, that is, as the permanent hypothesis, and seek to keep it in subjection. Such a society would be superior to that of to-day to the extent that its laws would be made, as was stated in the preamble of a seventh century code of laws, *to enable good men to live among bad* instead of *to enable rich men to live among poor* as is often the case in our industrial society. But it would not be a perfect society, for perfection is not of this earth.

Meanwhile Socialists use the impossible standards of their perfect society as grounds for attacking all traditional institutions. If men abused their positions

it was because social institutions were at fault, particularly the institution of private property which was made to bear the sins of the world. And from denying the validity of private property they went on to deny the validity of all traditional institutions of society except bureaucracy; which from being regarded as a necessary evil came to be exalted as the type and exemplar of social organization. But in turning their backs upon tradition they moved into a world of unreality, where social righteousness became associated with social insanity; because in parting company with tradition they have to take their stand on theory; and theory divorced from tradition tends to become unreal; it ceases to become an explanation of reality and becomes a substitute.

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Chestertonian democracy is a purely mystical conception, based upon the assumption that the things men have in common are more important than their differences. If this is true, then the quantitative values, about which men are agreed, are more important than the qualitative ones about which they differ. It is a position I find it impossible to accept. In any case it has nothing to do with democracy as we know it. Democracy in practice means "Majority vote"—that and that alone. Anyone who believes that the majority, by virtue of the fact that it is a majority, has a right to impose its will on the rest of the community, quite apart from whether its decisions are wise or foolish, is a democrat; anyone who repudiates this hypothesis is not. He may be overflowing with the milk of human kindness, and sacrifice his life for the good of humanity, but he is not a democrat; he is something else. It would clear

the air of a great deal of discussion at cross purposes, if we resolve to use the word in no other sense.

I remember well the first shock I had which led me to doubt democracy. I was discussing the question of democracy with a prominent Socialist speaker in the 'nineties—one of the type who would doubtless be a Communist were he alive to-day. "I will tell you," he said, "my idea of democracy. Go to the pithead; take the first twenty men who come up; they are as fit to govern England as any other twenty." It was one of those foolish remarks which have the sudden effect of illuminating a situation. Democracy could no longer impose upon me. From then onwards, it became clear to me, that democracy could in the long run mean only one of two things. It either meant government by the wise, as Rousseau, the father of democracy, imagined it would, or it meant government by anybody; and there could be no doubt in which direction it was moving. There came to my mind the words of an Eastern proverb: "Disturb not the minds of the ignorant."

It is interesting in this connection to recall Rousseau's ideas of democracy. In the *Social Contract* he says: "It is the best and most natural order of things that the wise should govern the multitude, when we can be sure they will govern it for its advantage, and not for their own." Moreover, it was because monarchical institutions gave no guarantee of such a desideratum that he took exception to them. Thus he writes:

"The one essential and inevitable defect, which will render a monarchical government inferior to a republican one, is that in the latter the public voice hardly ever raises to the highest posts any but enlightened and capable men, who fill them honourably; whereas those who succeed in monarchies are most

frequently petty mischief makers, petty knaves, petty intriguers, whose petty talents, which enabled them to obtain high posts at court, only serve to show the public their ineptitude as soon as they have attained to them. The people are much less mistaken about their choice than the prince is; and a man of real merit is almost as rare in a royal ministry as a fool at the head of a republican government. Therefore, when by some fortunate chance, one of these born rulers takes the helm of affairs in a monarchy, almost wrecked by such a set of fine ministers, it is quite astonishing what resources he finds, and his accession to power forms an epoch in the country."

Reading these words in the light of a century of democracy of a kind, there seems something rather naïve about this simple faith, since the eternal and perhaps insoluble problem of government is that the best and wisest do not automatically come to the top, under democracy any more than under any other forms of government. It is the clever rather than the wise who do, and the clever are rarely wise, nor are the wise usually clever. The fact that the clever rather than the wise come to the front under democracy is capable of many explanations. But the most obvious is that a capacity for public speaking, of popular appeal, is the one indispensable qualification for success; and it does not follow that the man who possesses this gift is wiser or more trustworthy than his fellows. Further, the more complex society becomes the greater is the obstruction placed in the path of the wise, because the more difficult it becomes for the wise man to make himself understood. Thus we arrive at the paradox: the greater the complexity the greater the need of wisdom at the helm, but the less chance is there of it getting there; for

complexity promotes the interests of superficial people who do not see below the surface.

In *Unforeseen Tendencies in Democracy* Mr. E. L. Godkin shows how the decline of the ideals of American democracy coincided with the growth of large towns, and the increase of the electorate. In the early days of the American Republic, when voters were few, men of wisdom and character were personally known to the communities in which they lived, and they became public representatives because of their prominence. But with the rapid increase of immigration after the Civil War this ceased to be true. People were no longer well known to each other. A capacity for popular appeal rather than personal character became the primary qualification for public life, because only good speakers could make themselves known to the electorate. With this change there came a deterioration in the type of public representative, and the growth of the power of the political machine, corruption and jobbery, and the defeat of political idealism.

Rousseau himself was not blind to these dangers, for though at times he talks as if democracy could do no wrong, at other times he admits the dangers; his advocacy of small states and small property was not unconnected with his apprehension of the peril that lurked in large ones. Truth to tell, Rousseau qualified his position in so many ways, that it is finally difficult to convict him of anything, except the general charge that he had an over-confidence in the improvements which he assumed would automatically follow a mere change in political machinery; though even here it is possible to quote passages from his writings against such an assumption. Of course social and political machinery we must have; and there are

evils that can be kept in check by the provision of suitable machinery. But no machinery of a democratic nature can ensure that the wise come to the top, because there is no means of ensuring that the wise are known to the people.

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Meanwhile the people will follow the leadership of the wise if by hook or crook they can find their way into positions of authority. But they will not put them there; which is perfectly logical, for if the theory of equality is true everybody should be on one level. Another reason perhaps why the many never promote the wise is that they cannot distinguish between a wise man and a crank, and so fight shy of both; or perhaps it is that they feel that to promote the wise is to abdicate authority, and their quota of original sin prevents them doing that. Anyway, confronted by democracy the wise man is helpless, for he can never hope to convince the majority of the rightness of his views, if he should happen to find himself at their mercy; they are beyond them. His only chance is to be given a leg-up by someone of understanding already in authority. This explains why aristocracy, in spite of its defects, works better than a democracy. Perhaps the average intelligence of an aristocracy is no higher than that of any other class. But the individual aristocrat is in a position to act on his own initiative, for should he lack means himself he will be in social contact with people who can provide them; whereas the individual of democratic birth without means will not; and this makes all the difference so far as the prospects of the wise are concerned. Instead of wasting their lives vainly trying to persuade the democracy to allow them to act, as the wise in a purely

democratic community would be compelled to do, the wise of means or aristocratic birth can get to work at once, and the rest of the community will follow them, because they are in a position to give practical proofs of their superior wisdom. And the wise aristocrats will promote the interests of other wise men who have not the advantages of birth. And because of such actions the point of view of the wise will come more or less to prevail in the aristocratic class, give it its tone, and from thence it will percolate downwards leavening the whole of society. But if there are no wise men who inherit wealth or position there will be no wise men in authority, because the democracy will not promote them, and no one else can. And as a consequence the tone of the community will progressively decline. The theory of averages leads ever to a lower level.

All this serves to show that in their hearts the people do not believe in democracy as it is understood to-day; they demand authority and leadership, and left to themselves they would not think of questioning it, if it were honest. It is exploitation to which they object, and rightly object, and they only challenge authority when it is too closely associated with exploitation. The people realize that under any system, democratic or otherwise, they must obey; and that democratic institutions do not mean government by the people any more than monarchy or aristocracy, but government by a caucus who exercise authority in the name of the people. What they really want is not control over the national government which deals with things remote, but control over the immediate circumstances of their own lives, which the Mediæval Guildsmen had, and which capitalism and industrialism deny them. Viewed in this light, democracy to-day

presents itself as an attempt to secure, by external means, a control over the economic arrangements of society that can only be exercised from within, as it was in the Middle Ages. By restoring Regulative Guilds of the Mediæval type the people will regain control over their lives. For the rest it will be government by consent, whatever form authority takes.

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Most people dismiss any suggestion of returning to the Middle Ages for a model of social organization as sheer romanticism, without any relation to the problem that confronts us. But that is only because very few people take the trouble to think anything through. Those who do, make the discovery that returning to fundamentals, to which the modern world must return if it is to avert catastrophe, means returning to the Middle Ages in more senses than one; because in the Middle Ages is to be found the beginnings of the modern world, as well as the spiritual wellsprings of life. To dismiss, therefore, any idea because it is Mediæval is therefore to refuse to trace ideas to their source. But if the people are ever to regain control over the circumstances of their lives they will in some sense have to return to the Middle Ages, to take their stand again on the great traditions of the past; the pursuit of progress is a will-o'-the-wisp that can only increase their misery and slavery.

On what terms can men regain control of their own lives? The first condition is that they abandon the equalitarian principle and belief in the natural perfection of mankind; not only because they are contradicted by the facts of nature, but because they stand in the way of common sense social arrangements,

setting men off in vain attempts to realize the unrealizable. They stand in the way of any redistribution of property, because as property is by its nature unequal, the demand for economic equality involves the abolition of private ownership, which in turn leads to the abolition of the private management of industry; and this results either in bureaucratic control, which denies alike liberty and equality, or in Producing Guilds which experience proves are unworkable in so far as they are faithful to the principle of equality.

The "perfect society" of Socialists is full of snags. It does not work because human nature is imperfect. Common sense suggests, therefore, that instead of beginning with the assumption that human nature is perfect, we begin with the assumption that it is not; and that if society is to maintain its integrity evil must be kept in subjection, in order that good men may live among bad. To translate this idea into the terms of social organization, we must, like the Mediæval Guilds, proceed upon the assumption that a high standard of commercial morality can only be maintained when laws exist to suppress a lower one. With this end in mind we shall not seek to abolish private industry in favour of co-operative industry, but to break up large scale industry into small units, and superimpose over each industry an organization to regulate its affairs, much in the same way that professional societies enforce a discipline among their members. But there will be this difference: that in addition to upholding a standard of professional conduct, such Regulative Guilds would be concerned to promote a certain measure of economic equality, in the same way that trade unions do to-day. Such Guilds would insist that all who engaged in any

industry should conform to their regulations, which would be concerned with such things as the maintenance of fixed and just prices and wages, the regulation of machinery and apprenticeships, the upholding of a standard of quality in production, the prevention of adulteration and bad workmanship, mutual aid, and other matters appertaining to the conduct of industry and the personal welfare of its members.

Though such Regulative Guilds are identical in principle with the Mediæval Guilds, there is yet no technical difficulty that stands in the way of their establishment over industry to-day; for the principles to which it is proposed to give practical application are finally nothing more than the enforcement of moral standards. Though Modern industry differs from Mediæval industry the differences are technical, and no technical difference can involve a difference of moral principles. On the contrary, what is involved is a difference of application. For whereas Mediæval Guilds exercised control over employees and their assistants engaged in small workshops, and owned by small masters, our proposed modern Regulative Guilds would, at first, exercise control over employers and workers engaged in both large and small factories and workshops owned by private individuals, limited liability companies and self-governing groups of workers. Later the limited liability companies would tend to disappear as a consequence of the steady pressure that could be applied, and the small man would take his place in industry again; for the enforcement of moral standards, and the suppression of abuses, would cut at the root of company industry.

To make such control effective, it would be necessary to depart from the Mediæval model to this extent:

that instead of authority being vested exclusively in the hands of the masters, as it was in the Middle Ages, the workers should be given representation. Perhaps the Syndicates of Fascist Italy, in which employers and workers are given equal representation with a government official to act as arbitrator, provides the best working model. It would be necessary to make this departure from the Mediæval model because the typical employer to-day is not a master of his craft, jealous for its honour as was the Mediæval employer, but a financier who is interested only in the profit and loss account, and therefore is not to be trusted with final authority. Hence the conclusion that if standards of honesty and fair dealing are to be upheld, prices and wages fixed at a just level, machinery and other things necessary to the proper conduct of industry regulated, the final authority must be vested in the trade as a whole, for only those who suffer from the growth of abuses can be relied upon to take measures to suppress them.

In comparison with the enforcement of such moral standards over industry, all other issues, such as whether the workers are engaged in co-operative production or Producing Guilds, whether they have small workshops of their own or are employed by others, are secondary. They are not matters of principle, but of expediency or personal preference. There is no greater mistake than to assume that most men prefer to work co-operatively with others. On the contrary the majority, the vast majority I believe, prefer, other things being equal, to be employers or employed. Numbers of men prefer to work as assistants because they don't like responsibility, while men of a masterful disposition are too individualistic by temperament to love co-operation; and would be mere

grit and friction inside any organization of a co-operative kind. Other men prefer to work under men of masterful dispositions, because they like to know just where they are; while other men like to work alone. Preferences of this kind have nothing to do with indifference to or love of money. Men may be any of these things, and be good or bad citizens. It is entirely a matter of temperament. For this reason a mixed economy, which is flexible and contains different types of organization, is best adapted to differing human needs, and the varied circumstances of industry. What is important is that these varying types of men in any single industry—employers, employed, co-operators—should submit to the same regulations, or suffer expulsion from the Guild. If moral standards were enforced over industry by Regulative Guilds, the particular way men preferred to work could be left for them to decide, for their differences could not have harmful consequences; while as I have already said, the enforcement of the Guild discipline combined with taxation of larger scale industry would tend to weed out undesirable forms of industrial organization such as limited liability companies.

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But all this is wasted upon Socialists. Like heretics in all ages, they believe in one thing necessary for salvation; in their case it is the abolition of private property upon which they have a fixation. And they are so obsessed with this idea that it blinds them alike to experience and the dictates of common sense. Finally it leaves them at the mercy of cads and other disreputable elements of society; for, attributing all evils to external causes, they overlook the part played

by the evil desires of men, and remove all social and political barriers, on the assumption that men are by nature perfect; to find out, when it is too late, that they have not established the perfect society, but opened the floodgates to anarchy and revenge.

CHAPTER II

COMMUNISM

THOUGH to Russia belongs the unenviable distinction of having first attempted the establishment of Marxian Communism, the doctrine is not of Russian origin, but was imported from Western Europe. The political and economic theory of Marx derives from various sources: its revolutionary spirit was French, its philosophy German, its economics English, and these elements were welded together by a Jew obsessed by the Messianic idea.

The idea of Communism is as old as history. It means communion, mutual participation, sharing, having all things in common, and above all, a society which does not make use of money. But in the past, attempts at its realization were limited to groups inspired by religious motives. Its emergence in England as a social gospel, whose application was to be co-extensive with society, was a logical consequence of the suppression of the Luddite Riots. The advent of machinery was accompanied by a growth of prosperity—a prosperity in which the working classes shared, for wages were high and work plentiful. But about the year 1806 supply began to outstrip demand, and this upset the wage system—that is, the system of distributing purchasing power in payment for work done. It was then that the displacement and depreciation of labour began. By 1811, the distress had become acute, and, as a result of widespread unemployment, the infuriated workmen rose

and destroyed the machinery. The riots began in Nottingham with the destruction of stocking and lace-frames, and spread into Yorkshire and Lancashire. The situation was met by Draconian laws that made the wilful destruction of machinery a crime punishable by death; and in January, 1813, eighteen workmen died on the gallows at York.

The suppression of the Luddite Riots was a turning point in modern history, for it committed society to the unrestricted use of machinery. It meant, among other things, that society refused to face the problem of how labour should be rewarded under a system of machine production, and had taken refuge in that complacent idea of the economists of the time, that everything comes right in the end, inasmuch as there is in society a natural equilibrium, which, given free play, will assert itself. Because of this belief, industrialism thenceforth came to live by its wits—increasing the volume of production with each new labour-saving invention, and stimulating the consumption of all kinds of unnecessary things, in order to keep the workers in employment, and provide the money to pay for the necessary things they required. This necessity is the central fact about industrialism, which has turned it into a Frankenstein monster. It is the key to all its economic developments which frustrate all efforts at stabilization, and lead by a logical process to the present impasse. The Great War, Communism, Fascism, Nazism, the New Deal were all implicit in the suppression of the Luddite Riots; since if the problem of machinery had been faced at that date, and the reasonable demands of the workers met, social and economic development would have taken a different course.

It was at this time, when society was perplexed

by the social problems which the use of machinery presented, that Robert Owen was led to pursue those speculations that laid the foundation of Communist thought. The facilities for the production of wealth, which the new machinery afforded, had made a tremendous impression upon his imagination; and any idea of abolishing or curtailing its use he never entertained. He was of the opinion that machinery, tended by a comparatively small number of manual workers, would soon be capable of supplying the needs of mankind. What, in such circumstances, was to become of the working-class? Were they to die of starvation in the midst of plenty, or were they to live upon doles? For if existing social arrangements were to be retained there was no other alternative.

In his *History of British Socialism*, Max Beer says¹

“The demands of the poor for parish relief increased to such an extent that the House of Commons appointed a Committee on Poor Laws. Robert Owen having found it impossible to explain his views upon the matter to a committee appointed by a meeting of the leading men of London, wrote a report for the Parliamentary Committee on Poor Laws, March, 1817. A year later he further elaborated his reforms on behalf of the working class in a memorial to the Allied Powers assembled in congress at Aix-la-Chapelle, and in 1819 he caused one of his literary friends, probably George Mudie (editor of *The Economist*, 1821-2) to write a number of open letters to Ricardo on the same subject. The gist of these letters was that machinery had facilitated production to such a degree that the world was becoming saturated with wealth. As long as manual labour was the main source of wealth, demand and supply balanced. Production

¹ *A History of British Socialism*, by Max Beer, Vol. I, pp. 168-70.

and population were to each other as 1 to 1. In the years 1792 to 1817 the proportion changed enormously. Production to population were now as 12 to 1. As machinery worked cheaper than manual labour, the latter was being depreciated or displaced. The total wage bill of the country diminished; the working class lost, therefore, much of the fund from which they satisfied their needs, the home market contracted, and the superfluous commodities remained unsold in the barns and warehouses. When the invention of the steam-engine and other engines was made, either the greatest blessing or the greatest curse was bestowed upon society. At present, the latter prevailed, and a considerable portion of the British population was doomed to pauperism. It was in vain for manual labour, under the present conditions, to contend with the sinews of mechanism. On the other hand, if it were possible to make consumption keep pace with production, labour and capital would be beneficially employed, and distress would be unknown.

“But this could not be the case so long as private gain, and not social welfare, ruled economic life. As things stood now, production would more and more outstrip consumption, for the export trade must gradually decrease, and the home market contract, and therefore unemployment and insecurity of existence increase, until the working class, finding their remuneration either gone or reduced below the means of subsistence, would be goaded into fury and despair, and suddenly overwhelm our noble and beneficent institutions and lay them in ruins. ‘We resemble individuals standing on a narrow causeway of a surrounding abyss.’ All this happened because the human mind, after countless ages of struggle with

poverty and ignorance, finally succeeded in unlocking the sources of wealth; in multiplying the productive forces; in rendering the production of goods easy. It was abundance that brought upon us misery! Large masses of producers were thrown upon the Poor Laws because they had produced too much wealth! How paradoxical it all looked! What was the remedy? Some said Poor Law reforms; others advised emigration. But all remedies of that kind were no good, for they did not touch the problem. The real cure lay in arrangements that would enlarge consumption and make it tally with production. Such arrangements were conditional upon combined labour and expenditure, or communism."

We see, then, that there is a definite connection between the problems of machinery and the rise of Communism. The introduction of machinery had operated to lower wages, yet Owen saw that if consumption was to be equated with production, wages would have to be increased not reduced. And, as he was of the opinion that this was impossible so long as machinery remained in private hands, he concluded that our competitive system, based upon the private ownership of machinery, land, and capital, would need to be replaced by a Communist organization of society. Then machinery, instead of being a curse, would become a blessing, inasmuch as under such arrangements the wealth of the community could be equitably distributed, and no one would starve through lack of work.

From 1825 onwards, the currents of thought, generated by the anti-capitalist criticism of Owen and his followers, reached the thinking portion of the working class and created Chartism. This movement, which gradually assumed national proportions, and was in

full swing in the second quarter of the last century, was nominally, as its name implies, a movement for democratic parliamentary reform. But Chartism is a misnomer, for in reality it was an elemental class war, and constituted a series of revolutionary efforts to reorganize society on a Communist and Labour basis, in order to adjust the social and economic arrangements of society to the circumstances of machine production, the misuse of which, it was persuaded, would speedily disrupt society. Its great weakness was that it never had one mind; to state its faith at one period of its history is not to state it at another. The immediate aim of Chartism throughout the greater part of its history was the conquest of political power; with this was merged a vague notion of transforming Great Britain into an aggregation of Communist colonies on Owenite lines. In the midst of these, there came the gospel of the Class War and the General Strike. These conflicting ideas could not be reconciled, and Chartism was in turn Parliamentarian, Syndicalist and Owenite. But it all came to nothing. After 1839 Owenism as a social system showed signs of falling to pieces, and in 1845, with the disastrous break-up of Queenswood, the last of the Owenite colonies, it collapsed. When this happened Chartism was left without a social faith, and this by undermining its driving power, paved the way for its ultimate failure in the fiasco of 1848.

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Karl Marx was the heir of the Chartist movement. With the return of prosperity, which followed the development of railway building and the expansion of foreign trade, people began to think that the difficulties of the first half of the nineteenth century

were nothing more than the maladjustments incidental to the transition from hand to machine production, and it was not long before the problem of machinery was obscured and forgotten so far as most people were concerned. But Marx had no illusions. He saw clearly that the problem remained exactly where it was, inasmuch as the return of prosperity had not been effected by facing and overcoming the difficulties that the employment of machinery presents, but by external events. The crisis had been postponed by enlarging the area of the problem. It was no longer national but international. It had been postponed, but it could not be postponed indefinitely, for a time would come when the equipment trade would come to an end and international trade would then reach its limit of expansion; and when that limit was reached the unemployment problem would return with an increased intensity, because it would be insoluble apart from a fundamental change in the basis of society. In anticipation of that return, Marx set to work to develop a social theory that would provide a firmer base for Communist activity than had been provided by the fragmentary and contradictory theories of Owen and Chartism.

We saw that Owen had taken the unrestricted use of machinery for granted. The only evil he saw in connection with its use was that it displaced labour. By the middle of the century, however, it had become abundantly clear that the use of machinery had other implications. It was proving itself to be destructive, not only of the wage-system but of every other institution of society. The realization of this fact called for a reconsideration of the Communist position, because it followed that if the movement was to be justified, it could only be upon the assumption that

in the long run machinery would prove itself to be a constructive as well as a destructive force. This was the issue which confronted Marx, and he met it by dispelling any doubts there might be as to the validity of Communist activities by affirming that machinery was constructive as well as destructive; it not only destroyed old traditions and institutions, but created new ones to take their place. In support of this contention he adumbrated a materialist conception of history and society in which he sought to supplant the Christian conception by one which attributes all social phenomena ultimately to the blind workings of external causes, particularly to the forces of production. Under the influence of productive work and its needs, men built up their forms of social organization, their religion, arts, philosophy, and science. The material production is the substructure, or foundation, while the corresponding political, religious, moral, æsthetic, philosophic, and scientific systems are the superstructure; and they are so related that the superstructure is nothing more than the psychical reflex and effect of the material conditions of society. It is no accident that Communism is associated with Atheism, for such a purely external approach to the problems of society could scarcely have arisen except in the minds of Atheists such as Owen and Marx. And no doubt the Atheism of Communism was one of its chief attractions for the Russian Nihilists who espoused the cause of Communism, for Nihilism had a definitely anti-religious origin.

This is the central idea of Marx. It is important as supplying the ultimate rationale of Communist activity; for though Marxians regarded the Class War as decisive, it is illogical to do so, because historically the Communist movement exists to find a solution

for the problem of machinery. There is only one objection to it; it does not happen to be true. Experience is proving Marx to be wrong. There is no evidence whatsoever to prove that machinery is creating any new institutions or traditions to replace the ones it has destroyed. For the new ones that have come into existence are no substitutes for the old; they do not satisfy our permanent needs. The truth is, machinery is imitative rather than creative. It provides substitutes that are never entirely satisfactory. There is always something left out, something which the machine can't do; and that something is always the thing that finally matters. There is a sense in which machinery is parasitic; it is parasitic on art and handicraft. And like all parasites it will itself die when it has destroyed the things it lives on.

I said that Communists regard the Class War as decisive. Yet nothing could be further from the spirit of Communism than class warfare, and on first acquaintance it is not apparent how the two ideas became associated. The explanation is historical. Approached historically it is perfectly intelligible. The appeal of Owen had been to all classes. He asked all classes to face the problem which the use of machinery presented, and to assist him in the promotion of Communism. But he met with little response outside of the working class. It was the recognition of this fact that gave birth to the idea of class warfare. To establish Communism, it was necessary for the working class to make warfare on the bourgeoisie who objected to it. Marx went one step further and declared class warfare to be the dynamic law of history. Thus we see how mechanization and class warfare came to be associated with Communism. It all proceeded

logically from the suppression of the Luddite Riots in the interests of the unrestricted use of machinery.

According to Marx, Communism should appear at the end of the process of industrialization; which is additional proof that Communism was envisaged as the solution of the problem of machinery. The last stage of industrialism would be marked by the arrival of a large and permanent army of unemployed. Society would become sharply divided into two distinct and hostile classes—the financiers, capitalists, and landlords on the one side and the proletariat on the other. The workers, goaded by increasing misery, would then rise and take possession of land, capital, and the means of production and exchange, and proceed to organize society for the benefit of all instead of for the few. But it did not work out like this. Though the last stage of industrialism is being marked by the arrival of large and permanent armies of unemployed in all highly industrialized countries, the workers have not risen in a single case.

Such revolutions as there have been were not true to type. The German Revolution after the War was political rather than industrial, and a consequence of military defeat. The workers put themselves under the Socialist leaders, who, though they were professed followers of Marx, made no attempt to take possession of industry, but came immediately to an arrangement with the capitalists to carry on. Nor was the Revolution in Russia any more true to type. It was not an uprising of the industrial proletariat against their capitalist masters but the capture of the post-war chaos in Russia by a group of professional revolutionists who proceeded to impose the Marxian ideology

upon the Russian people. Moreover, Russia at the time of the Revolution was a country in which industrialism was in its infancy. There were, it is true, some very big capitalist concerns in Russia before the Revolution—some of the largest cotton mills in the world were to be found there. Yet, viewed in relation to the vast extent of the country, industrialism was negligible. The factory population was an insignificant portion of the Russian people; out of a total population of 170 millions it only numbered three million. Russia was still a land of peasants, and mainly agricultural. Hand production was still the rule; natural resources were practically untouched. Yet it was in Russia that the experiment was tried. What is the explanation?

The explanation is psychological rather than economic. Russia was still in the nineteenth century. Its faith was that of the Victorians who believed that mankind can be saved by knowledge, industrialism, and technique; and so the Russians could respond to the Marxian gospel which was addressed to an age that thought in the same terms. Moreover, Marxian Communism was a novelty in Russia, and acted upon the Russians like a revelation. It was firmly believed in by an active minority who had long been persecuted by the Tsars, and this had formed their temper, steeled them, and given them that driving force which made them irresistible. An eyewitness of the October Revolution told me that the Bolsheviks did not triumph because many people believed in them or understood them, but because they were prepared to bring the War to an end by making peace, whereas the Kerensky Government hesitated. Moreover, they were the only people who had their minds made up what they wanted to do;

and this was decisive at a time when the situation demanded immediate action. Another factor was that the Communist ideal, which the Bolsheviks proclaimed, was mistaken by the Russian peasantry for the Communism which they associated with the Kingdom of God. In highly industrialized countries, on the other hand, Marxian Communism had been agitated for so long that it had become stale. It had lost the power to evoke that fanatical faith necessary to the promotion of revolution. And because of this, not even the shock which the traditional order received from the Great War, and the economic crisis which followed, could at the time produce a revival of faith in the realizability of Marxian Communism.

Another reason why the Communist experiment was made in Russia was that the faith of the Bolsheviks was in industrialization. The War had exposed the military weakness of the nation. If therefore Russia was not to become an economic dependant of some foreign power, presumably Germany or Japan, it was necessary to industrialize the country; to make it industrially self-sufficient, at any rate in regard to the heavy industries; to speed up development in order that when the next crisis arrived Russia could meet other industrialized countries on equal terms. This consideration played into the hands of the Bolsheviks. They also met with ready support because in addition to the foregoing reason machinery was a novel toy in Russia. The Russians wanted machinery because they did not know it. They did not know what a tyrant it could become, how it could make the world a much more unpleasant place to live in than before, and how the increase of the powers of the human mind over natural laws, which promised

the millennium, could be much more easily used to enslave and to destroy the traditions of civilization. They did not know these things, but the workers in highly industrialized countries knew them only too well. They knew that the rosy prophecies of industrialism had not been fulfilled, and that their leaders had become sceptics—and that made all the difference.

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From the very outset the Bolshevik revolution partook of the nature of a collision between theorists fired with a new ideal, and political, social, economic, and psychological conditions of which they had no comprehension; and in this collision the idealism was worsted. Russia under the Soviets is an unheard-of tyranny. The people do not enjoy liberty; the secret police are everywhere; strikes are ruthlessly suppressed; individuals are shot, imprisoned, or banished for the most trivial offences, or on suspicion only. All this follows from the doctrine of class warfare which is used as much to-day against the peasants and workers as it was used yesterday against the bourgeoisie. In their monumental work *Soviet Communism. A New Civilization?* the Webbs seek to excuse or palliate the infliction of sufferings which they admit are beyond human computation on the grounds that a state of war exists between the ruling Bolsheviks and immense numbers of the population. But it cannot be excused. The state of war only exists because the system the Bolsheviks seek to impose does not accord with human nature, and they are too fanatical to see the truth. Berdyaev, who lived under the system until he was banished in 1922, says in *The End of Our Time*.¹

¹ *The End of Our Time*, by Nicholas Berdyaev, pp. 127, 168-9.

"Bolshevism is rationalized lunacy, a mania for the definitive regulation of life, resting on the elemental irrationality of the people . . . Life in Russia is a prolonged torture, a consenting to be sacrificed, to martyrdom, to humiliation, but by this torture, this sacrifice, this martyrdom Russia is making retribution for her sins and working out her salvation; there is already an unbroken spiritual activity, a moral resistance to the poison which taints the very breath of life. But the Communist authority enforces obedience by means of hunger and other coercion, and it is hard for the weak to resist. I am astonished when I think of the indignant complaints called forth by the notorious tyranny and lack of liberty under the old regime: there was tremendous freedom in those days compared with what we have under the Soviets."

And it is the same to-day. In his book *I Search for Truth in Russia*,¹ Sir Walter Citrine tells us that there is no liberty in Russia; the workers are simply cogs in the Soviet machinery. "The worker," he says, "is nominally master; in practice he does just what he is told to do. From the days of his infancy his thinking is controlled in a way capitalism never succeeded in doing. It starts with the crèche, and goes on right through life. Propaganda is everywhere; on the wireless, the films, pictures, posters and textbooks. There is no escape from it, and no challenge to it. There is never any source from which the worker can learn the other side. That is the dreadful thing about it. The capitalist tries his best to govern the worker through the press and elsewhere. But there is a check upon him. There is the platform, the opposition, the trade unions and the Labour press. He

¹ *I Search for Truth in Russia*, by Sir Walter Citrine (1936), pp. 306-7, 257.

cannot misrepresent the facts in the gross way the Soviets can do it . . . There is no criticism of leaders or policy. Once they have fallen from grace, like Trotsky, Kameneff, or Zinovieff, you can go for them for all you are worth. But those in power, never a word."

It is said that Lenin knew within a few weeks that the Revolution had failed, but it was not until 1921, when the attempt to establish Communism led to famine that he could persuade his colleagues to abandon the attempt in favour of the New Economic Policy, which legalized private trading and made the establishment of Collectivism the immediate object of Bolshevik policy, on the assumption that the transition from Capitalism to Communism was only possible by passing through an intermediate stage of accountancy and control. But a few months after Lenin's death, in January, 1924, his policy was reversed as regards private trading, and the Bolsheviks embarked on a second struggle to realize the impossible, from which they are in full retreat to-day—but only after nearly two millions of people have been put to death, three millions placed in concentration camps, and untold millions perished of famine. It is a fine comment on the wisdom of the Bolsheviks that it needed such enormous sacrifices to bring them to something like reason.

I said that the attempt to establish Communism had been abandoned in Russia. People there do not hold things in common, but individually. Money is used, and if the worker has no money, he can no more get food and clothing in Russia than in any other country. Taxes are levied and the wage-system obtains. Moreover different rates are paid corresponding to different degrees of responsibility, skilled and unskilled, light and heavy work; while the system

of promotions, carrying with it increased earnings, is in full blast in every enterprise. In all these respects the Russian system is identical with capitalism; but the workers are nothing like so well off, for prices are high, being often as much as five times as high as under capitalism. This follows naturally from the fact that the class war policy killed off most of the skilled workers, and as a consequence the quality of production is execrable and therefore extremely costly. It is often urged in defence of the Bolshevik system that there is no unemployment in Russia. That may be so. But on the other hand a worker on the dole in England is better off than one in employment in Russia.

All these things obtained under the first Five Year Plan which was completed on December 31st, 1932. Since then there has been a further retreat from Communism towards individualism and tradition which has been followed by some economic improvement. The principle of private property is nowadays admitted in a limited degree. The workers may own property in houses, household furnishings, articles of personal consumption and comfort; they may have a savings account, buy government bonds bearing interest, and bequeath them to their children; while a peasant on a collective farm may own his animals, implements and a small plot of land, and may dispose of his crops freely. Stalin justified himself in making these concessions to the peasants in a speech he delivered on January 24th, 1934, when he declared that collective farming would have collapsed if he had continued to insist on equality, and that under existing conditions the most practical model was the traditional Russian *artel* in which each co-operator had a private plot of land. Other recent changes which foreshadow a

general return to tradition include: abolition of committee management in favour of personal responsibility, the restoration of ranks in the army, the abolition of proletarian privileges, and a return to traditional discipline in educational methods and in the family code. Class divisions have reappeared: the social gulf setting apart the new governing hierarchy is said to be as wide as under capitalism, while the difference of status is considerable; and last but not least, decorations are coming back! There is a saying in Moscow that the Bolsheviks destroyed three old classes and created eighteen.

Further changes find a place in the New Soviet Constitution, which, among other things, guarantees freedom of religious worship, freedom of speech and of the press, and the right of public assembly; provides counsels for defendants in the courts, abolishes search without warrants, while it seeks to guarantee individual rights and democratic representation. But as it does not interfere with the all-controlling position of the Communist Party we are left wondering what all this new concern for liberty means. Whether it is a sign of grace, or nothing more than window-dressing to impress foreigners and facilitate Communist propaganda abroad. Evidence suggests that the latter is the correct interpretation. There is no reason to suppose that the new Constitution will make any immediate practical difference to conditions in Russia, because Stalin dare not grant even the semblance of liberty, he dare not introduce free elections, for if he did he would be swept out of existence.

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That the Russian experiment is a ghastly failure there can be no doubt. Yet in spite of its failure there

is a wide-spread drift towards Communism, especially in partly industrialized countries. How is this to be explained? How are we to explain this increasing spread of belief in Communism in the face of Communism's inability to fulfil its promises? It is to be explained in the first place by the fact that, in spite of local and temporary improvements, the world economic situation gets steadily worse; and as no sure leadership is to be found within existing political parties, including moderate Socialist ones, Communism presents itself to great numbers of people as the only hope. Moreover the workers do not believe that Communism has failed. They believe what they want to believe, and refuse to recognize any fact which conflicts with their theories, to which they will brook no opposition. This temper reacts to conceal from them the truth by leading them to treat all critics, friendly and unfriendly, as enemies of the working class. The workers see that industrialism is breaking up; and all they see in criticism of Communism is the attempt to persuade them to continue in slavery, now that they suppose the hour of emancipation has arrived. Industrialism has dehumanized and despiritualized the workers, and the drift towards Communism where it is to be seen, is finally nothing more than a psychological reaction against the degrading conditions of employment to which they have to submit. Industrialism must reap as it has sown. "Revenge," said Herodotus, "is the one law of history."¹

¹ When this chapter appeared in the *American Review*, I lent it to a working engineer to read. "You are quite right," he said. It is a mistake to suppose that the labour unrest is primarily economic. The agricultural labourer is in a far worse position than the industrial worker, but he does not breathe a spirit of revenge. Why is this? He has not to put up with the indignities that fall to the factory worker. It is a question of human dignity. Industrialism reeks with

The life of the industrial workers is hard. Divorced alike from religion, art, and nature, and their wholesome and refining influences, they become "hard, narrow, logical, irreligious, uncoltural, keen on material things, indifferent to spiritual values. Life expresses itself to them as a conflict of power. Life is power. They are down because the other side has the power to keep them down. Right and wrong appear to them as feeble abstractions which do not apply. This they feel not as a matter of opinion but of life."¹ And feeling this they are impatient with all who would disillusion them about Russia. Though Russia is a drab and sordid reality, its propaganda is idealistic, and just in so far as life is for the industrial workers harsh and grinding, colourless and ugly, that propaganda has a strong appeal. The ideal commonwealth which it foreshadows satisfies the emotional need of men whose present lives are shaped by mechanization. They do not want details of programmes, practical proposals for bridging the gulf between the present and the future, but the four-

indignities, owing presumably to the absence of human relations. The hooter, the time clock, the stop watch, the conveyor belt, the piece-rate fixer, the charge hand, the bullying foreman—all these things continually remind the worker of his servile condition, and they create a spirit of revenge. Those who become Communists are reacting against the indignities which efficiency involves. The efficiency engineer has done more to create Bolshevism than the capitalist. It is all part of large scale production. That is one reason why Communism is no remedy. The Bolsheviks worship machinery and large scale production, and for that reason it may be assumed that the same evils exist in Russia as elsewhere. The fact that armed guards are posted outside every factory, as Citrine tells us, suggests that the workers are more miserable under Communism than Capitalism. There is no remedy that does not put machinery in its place and abolish large scale industry. The workers are rebelling against the inhuman implications of machinery, but they don't know it, and there's the snag."

¹ *The Triumphant Machine*, by R. M. Fox, pp. 19-20.

square gospel of Communism, with its promise of earthly salvation. Out of the insecurity and sordidness of their lives comes a burning idealism, which compensates them for what they have missed in life, and gives promise of revenge for what they have suffered. In this state of exultation they swallow Marx without tasting him, because Marx alone, among the economists of his day, defended the class war, and they prepare to jump out of the frying pan into the fire.¹

Among the workers, then, the spread of Communism is a reaction against factory conditions, combined with the hope of revenge which the supposed success of the Russian experiment has awakened. Among students and other young people it is due to lack of prospects in life, the sense of frustration, and uncertainty as to the future; and to the fact that the orthodox economics they are taught cannot throw a particle of light on the problems which confront them. Thus they are left defenceless against Bolshevik propaganda, ready to join any movement to overthrow the intangible tyranny which oppresses them. They also are the victims of machinery; their difficulties are to be connected with the displacement of labour by machinery.

It comes about this way. It is evident that as machine production extends its area, and handicraft is destroyed, it obliges almost everybody who is under the necessity of earning a living to attempt to get a footing in the class higher than the one in which he was born. The immediate effect of machine production was to increase enormously the number of commercial travellers, shopkeepers, and middlemen of various

¹ Ibid cf. Chap. IV. This is an important book. Its author was a factory worker and writes from experience. As a study in industrial psychology it is, so far as my knowledge extends, without a rival.

kinds. Throughout the nineteenth century such people, who largely constituted the middle class, became very prosperous, for a large proportion of the increased wealth of the community found its way into their hands. But a point came when the limit of expansion of this class was reached. It happened in different countries at different times; in England it happened in the opening years of this century. From that time the increase of the middle class has been accompanied by an increase in the pressure of competition. As the rising generation of the middle class could not go back to handicraft owing to the spread of machine production, it pressed forward into the professions. It is true that other influences have been at work, such as the desire of the more prosperous tradesmen to secure social prestige by educating their sons for the professions; but the main cause is the economic pressure which followed the unrestricted use of machinery which has increasingly driven them in this upward direction by forcing upon the rising generation the choice between struggling for a living in the professions, or being enslaved as a clerk or shop assistant in some large concern which had come into existence by swallowing smaller ones. Needless to say, every member of the middle class who was in a position to do so chose to fight in the professions. Since the War, owing to the increase of automatic machinery, this process has been accelerated to such a degree that the professions no longer provide a path of escape from the devastating machines for an ever-increasing number, and a situation has been created that the Communists find it easy to exploit. In Germany a like situation was exploited by the Nazis.

Then there are the parlour Bolsheviks, the well-to-do people who support Communism for sentimental

reasons, examples of the "higher lunacy." Or perhaps there is method in their madness. Perhaps they have come to the conclusion that the future is with the Bolsheviks, and they think it is just as well to be in with the winning side. They also are the products of machinery, but in a very different way from the working class or the unemployed graduates. Their trouble is one of which they are scarcely conscious. It is that machinery has caused them to lead such artificial lives that they have lost touch with reality; they are completely lost amid the complexities of modern life. Only people who have held fast to tradition can in such artificial circumstances retain some grip of life, and they have thrown overboard tradition completely; with the result that they are left without any standards of thought, at the mercy of every whim and change of intellectual fashion. In their youth they surrendered to the current because they had no idea how to steer against it, and did not want to be thought stupid. It was so comforting to be progressive. At a later date they made the discovery that the progressivism to which they subscribed was empty of contents. It left them entirely defenceless against Bolshevik propaganda, which met them half-way, and so they took a leap in the dark and espoused the cause of Bolshevism. And in the dark they are likely to remain, for they know nothing of Bolshevism, and are not likely to; for without intellectual standards they are incapable of weighing the evidence so necessary to sound judgement. They are the kind of people who take trips to Russia in the hope of getting enlightenment. If we can accept the story of Mr. Malcolm Muggeridge, in his book *Winter in Moscow*, they are spoofed when they get there. For my own part I find no difficulty in accepting it. What

happens to them is the kind of thing I should expect to happen to Innocents Abroad. But what Mr. Muggeridge says means nothing to them. They are bent on suicide, spiritual and economic, and there is no stopping them. No doubt they get a thrill out of it. But it will prove to be a very expensive one. It is interesting in this connection to recall the fact that before he went to Moscow Mr. Muggeridge was a Communist. Readers of *Winter in Moscow* will know what opinions of Russia in particular and Communism in general Mr. Muggeridge entertained when he came back.

In addition to the types of Communists I have described there are the intermediate types; and the simple people who are easily deceived, jockeyed into Communism by unscrupulous propaganda which misrepresents alike the facts about Communism and Fascism. As an example of the latter, Co-operators are told that the Fascists in Italy suppressed co-operatives when they came into power, and that they would do the same in England if they got the chance. They do not tell them that Italy is full of co-operative societies, and that those which were suppressed were centres of Communist activity. Nor do they tell them that under the Soviets the co-operative societies in Russia completely lost their voluntary character, becoming part of the State machine, which killed their living spirit; and that this was done against the will of the societies themselves, who protested, but had to submit. On the contrary, Communism is presented as a popular movement, concerned only to carry out the will of the people; for according to the latest orders from Moscow Communism is to be presented as democratic and parliamentarian. No mention is made of the fact that Communism in Russia

is under a dictatorship and an unheard-of tyranny; there is less liberty to-day under the Soviets than under the Tsarist régime. For truth does not matter; only what ropes in supporters does.

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The crudeness of Bolshevik propaganda is a thing of the past. They have learned the lessons of experience, and are much more subtle in their methods. They are learning the wisdom of the serpent, or shall we say of the Fabian Society? In England they no longer spend their time attacking the Labour Party, but seek to become members, in the hope of controlling it from within; and they seek to permeate and control trade unions and other democratic bodies. In France at the recent elections (April-May, 1936), they secured the support of the peasantry in many constituencies by telling them they had no intention of interfering with their ownership of the land, regardless of the fact that in Russia, after similar promises, the Bolsheviks took the land away from the peasantry once they were firmly seated in the saddle. In Spain their policy before the Civil War was not to attempt the seizure of power at once, but to co-operate with other parties of the Popular Front; to do their best to make any coalition government impossible; and then when the situation became desperate to urge the impossibility of any but a Communist solution. But the most unscrupulous thing of which they are guilty is to present the improvements which have followed the abandonment of Communism as its fruit.

There remains the question which must be answered: If the attempt to establish Communism in Russia has failed, and the leading Bolsheviks are, as I am told, disillusioned men, why should they be so anxious for

other countries to adopt a system that has proved so ruinous? There are two reasons. The first is that they are afraid of the designs of Germany and Japan, and want military alliances; the second is that they are possessed of an envious hatred of liberty and well-being, and a depraved desire to drag all down into the pit into which they have fallen.

CHAPTER III

FASCISM

FASCISM originates as a reaction against Communism. After the War a wave of Communism and Syndicalism swept over Italy. It was accompanied by violence, and the middle class became alarmed. They had watched the progress of Communism in Russia with some anxiety, and feared that events in Italy might take the same course. Accordingly they organized for defence, and joined hands with the Fascist Party which Mussolini had organized from the members of the Interventionist Party who had themselves been in action. The alliance was a marriage of convenience. The middle class wanted protection, and Mussolini wanted allies to enable him to take control of the Government, and to drive some sense into the heads of the Communists and Syndicalists. At the time, he was very unpopular, and feared reprisals for having taken a leading part in forcing Italy into the War. It would not be untrue to say his bid for dictatorship was a bid for life.

In 1920 the workers after seizing the factories, had voluntarily handed them back to their owners because they found they could do nothing with them. Mussolini pointed the moral. Though he had been a Socialist and a leader of Syndicalism, and though he continued to accept the trade unions as a basis for industrial reorganization, he saw the folly of a policy of class warfare which could only end in depriving industry of its technicians and organizers. The middle class

might be guilty of exploitation but they performed necessary functions. He therefore sought to convince the working class that it was no easy thing to direct industry or commercial enterprises successfully, and that there was a legitimate place in society for the middle class.

In the campaign which followed he talked about many other things in addition. He talked about a new patriotism, the former greatness of Rome—Italy must have its place in the sun. He attacked not only the Communists but the Government for their supineness in remaining passive during the piecemeal revolution. He attacked liberalism and democracy because they led to parliamentary corruption, and because he blamed their principles for the weakness of the Government during the crises; and he attacked war profiteers. He talked about a capital levy, a heavy inheritance tax, and the danger of those who were obstructing reform. Above all, he urged the need of substituting class co-operation for class warfare and of a strong control while he offered determined leadership. "It is not," he was accustomed to say, "a programme of salvation that Italy needs but a man and a Will." That was in 1920. Within a twelve-month he had changed his mind, and we find him pressing for a programme as absolutely essential for holding the party together. In December, 1921, the programme of the National Fascist Party appeared. Thus Fascism was not, like Communism, born of a mid-Victorian theory, but was forged in action, and for that reason it is empirical and possesses a resilience and adaptability Communism does not possess.

The decisive event in its fortunes was the return from Fiume of D'Annunzio with his troops, who threw in their lot with the Fascists. It was their support

that turned the scales. The march to Rome in October, 1922, which followed, was a dramatic event which set the seal of official approval on a *fait accompli*. It was not a military but a psychological victory. Mussolini then became Prime Minister and shortly afterwards Dictator.

In victory Mussolini was magnanimous. He forbade reprisals, and decreed a general amnesty of peace, while he sought to co-operate politically with other parties, and govern nationally. In his first Ministry there were fifteen Fascists, three Nationalists, three Liberals of the Right, three Social Democrats, and six members of the Popular (Catholic) Party. But this policy did not suit the Liberals and Communists, whose game it had spoilt. They wanted the Chamber of Deputies to continue as a talking shop, and pursued obstructionist tactics; while the Press, equally dissatisfied and mistaking Mussolini's moderation for weakness, incited the people to violence, with the result that Fascists were ambushed and assaulted. Retaliation naturally followed, and there ensued a stormy period, which in 1924 came to an end with the killing of the millionaire Socialist deputy Matteotti whose tactics had been exceptionally exasperating. Neither Mussolini nor any of the responsible elements of Fascism had had anything to do with it. But this did not prevent the Liberals and Communists from embarking on a campaign of misrepresentation and slander, accusing Mussolini of complicity, which continued until he offered to stand trial. Then the campaign suddenly collapsed because they could produce no evidence. After that, Mussolini took stern measures. He abolished the subversive Press and imprisoned professional subverters, while at the same time he threw overboard the extremists of his own party

and made an alliance with the moderate Socialists to work for social reconstruction, with the establishment of the Corporate State as its first objective. It is interesting to recall that the only book Mussolini mentions in his Autobiography as having influenced him is Gustave le Bon's *Psychology of the Crowd*.

The Corporate State found a place in the programme of the Fascist Party from the start, though it was not until 1926 that efforts were made to establish it. Its presence there was no doubt partly owing to the fact that D'Annunzio based the constitution of Fiume upon the Corporate State. In a deeper sense it is to be traced to the Encyclical of Pope Leo XIII, *Rerum Novarum*, which was the basis of the Popular (Catholic) Party, and to Syndicalism. Its adaptation to the circumstances of to-day is doubtless due to Mussolini's practical common sense responding to these vigorous traditional currents. Corporate comes from the Italian word *corporazione*, which means guild. The Corporate State is only another name for the Regulative Guild State.

In Italy to-day industry is controlled by twenty-two national Corporations, Syndicates or Guilds, each of which is under the direction of a council consisting of an equal number of representatives of employers and workers with a Government official—the Podesta, who acts as arbitrator in case of dispute, and three supervising delegates of the Fascist Party. Large scale industry is subject to far-reaching control. Dividends are limited to six per cent; wages and prices fixed; strikes are forbidden. Deputies to the Chamber of Deputies will be chosen from the Guilds and "voted" into the chamber from an approved list chosen by the Grand Fascist Council. Thus in the future representation will be occupational rather than territorial.

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It is impossible to exaggerate the significance of the establishment of the Corporate State as a really practical achievement in the domain of economics. It throws overboard what is false and suicidal in Communist aims and realizes what is true; while, moreover, it demonstrates that Mediæval ideas still have practical validity, since when revived they work creatively, whereas Modernist ones, of which Communism is the supreme example, always work destructively. Nevertheless, it is not a solution acceptable to Socialists, who are accustomed to represent Fascism as the last stand of capitalism. They picture Communism to themselves as an entirely new order in which the workers own and operate the means of production for the benefit of a classless society, and Fascism as a godless compromise in which capitalists make certain concessions in order to maintain the profit and class system at the expense of the working class.

Neither picture is true to fact. The Russian experiment as we saw, has failed, and its collapse is only being averted by the abandonment one by one of the things the Bolsheviks set out to establish. The Soviet Republic to-day is by no means a classless society, and every day it becomes less so. The principle of equality is gone forever. Nor do the workers own the means of production except in a very theoretical sense. On the contrary, it is the State that owns them, and the State is not the community but a thing outside of it, though in Socialist writings they are treated as identical. On the other hand Fascism, with all its defects, cannot be regarded as the last stand of capitalism, but the first really practical attempt to get it under control. In theory private capitalists are, under Fascism, trustees for the State. Capitalists do not

accept the restrictions placed upon themselves because they love to be controlled, but because they have no option.

The issue will be found to turn on how we define capitalism. If it be defined as the private management and private ownership of industry, then the Corporate State is capitalist. But then, by such definition every peasant who has a small holding and every craftsman who has a small workshop is a capitalist, which is absurd. If, however, by capitalism we mean the control of industry, not by craftsmen but by financiers, and the legalization of a system in which the means of production are owned by a small class which is at liberty to exploit the workers and the community, then the Corporate State is not capitalist; for in all such matters the capitalist must toe the line. He must conform to the conditions demanded by his Syndicate or Guild, and accept the ruling of the Podesta, who is there to arbitrate and ensure fair play. Evidence suggests that if the Podestas are not impartial they are at any rate not biased in favour of capitalists; for though Mussolini secured the support of the Italian industrialists by forbidding strikes and lockouts and insisting upon arbitration it has not worked out at all as they expected, since in almost every case when attempts have been made to lower wages the Podesta has decided in favour of the workers. The industrialists have often regretted their not altogether disinterested generosity that placed Mussolini in power.

To the wisdom of this policy, which steers a safe middle course between impossible and undesirable extremes, Socialists are blind. Their fixed idea is that all the social and economic evils of the present day are to be traced to the institution of private

property; and they still cling to this belief in spite of the fact that the Russian experiment proved the remedy to be worse than the disease, and private property is nowadays being re-introduced. But Socialists close their eyes to this colossal failure. They have become so accustomed to living in a world of illusions, to spending their time in a war against reality, that they do not want to be disturbed in their day-dreams. And remember, every Socialist is a Communist at heart; any differences between Socialists and Communists do not relate to ends but to means. The Socialist rejects class warfare as a means of realizing the new order, while the Communist pursues it; though so far from class warfare being an integral part of true Communism it is, as we saw, incompatible with it. The notion that class warfare could be used to establish Communist society is one of the craziest, maddest ideas that ever entered the mind of man.

Burke said it was the test of good institutions that they "fitted human nature as modified by habits." Judged by this standard the Corporate State is justified. It does fit human nature as modified by habits—Communism, on the other hand, most emphatically does not. All the tyranny and violence to which it has given rise is proof of this, because they are so many attempts to make the individual fit in a mould which does not accord with human nature. Communism in the political sense is an unrealizable ideal, because it demands that the individual live on a higher moral plane than the average man is capable of doing; that in other words he be "virtuous beyond his capacity."

To be sure there have been, throughout history, many examples of successful Communism; but they have always been associated with religious communities,

have rested upon a discipline, and have been small communities withdrawn from normal social life. Most of these communities have been monastic orders where celibacy was enjoined upon the members, for Communism is not to be easily reconciled with family life—where it has been reconciled, as in the case of the Anabaptists, or, to take a more modern example, the Shakers, in the United States, the communities have been sustained by apocalyptic beliefs which lifted their members so much above their ordinary selves that they found it easy to subordinate their interests to those of the community. But in the ordinary workaday world where men are governed by their appetites and passions, where good, bad, and indifferent are intermingled, where, in a word, the ordinary animal man functions, it is different.

The Bolsheviks found that out. They found that the Communist maxim "from each according to his capacity to each according to his needs" is a counsel of perfection and unrealizable in practice. The attempt to act on this principle in the early days of the Revolution led to a widespread demoralization that threatened to bring industry to a standstill. The equalitarian principle did not work, because by giving no adequate encouragement to personal gain and initiative it destroyed interest in work and undermined sense of responsibility. It could not provide the stimulus necessary for the worker to make himself efficient, while it led to carelessness in regard to equipment. In consequence the Bolsheviks were driven by the force of circumstances to make concessions to human nature as they found it, leading them, as we saw, to institute different rates of pay for skilled and unskilled, light and heavy work, for different degrees of responsibility, and to resort to piecework, where it could be

applied, as a means of speeding up industry. Thus they found that the criticism of the man-in-the-street—that Communism left human nature out of account—which they had dismissed with contempt, was after all true. In literature, science, and art, interest in work may be sufficient to stir men to high achievement in spite of inadequate material rewards, because the work itself is interesting. But in the world of material development it is different. The work itself is not as a rule interesting, and there is no kudos. In consequence, experience proves that unless the worker can be assured of material reward the incentive to activity and achievement will be lacking.

Fascists did not make this mistake. If they hitched their wagon to a star they made sure that its wheels remained on the ground. They did not idealize human nature, but took it as they found it, on the assumption that while it is the function of religion to change human nature, politics must be content to reckon with men as they are, and not as they might be. In consequence Fascism accepts the nature of the average man as the foundation on which to build. The average man is not a saint, but neither is he a devil. He pursues self-interest up to a certain point, but he is content when he has made a sufficiency, when he can provide for himself and his family in reasonable comfort; and all he asks of politics is that they guarantee him peace and security; peace as means to pursue his happiness, and security for his livelihood, his family, the fruits of his labour and his property. He can be moved by altruistic as well as by self-interested motives; but he is no more capable of living in a society that demands he be completely altruistic, than he is capable of sacrificing himself entirely to the pursuit of self-interests. His ideal is to live and enjoy, he is

prepared to take risks, for he conceives life as duty, struggle, and achievement, but he suspects and avoids extremes.

Taking their stand upon the nature of the average man, Fascists recognize that to eliminate self-interest entirely is not expedient, because it leads, as we saw, to apathy, indifference, and demoralization. But to give it free play, to remove all restraints, is equally dangerous: because to do this is to hand over the direction of society to its most avaricious members, to those who have no respect for human individuality, who are brutal and callous in their treatment of others, and who do not hesitate to rob, sweat, or enslave their fellows in order to gratify their lust for power and riches. In these circumstances the only reasonable thing to do is to take a middle course; to accept self-interest and to put a fence round it, to keep it within bounds, thus preventing the individual in the pursuit of his own interests from trespassing on the rights of others. This was the principle underlying the Guilds in the Middle Ages, and it is the principle underlying the Fascist Corporate State. It is the principle to which the world must return, because it is the only one capable of reconciling the conflicting claims of individual and collective life. A society which conformed to this principle would be individualist in so far as it recognized the principle of private property and insisted upon its wide distribution, and socialist insofar as it insisted on the control of private property and upon regulation of currency and industry in the common interest.

The corollary of all this is a policy of national economic self-sufficiency, which is in line with what Progressives were once pleased to call the "trend of economic evolution," but which in these days they

fight against, now that the tide has turned and it can no longer be used to support their Free Trade assumptions. Yet rightly interpreted, the steady decline of foreign trade, the progress of every nation towards national self-sufficiency, is one of the most hopeful factors in the world situation, not only because nations which pursue policies of self-sufficiency will have less reason to quarrel with one another than those which follow international policies, but because a nation can only be really economically stable when its manufactures rest on a foundation of agriculture and, as far as possible, home-produced raw materials, and its commerce on a foundation of native manufactures.

Foreign trade should be limited to the exchange of those things nations cannot produce for themselves. It is pure folly to buy from other nations things that can be produced at home, merely because they can be bought more cheaply, when such cheapness involves the sacrifice of home agriculture and industries; since as in the economic sense men must be producers before they can be consumers, to sacrifice their interest as producers is to uproot them. This gives rise to endless uncertainty and social demoralization, for experience proves it is generally impossible for the individual so deprived of his means of livelihood to get on his feet again; while it is expensive for the nation, since a large proportion of such people eventually come to be supported by public money. Free trade is a penny-wise and pound-foolish policy; it is the principle of social destruction, and belief in it only survives because of the incapacity of most people to contemplate more than one aspect of the social process at a time.

Fascists put economics in their proper place. They

do not, like Free Traders, believe the object of man's existence is to produce cotton and buttons as cheaply as possible, and as a consequence they refuse to sacrifice the spiritual and material well-being of the race to considerations of cheapness. They regard a prosperous peasantry as the necessary foundation of a true social order, as a reservoir from which the towns replenish their stock; and persuaded that man does not live by bread alone, they consider it their duty to protect simple people from the corroding effects of materialism.

Closely allied with the idea of national self-sufficiency is the belief of Fascists in the importance of nationality. Owing to the association of nationality with militarism it has, in these days, become suspect. This is unfortunate because nationality is a natural fact, and there is no more necessary connection between it and a bellicose spirit than there is between the institution of the family and family feuds. We ought not to forget that before the Franco-Prussian War the idea of nationality had no such unfortunate associations, but was associated in the minds of Liberals with the cause of liberty. Nationality has absolute value because differences of language, culture, and tradition call for different expression. It represents a unity or natural grouping indispensable to their proper functioning. When, therefore, Mussolini says "The road to internationalism is through nationalism," I am at one with him, though I cannot reconcile this opinion with his imperialist ambitions; for nationalism and imperialism are in principle opposed. A respect for the principle of nationality should operate for peace. People get on best with each other who have sufficient respect for each other's personality to observe right distances and

avoid undue familiarity. So it is with nations. They fight shy of any universal embrace, especially those whose position is weak and uncertain. It is the political and economic internationalism, so dear to Liberals, that has, by reaction, given nationalism its aggressive spirit.

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In his recent book, *The Will to Freedom*, Mr. Ross Hoffman claims that the essence of Fascism is to be found in a return to tradition, as distinguished from Bolshevism, which is inspired by a hatred of things that belong to the past. With that opinion I am in entire accord. Fascism is the social subconscious reasserting itself against that ugly and menacing thing, Bolshevism, and that poisonous and corroding thing which springs from the same root, Modernism. This accounts for the crudeness of its methods, for methods are apt to be crude when self-preservation is at stake. But while all traditional things are imbued with a strong sense of reality, tradition is not to be equated with the good, for there are bad as well as good things in tradition. If Fascism could be equated with the Corporate State we might be able to give it an unqualified approval. But there is another side to Fascism, and one which I am persuaded will not, in the long run, fit human nature even when modified by habits. I refer to the Totalitarian State with its claim both to exercise jurisdiction over every department of social life and to man's absolute and unconditional allegiance, and to the imperialist aspect of Fascism.

The two sides cannot be reconciled; they are mutually exclusive. The Totalitarian State implies centralization and as such is opposed in principle to the Corporate State which rests on the principle of

federalism. In consequence one can only grow at the expense of the other. Perhaps the appearance of both in Fascism foreshadows that tragic duality towards which Berdyaev predicts the modern world is moving, when the forces of good and evil which to-day are so confused will become sharply divided and do battle with each other. If so, Fascism becomes extremely significant. It enhances its importance while at the same time denying its absolute value, for it becomes a thing of transition, a phase, a temporary alliance between opposed forces against a common enemy.

Though I put the Totalitarian State in the category of positive evil, for such a State cannot have adequate respect for liberty of conscience or the claims of human personality, I do not do the same thing with Dictatorships. They are not necessarily evil things but regrettable necessities, inevitable at certain times, when other forms of government break down and there is no other way of governing. Writers of the Liberal school think that as Communism, Fascism, and Nazism are each controlled by dictators there is little to choose between them, that in their essential features they are identical, the dictatorship in each case being the dictatorship of a man and party, alike in claiming jurisdiction over the whole of life. But that is where their similarity ends, for while their methods are similar their aims are fundamentally different, and it is by their aims that they should be judged. The ideal of Communism is to uproot tradition, including the institution of private property, and to refashion people in the image of the machine. Fascism, as we saw, exists to defend tradition and human values while it seeks a wider distribution of property; it is Distributist rather than Collectivist.

Meanwhile, confronted by a vigorous Communist movement, Fascism had no option but to resort to dictatorship as the only way of keeping Communists in subjection. Indeed the choice Italy had to make was not between dictatorship and no dictatorship, but between a Communist dictatorship and a Fascist dictatorship, and it wisely chose the latter. In such circumstances to condemn all dictatorships, to lump them all together irrespective of their aims, is to surrender to Communism, for it is to make resistance to it impossible. That Liberals should be unable to make any such distinction shows the unreality of the Liberal point of view.

The other Liberal idea that Fascism is merely a half-way house on the road to Communism is ridiculous, and could only arise in the minds of people utterly unable to understand what Fascism is. The truth is much more likely to be the reverse, because each new development in Russia is in the direction of a return to tradition and hence to Fascism. Liberals, of all people, have the least right to object to dictatorships, because their arrival is one of the fruits of Liberalism. They are the logical consequence of a century of *laissez-faire* ideas of government, of allowing everybody to do what he liked until such an infinity of Gordian knots had accumulated that a dictator was needed to cut them, for there was no such thing as untying them. It is significant that both Italy and Germany had proportional Representation before they had dictatorships. Proportional Representation is justified according to the Liberal and democratic faith, but it paralyzes government by giving rise to many small parties with conflicting interests, and thus prepares the way for dictatorship.

To return to the Totalitarian State. Though in

theory it claims jurisdiction over every department of social life, in practice Mussolini has found it expedient to compromise over religion. Fascism is not, like Communism, atheistic and irreligious. "On the contrary," says Mussolini, "Fascism respects the God of ascetics, the saints, and heroes, and equally, God as He is perceived and worshipped by simple people." It has restored to the schools both the crucifix and the practice of prayer, while the religious teaching given in schools under State control is given on orthodox Catholic lines. Moreover, it is considered the duty of all good Fascists to treat the Church with outward respect, even those who are unbelievers; while any who publicly revile Catholicism are liable to penal servitude. Nevertheless there have been clashes between Fascism and the Church; the age-old problem of Church and State, always to the fore in times of turmoil and transition, was not settled by a stroke of the pen at the signing of the Lateran Treaty of 1929. The all-embracing aspect of Fascism inevitably collides with the determination of the Church to preserve her independence. The control of education has been the chief bone of contention, and no wonder, since the tone of Fascist teaching has sometimes been objectionable, to say the least. But a practical working basis of agreement has apparently been attained for the time being, whether or not it is permanent. It is probably permanent, for it is said that Mussolini has latterly become very religious, and prays daily. In 1932 he went to the Vatican, knelt in prayer, and, it is believed, took Holy Communion.

The claim of Fascists that belief in the Totalitarian State is justified because of the continual and inevitably invoked intervention of the State in the sphere of economics is unfounded, for there is a limit to what it

can accomplish successfully in the sphere of economics. That limit is set by the fact that economic regeneration depends finally on moral and æsthetic regeneration, the promotion of which is entirely beyond the competence of the State; though the State may further their interests, and this because for all such activities independence is the breath of life. Destroy their autonomy and they wither. Fascists do not know for what they are asking.

The assumption of all power by the State could only be justified if the State were the final and absolute value for which all other activities exist. But this is to reverse the natural order of things. The State exists or should exist to protect the community, not to absorb it. In any tolerable social order there would be a plurality of powers, since only when such a condition of things exists can the excesses of one power be corrected by another, and liberty guaranteed. The claim of Mussolini that it is only when the State is omnipotent that national life is in the ascendant, is not supported by history. On the contrary, the growth of omnipotent States is always the prelude to national decline or revolution, because the life and vigour of peoples depend, among other things, on a widely distributed initiative which concentration of power tends to destroy. Generally speaking, the State is on safe ground when it is content to co-operate, and when it confines its activities to doing things which much need doing and would otherwise be left undone. At best the State is a clumsy instrument, and its effectiveness obeys the law of diminishing returns, because the State cannot act except by means of bureaucracy; and the end of all bureaucracies is to get strangled by ever-accumulating red tape. For such reasons a prolonged attempt to realize the Totalitarian State

must end in paralysis. It happened to its partial prototype, the Roman State, which ended in destroying its own foundations. It is strange that Mussolini, who makes his appeal to the former greatness of Rome, should be blind to one of the most obvious lessons which its decline has to teach. But perhaps the issue is more theoretical than practical. The Corporate State should keep the Totalitarian State in check.

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Though Fascism grappled successfully with the political problem that confronted Italy after the War, it has been baffled, as other nations have, by the economic one. Italy prospered so long as there was a sufficiency of public works to be done, and international trade kept active. But Italy, like other nations, could not stand up against the "economic blizzard" which began in 1929, and which, in its main essentials, still remains. The world slump exposed the economic weakness of Fascism, for when all is said, unemployment is the central problem of our age, and unless Fascism can find a solution for it, it is no remedy and will either rot away as the Roman Empire rotted or be destroyed by war, which will merely accelerate the decay and plunge society into barbarism.

Here we get back to the problem of machinery, which is the key problem of modern civilization, for unemployment is largely a question of machinery. For more than a century society has refused to face it, hoping against hope that the evils to which it gave rise were nothing more than the maladjustments incidental to an age in transition, and that as the process reached completion a new equilibrium would be established at a higher level. It was a comforting theory, but it is no longer even plausible, for evidence

accumulates daily that mechanization does not lead to any rational social order but to an enormous increase in power of the irrational forces in society, which must grow until they overwhelm society, unless the use of machinery is drastically curtailed. Fascists have some inkling of the reality of this problem, for they have passed a law forbidding the introduction of new labour-saving machinery without the permission of the Government. As a gesture it is not without significance, but it only touches the fringe of the problem, and unless very drastic action is taken neither Fascism nor civilization will survive.

Not daring to interfere drastically with machinery, Mussolini has been driven by the force of circumstances to seek a solution on the old capitalist lines of colonial expansion. Hence the war with Abyssinia, the conquest of which, he said in an interview, would provide work for Italians for fifty years in addition to furnishing her industries with raw material, and providing a market for her manufactured goods. But it is no solution. It merely puts off the evil day.

Since Italy made war on Abyssinia there can no longer be any doubt as to the intentions of Fascism. Before that happened, the Fascist worship of the State could be interpreted as nothing more than a reaction against Liberalism and *laissez-faire*, and the weakness of Italian Government for which they were responsible; and the bellicose utterances of Mussolini as intended for home consumption or as mere bravado. But we realize now that Mussolini has all along meant what he said, and the full force of his dictum that "Fascism believes neither in the possibility nor in the utility of perpetual peace" comes home to us. There appear to be quite a number of people in every country who are always conspiring to make war, and as there

is no reason to suppose the type will disappear, it looks as if the prospects of perpetual peace were nil. As to the utility of perpetual peace, this is a difficult question, for though I should like to believe that everything was to be said against War and nothing for it, I find it difficult to reconcile with the facts of history. Could anything but the Great War have shaken the complacency of the plutocracy and the governing class? Moreover, warfare on a vast scale appears to be a necessary accompaniment of the destruction of effete civilizations and the birth of new ones. Still, I am a man of peace, and I never waver in my desire unless I happen to go to a Pacifist meeting, when I feel I want to shoot.

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Though there are many ideas in Fascism which are purely Italian and others which are founded on error, it nevertheless embodies principles which are universally true. We cannot, therefore, be surprised that Fascism is spreading rapidly in most European countries. Immediately, this is due to the spread and fear of Communism, but the chief factor that all over the world has led Fascism to boom is the attraction it has for middle-class youth, whose mind has not been corrupted by a modernist education, who are profoundly dissatisfied with the world as they find it, and take up with Fascism which, like Communism, is capable of appealing to social idealism, but does not seek to reduce the middle class to the position of a mere appendage of the proletariat. It does not make the gratuitous assumption that the working class is the only class capable of social initiative; still less that salvation is only to be found in the triumph of the proletariat; and thus it promises to emancipate

the middle class from the thralldom of Labour politics.

As a middle-class person let me confess that the break Fascism makes with Labour politics is one of its attractions for me. I welcome its denial of the unfounded assumption that social reconstruction must come from the working class, especially as the working class would be politically helpless apart from middle-class support and co-operation. Moreover, the assumption puts the intelligentsia into a false, not to say a ridiculous position. It has led them to say to the working class in so many words, "We can do nothing because we have the misfortune to belong to the middle class. But with you it is different. You are members of the working class, and because of that accident of fortune the future is in your hands. (We are assured of this because Marx said so, and what he didn't know about social evolution isn't worth knowing.) It is up to you, therefore, to seize power from the capitalist. But when you have seized it you must not forget to hand it on to us, otherwise you will be lost; for your heads are empty and ours are full of ideas," and so and so on. Could any attitude be more absurd and undignified? Can we be surprised that the working class treats the intelligentsia with suspicion, sneers at its members as highbrows, makes use of them, and without a doubt looks forward to the day when it can throw them overboard, as the Bolsheviks did in the Russian Revolution?

There is all the difference in the world between demanding justice for the workers, and proposing to place political power in their inexperienced hands. It is the difference between co-operating with the working class and surrendering to it. The former may be healthy; the latter establishes false relationships

and can therefore only end disastrously. It is one of the glories of Fascism that it brings this cant and humbug to an end. It restores independence and dignity, initiative and responsibility to the middle class, and to the intelligentsia of all classes by giving them a place in the social system; for the intelligentsia of the working class suffers, like that of other classes, from the prevailing false social idealism. The political Labour movement is to a large extent an artificial creation of the middle-class intelligentsia; it is not the workers but a number of intellectuals and representatives of a high degree of culture who show a strong aversion from the bourgeois spirit, and dream of being delivered from it. "Left to themselves," says a recent biographer of Marx, "working men are inclined to a cloudy sentimental Socialism. Scientific Communism could scarcely have been evolved except by a bourgeois intellectual; and it was those typical products of a typical bourgeois upbringing, Marx and Engels, who imposed on the working class the doctrine of an all-conquering proletariat."¹ And I may add even the atheism of the proletariat is bourgeois, an inheritance from the "Age of Enlightenment." What is more, the only economic ideas of working-class origin—Trade Unionism and Co-operation—have no validity according to the Marxian system.

The fiction that only the working class is capable of healthy social initiative has already been disproved by events; and the time has come when the lip-service that is still paid to the idea should be repudiated because it stands in the way of that new orientation of political thought which is indispensable to a revival of political faith and idealism. The decline of the British Labour Party and corresponding parties on the

¹ *Karl Marx*, by E. H. Carr, p. 51.

Continent is no accident. It was foreseen by many; for all democratic parties tend to lose effective strength in proportion as they grow in numbers. Since they have all been built up more by sinking differences than by the triumph of a definite creed, they are not in possession of a common mind, and for that reason the voice they raise is the voice of protest and negation rather than of a prophetic and constructive vision. Members of such parties can unite in protests against war, on behalf of the unemployed, to improve labour conditions, and in attacks upon capital. But their points of agreement are superficial, while their disagreements are fundamental; and so it is always an open question how long they can survive. Having put their trust in numbers rather than in clarity of thought, their faith has become an amorphous conglomeration of conflicting beliefs, and, as experience proves, the shock of reality invariably exposes their weakness.

The delegate who said, at a British Labour Party Conference, "It does not matter what we say so long as we all say the same thing," voiced the unacknowledged assumption on which democratic politics are based, and at the same time exposed their futility. Nevertheless it is a perfectly logical deduction from the democratic position. For if the important thing is the solidarity of labour, if there is no higher principle than the will of the people, then it does not matter what they say so long as they all say the same thing; and the new technique of propaganda and repression is justified. The tragedy of the Labour Party is that it is perishing for the lack of ideas which it knows it needs, but which there is no possibility of its ever being able to get. The reasons are two-fold; first because having made the attainment of power its

primary objective, it instinctively resists new ideas, since all new ideas are disruptive and fatal to Party unity; and secondly because no idea can reach the Labour movement until it has been endorsed by that section of the middle-class intelligentsia who control publicity; and as the experience of that section of the intelligentsia is an exceptional and highly specialized one, they naturally fail to see the significance of ideas beyond their purview, and do not support them. It is for such reasons that the Labour Party does not really represent the working class, but a small section of the middle class in rebellion against the world as they find it; not as the working class finds it, or even as the middle class generally finds it.

Viewed in this light, Fascism in England, at any rate, promises to perform a valuable service to the Labour movement by drawing from it the middle-class intelligentsia whose activities obscure the Labour point of view; and so clear the way for a real co-operation between the middle and working class. But when this is accomplished, class politics will have become a thing of the past. At any rate it is to be hoped so, for class politics do not coincide with spiritual realities; nor for that matter with economic ones, as the Labour Party is finding out. And they cannot be made to coincide, because spiritual activity cuts right across class divisions, and economic activity is but its dim reflection. What happens on the spiritual plane has its repercussions lower down.

According to Berdyaev, Bolshevism will triumph all over the world, unless in the meantime a thorough-going Christianity can be revived, which will grapple with the social question, accepting all that is true and rejecting all that is false in Communism. Fundamentally, no doubt, the proposition is correct, when

all the implications of Christianity are understood. For Christianity is the exact antithesis of materialist Communism, and therefore Bolsheviki cannot be finally conquered until the world returns to Christianity; moreover it may be that in Russia, where Bolshevism is triumphant, there is no other way of fighting it. But it does not follow from this that a boundary may not be put to the spread of Bolshevism elsewhere by other means. The success of Fascism in combating it is proof of this. I incline to the opinion of Mr. Hoffman that in the future Fascism will get the better of Communism "because at the height of the crisis, when the Red monster's approach is very near, the Fascists will be able to persuade the wavering middle that their cause is the cause of traditional and familiar things, whereupon the middle will break in panic and rush to the Right."

And yet in the long run this cannot be unless Fascism faces the problem of machinery in a much more realistic way than it does at present; for machinery is destroying traditional and familiar things at such an alarming rate, that, unless its use is drastically curtailed, there will be no traditional and familiar things left to rally round, and the persuasion will lose its force. That is finally the logic of the situation. Bolshevism owes its existence to the unrestricted use of machinery, and it must triumph all over the world if machinery is to continue unrestricted. For though I am of opinion that the revival of Christianity is necessary to a solution of the problem, a Christianity which does not face mechanization, and treats machinery as neutral, will be unable to grapple with the problems of the modern world.

CHAPTER IV

THE GREAT SNAG

NOTHING could be more fatuous than the ordinary debates on the respective merits of Free Trade and Protection, and it is not surprising that the whole subject should have fallen into contempt among the intelligentsia, who nowadays regard it as being, at the best, a mere secondary issue. Yet they are mistaken. The subject only appears fatuous because the real issues are never discussed. When they are, we make the discovery, that, so far from the fiscal question being an issue of secondary importance, it is, in its logical implications, the most fundamental economic issue with which politics can deal, inasmuch as it raises not merely the question whether imports should be admitted free or not, but whether national policy should be directed towards self-sufficiency or universalism, and whether industry should be regulated or not; for Free Trade originally meant, not only all we understand by a policy of free imports, but all we understand by unfettered individual competition and *laissez-faire*.

Viewed historically in this light, the abolition of the Corn Laws in England from which Free Trade is popularly supposed to date is seen to be not the beginning, but the culminating point of a struggle between two conceptions of society and economics, that had been waged since the fourteenth century; one of which stood for tradition, government, and balanced production, and the other for speculative

theory, competition, and anarchy; for anarchy is what the Liberal *laissez-faire* "no-government" policy finally leads to. After the Peasants' Revolt in the fourteenth century, Free Trade gradually established itself in regard to internal trade; the abolition of the Corn Laws merely completed the process then begun by applying it to external trade. It is in the older sense of the term as applying to internal as well as external commerce that I shall speak of Free Trade.

By the middle of last century Free Trade was victorious, or to be more correct, as victorious as any economic theory can be which does not accord with the facts of society. Yet no sooner was it victorious than reaction set in against it. This reaction took two forms. In regard to external trade it took the form of Protection; in regard to internal trade and competitive conditions of labour it took the form of Socialism. Socialists realized that under the competitive condition postulated by Free Trade the weakest go to the wall, because there can be no equality of bargaining power between rich and poor. As a result of such conditions, the rich get richer and the poor poorer, until finally comes catastrophe because of the economic deadlock consequent upon the uneven distribution of purchasing power. But while Socialists saw clearly the fallacy of Free Trade in its relation to internal trade and economic arrangements, they failed to see that Free Trade in its external sense, as a policy of free imports, is open to the parallel objection, that there is no equality of bargaining power between different countries. When two or more countries are joined together by Free Trade, the one that has a superiority of productive power and natural resources tends to impoverish those which suffer from an inferiority. It gets richer while the others get poorer. And because

of this fact, universal Free Trade is an unrealizable ideal, an impossible dream; for as only one country can at any time be top-dog, not more than one country at any time would feel itself at liberty to adopt a policy of free imports.

The failure of Socialists in Britain to recognize this, to understand that a policy of Protection for native industries and agriculture is the corollary of internal measures for the regulation of industry, led them into the contradictory position of demanding the abolition of Free Trade internally whilst supporting it externally. As a consequence they have become impaled on the horns of dilemma, for their self-blockaded creed does not allow them to take their stand, without equivocation, on any fundamental economic issue. It leads them to dilly-dally with the interests of labour in regard to the exclusion from the British market of imported sweated goods, and in regard to the revival of agriculture, which would have gone a long way towards solving the unemployed problem; while it stands in the way of their supporting measures which are manifestly in the national interest; leading them always to sacrifice real concrete national interests to an internationalism which is entirely without substance where it is not a catspaw of international finance. Thus in their anxiety not to favour British capitalism they play into the hands of international finance, while incidentally they end in doing down their own supporters. It is the Nemesis of a contradictory theory. Socialism stands for a series of half-truths. It bases its propaganda on the half that is true, and its practice on the half that is false, with the result that Socialism in practice is apt to be the reverse of Socialism in theory.

Protectionists, on the contrary, fell into the opposite

error of rebelling against external Free Trade while acquiescing in it internally. This inconsistency did not impale Protectionists, as its converse impaled Socialists on the horns of an eternal dilemma, because the trend of industrial development is to drive every country in the direction of Protection. It follows logically upon the unrestricted use of machinery upon which the history of Free Trade and Protection turns. When Quesnay laid the foundations of Free Trade theory in the eighteenth century the Industrial Revolution had not yet arrived. Society was still mainly agricultural, and he envisaged the competitive price system he advocated as functioning on a basis of hand production. Under such conditions Free Trade was plausible, if not true; for as long as hand production obtained, there was some equality in bargaining power. But once steam power and machinery were introduced the situation changed. There was no longer any equality of bargaining power, for there could be no such equality between the man who owns machinery and those who do not. And what is true as between individuals is true also between countries, as we saw. The consequence was once Great Britain began to employ machinery and dump its surplus production in other countries, each in turn was driven to adopt Protection to prevent itself being ruined by the superior cheapness of British manufactures.

All this was implicit in the suppression of the Luddite Riots. Because society then refused either to restrict the use of machinery or to make any provision for those whose labour it displaced, the equilibrium of production and consumption of pre-machine days was upset. Society came to live by its wits, and means were found for putting off the evil day by

increasing the volume of production with each new labour-saving invention, which for the time being operated to keep men in employment. This is the explanation of the economic developments of industrialism which frustrate all efforts at stabilization. With ever-increasing outputs, it became a matter of life and death, first for England, and then for other industrialized countries, to find a succession of new markets in which to dump their surplus commodities and obtain food and raw materials.

But as no country can afford to be the consumer of the machine-made goods of other countries indefinitely, since to do so would gradually drain it of its liquid capital, it came about that once the ball was set rolling, one country after another adopted machinery and erected tariffs to protect its infant industries. Each in turn became perplexed with problems of surplus production, and became a competitor for markets; for every country in the world proved itself to be as blind to the implications of machine production as Great Britain. As the number of industrialized countries grew, they were driven to the ends of the earth to find new markets to exploit, until at last a time came when the process could proceed no further, for expansion had reached its limit. When that point was reached, competition became greatly intensified, the industrialized countries came into violent collision with each other, and an atmosphere of suspicion and distrust was created, which issued in war.

This, I submit, is the economic explanation of the Great War. It was the logical consequence of the unrestricted use of machinery. Meanwhile every plea for a return to sanity has for a century been silenced by saying "You can't put the clock back."

When they have said that, most people assume they have delivered the supreme and final judgement. Yet it is only necessary to reflect for a moment, to realize the folly and absurdity of such a remark. It means that a world thrown into confusion should not seek to recover its equilibrium by returning to those institutions and traditions which were for it like solid ground, but should press forward even to catastrophic war, which is the logical ending of existing economic and mechanical developments. To adopt such an attitude towards machine industry is to deny our free will, and to assume that we have no control over economic conditions of our own making. It is a lie, and I measure my words when I say that whoever assumes this attitude, whoever turns down any proposal on the ground that "You can't put the clock back" casts a vote for war, for if the clock is not to be put back by taking thought it will be put back by catastrophe, since civilization must by one means or another recover the equilibrium it has lost.

Since the War, the economic process has developed still further. Once foreign trade had reached its limit of expansion, contraction followed. Individual countries, finding it impossible to dispose of their ever-increasing surplus of goods, took to raising their tariffs in order to secure their home markets entirely for themselves—which measures first reduced the volume of foreign trade and then, by compelling other countries to raise their tariffs still higher in self-defence, set in motion a movement whereby the volume of foreign trade must inevitably shrink and shrink until exchange is limited to such articles as each nation is unable to make for itself. Thus the wheel comes full circle. The movement towards Free Trade and universal markets reacts to bring into

existence a movement in the contrary direction, towards economic nationalism and self-sufficiency. It was bound to happen. For the era of universal markets belongs essentially to an age of transition, while the nations of the world were engaged in equipping themselves industrially, and it inevitably comes to an end as the process is complete. Add to that the fact that there is not in existence any measure of equality of productive power and natural resources between different countries such as Free Trade theory supposes and we begin to suspect that universal Free Trade is an unrealizable ideal.

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There are other reasons for believing that policies of self-sufficiency are in the interests of society. An American economist, Henry C. Carey, who wrote about the middle of last century, enquired why farming communities in the United States exhibited such a marked tendency to dispersal and isolation; and he traced it to the fact that the production of food for foreign markets, in which the American farmer was largely engaged, tended to exhaust the soil; because when the products of the soil are exported to foreign countries the manures go to enrich foreign soils, with the result that the soil of the exporting country becomes impoverished. A later American economist, Simon D. Patten, pointed out that the production of food for foreign markets led also to the impoverishment of the soil for another reason—that it led farmers to disregard the need of a rotation of crops, to grow the same crop year after year until the soil was exhausted.

The discovery of the reason for the dispersal of American farming communities led Carey to deny

the existence of any law of diminishing returns. This law, he contended, was not a law of nature, but of the economists, who were mistaken about the facts. Diminishing returns are the penalty of departing from the law of nature which decrees that whatever is taken from the land in the form of food must be put back in the form of manures. The discovery of this truth led him to believe that the remedy for the condition of American agriculture was to be found in the growth of an urban population which would, by providing a local market for agricultural produce, enable food to be consumed near to where it was produced. This growth could only follow the adoption of Protection, for American industries could not in his day stand up against the cheapness of British manufactures. This argument is valid, but it has lost some of its force in these days, because since the introduction of water-carriage of sewage, manures get destroyed, whether the products of the soil are consumed at home or abroad. Some day society will have to face this problem. I am told chemical manures are no substitutes for organic ones.

Free Trade not only results in the dispersal and isolation of agricultural populations, but in the concentration of population in huge towns. For just as we saw Free Trade favoured one country at the expense of another, so it favours one district at the expense of another, and this leads to gross inequalities in the distribution of population. Hence we make the discovery that overcrowding and the housing problem are results of Free Trade. If it be objected that Protectionist countries also have overcrowding and housing problems, I would point out that all countries are Free Trade in respect to their internal economic arrangements. The United States is a

protected country, so far as its relations with other countries are concerned, but within its own boundaries it is a Free Trade unit three thousand miles across. The Free Trade principle operates within that area just as in England.

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Considering all the evils that flow from the application of the principles of Free Trade, for it is no exaggeration to say that the history of Free Trade is one long record of failure, the question may reasonably be asked, Why does belief in it still persist? The answer is, Because Protectionist writers have not the courage of their convictions. They have never dared to carry the principle of Protection to its logical conclusion, which would make it an intellectually defensible proposition. Nearly all Protectionists accept universal Free Trade as their ideal, and are prepared to justify Protection only as a measure of temporary economic expediency, though since universal Free Trade is an economic and political impossibility, as we saw, they are under no obligation to make this concession to the position of Free Traders. This explains why, in spite of the economic improvements which have always followed the adoption of Protection, there remains in all countries a hankering after Free Trade. Protection saved the financial situation in England in 1931. Yet nowadays when, as a consequence of Protection and armaments, trade is reviving, the City wants to revert to Free Trade.

To believe in Protection only as a measure of temporary economic expediency was the position of List, who is the best-known of Protectionist writers. Carey broke with this position, becoming finally an advocate of Protection as the only rational policy for

all countries under all circumstances. Yet though his defence of Protection is more defensible than that of List it is not conclusive; and the reason for this is that it is impossible to refute the case for Free Trade except by repudiating *in toto* economic individualism, which, like his predecessors, he was not prepared to do; and that is why his position is also finally weak. Free Trade as understood by Cobden and his predecessors was a consistent and defensible theory because it stood for economic individualism in regard to both home and foreign trade. In consequence the arguments by which it is supported can only be met by those who repudiate economic individualism internally and externally, at home and in foreign trade; they certainly cannot be met by Protectionists who support competition for home trade and repudiate it for foreign, or by Socialists who repudiate competition for home and support it for foreign trade. It is this inconsistency of Protectionists that gives Free Traders their sense of superiority. All the same, there is more truth in Protection than Free Trade. Protection may only stand for a half truth, but Free Trade is an untruth; its consistency is that of a consistent lie.

While Free Trade escaped demolition at the hands of Protectionists, because they were not prepared to repudiate economic individualism internally as well as externally, it escaped the attacks of Socialists because Protectionists accepted the institution of private property, and the private management of industry. And so it came about that, unwilling to support Protection, Socialists, with still greater inconsistency, came to support Free Trade; mainly, I imagine, because to support Free Trade enabled them to avoid, for the time, embarrassing political

entanglements. Fabians and other moderate Socialists were accustomed to justify their inconsistency, in demanding the abolition of competition internally and acquiescing in it externally, on the grounds that Free Trade was a stage in evolution. Verbally they were in agreement with Marx; but the interpretation they put upon their words was fundamentally different; for when Marx gave his support to Free Trade it was not because, like Fabians, he imagined it operated constructively, but because he knew it worked destructively. There is no doubt about this, for he defined his position in a speech on Free Trade delivered in Brussels in 1848, when he said: "Generally speaking, the Protective system in these days is conservative, while Free Trade works destructively. It breaks up old nationalities and carries antagonism of proletariat and bourgeoisie to the uttermost point. In a word, the Free Trade system hastens the social revolution. In this sense I am in favour of Free Trade."

There is, I think, no doubt that Marx was right in maintaining that Free Trade works destructively and hastens social revolution. Perhaps that is the reason why so many university graduates, drilled in the principles of Free Trade, become Bolsheviks. But Marx is wrong in saying that Free Trade breaks up old nationalities. What it has done, is not to break them up, but, by reaction, to transform passive nationalism into militant nationalism.

In another direction Free Trade works destructively. It degrades spiritual life by exalting cheapness into a fetish, since the demand for cheap things results in the public losing all sense of value.¹ But actually

¹ The pursuit of cheapness first corrupts people by leading them to put up with nasty things because they are cheap; then it leads them to demand nasty things on the assumption that they must be cheap; and finally to reject beautiful things which are cheap on the assumption

Free Trade does not make for cheapness, as is popularly supposed—a fact which English Free Traders have discovered since Protection was adopted in 1931, for in spite of the predictions of Free Traders, prices have not risen. While it is true that to buy in the cheapest market enables the individual purchaser at any given moment to get things cheaply, it does not follow that a policy of free imports makes for general cheapness, because it gives rise to a great deal of industrial disorganization, and disorganization is expensive. It is not without significance that the cost of living has, in spite of periodical falls, exhibited a general tendency to rise in all industrialized countries. We take such rises for granted—or we did until lately, for it never occurs to most people that with every increase in the use of machinery the cost of living should have fallen instead of risen; and it would have done so but for internal Free Trade.

It does not occur to people to connect such increased prices with Free Trade—using the term in its original sense; for as I have pointed out, all industrialized

that if they were really beautiful they would be expensive. Thus the fetish of cheapness reacts to create a market for expensive ugliness which in turn reacts to depress that for genuine art products. There can be no doubt that is what happens. It is proved by the dilemma in which every artist finds himself to-day. If he prices his work high he may find it left on his hands because the public may say they can't afford to buy. If, on the other hand, to avoid this happening he prices it low, he will in all probability have it left on his hands because the public will assume him to be an inferior artist. In architecture the demand for cheapness leads to a demand for incompetence, for, as in most cases the public have only the vaguest notion what the cost of any building should be, they come to patronize "dud" architects because the ugliness of their work leads them to assume it must be cheap. At any rate this is the only explanation I can find of a great deal of phenomena connected with the practice of architecture, which for long I was accustomed to regard as entirely irrational. It was only after thinking about it for the better part of a lifetime that I came to connect the market for incompetence with the Free Trade fetish of cheapness.

countries are Free Trade in respect to their internal economic arrangements. The most spectacular rise which has taken place is in connection with building, which has quadrupled in this century—and as this affects rents, it enters at every point into the cost of living. Then Free Trade policy leads, as we saw, to the concentration of population in big towns, which, by increasing cost of distribution, travelling, etc., further increases the cost of living. And we ought not to overlook the fact that to get cheap food (which as a matter of fact England does not get) England is required to spend much more on the navy than would otherwise be necessary in order to protect her food supplies, and this in turn has led other countries to increase their navies. Further, there is more than a doubt whether even if Free Trade did lower prices, the money saved would ever find its way into the pocket of the consumer at all, for the middleman is in a position to intercept any savings there are. Such considerations suggest Free Trade is an illusion. The logical end of the cheap food fetish is famine.

Though cheapness is a fetish among Free Traders to-day, it was not originally a part of Free Trade theory. On the contrary, when Quesnay first formulated the theory, he advocated it because he thought it would improve the condition of the French peasantry by raising the price of grain, and he attacked the fetish of cheapness as an illusion, showing how conditions generally would improve with a rise of prices. Yet Free Trade to-day is advocated for reasons the exact opposite of those for which it was originally advanced, and in spite of this *volte face* its prestige with the intelligentsia remains undiminished.

The reason for this is, I think, that as Protection has too often in the past been associated with political

corruption, Free Traders enjoy a sense of moral superiority. Not that Free Trade can wear the white flower of a blameless life, for Free Trade leads to corruption as much as Protection; but it is not so apparent. The corruption associated with Protection is superficial, it is on the surface like some skin disease; that of Free Trade is concealed like a cancerous growth, and more deadly. Under Free Trade, great vested interests in imports come into existence which can only function at the expense of society. In Great Britain the immediate interests of food importers, shippers, bankers and holders of foreign securities are allowed to come before the interests of the nation. So powerful are these vested interests that they are able to prevent a revival of agriculture which is absolutely necessary for national safety; for no country can be considered safe to-day or in a healthy social condition that is dependent upon other countries for two-thirds of its supplies of food. Yet this is what Free Trade has brought Great Britain to. And what is worse; in order to ensure a continuance of their monopolies, the vested interests have caused lies to be circulated in the Press which misrepresent the position of British agriculture. They have managed to persuade the British public that they have no option in the matter, inasmuch as Britain is incapable of growing more than a small percentage of its food; though all authorities are agreed that as much as 80 per cent could be grown, and some think all.

These evils are inherent in Free Trade; they flow from its principles. But the corruption associated with Protection does not flow from its principles, but from the alliance of external Protection, which is communal in principle, with internal Free Trade, which is individualist. It is the attempt to combine

these opposed principles that opens the door to corruption; for when so combined, the selfish individualist spirit that governs Free Trade turns external Protection to anti-communal purposes. But if it were made a law that any industry that sought the protection of a tariff should consent to a control of prices, or in other words, that a protected industry should sell its products at Just and Fixed prices, no room would be left for corruption. Industries that suffer real hardships under Free Trade would willingly consent to having their prices controlled, while industries whose only aim in seeking the protection of a tariff is to increase their profits at the expense of the community, would keep at a respectful distance from parliamentary lobbies, for no profiteering industry will consent to a control of prices. No question of special privilege would then arise, for privileges then would become dependent upon the acceptance of responsibilities.

I have referred to industries which suffer real hardship under Free Trade. Free Traders always seek to evade the problem which such industries present by dismissing them as inefficient. In *New Frontiers*, Mr. Wallace speaks of the desirability of a plan for liquidating inefficient industries. It is a suicidal policy, for if carried to its logical conclusion it might happen that every industry in the United States would need to be liquidated. It is as if a schoolmaster made it a rule to expel the boys who were at the bottom of the class, and in the end found he had only one pupil left. In an unequal world there will always be some industry, or some boy, that is relatively inefficient.

But what do we mean by an "efficient" industry? One that can compete successfully? But that may mean many things. It may mean that it is better organized.

But it may also mean that the workers are tyrannized over, speeded up, and slave-driven. Indeed, competing successfully always involves these methods in the long run; for a well-organized industry ceases to be successful when a competitor appears who is not only an efficient organizer but a slave-driver in addition. So in liquidating "inefficiency" we shall liquidate human values at the same time. Competitive efficiency has no room for human values, nor will we get these values back until we find something more worthy of worship than an efficiency which when complete is Hell under another name. Mr. Wallace overlooks the fact that it is the efficient and not the inefficient industries that cause all our troubles.

However, this is a digression, for efficiency has nothing to do with Free Trade as such, but rather with machinery. Machinery tends to thrust men out of the economic scheme. The advice to be efficient is personal—a policy by which the individual about to be thrust out may save himself by pushing someone else out.

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Free Trade is a religion: it has nothing to do with facts. Yet it is supported by so many plausible arguments as to deceive even the elect. Anyone who challenges it finds himself up against something much more formidable than an economic theory; he finds himself battling against a fixed habit of mind; a thing decided upon and not open to discussion, a dogma held sacred beyond living memory. Most Free Traders are like the Quaker lady, who when asked why she believed in Free Trade, replied that it was because her father had told her it embodied a great moral principle; was firmly convinced it had only been accidentally omitted from the Ten Commandments;

and would without a doubt have died on the spot could she have been enlightened as to the truth. For the great moral principle turns out on examination to be the very immoral doctrine that self-interest is a principle to which the regulation of society may be entrusted, on the assumption that the self-regarding instincts of men would if given free play so balance and neutralize each other as to eventuate in an equilibrium of good. It was Cobden and Bright who effected the transformation. By associating Protection with the taxation of food, they were able by appealing to sentiment rather than to the mind of the electorate to infuse a moral, even a religious, spirit into the repeal of the Corn Laws¹; and this has remained a source of moral and intellectual bewilderment ever since, for experience proves that the appeal to the principles of Free Trade can be used to justify every social abuse and every form of economic oppression.

Another reason why Free Trade is so stubborn is because its roots are deep in history and in our intellectual tradition. It derives from the Law of Nature which, though it has entirely dropped out of the political consciousness, exercised an influence in European social and political thought from the fourteenth to the nineteenth century that is difficult to exaggerate. During that period its sanction was sought for every idea of reform, while it was associated with every popular rising from the Peasants' Revolt to the French Revolution. Yet it began its career as a

¹ Cobden "said in a letter to his brother, he had convinced himself that a moral and even a religious spirit might be infused into the question of the Corn Laws, and that if it (Free Trade) were agitated in the same manner as the old question of slavery, the effect would be irresistible." *The Life of Richard Cobden*, by John Morley, Vol. I, p. 143, 1896 edition.

purely academic theory, originating among the Stoics, who postulated the existence of a natural condition of society, prior to the formation of states, in which men were free and equal, and the principles of liberty obtained. Yet it was never at any time a scientific theory resting upon ascertained fact, but a hypothesis framed for the purpose of distinguishing between the ideal and the actual, the primitive and the conventional, though the grounds of the distinction remained somewhat uncertain; as each writer gave his own interpretation of what constituted the law. Because of this the Law of Nature became a changing hypothesis, adapting itself to changing mental and social conditions; until in the eighteenth century, when it reached its final form, it was interpreted as postulating the existence in society of a power capable of its own internal volition of maintaining a social and economic equilibrium, which would assert itself in proportion as Governments abandoned all attempts to direct the course of social and economic development. It was this latter conception that gave rise to the theory of Free Trade, and explains why, in spite of repeated failures, it remains a force which at this day must still be reckoned with.

If universal Free Trade were a realizable ideal we could admire the tenacity with which its advocates cling to a forlorn hope. But considering it is not, we can only be appalled at the superstition and credulity of which it is evidence. If order is ever to be restored to the universe, it will first have to make its appearance in the mind of man; and if order is to be restored to the mind of man, it will be necessary, among other things, to uproot the Free Trade theory, for it gets in the way of everything. It is to a great extent responsible for the paralysis that has overtaken

the League of Nations by leading it to look in a wrong direction for the solution of the economic problem. It stands in the way of any restriction of the use of machinery—which, as we have seen, is absolutely indispensable to any solution of the economic problem, because so long as people assume that the future is to be discovered in a revival of international trade instead of the pursuit of a policy of relative self-sufficiency, they will naturally be opposed to any restriction to its use, as it would weaken competitive power. Thus it paralyzes constructive activity. And last but not least, it makes Mr. Wallace apologetic when he does the right things.

Until the Free Trade ideology and prestige are abolished, the modern world will be as a house divided against itself, for its instincts will travel in one direction and its theory in another. Many people who know nothing of economics support Free Trade because it appears to them to be in harmony with the ideal of culture, which they assume should be international. Whether this is true or false depends on how internationalism is interpreted, for while it is true that the high points of culture are international, it is certain that a culture will lack reality unless its roots are national, not to say local. But however desirable internationalism may be in some directions as a cultural ideal, it is neither possible nor desirable as an economic arrangement, as has too often been hastily assumed; and the best proof of this is that so far from economic internationalism furthering the ideals of culture by promoting the arts of life and inaugurating an era of peace and goodwill, as in Victorian times it was assumed would be the case, experience has proved international trade to be destructive of the arts wherever it has penetrated;

while by making each nation the cut-throat rival of the rest it does anything but encourage peace and goodwill. And this is reasonable, for nations which pursue policies of national self-sufficiency have less reason to quarrel with each other than those who follow international policies; while nations with normal and mixed economics will understand each other better than the nations of specialists which competition under Free Trade brings into existence.

CHAPTER V

THE CENTRALITY OF MONEY AND MACHINERY—I

THE transition from primitive to civilized society took place as a consequence of the introduction of money, which happened in the seventh century before Christ, when the Lydian kings introduced stamped metal bars of fixed weight to replace the bars of unfixed weight, which the Greeks had hitherto used as a medium of exchange. It was a simple device from which no great social change was expected, yet the development which followed upon it was stupendous. It created an economic revolution comparable only with that which followed the invention of the steam engine in more recent times, since by facilitating exchange it led to differentiation of occupation, specialization in the crafts and arts, city life and foreign trade—all of which go to the making of civilization. Modern civilization with all its conveniences and inconveniences, its comforts and luxuries, its simplifications and complexities follows the introduction of machinery. For these reasons money and machinery are to be regarded as the two unevadable problems of civilization, the control of which is absolutely indispensable to any rational ordering of society. For though it is to be admitted that the dynamic resides finally in the will of man, yet unregulated money and machinery have acquired a will of their own, and dominate man to-day in a far greater measure than man dominates them.

Along with the undoubted advantages which came with a fixed currency, there came an evil unknown to primitive society—the economic problem. The progress of economic individualism to which it gave rise completely undermined the patriarchal basis of the Mediterranean communities. It rapidly divided society into two distinct and hostile classes—the prosperous landowners, merchants and money-lenders on the one side, and the peasantry and debt-slaves on the other. “We can watch it in Greece, in Palestine, and in Italy, and we can see the temper of the sufferers reflected in Hesiod and Theognis, Amos and Hosea, and in the legends of early Rome.”

Hitherto no one had ever thought of claiming private property in land, as was natural, since until money made its appearance it could not be bought and sold, for nobody claims private property in things that cannot be sold. The man who tilled the soil thought of it as belonging to the family, to his ancestors and descendants as much as to himself. But within a couple of generations of the introduction of currency the peasantry everywhere began to find themselves in need of money; and they found it could be had by pledging their holdings as security for loans. After such transactions, the land tended to pass into the hands of the merchant and money-lending class; for lean years have a way of running in cycles, and at such times the “haves” are able to take advantage of the necessities of the “have-nots.” It was thus that private property in land came into existence in Greece and other Mediterranean communities. It was a sequel to the introduction of money.¹ To realize how private property in land came into existence is to see the whole social problem in a different perspec-

¹ Cf. *The Greek Commonwealth*, by Alfred Zimmern, pp. 110-114.

tive; it is to understand that the solution of the problem of money must precede the solution of that of property.

The reasons for these developments which followed the introduction of money are not far to seek. So long as trade was carried on by barter, a natural boundary was put to the development of trade, because under such circumstances exchange would be limited to articles for personal use; it would only take place when each party possessed something which the other required. But once money was introduced, the boundary was removed; trade developed, and there came into existence a class of men who bought and sold entirely for the purposes of gain. These men, the merchants and middlemen, became specialists in finance. They knew better than the peasantry the market value of things, and found little difficulty in taking advantage of them. It is the same story wherever prices are determined by the higgling of the market, and men are at liberty to speculate in exchange: the distributor enslaves the producer. It happened in Greece, it happened in Rome and it has happened everywhere in the modern world, for when prices are not fixed the distributor has the producer at a disadvantage.

Though the Greeks thought a great deal about money-breeding, as they called the problem of money, it eluded the efforts of their lawgivers and statesmen to find a solution, and in the end its unsolved problems broke up their civilization, as at a later date it broke up that of Rome. For though Roman civilization was eventually overthrown by the barbarians, it would not have been had it not previously been corrupted within by the growth of capitalism (itself a consequence of the determination

of prices by the higgling of the market) which disintegrated the social fabric, creating unemployment and undermining the old virtues of courage and sacrifice which vanished before the growth of luxury, sensuality, and pessimism which it encouraged. Society had to wait until the Middle Ages before a solution was forthcoming, when it was provided by the Guilds, which solved the problem, in the light of the teachings of Christianity, by restricting money to its legitimate use as a *common measure of value* by the fixation of prices at a just level. Their significance, however, was overlooked by Mediæval political and economic thinkers, who, if orthodox, confined their speculations to the range of issues covered by the Civil and Canon Laws, and, if revolutionary, to the issues raised by the Law of Nature, in neither of which the Guilds, which had come into existence as the spontaneous and instinctive creations of the people, found a place. This blindness of the Mediæval thinkers to the significance of the Guilds is one of the great tragedies of history, for as a consequence the potentialities of this great economic discovery were lost to the world. Capitalism triumphed because the Mediæval Church looked everywhere for a solution of the problem of money except to the Guilds which stood at its door.

As a consequence of this neglect the Guilds never became co-extensive with society, which was a condition of their survival. The Guilds existed in the cities, but they never came into existence in the rural areas. That was the weak place in the Mediæval economic armour; for it is manifest that if fixed prices were to be finally maintained anywhere, they would have to be maintained everywhere, both in town and country. That Guilds were never organized in rural areas was entirely due to the fact that Churchmen

without whose co-operation it could not be done, failed to appreciate the fact which a little business experience would have taught them, that, in the long run, it is impossible to maintain a just price that is not a fixed price. Churchmen thought then, as so many do to-day, that the world can be redeemed by moral action alone, failing entirely to realize that a high standard of commercial morality can only be maintained if organizations exist to suppress a lower one. They were content to preach the Just Price and leave it at that. Hence it came about that when, in the thirteenth century, the validity of the Just Price was challenged by the lawyers, who maintained the right of every man to make the best bargain he could for himself, the moral sanction on which the maintenance of the Just Price ultimate rested was undermined. Belief in it lost its hold on the country population, and then the Guild regulations came to be regarded as unnecessary restrictions on the freedom of the individual. Thus a way was opened in rural areas for the growth of capitalism and speculation, and this made it increasingly difficult for the Guilds to maintain fixed prices in the towns, which came to an end in the sixteenth century, when the whole system broke down amid the economic chaos that followed the suppression of the monasteries, and the wholesale importation of gold from South America, which doubled prices all over Europe.

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Though the Church failed in its efforts to suppress usury or the taking of interest—for the Church at first refused to distinguish between them—yet the instinct which led the Church to make the attempt was perfectly sound, for experience proves that low

rates, which we call interest, are just as inimical to the life of society as high rates which we call usury; the only difference between them being that the former operates more slowly. But in the end it is the same, as is apparent to anyone who reflects on the famous arithmetical calculation, that a halfpenny put out to five per cent compound interest, on the first day of the Christian era, would by now amount to an octillion: an amount in bullion which would occupy a space equal to several gold globes as large as the earth. It is only necessary to make our acquaintance with this fact to realize that, in assuming that money is never so usefully employed as when it is used for the purpose of making more money, finance is committed to a principle that is destructive of society, as in these days we are finding out. The custom of investing and reinvesting surplus wealth in new productive enterprises is loading society with an ever-accumulating burden of debt, which operates to bring industry to a standstill; while contrariwise the effort to produce dividends on the ever-increasing and inflated capital (because of the policy of indefinite industrial expansion it involves) brings finance into collision, on the one hand with labour, and on the other with foreign nations whose financiers and industrialists pursue the same object.

Thus usury—or shall we call the process by the Greek name, money-breeding, as being subject to less equivocation—leads to class and international warfare; or alternatively to a complete paralysis of the whole economic system, since, when the centralization of wealth proceeds beyond the point at which the rich can spend their share on consumption goods, demand is undermined, because effective demand depends upon a wide distribution of property and

purchasing power which money-breeding operates to destroy. And, with the undermining of demand, there come into existence large and insoluble unemployed problems, as we, like the Romans, have found out. Other agencies have been at work to promote the same end. In Rome there was slavery, which displaced free labour; in the modern world there is machinery which achieves a similar displacement. But apart from them, money-breeding, by concentrating purchasing power in the hands of a few, can be relied upon to create unemployment. Shall we say that nations that take to money-breeding perish by money-breeding?

It will not be necessary for me to enlarge further upon this evil, for nowadays the facts are admitted. But wide differences of opinion exist as to the remedy. One reason for this is that in the modern world the problem of money is complicated by the problem of machinery, and most people unfortunately do their thinking in water-tight compartments, reasoning about money very much as if machinery did not exist, or introducing it only as an afterthought. Another reason is that currency reformers are accustomed to approach the problem of money from the viewpoint of banking. They envisage it entirely as a matter of technics, and seek a solution in the terms of money as a separate and detached issue; for even when they do recognize that the problem of money has a moral aspect, they are accustomed to treat it as they treat machinery—excluding it from their premises and introducing it into their conclusions—a method of reasoning that is responsible for many popular fallacies. Yet though currency reformers err to-day in approaching the problem of money as an entirely technical one, Mediæval thinkers were guilty of the opposite error

of treating it entirely as a moral one; and as a consequence failed in their efforts to find a solution.

The Mediæval thinkers failed because they never saw the problem of money as a whole. They got themselves entangled in the end of a problem of which they did not know the beginning. They saw that the problem of money had two aspects, which they identified as the problem of *usury*, or the relation of money to persons, and the problem of *price*, or the relation of money to things; but they never related these two problems to each other, or treated them as two aspects of the same problem; but approached them as separate problems without a common economic denominator, though they recognized a common moral one. Yet while the Mediævals recognized two problems, nearly the whole of their thought and inquiry was directed towards finding a solution for the problem of usury as a separate issue; presumably because it was the aspect that forced itself upon their attention. For three centuries—the thirteenth, fourteenth and fifteenth—they discussed it, but to the end it evaded them. Experience proved that it would not yield to a purely moral approach. The early Mediæval Church had condemned usury in all its forms. But this strict view was modified somewhat by later moralists and economists, who came to think that to forbid the taking of interest, under all circumstances, was not expedient, inasmuch as it led to serious public inconvenience. Hence the question which agitated their minds was to determine what was and what was not legitimate. Starting from the principle of Aristotle, that money itself cannot beget money, they were puzzled how to justify the taking of interest. They were agreed that to seek to increase wealth in order to live on the labour of others was wrong, and to this extent the issue was

a purely moral one. But there was the question of public convenience, as in the case of travellers who would have to carry large sums of money about with them, which increased the danger of robbery, in the absence of bills of exchange, and there was the difficult question of risk involved in a loan. To all such difficult and perplexing questions they addressed themselves, not for theoretical but for practical reasons; for as commerce tended to increase, it became urgent to hammer out some principle whereby the necessities of trade could be related to some definite moral standard.

But no solution was forthcoming. In principle all were against usury, but as I have said public convenience demanded that exception be made under certain circumstances. These exceptions grew and grew in number, but no sure principle was forthcoming. And so things went on until the Reformation brought a breach with Mediæval doctrine. At first the reformers were more uncompromising than the Church in their condemnation of usury. But under the auspices of the Reformation the commercial class became powerful; and when that happened the idea was promoted that the great mistake was to have attempted the suppression of usury at all. The right policy was to stop meddling, and leave the problem to settle itself, on the assumption that if there was no meddling the rate of interest would fall, when the evils associated with usury would automatically disappear. But it has not worked out like that. We are sadder and wiser to-day.

The underlying cause of the failure of the Mediæval Church to suppress usury, was that it did not realize that usury presents not only a problem of morals, but a problem of organization. The farmer without reserves needs money to carry him over a bad season;

the tradesman to enable him to hold on when work runs short; and in the absence of public credit facilities he has no option but to have recourse to the money-lender. In attempting, therefore, to prohibit usury, without at the same time making public provision for loans of money to those who required them, the Church attempted the impossible. And this conclusion the Church herself came eventually to accept. In the sixteenth century the Franciscans founded the *montes pietatis* or lending houses, which advanced loans to poor people, and was some recognition of the fact that the problem of usury was not entirely a moral one. But at the best such establishments are makeshifts. It is safe to say that if in the Middle Ages efforts had been made to make the Guilds co-extensive with society, instead of being confined to the towns the problem of usury would never have arisen. For the Guilds were, among other things, centres of mutual aid, making provision for their members in times of sickness or adversity, and if they had been general, little, if any, room would have remained for the depredations of the usurer; and what little did remain could doubtless have been easily dealt with. Yet, strange to say, this most obvious solution of the problem of usury never occurred to the Mediævalists, in spite of the fact that Guilds existed in the towns. It never occurred to them that all they had to do was to organize Guilds in rural areas and usury would be no more. For the problem of usury in the Middle Ages was essentially a rural one; it did not exist in the towns.

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The organization of Guilds is the key to the problem of money; for though the problem will not yield to a purely moral or a purely technical approach, it

will yield to a Guild approach which is both moral and technical. The Guild principle is a very simple one, so simple that one wonders however it came to be overlooked. Money is a medium of exchange; the problem is how to restrict it to its legitimate use as a *common measure of value*.¹ So long as money is fairly and honourably used to facilitate exchange by giving value for value, so long, in fact, as it is used as a token for the exchange of goods, it will remain in a close and definite relationship to the real values it is supposed to represent; a practical economic equality will obtain between the individual members of society, which will remain in a healthy condition. For such a society would be free from those alternating periods of boom and depression in trade that are the inevitable corollary of speculation in prices. Unfortunately such a desideratum does not follow from the unrestricted freedom of exchange; that is, by allowing prices to be determined by the haggling of the market; because under such conditions there is no equality of bargaining power, and because there are so many people in the world who have no intention of using money as a common measure of value, but are determined to use it for the purpose of making more money. All the problems of money that so often lead people to believe in a kind of economic witchcraft are traceable to this anti-social motive which leads directly to the creation of the problem of riches and poverty; it is a by-product of the abuse of exchange. For this

¹ It is sometimes objected that there is no scientific basis for money as a common measure of value. This is true, because all monetary valuations are inevitably empirical. They can never be more than approximations. All the same, we shall come nearer to money being used as a common measure of value, if the principle is acknowledged than if it is ignored. There is no objection that can be urged against the Just Price as an ideal, that could not be urged against the ideal of justice; for there is no scientific basis for justice.

evil there is finally but one remedy: to fix the price of everything, and to fix it at a just level—to institute fixed and just prices, wages and rents. For only when these are fixed will there be no room for the speculator. There will be nothing left to speculate in. Money-breeding will cease.

But if all prices¹ are to be fixed, it will be necessary to organize agriculture and industry under a system of Guilds; for by no other means could the principle be given universal application. It is possible by means of bureaucracy to fix the prices of a few things, of the staples of industry, but not of everything. A natural limit is put to the successful application of the principle of bureaucracy, because as it extends the area of its activities, its machinery gets clogged. For this reason bureaucracies should only be used where no other system or organization is available. Moreover, bureaucracies are unpopular. This arises from the fact that as bureaucracy is a method of control from without it can only enforce obedience by inspectors; and nobody loves being inspected, strange as it may sound to the Fabian-minded. Moreover, bureaucracies are costly, and apt to be inefficient.

With Guilds it is different. Being a system of control from within, they not only can govern without inspectors, but because they have the co-operation and goodwill of the majority of those engaged in industry they are not costly, and can give effective application to the principle of fixed prices to every item of production and exchange. It is my contention that the establishment of fixed prices and the control of machinery should be the primary aim of reform

¹ When I speak of fixed prices, I must not only be assumed to mean prices fixed as a just level, but also wages and rents and services.

activities, because upon these two issues everything else turns. Until we do control them we are building upon shifting sand, since anything we do is liable to be upset by a fall in prices or by a new invention. Moreover, if prices and machinery, which are found at the centre were regulated, there are a thousand and one things which lie at the circumference it would not be necessary to regulate.

Further, if Guilds were established they could emancipate industry from its thralldom to banks by supplying any capital or credit that was required from their own resources. Thus the establishment of Guilds would operate to render the banks redundant. Banking and capitalism will never yield to a frontal attack, for under Bolshevism they merely change their form. But there is no reason why they should not be gradually undermined.

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But there is another side to the problem of money which is generally overlooked. Compound interest had not such fatal results in the past, because before the days of machinery, when the arts were alive, people were accustomed to spend any spare money they had upon the arts instead of reinvesting it for further increase; and this at the same time operated to prevent the accumulation of interest charges, and to ensure that money circulated freely and continuously. The commercial notion that trade prosperity follows reduction of costs is an illusion. It owes its vogue to the fact that reductions of costs were in the past followed by trade revivals. But it is the capital expenditure on new plant which accompanies cost reductions, that causes money to circulate not the reduction of costs, that leads to the prosperity.

The immediate economic effect would have been in general just the same had the money been spent on the arts, say on building cathedrals. But the ultimate result would have been very different. For if the money had been spent on the arts, the prosperity would have remained because the relation between productive power and consuming power would have been unchanged; but when it is spent on power-plant it is different, because when the plant is put into use the discrepancy between production and consumption is increased. During the nineteenth century this commercial notion appeared to work because reduction of costs enabled capitalists to transfer the unemployment to other countries. But now that there are no new markets to exploit the lie is out. It should have been finally disproved when the German boom ceased after she had rationalized her industries. But meanwhile the people had so completely lost sight of the ends which industry should serve that they failed to profit by their experience.

It is true to say that the nations of the earth find themselves in a position where there seems no outlet but war because they have lost the old habit of spending surplus wealth upon the arts. Perhaps this will seem a rather far-fetched idea to some of my readers, but it is cold logic, for it can be proved. Expenditure upon the crafts and arts is as necessary for the economic as for the spiritual salvation of society, for such expenditure acts like an economic safety valve. Refusal to spend money upon them is tantamount to sitting on the safety valve, and it is because we have been sitting on it so long that things have become explosive. It is important to understand exactly why this should be so,—to understand how it works. It is apparent that money that is spent upon goods for

final consumption—in which category are to be included all art products, not forgetting architecture—increases demand, whereas money that is invested in production increases supply. It follows from this that if a balance is to be maintained between demand and supply, part of the national income should be spent upon goods for final consumption and part invested in productive enterprises; that is, part must be spent upon means, and part upon ends, and both in their proper proportion. But when people begin to think that money is never so usefully employed as when it is used for the purpose of making more money, they begin to spend less than is desirable upon goods for final consumption, cutting down expenditure upon the arts, and to invest more than is desirable in productive enterprise; with the result that the balance between demand and supply is upset, competition intensified, markets contracted, and unemployment created. Thus we see the ultimate reason of our economic troubles is traceable to the fact that people invest their surplus income in new productive enterprises and do not spend sufficient money on goods for final consumption, especially upon the arts, to maintain a balance between production and consumption.

But it will be said if we do not spend freely upon the arts nowadays we do upon luxuries, especially motor cars which are consumption goods. And that is true. But still, as great as is the national extravagance in this direction, it is insufficient to make production and consumption balance, because we have such an excess of machinery, and because as a consequence of over-investment in the past, the surplus wealth of the community is in too few hands to be spent. It is because we are suffering from

over-investment that such a proposal as the establishment of an Investment Board to direct investments is a proposal that has no relevance to the actual situation to be met.

For a long time the consequences of the folly of over-investment at the expense of the arts were obscured for most people, because it was possible for us to dump our surplus products in foreign markets. But this is no longer possible, because in the meantime other nations have taken to machine production, first in self-defence, then, pursuing the same stupid financial policy as ourselves, have become perplexed with surplus products for which they desire to find markets. Thus the nations of the world are brought into collision with each other and a situation created in which war is an ever-present contingency. And it can all be traced back to the notion that money is never so usefully employed as when it is used for making more money; or perhaps it would be more accurate to trace it all back to the degradation of the arts, for it may be assumed that the fatal habit of investing and reinvesting surplus wealth for further increase, would never have got such a hold of people, but for the fact that the arts during the industrial era have been at such a low ebb that there did not seem much purpose in spending money on them. Viewed in this light, the revival of the arts would appear to be the key to the world economic situation.

Expenditure upon armaments has the same immediate economic effect of causing money to circulate as expenditure upon the arts. But how different is the ultimate effect!

CHAPTER VI

THE CENTRALITY OF MONEY AND MACHINERY—II

UNTIL yesterday anybody who ventured to doubt the wisdom of the restricted use of machinery was dismissed as a crank, since the vast mass of people preferred to regard any evils to which it gave rise, as nothing more than the maladjustments incidental to an age of transition, that would disappear as the process of mechanization was completed and equilibrium re-established on a higher level. But this complacent attitude is no longer possible. It has become evident that equilibrium is not going to be established at a higher level. Our system of finance and industry is being imperilled by the development of automatic machinery which, displacing labour, reduces purchasing power and reacts to undermine the price-system and superstructure of credit which it supports. Hence the emergence of a new and critical attitude towards machinery, which is welcome, for a change of attitude is indispensable to any solution of our problems.

Douglasites tell us that they have got the solution. But I submit the solution calls for a change infinitely more fundamental than anything they stand for. The Douglas theory, that the dividend is destined to be the successor to the wage, is plausible, and would be unanswerable if the wage-system were the only institution of society that is breaking down under the impact of mechanization. But a wider survey reveals, not only that the financial system is involved in the fate

of the wage-system, but that every other institution and tradition of society exhibits signs of collapse. Religion, art, politics, industry, technical skill, the family are all in a state of dissolution and decay; the very framework of society is going to pieces. As the unrestricted use of machinery has been the most powerful agent in this process of destruction, it follows that there can be no solution apart from a restriction of its use. To get the subject into its proper perspective, it is necessary, however, to see the problem of machinery as a part of the changed attitude towards life and society, that took place at the time of the Renaissance. By substituting an external for an internal approach to life, the Renaissance set in motion the forces of social disintegration which are reaching their climax in our day. But the flaw in the Renaissance did not become apparent until the machine arrived to upset the whole organic rhythm of life, destroying the age-long patterns of human society.

Before the advent of the machine, men found in their work an opportunity for the exercise of their creative faculties; they found real joy in the excellence of what they did. Culture came to a man at his work. But once machinery came along, all this was changed. So far from doing all the drudgery and setting men free to do interesting work, as is generally assumed, it is much nearer the truth to say that the effect of machinery has been to reduce most interesting work to the level of drudgery. Though in some directions machinery has reduced drudgery, its general influence has been the reverse; to destroy charm in work and turn it into hated toil—into mechanical, depersonalized, anonymous tasks. The creative part of work under industrialism belongs to the inventor; the

men who operate the machinery he invents are its slaves. Their activities, stripped of all meaning, consist in repeating thousands of times a day some simple mechanical operation, like clipping a wire or turning a screw over a conveyer belt. In consequence, a worker is broken into a mere fragment of a man. Work, which for him was formerly creative effort and a means of culture, has become a routine which deadens his imagination, leaving him restless and dissatisfied with life. Thus machinery and the subdivision of labour, which is inseparable from it, have cut at the roots of human development by putting a check on man's exuberance, thwarting the major and creative impulses that give value to life. Nor is it only the lives of the workers that are affected, for the riches and luxury it brings to a few prove to be as fruitful a source of unhappiness and spiritual atrophy as the poverty, dependence and slavery it brings to the workers. Though in some directions machinery has acted as liberator, on the whole it has tended to enslave men by imposing upon them a new form of dependence more tyrannical than that imposed by nature.

The misuse of machinery is a much more serious matter than the misuse of money. Money may corrupt society and give rise to grave social injustices; but man can still find his way about, his social relations continue to be more or less normal, he still retains the sense of his own personality, his image is still the image of God. But this gradually ceases to be true as mechanization takes place. Society is churned to pieces; man loses his way amid the growth of complexity; he loses the sense of reality, of his own personality, until finally his image is no longer the image of God but of the machine.

For all such reasons there are no grounds for believing that machinery is constructive as well as destructive. The new traditions, if we may so call them, that have come into existence as a result of machinery serve only the surface of life. They are no substitutes for the old, whose place remains empty. And yet when Marx advanced this theory he merely put into words the unfounded assumptions of the man in the street, who until yesterday was content to assume that machinery could do no wrong. On no other hypothesis is it possible to explain, why he should be content to remain the passive spectator of the thoughtless destruction of the civilization that sustains and shelters him. People acquiesce in this destruction in the name of "Progress," which, associated with the many marvels of science, has made them so credulous and uncritical that they are capable of swallowing anything that wears the right label. Some day they will ask whether this "Progress" is really progress, or whether it is not a most vicious reaction in whose name they have sacrificed their precious heritage and got nothing in return except a rubbish heap; and they will then understand what Anatole France meant when he said: "The worst of science is that it stops men thinking."

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The last two generations have witnessed a series of wonderful inventions—the phonograph, automobile, aeroplane, cinema, radio, television. They are miracles of achievement, but they are no compensation for the life mechanization has destroyed. They leave us bored, restless, and dissatisfied, because while the changed social conditions they have been the means of bringing into existence have created for us new

wants, they deny us the satisfaction of our permanent needs; and this, among other things, makes their influence destructive. Take the radio, a miracle if ever there was one—sound transformed into light, and back again; and so quickly that the process is instantaneous. Yet, all things considered, are we any the better for it? Ships at sea have undoubtedly benefited; it may also be admitted that it has benefited people living lonely lives. But generally speaking, no. The radio is destroying conversation, reading, thinking; possibly it is destroying music at its source. It is certainly destroying repose; numberless people have come to demand the noise it makes. They have become habituated to listening-in without listening. Instead of stimulating our wonder, which is one of the things that makes life worth living, and which it might have been supposed such a marvel would have done, it has had the opposite effect. The very facility with which we can switch it on and off, and listen to Paris, Berlin, or Rome ends in killing even the desire to listen; it has all become too commonplace. The cinema, too, is a wonderful invention. But its influence, like that of radio, is to destroy our sense of wonder; and it is perhaps even more devastating.

Nobody will deny that the aeroplane is a menace; it is the sword of Damocles hung over us. But what about that other creation of the internal-combustion engine—the automobile? No doubt it offers advantages; all evil things do, otherwise they would have no power in the world. It is a solace to people who live in our crowded towns. But has any other invention been so destructive in so short a time? The introduction of railways had a revolutionary effect, but nothing like that of the automobile, because while railways

keep to their tracks automobiles go everywhere. There is no escaping them. They crowd our streets and invade our houses, which are ceasing to be places to live in, and are becoming places to park in. The automobile has not only revolutionized our methods of transport but our social life. Its impact is felt everywhere and with disastrous effect. People have become so accustomed to rushing about, to an atmosphere of speed, noise, and hustle as to be incapable of settling down. Thrills have become for the man of to-day a necessity, psychic dope to keep his mind off present trouble. The automobile, by accelerating the pace of life, has changed our personal and mental habits, manners, and morals; and not the least of its achievements has been to facilitate thieving and other criminal activities. Our roads have become unfenced railways, with the result that nearly a quarter of a million people are killed or injured annually by automobiles in Great Britain alone. Meanwhile the demand for petrol is a source of international difficulties, and may some day lead to war.

The reactions of the automobile on our environment have been even more devastating than upon our lives. Our countryside is being permanently ruined by a generation that has neither the wit to create nor the intelligence to value and preserve what it has inherited. Since the War there has been more vandalism than in any corresponding period of history. Our towns, which under the impulse of the Industrial Revolution developed like huge carbuncles, at the impact of the automobile suddenly burst, as it were, and spawned over the countryside, destroying in the process an appreciable part of the beauty of the land. Wherever we go nowadays we find ourselves

confronted by a new blend of ugliness, compounded of anaemic-looking bungalows, petrol pumps, and concrete roads; all the consequence of the automobile. Buildings, old and new, are being shaken to pieces, because apparently it would be against "progress" to take heavy motor-traffic off the roads; which being interpreted means, it would prevent A from selling lollipops a cent an ounce cheaper than B. Did any people since history began so completely lose its sense of proportion? Our monuments of architecture must be destroyed in order that A may sell lollipops cheaper than B. And no official person would ever think of questioning the sanity of the proceeding. As they say, "it is the only thing to do." We're demented.

No indictment of mechanization would be complete which omitted a reference to its reactions upon the activities of war. Most people look upon the application of science to militarism as an aberration. They still cling to the Victorian notion that industrialism and militarism represent opposed principles; one making for war and the other for peace. But never was belief more plainly contradicted by the facts, inasmuch as both are expressions of the worship of wealth and the bent given to the human mind by the cult of mechanism. The ideas of progress, national expansion, the competition for markets and for sources of raw material—all consequences of the unrestricted use of machinery—prove to be much more fruitful causes of war than ever were the ambitions of princes. By making each nation the cut-throat rival of the rest, it has sowed the seeds of suspicion and distrust everywhere, while instead of railways and telegraphs operating to remove the barriers between nations they have had the very

opposite effect of keeping them in a perpetual state of nerves. Thus in various ways industrialism and militarism give each other mutual support. The tremendous scale on which war in these days is conducted is additional evidence of that fact, for it needs the whole industrial apparatus to make it possible. Science has become an agency for the wholesale destruction of man and his works.

We talk about power-politics, but we ought to talk about machine-politics, for all modern politics are the politics of the machine; they are all dictated by the unrestricted use of machinery which creates problem after problem which admits of no obvious solution. What are international politics, the foreign policies of all nations concerned with, but to secure markets in which to dump the surplus products of industrialism, and to secure sources of raw material, to satisfy the voracious appetite of the machines we refuse to regulate? This is especially true to-day of Germany, Italy and Japan, the three countries which are the danger centres of the modern world. Each of them demand colonies because they want raw materials for their machines, and work for their unemployed which machinery has created; and they all see in re-armament not only the promise of victory but a means of relieving their unemployment problems, for as a work-finder re-armament is in these days without a rival. But the work it finds deducts from rather than adds to the national wealth, and the vast scale of modern armaments are extremely costly. They are impoverishing the nations committed to them. Thus we see the unrestricted use of machinery defeats its own ends. War and preparations for war consume the surplus wealth which the machine creates; and so, at the end of the process, we do not get wealth

for all, but a problem of power, the solution of which threatens the existence of civilization.

Closely connected with this revival of militarism is the growth of social hysteria and collective insanity which is overtaking all highly industrialized nations. This phenomenon has its roots in over-specialization, in the mechanical and monotonous nature of work under industrialism, and in the very artificial lives men are compelled to lead. Separated from religion, art and nature and their steadying influence, they are entirely at the mercy of mass movements. A more proximate cause that has done much to accelerate this tendency is the invention of the microphone, which enables orators to address hundreds of thousands of people at a time. Before its invention a natural limit was put to the number of people any single individual could address. But with the microphone there is no limit. In consequence the contagion of social hysteria is on a vastly increased scale; and we have not seen the last of it. I remember how, before the war, if anyone ventured to cast doubts on the worth of modern developments there would be always some self-satisfied "enlightened" person who was free from any misgivings, and could assure us that it was all for the best in this best of possible worlds, and that there was no knowing what blessings the future had in store for us. We never meet this type of imbecile now who had us all at a disadvantage, in those days. Perhaps it is because we do know what may be in store for us; we know it only too well.

Now the reason why the triumphs of mechanization should have such disastrous effects is not far to seek. It is because, to use the words of Berdyaev, "there are no technical ends of life, only technical means:

the ends of life belong to another sphere, to that of the spirit." From this it follows that the integrity of society can only be upheld when the technical side of things is kept in subjection. Experience suggests that unless this principle is followed, technique grows and grows until it attains to complete dominion over human life, when the means of life come to usurp so important a place in man's consciousness as to entirely obscure its ends. There can be no doubt than an irreconcilable antagonism exists between mechanization and the life of the spirit. To find a solution for this problem we must place a limit to our material wants, for increasing material wants promoted mechanization. We must cease to worship mere quantity, for there can be no doubt that our pursuit of quantity is dragging us down. It comes about this way. If you produce in quantities you must, if you are to sell your products, take the world as you find it. You must make the taste and standards of the average man your standard. From this it follows that you exclude everything that is above the average. But to exclude everything that is above the average is to exclude the best elements in society; it is to exclude the best men and things. And this, in the long run, is fatal to society, for it is to abolish all standards and deprive society of leadership, and when this happens civilization loses direction, for average men can only be kept straight when they follow in the path of leaders, when they are in contact with persons and things higher than themselves. Thus we see the pursuit of quantitative ideals is suicidal for society; it leads ever to a lower level.

The working of this principle can be seen most clearly in connection with the Press. There was a

time when newspapers were responsible organs of opinion; and to a limited extent some still are. But that day is past or nearly past. The position of the responsible newspaper was gradually undermined by newspapers which made the attainment of the largest circulation the goal of their ambition. To attain that object they renounced leadership and pandered to the standards, tastes, and prejudices of the average man, while they built upon advertisements, fortifying their position on the one hand by printing only short articles which limited discussion to things on the surface, and on the other by sneering at all who attempted to maintain standards as highbrows, who as a consequence found themselves excluded or reduced to impotence. But the case of the Press is not exceptional; it only displays more dramatically the fundamental antagonism that exists between a qualitative and a quantitative standard, between the pursuit of ideals and success, life and wealth, means and ends. The same thing is happening in every activity which rests upon spiritual values. The unrestricted employment of machinery has everywhere been accompanied by a progressive spiritual deterioration.

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Sufficient has perhaps now been said to demonstrate the irreconcilable antagonism between mechanization and the life of the spirit. From this it follows that if everything that appertains to the spiritual life of man is not to be thrust out of society, if man is not to fall absolutely under the power of the machine, it will be necessary to restrict its use, which, it is clear, must be done in the light of a spiritual principle, of a hierarchy of values to which material values must be subordinated; in other words, the use of machinery

must be restricted wherever it conflicts with the claims of religion, art, and culture, that is, wherever it conflicts with what we regard as the permanent interests of man and society, since it is only on this assumption that spiritual things can manifest themselves, and apart from their manifestation there can be no hope of controlling the material. The Modernist idea of spiritualizing the machine lacks reality. You might as well try to spiritualize a crocodile.

If we take our stand on the principle that spiritual things must come first, then it will follow that the right use of the products of science is to serve as accessories, to supplement what has gone before, not to replace it. To use an illustration—not a perfect one, but which may serve to suggest a way of thinking about the right place of machinery in society. Take central heating. It is a product of science and is very convenient. It is indispensable for the purpose of heating public halls, but in domestic buildings its use should be of an accessory nature—to supplement fires in large rooms and to warm corridors. It should not be allowed to replace the domestic fire because the home fire is something more than a method of heating. It is company, a centre of family and social life. The pleasure we take in the glow of coal or charcoal is a deeply-rooted instinct in our nature, and cannot be assuaged by any artificial means of heating. To abolish fires whether in favour of central heating or gas fires is to abolish to a great extent what we mean by “hearth and home.” It is to lessen the attraction of the home as a place to live in, to weaken emotional ties. Houses without fires in winter are places to get out of as quickly as possible; the abolition of fires alters social life. Central heating which excludes domestic fires

is therefore a blow at the family, and through the family at society. There is no end to the social and economic implications of the change, and all to save a little labour and trouble. But everything that makes life worth living means some trouble, and when we have got rid of all the trouble we have got rid of all the quality. The poetry will have gone out of life, which henceforth will be neat, efficient, impersonal and a bore. In *The Web of Indian Life* Sister Nivedita tells us that the introduction of the water tap into India broke up the communal life of Indian society because under the new conditions the women no longer met daily at the well to fetch water. I wonder to what extent the introduction of central heating could be held responsible for the decay of home life in the modern world. It has certainly a great deal to do with it.

A volume could be written on the fallacy of saving time and labour, but in the meanwhile here is a story. I remember some thirty or so years ago watching some men mowing a field of barley with scythes. Being a little curious I asked the farmer who was standing near why he did not use a reaper. He replied that he had got most of the harvest in with the help of a reaper; but as only this field remained to be cut, and he had nothing else for the men to do, he decided to cut it by hand. Most people would say "How foolish!"; yet it really was very wise. The farmer saw one thing clearly that the modern world does not understand, and which it will not find rest until it does, namely—that *there is no purpose in saving time or labour unless we know what we are going to do with it*, since in the absence of any clear idea of what to do with the saved time and labour, it is almost a certainty the resulting idleness will lead to

some mischief or folly. Moreover, mowing with a scythe is fun; it is just as much fun as rowing a boat, as I know from experience. Why should anyone deny himself this pleasure in order to have three or four days with nothing to do? Saving labour generally means taking the fun out of work. I can remember as a boy helping to get in the harvest, and it was real fun. But I imagine there is little fun left in mechanized agriculture. And how is mechanized agriculture seen to be ending? It has certainly got rid of relative scarcity. But in so doing it upset the price system and brought ruin on the farmers themselves. To find a remedy measures have been taken to reduce acreages in order to get the price system and the machinery of distribution to work again. It is easy to criticize this procedure from the viewpoint of abstract economics. But no one so far has discovered how abstract economics can be translated into concrete realities.

It becomes evident that a rational use of machinery depends on the wisdom and common sense of people generally. Finally it depends upon our valuing the right things—and to value one thing often means that to retain it we must be prepared to sacrifice something we value less. If we love spiritual things or personal independence more than possessions we shall restrict the use of machinery in order to preserve them. And the more conscious we are of incompatibles, the more ruthless we shall be in the application of this principle. Thus suppose we came to the conclusion that the choice is between having automobiles and a beautiful architecture and countryside, that is, between living in a beautiful environment and rushing about aimlessly in an ugly one—and it becomes daily, increasingly difficult to avoid this conclusion—which

should we choose? If our appreciation of architecture were real, we should decide to abolish automobiles, or at any rate to restrict their use within such narrow limits that they ceased to be a menace. On the other hand if we are spiritually dead, æsthetically blind, and architecture means nothing to us, if we are not accustomed to experience the exhilaration produced by wonder and beauty, and our lives are therefore emotionally empty, we should, without a doubt, demand automobiles for the sake of the thrills they give us. When life is dead and flat the physical thrill is welcome, though it may be a poor substitute for the life of the spirit; and we shall come to acquiesce in the destruction of architecture and the countryside for the sake of the thrill, for being blind and fuddled, we shall never be able to see the connection.

And so in regard to the most important modern inventions. Their use involves the sacrifice of things which those who are spiritually alive value. At the best they are substitutes offering satisfaction at a lower level which tends ever to sink gradually lower.

The argument that mechanization enables the many to enjoy art and culture, which hitherto were only enjoyed by the few, is only half true, as anybody can see who compares the present with the past. In former times art was the common possession of the whole people—there were folk arts and peasant crafts everywhere. But these popular arts were destroyed by the false æsthetic standards of the Renaissance, which limited participation in the arts to a few. Then after the people had been deprived of their native arts, mechanization sought to fill the gap by providing reproductions of the fine arts. But they are no substitutes; for the fine arts depend more upon an educated

than a natural taste—and the robot whom industrialism brings into existence is too exhausted physically and psychically to respond to art or culture of any kind. Science, machinery, mechanization are good up to a certain point, but they become a cruel form of tyranny when they are permitted to grow to such dimensions as to destroy every outlet but themselves. It is no accident that the arts flourished in the pre-machine age and wither in this. Art and mechanization have their roots in fundamentally different approaches to life and work, and no useful purpose can be served by seeking to identify them.

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If wisdom had prevailed when machinery was introduced, it would have been carefully regulated from the start. For though its undoubted advantage would have been recognised, society would not have deliberately closed its eyes to the perils that might follow the liberation of such an unknown power. Machinery would not have been allowed to trespass on the domains of the spirit, to separate men from the material world of substance, form, and colour, much less to disintegrate the fabric of civilization on the off chance of something more admirable arising to take its place. In these circumstances the only intelligent policy to pursue is to seek to control machinery by imposing such restrictions on its use as experience suggests are desirable. The following occur to me:

1. The use of machinery should be restricted where its use conflicts with the claims of personality—that is it should not be allowed to turn men into robots.

2. It should not be allowed where its use is injurious to health.

3. It should not be allowed where it is detrimental to the interests of the family.

4. It should not be allowed where it interferes with distributed property.

5. It should not be allowed where it displaces labour or otherwise interferes with the livelihoods of men.

6. It should not be allowed where it conflicts with the claims of the crafts and arts.

7. It should not be allowed to multiply commodities beyond the point at which natural demand is satisfied—that is, beyond the point at which sales need to be artificially stimulated by advertising.

8. It should not be allowed to trespass seriously upon the world's supply of irreplaceable raw material.

Simultaneously efforts should be made to revive handicraft and small scale industry. In America farming should be placed on a subsistence basis, while in England the revival should obey the same principle. Such measures are the corollaries of a restriction of the use of machinery. They would restore the human scale of values, bring back a normal social life, give independence, and pave the way for a revival of the arts.

While many people will agree in principle as to the desirability of such restrictions on machinery, they doubt the possibility of imposing them at this time of day. But let them ask themselves this question: Can civilization survive apart from restriction of

machinery? It is only necessary to consider the last of the proposed restrictions to realize that it cannot; for machinery is using up the world's supply of raw material at such an alarming rate that it is certain the life of industrial civilization on its present basis is very limited. Exactly how long it will last it is impossible to say, for new sources of supply may any day be discovered. But assuming no new sources are discovered, the shortage in some directions will, according to Mr. Stuart Chase,¹ become serious, if not catastrophic in America within a generation or so. Considering, as he tells us, that more metal has already been used in this century than in the previous history of the world, his prophecy looks not impossible. But even supposing industrialism on its present basis can last another century, which is certainly an outside estimate, it is folly to neglect the warning. For though new sources of supply of raw material may be found, they must come to an end within a measurable distance of time, for there is no reason to suppose that luck will favour us indefinitely. The progress of a civilization that squanders its resources and trusts to something turning up is a "rake's progress," and can only end disastrously, even should it escape destruction by war.

That machinery should be restricted in order to prevent gluts in the market, and that it should not be allowed where its employment is injurious to health, would, I imagine, be admitted by all except a minority of incurable individualists, so that there is no need for me to develop these issues. The proposal to limit the use of machinery in order not to create unemployment links up with the proposal to restrict it where it conflicts with the claims of the crafts and arts, with the

¹ *The Tragedy of Waste*, by Stuart Chase.

claims of personality, the family and distributed property. Our attitude towards these proposals will be determined by what we believe to be finally the nature of society, art, and man. If we believe that human nature is without permanent needs; that there is nothing in the nature of man that is for practical purposes fixed and unalterable; that his nature is entirely plastic, and that he can be pressed into any mould or twisted into any shape that mechanization demands; that society may assume any shape that the imagination of man may devise; and that art has no integrity of its own, has not its own internal law but is entirely an emanation of social and industrial conditions, then no doubt we shall be opposed to all limitations on the use of machinery; for according to minds so constituted machinery is not made for man but man for machinery. But if, on the contrary, we do not believe that such is the case, that human nature and social organization are only capable of adaptation within well-defined limits, and that art when it is vital is prophetic rather than emanative, we shall see the wisdom of such restrictions; we shall demand the subordination of technique to spirit, because we shall realize that if machinery is to be turned from destructive to constructive purposes it can only be on the assumption that its use is restricted. It may be true, as is often said, that civilizations in the past were all to some extent based upon exploitation and slavery, but if under industrialism the workers are free as regards their persons they are more enslaved in their work, and if there is any substance in the idea that machinery can be used as an instrument to lighten the burden of labour, it can only be on the assumption that its use is carefully regulated. The refusal to admit the essentially destructive nature of machinery has led

people to live in a world of illusions, and made the advance of machinery as devastating as a forest fire that consumes everything in its path, for machinery is destructive as fire is destructive, though, like fire, it may be used for constructive purposes when its dangers are recognized. All people with their eyes open see that destruction is proceeding on a vast scale to-day, that the world is being dehumanized and despiritualized by the monstrous power of machinery, and that unless it can be got under control civilization must perish.

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To recognize what wants doing is one thing; to do it is another. And though there are many people to-day who realize the necessity of controlling machinery and the principles to be observed, they are by no means clear as to how it is to be done, and indeed it cannot be done until a new faith can be found to replace that of progress, popular belief in which diverts all reform activities into false channels, while it stands in the way of most things being done that want doing. For a hundred and fifty years the idea of progress furnished society with a living faith of dynamic power. It was a purely quantitative conception, and went with the idea of industrial expansion which it assumed had no limits, the physical conquest of nature, democracy, internationalism, free trade, peace and goodwill among nations, which by some obscure mental process people managed to persuade themselves followed industrialization. But this simple faith is not likely to last much longer. It has had too many hard knocks of recent years for its votaries to remain indefinitely unperturbed in a state of adoration. They are awakening to find that instead of the New Jerusalem appearing at the end of the process there has come discord and

disillusionment, intensification of the economic struggle, unemployment, class warfare and revolution, with war as an ever-present contingency. In consequence, the idea of progress has lost much of its glamour. The growth of unemployment and militarism have particularly contributed to this end; and they are very closely related. It is said that in Germany not more than forty per cent of university graduates are able to find jobs. The remainder generated that discontent which Nazism exploited, and the spirit of Communism and Nazism must become universal if the implications of machine production are not faced. In a more fundamental sense these developments are the logical consequence of our preoccupation with means to the neglect of ends. For the neglect of ends leads to the thwarting of human endeavour and hence to explosive consequence.

The persistence of the economic deadlock contributes to the same end of destroying faith in progress, because it exposes the fallacy of indefinite industrial expansion. Realization that industry has moved into an economic cul-de-sac can only end in reconciling people to the idea of retracing their steps, for there is no such thing as going forward in a cul-de-sac. Hence economic frustration will result in an effort to find lost roads. People will begin again to connect the Golden Age with the past rather than the future. Indeed this is already happening, for people to-day are wistfully glancing back if it is only to the pre-War past, which to many to-day begins to seem like a Golden Age, to look so rosy compared with the drab present. This change of attitude is to be welcomed. It may be assumed that the new orientation we can see taking place will end by giving society the new faith of which it stands in need. For the idea of returning to the past

is the exact antithesis of the idea of progress, and should therefore supply the needed dynamic. The pursuit of progress having upset the balance in one direction, an effort to return to the past, to establish contacts again with old values is necessary to correct the disequilibrium.

Among those values a foremost place must be given to that of beauty. "In the old days," says Mr. Secretary Wallace,¹ "we could not trust ourselves with joy and beauty because they ran counter to our competitive search for wealth and power." That is so. And because beauty is the stone which the builders rejected, it will, I am persuaded, be associated with the new dynamic. When we come to value beauty again we shall not hesitate to restrict the use of machinery, because having come into possession of higher values with which the unrestricted use of machinery conflicts, to restrict it will no longer appear as sinning against the light but as the highest wisdom.

We speak of returning to the past. But it is a mere figure of speech, for we do not contemplate an archaeological restoration of any historical period. On the contrary, what we propose, is to return to the things that are eternal in the past, and particularly to Mediæval principles, for they are eternal and universal. Mediæval social organization once existed all over the world and to some extent does to this day. Indeed, there is finally only one stable type of society and that is the Mediæval, which would have persisted to this day had it been entirely Mediæval. All other types are phases of the Mediæval in dissolution. Until the eighteenth-century Enlightenment, all the great movements of human origin, good and bad, had their beginning in the study of the past; which is natural,

¹ *New Frontiers*, by Henry A. Wallace, p. 275.

and accords with the principle of growth; for just as a seed planted in the earth goes down to get roots before it shoots up, so it is necessary for any movement which aims at fundamental change to establish contacts with the great cultures and traditions of the past before it is equipped to march forward. The Enlightenment made a break with this tradition. It taught men to look forward rather than back, promoting the idea of progress, with the result that it has entirely separated men from their traditions by teaching them to despise what they inherited. This was not the original meaning of progress, for it is safe to say if it had been it would never have become established. On the contrary, with Descartes, to whom it has often been ascribed, it meant nothing more than that a condition of further development was that people should test the validity of what they received, assume a position of detachment, doubting everything provisionally in order to test its truth. But in the course of time its meaning has gradually changed until to-day the gospel of progress is interpreted as meaning that people should take their stand on what is new and successful, or what they believe will be successful in the world, on the pragmatic assumption that what is new and successful must be true; with the result that in proportion as people put their faith in progress they cease to consult their own experience and come to put their trust in rumour and hearsay. And this custom tends to make the idea of progress destructive, because, as the reason for the success of things is rarely what appears, the gospel of progress tends to become associated with the promotion of foolishness. So that instead nowadays, of its operating to make people open-minded, it operates to close their minds, while instead of bringing them into close touch with reality, it separates them from it;

and because it separates people from reality, it brings into existence an atmosphere of credulity in which evil and destructive forces find it easy to materialize. We can only go forward to a Golden Age in the future on the assumption that we make our appeal to a Golden Age in the past.

CHAPTER VII

THE RESTORATION OF PROPERTY

"IT has been found in practice, and the truth is witnessed to by the instincts in all of us, that such widely distributed property as a condition of freedom is necessary to the normal satisfaction of human nature. In its absence general culture ultimately fails and so certainly does citizenship. The cells of the body politic are atrophied and the mass of men have not even, at last, an opinion of their own, but are moulded by the few who retain ownership of land and endowments and reserves. So essential is property to full life, though it is debatable whether a full life is to be aimed at. There may be some who dislike freedom for themselves. There are certainly many who dislike it for others. But, at any rate, freedom involves property."¹

In these words Mr. Belloc states the gist of the case for a general restoration of property, in his latest book *An Essay on the Restoration of Property*. It is an unanswerable case, and Mr. Belloc has put us all in his debt for having stated it with such clearness. But while he states his case for a redistribution of property with crystal clearness he is not so clear as to how exactly it is to be restored. Indeed he is reluctantly compelled to admit that he has "strong doubt upon the possibility of restoring property at all when it has once thoroughly disappeared . . . The odds against a reconstruction of economic freedom in a society which has long acquired the habit and practice of wage slavery is

¹ *An Essay on the Restoration of Property*, by Hilaire Belloc, p. 10.

difficult beyond any other political task." Nevertheless Mr. Belloc sticks to his guns, and prefers, if need be, to die fighting; for he sees clearly that "either we restore property or we restore slavery, to which we have already gone more than half way in our industrial society." We might get somewhere if more of us were animated by the same spirit.

Mr. Belloc lays down two principles to be remembered in connection with efforts to redistribute property. The first is that *any effort to restore property can only be successful through a deliberate reversal of economic tendencies.* The second is that *our effort will fail unless it be accompanied by regulations making for the preservation of private property, so much of it as shall have been restored.*

Both of these principles are excellent. The deliberate reversal of economic tendencies is, I am persuaded, not only necessary for the restoration of property, but for the redemption of industry. It is impossible to over-rate the importance of this principle, this break with the idea of progress. Its triumph should put some backbone into reformers, leading their activities to produce intended results, instead of results not intended as invariably follows progressive activities to-day. But reversing the current is no easy task. The principle is true, but we have to discover how, and Mr. Belloc's enquiries are not finally conclusive. He has not been able to formulate any very satisfactory policy for the restoration of property, as he sorrowfully admits. Recognizing "that the position to be attacked is formidable; so formidable that anyone may be forgiven for regarding it as not only impregnable but as invulnerable" he proceeds to consider how it may be attacked; and he finds it on the one hand in the promotion of taxation which will discriminate against big business and large scale industry where there is no

technical reason why it should not be done on a small scale; and on the other in the restoration of the small cultivator, distributor and craftsman. He illustrates the latter by reference to the furniture maker "the man who makes simple or ornate furniture on a small scale with personal knowledge of the methods and without having recourse to concentrated mechanical means." "We cannot," he goes on to say, "replace him in his old position of making all the furniture needed in the community; he will for a long time to come account for no more than a fraction. But we can easily multiply his present numbers by five even by ten, and so set an example of what is desirable in the commonwealth." Now I happen to know something about this branch of craftsmanship. Though I am an architect by profession, in my early days I came under the influence of the Arts and Crafts movement, and, like so many young architects of the time, I abandoned the profession for a craft, in my case for furniture making, or, to be strictly correct, furniture designing; for I confined my activities to the designing and business side. But it was only temporarily that I abandoned architecture, for I found myself up against insoluble economic problems; insoluble, that is, for anyone with very limited resources like myself. I lost a great deal of money over the venture and tied myself up for years, but the experience was invaluable. It taught me economics. The practice of architecture had given me some knowledge of economics, but it was this excursion into the furniture trade that opened my eyes to the iniquities of the price system—and my experience was not limited to running a small workshop; for after I closed down I was so interested in pursuing the subject that I sought and obtained positions in a couple of large furnishing houses, one in London and

the other in New York, in order to find out what went on inside large commercial organisations. During the War I had successively positions in the L.C.C., the Underground, and the Coal Control; but the experience added nothing of any consequence to my knowledge, beyond the fact that everybody in them thought theirs was a rotten show and lived under the illusion that their experience was exceptional.

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Mr. Belloc says it would be easy to multiply the number of craftsmen engaged in furniture making by five or even by ten, I question it, for they would all find themselves up against the same problems as I did. Indeed such craftsmen are declining in number, and they would entirely disappear were some not propped up by private means and others by teaching jobs. It is generally assumed by the public that the obstacle in the path of the revival of handicraft is the fact of machinery. That would be true if the craftsman attempted to cater for the popular market. But the individual craftsman never does that. His aim is always to cater for a small, high-class market where hand production still obtains and in which he hopes to succeed by superiority of design. In sculpture and the architectural crafts, before the days of Modernism and the Neo-Grec which largely destroyed the market for the architectural crafts, he often did succeed, for in them he could sell direct to an educated clientele while economically he was at no disadvantage with his "trade" competitors, who had to observe the same conditions as himself. But it is different with the movable crafts which find their way into shops. In them the small individual craftsman is at a disadvantage because he is closer to the machine, and he

cannot avail himself of the ordinary channels of distribution, and he is up against the system of manipulated prices which favour the large firm at the expense of the small.

I said the individual craftsman can't make use of the ordinary channels of distribution. One reason for this is that he does not play the game as the distributor understands it. The distributor follows fashion, and he expects those from whom he buys to do the same, and conform to the conditions of the trade. The individual craftsman either will not or cannot do this. He is an idealist and he wants to take his part in the revival of craftsmanship, therefore he cannot follow fashion, and he does not find it easy to conform to the conditions of the trade because he has a different tradition behind him. There are a few exceptions to this rule—shops which exhibit individual craftsmanship—I know something about two of them. One of them is fair dealing and its proprietor is genuinely interested in the revival of craftsmanship. But it is always on the verge of bankruptcy; it is propped up by subsidies from people interested in a revival of craftsmanship and by the fact that as the proprietor is a man of small private means he is only partly dependent upon what he earns. The other is a well-known and very prosperous West End firm which has a reputation for novelties. It exploits the crafts and craftsmen without conscience. The proprietor is a shark, and his method is as follows. Suppose a craftsman comes to him with some work of real individual distinction, he tells him he can send specimens of his work on sale or return. He will put them into the showroom to see whether there is any market for them. The craftsman falls into the trap. He sends specimens of his work. In a few weeks' time he is asked to take them away

because he is told, there is no sale. If by chance he should happen to pass the shop in a few months' time he may see a window full of articles similar in design to those he submitted.

What had happened was this. When the proprietor suggested to the craftsman that he should send specimens of his work on sale or return he had no intention of selling them. He put a very high price on them to be sure they would not sell. Meanwhile by listening to what the public had to say about them, while they were in the showroom, he was able to make up his mind as to whether they would be a success if produced at a price which the public were prepared to pay. If he concluded that they would, he set his designers at work to produce variations of the designs and had them reproduced by some sweat shop or by mass production. The craftsman is robbed; not only does he get nothing for his work, but his market is destroyed by cheap imitations. And he has no redress; for to avoid prosecution in case the designs are registered, the proprietor has taken care that no individual piece is an exact copy of the original.

Another dodge of firms of this order to get down the price, is to reject work they have ordered on the grounds that it is not up to standard, and then to consent to take it off the producers hands at a knock-out price. I am told they regularly play this trick on small men who are not in a position to stand up to them.

In these circumstances the craftsman has little option but to organise his own market. He must depend in the main upon himself, for the honest little craft shops can only provide him with work occasionally. And this is not an easy thing to do; for not only does it demand of the individual a capacity for self-advertisement which every craftsman has not

got, but it needs money and social position. In furniture the problem is particularly difficult because as the patrons of the crafts are not localised anywhere the craftsman can't localise his market, and because of this his costs of distribution are very heavy, especially as most of the commissions he receives are for single pieces of furniture. It means hiring a motor specially to take a single piece of furniture or making a large packing case and sending it by one of the carrier companies every time; this is very expensive, and the small man cannot afford it. The disappearance of local markets is an enormous obstacle in the path of the revival of craftsmanship. There can be no prospect of a general revival of craftsmanship so long as the craftsman is required to organise his own market. He will have to be relieved of the exceptional expenses due to the fact that he is functioning under conditions created by industrialism; and to create such a market a great deal of money will have to be sunk. How much I don't know. It cost £50,000, I am told, to put a new timber on the market, and it would certainly not cost less to create a market for the crafts. Infinitely more than this has already been spent, but it has been spent in small sums by a succession of people who had their experience to buy, and who only learnt what they ought to have done by the time they were at the end of their resources.

Another difficulty of the craftsman to-day is that his work is intermittent. In the old days he could count on a regular flow of work, but in these days it comes in fits and starts. He has either too much or too little to do, and this again increases his costs. When the craftsman has nothing to do he generally works for stock. This presents no peculiar difficulty to the jeweller because he can get a lot of work into a little

space, but it does not take long for the furniture maker to fill up his workshop. The amount of space he requires for storage is enormous; it increases his rent and therefore his costs.

Furniture making is undoubtedly a key craft, and a widespread revival of it would react favourably upon all the other domestic crafts. But it is beset with exceptional difficulties, and because of this the number of craftsmen engaged in it are declining now that the initial impulse given by the Arts and Crafts movement has spent its force. It is true to say that the more utilitarian a craft is the greater the economic difficulties that confront it. That explains why the Arts and Crafts movement from being, among other things, a protest against the dependence of art upon luxury, has become one of its feeders. It is not the fault of the craftsman that it has ended this way. They are helpless; it is their misfortune.

But this is not the whole story. The greatest of all the obstacles which the revival of design and handicraft has to face is the system of manipulated prices that is to be found in all the retail trades. In the furniture trade, for example, in order to tempt customers, certain things in general demand which do not admit of much variety of design or can be sold in quantities, such as chests of drawers, bureaus, chairs and small tables were sold without profit, while other things such as dining tables, bookcases, sideboards, heavy curtains and carpets carried good profits. The simpler types of design were sold at cost price and sham ornamental pieces at exorbitant ones. The first effect of this was to stereotype the forms of design. A designer in the employ of the furnishing houses is only allowed to exercise his fancy within certain narrow limits. The furniture had to be elabor-

ate and the curtains heavy. The designer may know simpler design would be more effective and in better taste, but he was not allowed to carry it out, because in that case there would be no profits; the public having been accustomed to buy simpler things at artificially low prices would not be prepared to pay a price that would give a working profit if only the simpler forms of design were used, though to provide such a profit the scheme in good taste might only cost half of one in bad taste. They would not think they were getting value for money. This illustration serves to show how unjust prices strangle creative work. They have strangled the effort to revive design and handicraft; for when conditions obtain which will not allow men to do things in the way they should be done, they lose interest in their work and begin to think only of profits.

The second effect of this system is to destroy public confidence in the integrity of the craftsman because working on a small scale he cannot, without serious loss to himself, conform to this system. It suits the game of the large furnishing houses because they can use the pieces they sell without profit as "call-birds" to get the public into their showrooms when, taking advantage of their innocence, they will work off something on to them which carries an enormous profit. Thus as we say "what they lose on the swings they make up on the roundabouts." But the craftsman working on a small scale cannot do this even if he would. He finds that chests of drawers, for instance, are sold in the shops for less money than he can buy the wood out of which to make them, for he can only buy wood in small quantities. And though he should sell them without profit he must charge at least double what is charged in the shops to recompense him for what he

is out of pocket. And this necessity destroys public confidence in the craftsman. Because he can't produce some things at the artificially low prices they are sold for he gets a reputation for being expensive, and the public refuse to give him work where he could easily afford to sell more cheaply than the large firms, for in one direction he has a great advantage over the large firms; he has no showroom charges, which are heavy. This would allow him to compete successfully with the large furnishing houses, but for this system of manipulated prices which keeps him at a distance where he could compete. An architect who was once in the employ of one of these large furnishing firms told me that on the architectural side the prices they got were fantastic. A client employing an architect would not have to pay more than a third for any work he ordered of what he would have to pay if he went to one of these firms. Advertisements and showroom have to be paid for. Why do the wicked prosper? They know their technique.

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It was this experience of the furniture trade which first opened my eyes to the need of fixing prices under a system of Regulative Guilds, and fixing them in each case at a level which bears a definite relationship to the costs of production. Only when that is an accomplished fact will money become a *common measure of value*. It is the only way to put a stop to this kind of rascality that goes on in trade; and putting a stop to it is a precedent condition of getting the small holder back into industry. Though Mr. Belloc does not actually advocate fixed prices, he comes very near to doing so, for he talks about how prices can be manipulated to destroy small men, and the need of restoring

Guilds; yet he never mentions fixed and just prices which the Guilds in the Middle Ages existed to maintain and apart from which they would be ineffective. I can only account for this omission by the fact that he lacked any such an experience as I had in the furniture trade, which would have brought the issue dramatically before him.

I said that the Mediæval Guilds existed to maintain fixed and just prices, and I may add wages. There can be no two opinions about this, for their various regulations are only finally intelligible when approached from this viewpoint. It explains the whole hierarchy of the Guilds. If fixed prices are to be maintained in industry it can only be upon the assumption that a standard of quality can be upheld, for fixed prices are meaningless apart from a fixed standard of quality. But how can a standard of quality be upheld? It cannot be defined in terms of law. The Guilds solved this problem by placing authority in the hands of craftsmasters, a consensus of whose opinion constituted the final court of appeal. In order to ensure a supply of masters it became necessary to train apprentices, to regulate the size of the workshop, hours of labour, the volume of production and so forth; for only when attention is given to such matters are workshop conditions created favourable to the production of masters, permanence of practice and continuity of tradition. Thus we see the whole of the regulation of the Guilds, and their whole hierarchy growing out of the primary aim of maintaining fixed and just prices. To maintain fixed prices at a just level is to restrict money to its legitimate use as a *common measure of value*; it is to bring it into a close relationship with the real values it is supposed to represent. And to do that would go a long way towards the preservation of economic equality

and the restoration of property; while moreover with Guilds established to maintain fixed and just prices the problems of credit and usury would not arise. The problem of credit would not arise because as Mr. Belloc points out the Guilds could supply credit to their members, and the problem of usury would not arise because if Guilds were co-extensive with society there would be no room left for the usurer. The fact is generally overlooked that the problem of usury was in the Middle Ages essentially a rural problem, and existed there because Guilds were confined to the towns. Thus we see the fixation of prices is the first step towards the solution of problems of property credit and usury. (When I speak of fixing prices at a just level I must be understood to mean not only prices but wages and rents.)

By fixing prices at a just level the Mediæval Guildsmen unconsciously stumbled upon the solution of the problem of money which had perplexed the lawgivers of Greece and Rome and broken up their civilization as in these days it is breaking up ours. The tragedy of civilisation is that the significance of this great discovery was not, at the time, understood. For though the Church advocated just prices it never advocated fixed ones. The reason for that is perhaps to be found in the fact that churchmen who alone concerned themselves with social and economic theory were without business experience, and therefore failed to appreciate the fact that, in the long run, a high standard of commercial morality can only be maintained upon the assumption that laws exist to suppress a lower one; for while the majority prefer fair dealing there is always a recalcitrant minority who do not, and unless laws exist to keep them in subjection, they will establish immoral standards of conduct to which in the long run

all but the strongest will conform. And so it came about, in the absence of any active support on the part of the Church, that while Guilds were established in the towns no effort was made to establish them in rural areas, with the result that capitalism was allowed to grow up in them and to undermine the position of the Guilds in the towns. Experience was to prove that neither moral exhortation, nor laws against profiteering could prevent a steady degeneration of commercial morality, under conditions which permitted prices to be determined by the haggling of the market. Only when the just price is a fixed price can it be maintained, and this, in the long run, is impossible unless Guilds are co-extensive with society. And it is equally true to say that only when the fixed price is a just price can it be maintained; for if prices are fixed too high they lead to over-production, and if too low they lead to under-production.

If Mr. Belloc had seen the significance of fixed prices he would have been clearer about the prospects of restoring property, for undoubtedly the fixation of prices is the first step. It is the line of least resistance. Of what use is it attempting to re-establish small cultivators on the land so long as the fluctuating price system is permitted to exist. It is inviting them to commit economic suicide. They have not a dog's chance of success. Only big men can stand up against fluctuating prices. The man who has a sufficient reserve of capital to expand his business when prices rise, reduces operations when they begin to fall, and can afford to wait until the tide turns, is the man who makes the big profits. Poor men cannot afford to do this. They have not a sufficient margin of capital to tide them over bad times, so they get caught when a slump comes. This ever-present danger

gives rise to a state of things in which men with small capital become a prey to perpetual anxiety. They become obsessed with the difficulties of markets. Numberless men are broken by the strain that is the inevitable accompaniment of the determination of prices by the haggling of the market.

The position is paradoxical. Though the restoration of property is our aim, we yet cannot attack the problem direct because the centre of economic gravity is to be found in the problem of money rather than in that of property. Money is the active thing, the thing of movement; it is the active principle in economic development while property is the passive. Property finds its way into the hands of the few, because they are in a position to manipulate exchange. For this reason we must in our efforts to restore property begin with the fixation of prices which would put a stop to such practices. To replace the present system whereby prices are determined by the haggling of the market by a fixed price system under Guilds would introduce order into the economic system at its active vital centre. Once having thus introduced order at the centre, it would be a comparatively easy matter to deal with the problem of property which lies at the circumference. Monopolists would be no more able to offer effective resistance to a redistribution of property than landlords were to the growth of capitalism. With such a policy the restoration of property would become practical politics. But to begin with property is to get things out of their natural order. It is to proceed from the circumference to the centre which is contrary to the law of growth. The effort would be foredoomed to failure since so long as financial men are at liberty to manipulate exchange they will somehow manage to get the wealth of the community

into their hands. Thus we see the solution of the social problem—as indeed of every other problem in this universe—resolves itself finally into one of order. Take things in their natural order and everything will straighten itself out beautifully. All the minor detail or secondary parts will fall into their proper places. But approach these same issues in a wrong order and confusion results. This principle is universally true. It is true of writing a book or designing a building as of reconstructing society. The secret of success will be found in each case finally to rest upon the perception of the order in which the various issues are taken. “They are called wise,” says Aquinas, “who put things in their right order and control them well.”

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Not only is the problem of property inseparable from the problem of money but it is inseparable from that of machinery. Socialists are aware of this. It was because they could not reconcile the institution of property with the welfare of society under a system of unrestricted machinery that they came to demand its abolition. If, therefore, we demand a redistribution of property we must face the fact that it will be necessary drastically to curtail the use of machinery. We shall have to restrict its use where it conflicts with a wide distribution of property. But we must not push this principle too far, for there are other issues at stake; there are other values in the world besides small ownership which it is important to preserve. And because of this I cannot agree with Mr. Belloc when he says, “It is part of our policy to favour the new road transport against the railway because road transport can be worked in small units and the railways cannot.” I submit there is more in it than that. There is no

single thing which has proved itself so destructive of social values as the automobile. The introduction of railways had a revolutionary effect, but it kept to its tracks; it touched life at the circumference. But the automobile gets everywhere; it has shaken life at its very centre, changing our personal and mental habits, manners and morals to an extent the railway did not. It has destroyed all repose. As a result of its influence countless men have come to live for speed; and the worship of speed, like the worship of money, power, success or bigness is a worship that excludes everything else. It empties life of its contents and leaves men restless, dissatisfied, bored. For such reasons I find it difficult to believe that this is Mr. Belloc's final and considered judgment. He subscribes to the principle that spiritual values should come first; and surely there is no single thing which operates to give them a secondary place and crowd them out of life so much as the automobile.

Closely allied to the question of road transport is the question of mass production, for the possibility of road transport being operated in small units, and therefore by small men depends, among other things, upon the production of automobiles at a price which will bring them within the reach of small men; and this is impossible except by the methods of mass production which conflict with the claims of economic freedom. There is, in my opinion, no doubt that such is the case, and Mr. Belloc tells us that Capitalists and Communists are also agreed that such is the case. But Mr. Belloc is of a different opinion. He denies that there is any conflict between freedom and abundance, maintaining that it is an illusion born of capitalism. "It is," he says, "an illusion which arises from the fact that the men who cherish it have so lived under

a capitalist system all their lives that they can conceive of no alternative save a further development of it into Communism." But that is not true. It is not true of Ruskin, and it is not true of me; and it is not true of the thousands, I might say millions, of people, who are neither Capitalists nor Communists, whose eyes have in recent years, been awakened to the evils and perils of mechanized labour. The awakening of the public to this peril is for me the one hopeful sign in the present situation. Where there was one person who was alive to the peril five years ago there are a hundred to-day, so great is the change that has taken place. I am surprised that it should have escaped Mr. Belloc's attention. I do not believe there is the remotest chance of the social problem being solved until we face the problem of machinery. There is certainly no prospect of the restoration of property, and this for a most obvious reason. Under mechanical production the many are inevitably at the mercy of the few, and the few will be slave-drivers who will rob the many and prevent any redistribution of property. Thus the gospel of abundance defeats its own ends. The people will never share in the abundance, because in the process they are deprived of liberty, and so can put up no effective resistance to exploitation. Distributists should not join in the demand for abundance but should preach the gospel of sufficiency, for only in the better mental atmosphere which would then prevail could property be restored. So long as the public mind is obsessed with the gospel of abundance the craftsmen will be regarded as anachronisms and be given scant support. The gospel of Sufficiency would restore the mental balance which the pursuit of abundance destroys. It would restore to the modern mind a sense of proportion which is to restore sanity.

Nobody understood better the nature of the conflict between mass production and economic freedom than Marx, and it is not necessary to be a Communist to appreciate what he said. In *Capital* (pp. 660-1) he says: "Within the capitalist system all methods for raising the social productiveness of labour are brought about at the cost of the individual labourer; all means for the development of production transform themselves into means of domination over, and exploitation of the producers; they mutilate the labourer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into hated toil; they estrange him from the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of Capital."

That to me is the Servile State; the absence of property is only one aspect of it, and not the most important aspect of it either. The terrible thing about this system of production is that it separates a man from the influences of religion, art, and nature. Working under it a man comes to lose all sense of spiritual realities, of his own personality, until finally his image is no longer the image of God but of the machine. He comes to live for revenge.

When I first read that passage of Marx it took my breath away. Before I read it I had assumed that Marx was one of those mechanically minded people who are blind to the human degradation involved

in mass production. But apparently it was not so. His words, which might have been written by Ruskin, testify to the fact that he was fully alive to the dehumanizing and despiritualizing effects of this system of production. Yet instead of facing the situation as a clear issue between right and wrong, and demanding the abolition of the iniquity as Ruskin did, he exploited it in the interests of revolution. He saw that it could be used to foment class hatred, and as he had persuaded himself that class warfare was the dynamic law of history, he came to acquiesce in it as a necessary stage in social and economic development.

On this issue the world has to choose between Ruskin and Marx. It repudiated Ruskin and was surprised to find itself in the arms of Marx. Yet it was the natural consequence of the repudiation; for there is finally no possibility of escaping from Marx except by accepting approximately the position of Ruskin: ¹ because both systems of thought have their roots in fundamentally different attitudes towards machinery and mass production. One is the exact antithesis of the other. There is no third position such as Mr. Belloc suggests, or at any rate no third position that leads anywhere. Either we demand the abolition of mass production and a restriction of

¹ I say a position approximately that of Ruskin because Ruskin was guilty of so many contradictions that it is only in a general sense that Ruskin may be said to have had a position at all. In *Unto this Last* he completely demolished the so-called Classical political economy of Adam Smith and his followers and then proceeded to make nonsense of his book by adding a footnote affirming his belief in Free Trade. It was just as absurd as it would be for a man disproving the theory of Marx and then affirming his belief in Marxian Communism. Also he advocates a revival of Guilds, but will not allow them to be privileged bodies; though of what use Guilds could be without privileges I do not know. It is like a man affirming his belief in law whilst objecting to the only means by which it could be enforced.

the use of machinery in order to preserve the integrity of social traditions, in the interests of what we are accustomed to regard as the permanent interests of human nature, or we accept the fact that mass production and unrestricted machinery is disintegrating our traditions, and seek social salvation in some new form of society that shall accord with the machine.

Experience suggests it is a barren quest. Intellectual sterility and political impotence overtakes all movements that surrender to the machine, unless they are prepared, like the Bolsheviks, to carry their surrender to its logical and inhuman conclusion, for to surrender to the machine is to cut oneself off from the great human stream of tradition and achievement.

There can be no possible compromise once the issues are clearly understood. The only possible policy to adopt is that of deliberately reversing the economic tendencies of the age which Mr. Belloc advocates in connection with the restoration of property, but which apart from a restriction of the use of machinery is entirely meaningless, for the economic tendencies of the age are in the main the consequence of the unrestricted use of machinery. The first step in this reversal will be taken when we repudiate the promise of Adam Smith—that the aim of economic activity should be the indefinite increase of wealth, for it is at the root of the mischief. The gospel of abundance, as I said, defeats its own ends. The day is long past when it led to an actual increase of wealth. What it results in to-day is an increase of competitive waste, where it does not result in an increase of armaments; for this re-armament business is at the bottom economic and the consequence of over-production. It was in the nature of things that the gospel of abundance should produce such

results, for when men become unduly concentrated on increasing production they become mentally unbalanced, blind to wider social and economic issues; and because of this, in a society given over to maximum production there can be no central directing power to co-ordinate the activities of industry, because it breeds a spirit which refuses to subordinate itself to the interests of the community. One reason is that such a society involves specialization, and specialization results in everybody becoming a bit abnormal. The directing class loses touch with reality; it gets so far removed from the life of average men that it no longer knows what is happening. It no longer leads but waits on events; it becomes a part of the disease.

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It is the opinion of Mr. Belloc that the modern world moves towards the Servile State which he defines as a form of society in which "the means of production are controlled by a minority," and the vast mass dispossessed and dependent upon them, "are kept alive by exploiting them at a wage, and when they cannot do this still keep them alive in idleness by some small subsidy." I have two objections to this position. The first is that we are no longer moving towards the Servile State, but have arrived there; the second is Mr. Belloc's assumption that such a State can be stabilized, if not permanently, at any rate for a considerable time.

Now I very much doubt the possibility of stabilizing modern civilization, which I have equated with the Servile State, because it is abnormal; and it is a belief of mine that you cannot stabilize the abnormal. Only the normal can be stabilized. A normal society would be one in which its people shared a common

life; they would be held together by personal and human ties, in the family, the parish, guild, town and village rather than by the impersonal activity of the State. Prices, wages and rents would be fixed at a just level, small scale industry would obtain, the use of machinery would be regulated, property more or less evenly distributed. Such a society would live within its income and have nothing to do with loans, internal or external. Its manufactures would rest on a foundation of agriculture and home produced raw material, and its commerce on a foundation of native manufactures; while foreign trade would be limited to an exchange of goods against goods, an exchange of surpluses, and of such things as could not be produced at home; in a word it would aim at national self-sufficiency. But it would be no more than an aim, for it is an ideal than can never be entirely attained in practice, except under the most primitive conditions. Nevertheless it is an ideal to be followed as far as possible, since if such principles are disregarded society will become economically and psychologically unstable; the social pyramid will come to rest on its apex instead of four square upon its base.

A nation that is excessively dependent upon foreign trade and imported foodstuffs¹ becomes economically unstable, because it finds itself at the mercy of forces it cannot control; it tends to be psychologically unstable, because in so far as cosmopolitanism replaces local life people become uprooted. Once they are uprooted, they begin to find themselves at loose

¹ The principle of self-sufficiency needs to be qualified in its application to agriculture, for a country which aims at producing exactly the amount of food it requires will be liable to famine in the event of a failure of crops. It is better, therefore, that some countries should produce more food than they require and others less (say 80 or 90 per cent) in order that the machinery of exchange could be expanded in times of emergency.

ends, which in turn undermines their moral and intellectual integrity; because on the one hand they feel themselves released from social obligations, and on the other because they have no background of real experience to test the validity of ideas.

In the past the danger of cosmopolitanism was recognized. Aristotle and Aquinas each desired to restrict foreign trade within the narrowest limits, because of the economic confusion and moral degeneration they recognized followed in its wake. But capitalists as a body are entirely blind to its perils. All they can see is their immediate interests. They build up their positions by pursuing their immediate interests to the exclusion of everything else, and they see no reason why they should not continue to pursue them to the end, for they are entirely devoid of vision, while their impulse is purely destructive. There are, I am aware, exceptions. There are among capitalists men of cultural interests and intellectual attainments. But they are too few to change the current. Some day as a result of the activities of their short-sighted brethren the inverted pyramid will come toppling over, and capitalists will never know why it happened; unless in the meantime a new spirit with a new technique can be made to prevail.

Meanwhile industrialism is perplexed by internal contradictions. The growth of automatic machinery and mass production, by displacing labour, undermines purchasing power, the widespread distribution of which is a condition of the continuance of the system; it threatens to bring industry to a standstill. The Douglas scheme professes to have found a remedy for this problem in a free distribution of purchasing power, sufficient to equate consumption with production. Meanwhile such a free distribution of purchasing

power could only be applied within the limits of a nation on the assumption that it is self-sufficient, otherwise it would lend to national insolvency; universally it is impracticable. In England, therefore, it would have to be preceded by the revival of agriculture, in Alberta it should be preceded by the promotion of mixed farming and native industries. But bankers, food importers, shippers and shipbuilders in England are opposed to a revival of agriculture, because importing food is the only way of collecting interest on foreign loans and investments. And so nothing gets done; we drift and drift. Industrialism is involved in contradictions in all directions. Contradictions unless resolved can only end in catastrophe. And they cannot be resolved on the financial plane, the only plane about which bankers and industrialists know anything. It all comes finally to putting means before ends. Thinking of means and never of ends, they end in contradictions. The only remedy for this is to exalt ends and subordinate means to them. But capitalists cannot do this, for their minds move in too narrow a groove. Ends are connected with religion and art, two things about which they know nothing. And because of this ignorance they are incapable of taking the measures necessary to stabilize society; from which considerations it would appear that the Servile State can only be a phase that will pass.

CHAPTER VIII

THE DOUGLAS SCHEME

THE growing interest in the Douglas Scheme is a sign of the times. It is a sign that the problems of men and machines, which society should have faced at the time of the Luddite Riots, cannot be postponed indefinitely. Yet though the Douglas Scheme is advocated to-day as the solution of the problem created by the displacement of labour by machinery, it was not at its inception associated with the problem of machinery at all, but with that of credit, which to Major C. H. Douglas was the sole explanation of the economic deadlock in which industry found itself after the War.

According to Douglas the deadlock admitted of a purely technical explanation. It was "as technical as a main drainage scheme" and had nothing to do with morals, politics, foreign trade, agriculture, property, or any of the usual explanations. The banks were accustomed to grant credits for increasing production, but no corresponding credits were granted for the increase of consumption. It was unnecessary to go any further in search of an explanation of the deadlock. Douglas proposed at the time two schemes: one of which approached the problem from the viewpoint of the producer, and the other from the viewpoint of the consumer. To these he added, more recently, a third scheme which is a combination of the two, together with a proposal for reducing the hours of labour, but which has no organic relation

to the rest of the scheme. It is known as the Scheme for Scotland. (Why Scotland?)

In the first of these schemes Douglas proposes to correct the discrepancy between production and consumption by means of an assisted price scheme. Goods would be sold below cost; the selling price of any commodity to be made to bear the same ratio to its actual cost as the total national consumption of all descriptions of commodities does to the national production of credit, while the Government was to be called upon to reimburse to the producers of any commodity the difference between the selling price and the actual costs of production by means of Treasury notes; such notes being debited to the National Credit Account. By this means, he assumes, the balance between production and consumption could be restored, and with it the obstacle to indefinite industrial development removed. The scheme would bridge, without social catastrophe, the interregnum between capitalism and economic democracy. It was, moreover, a business proposition that should be acceptable alike to both Capital and Labour, for while it added to the income of the workers, giving them security, it did not confer these benefits at the expense of capitalists, who were not called upon to make sacrifices. Thus it made the poor richer without making the rich poorer. Furthermore it did not, like Socialist and other proposals for dealing with the economic problem, violently interfere with our financial and social traditions, since it did not challenge the institution of property or our system of investments. All that was required to put the scheme into operation was the support of financial and industrial magnates and labour which in the early days Douglas took for granted would be forthcoming; so difficult is it

to believe an idea that is self-evident to oneself will not be equally self-evident to others.

It is not necessary to go very deeply into this proposal to discover it entirely lacks reality, for a reduction in price is not necessarily followed by an increase in demand, and upon this everything turns. Production and consumption are the most ambiguous of categories, and to restore the balance between them it will be necessary to discriminate very carefully. Food is production, clothing is production, automobiles are production, armaments are production. The problems confronting these industries are so fundamentally different that there can be no single formula which meets them all. Certainly all their problems are not to be met by selling below cost. There is such a thing as producing more than is required. After 1930 this was notably the case with food, for though it is true there are many people to-day who lack sufficient food, yet even if all were well-fed there would still have been a surplus, for scientific agriculture tends to increase production beyond the possibilities of demand which in regard to food are soon reached. Again, there are other things whose production is not immediately dependent upon price—armaments, for instance—increase in the demand for which we have no desire to see. Demand for armaments, clearly depends on the degree of mistrust existing between nations, and only in the very long run can have any connection with price. Yet armaments are production, and if the discrepancy between production and consumption is to be corrected merely by selling below cost it ought to apply to armaments as much as to any form of production. If such a formula is to be valid at all it must be valid everywhere. And what is true of armaments is true of a thousand other things

the demand for which may not have anything to do with price. Trades which depend upon fashion are a case in point. Demand in them changes with changes in taste. Again there are trades that depend upon vanity, and where to reduce the price would destroy the market. You can't make a face powder to cost more than fourpence a pound, and you can't sell it at less than a shilling an ounce. There are many factors that enter into demand and supply that economists are apt to overlook.

But even if selling below cost would in all cases increase demand up to the desired point, there are other objections to the scheme. Such a wholesale issue of paper money as would be required by the assisted price scheme would depreciate the currency. Douglas proposes to safeguard society against any such thing happening by the fixation of prices. But could fixed prices be maintained under such circumstances? Experience of attempts to fix prices in our day suggests they can only be maintained when the volume of production is carefully regulated, and it may be assumed the same would hold good with respect to the volume of currency. As under the scheme the currency would progressively increase in volume, it may be assumed that its value would fall and fall until a Treasury note was worth no more than the value of the paper on which it was printed, as happened in Russia, Germany, and other European countries after the War.

Up to a certain point the industrial analysis by which the scheme is supported is excellent. Douglas is an engineer, and there is no doubt that he knows what goes on inside a factory. But I part company when he says that the money distributed in wages, salaries, and dividends is not sufficient to buy back the

product of industry; in the first place because it is an assumption which is unprovable, and in the next because it will be time to affirm such is the case when it has been attempted. The correct statement of the position surely is not that industry fails to distribute sufficient purchasing power to buy back the product, but that too large a share of it finds its way into the hands of comparatively few people, who can only spend a fraction of their income on consumption goods, and invest the remainder in the already overcrowded capital and plant-extension market, on the false assumption that money is never so usefully employed as when it is used for the purpose of making more money, with the disastrous consequences of which we are already familiar.

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Though the assisted-price Producer scheme is firmly believed in by all the adepts of the movement, it is wrapped up in such an amount of abstract economic wadding that most people find it impossible to understand, and in consequence it does not lend itself to popular propaganda. But this is not the case with the Consumer scheme, with its proposal to equate consumption with production by a free distribution of purchasing power which has become crystallized into the slogan "Dividends for All." Upon it the popular movement has been built. The rank and file of the movement do not go any more deeply into the abstract side of the Douglas analysis than the average Communist does into the analysis of Marx. On the contrary, they take their stand on the broad common-sense argument that the progressive displacement of labour by machinery calls for a substitute for the wage-system inasmuch as it can no longer

be relied upon to provide an income for the worker; and Douglas's proposal to distribute a National Dividend naturally appeals to them as a substitute. This idea, together with the further one, that money being merely the financial expression of Real Credit the dividends need not come out of taxation, at any rate at the beginning, furnishes the popular programme. And the slogan "Dividends for All" is supported by others which have the magic power of corresponding with, and for simple minds explaining, everything. It is the ideas embodied in these slogans that matter, for they are penetrating everywhere, creating a sort of special atmosphere, a general manner of thinking which unless it can be successfully combated must end in influencing political activity, especially as they are addressed to the central paradox of our age.

Of these slogans the first which strikes popular attention is that of "Abundance producing Scarcity." It expresses perfectly what is happening, and so long as it continues to happen the money-system will be questioned, for the bankers will remain in an absolutely indefensible position. It is no use under such circumstances telling people that all they have to do is work hard and practise thrift, and prosperity will be theirs; for the spectacle of abundance producing scarcity knocks the bottom out of this individualist theory, and calls for a revision of our ways of thinking.

Yet I cannot feel happy about the various deductions which the Douglasites have drawn from it. I cannot bring myself to believe that thrift is not a virtue under all circumstances, and I scent danger in a propaganda which leads people to suppose that a time has come when they can afford to disregard

this time-honoured virtue. For after all what is thrift but using any resources we may possess to their best advantage? It goes with a careful adjustment of means to ends, which is not only necessary to prevent abundance from becoming scarcity but is indispensable to clear thinking and integrity of character. Where there is no thrift, there is extravagance and waste which lead to social demoralization; and where there is waste and extravagance there is never enough. To disparage thrift as Douglasites do, as a thing belonging to an age of scarcity that can have no relevance in an age of abundance, will lead people to act in ways that will deprive them of the benefits of abundance, cutting at the roots of real prosperity by encouraging waste. Yet strange to say the problem of waste under industrialism was the problem that first engaged the attention of Douglas.

To disparage thrift is, among other things, to undermine clear thinking. It is not necessary to go far to find further evidence in support of this contention. The Douglasites' second slogan, contrasting the present with the past under the terms "the Age of Plenty and the Age of Scarcity," supplies all that is necessary to start off thought in a wrong direction, for anyone reared intellectually on this slogan would make a whole series of erroneous deductions that would vitiate his thought. He would in the first place make the mistake of assessing civilizations according to the volume of their material wealth, according to which Greek civilization would take a very low place and industrial civilizations the highest; in the next he would fall into the error of thinking of wealth as a thing in itself apart from the persons or people who make use of it, and he would overlook the fact that the present is not as wealthy nor the past

as poor as might appear from the study of statistics, because in the past people knew much better how to make full use of what wealth they did possess than is the case to-day. Carlyle called industrial wealth "enchanted wealth" because of its essential instability and unreality; and it remains as enchanted to-day as when, nearly a century ago, he penned those words, because it still eludes our grasp. But the wealth of the past was real tangible wealth. It did not vanish overnight as modern wealth is apt to do. A man who owns a house or a farm possesses real property, with which he can do something, it is an extension of personality, but a man with a million dollars in a corporation is an absentee owner with no control of its policy. His income may satisfy him as a consumer, but it gives him no outlet as a producer; it provides him with no vocation. Because of this fundamentally different nature of property in the past and to-day the Douglas Scheme is not to be regarded as a form of Distribution as some suppose, and I cannot believe that people who fail to make this distinction have got the solution. Distribution aims at distributing real property, not enchanted wealth.

The Leisure State, the ideal towards which Douglassites direct their activities, is equally false and misleading. It is conceived by the best of them as a social condition in which people freed from the drudgery of labour would pursue creative activities, art and culture; and it may that in a limited number of cases the distribution of a National Dividend would be followed by such results. But in the majority of cases I am persuaded it would not. The majority would use their increased leisure as they use their more limited leisure at present. They would spend their time rushing about in automobiles, going to

cinemas, dance halls, et cetera, in a vain effort to escape from the boredom that reigns at the centre of their lives; and as a consequence life would become still more externalized; there would be more concrete roads, more destruction of natural beauty and everything else that makes life worth living, for the popular impulse to-day is purely destructive. They would come to think of life in terms of amusements even more than they do to-day, and would think of nothing else, for their minds would be filled with impossible dreams; and as a consequence, work, which cannot be entirely abolished even in the Leisure State, would be felt to be still more irksome, and things would be done in a more venal and slovenly way. Yet if our industrial activities have any validity it can only be because the Leisure State is a realizable and worthy ideal.

The Leisure State is presented as the true alternative to the Work State which Douglasites term the present. As such it doubtless sounds attractive to the multitude who are familiar with the problems of work, and fail to realize those of leisure. The Leisure State in practice would, as I have suggested, turn out to be the State of Boredom. It would rapidly go to the devil because of the desperate efforts into which people would be driven to relieve the monotony of their lives. Instead of being a corrective to the evils of modern life, it would exaggerate them; for there are very few people who can use unlimited leisure to advantage, and those few have their roots elsewhere, in work, in function. But if the Leisure State is undesirable, its antithesis, the Work State as understood by Douglasites, is equally undesirable, and sanity suggests the desirability of steering a safe middle course that would avoid both extremes. The Normal Society,

the Functional Society would do this; it would be a society in which work was done leisurely. And because of this it would be a society in which the use of machinery was restricted, for life will not be leisurely again until it is recognized that machinery is not the liberator, but the pace-maker. That this is not popularly recognized is due to the fact that most people are hypnotized by machinery.

The more thoughtful Douglasites recognize this danger. But they contend that it is a phase that will pass. It might, if the distribution of a National Dividend was regarded as a measure of temporary economic expediency and was accompanied by a vigorous propaganda change mechanical habits and ideals of life. It will certainly not be a phase that will pass if the National Dividend is introduced as a permanent arrangement, as the basis of a new social order in which the centre of gravity of life will be found in leisure rather than in work, which is the Douglas idea. Douglas is the first of the Technocrats. He envisages a mechanical millennium like Mr. H. G. Wells. Some of his followers, those with artistic interests, envisage a National Dividend serving other ends. But according to the Douglas theory they are heretical, and are really engaged in substituting a theory of their own for the Douglas one.

Social Credit associated with a Wellsian social idealism demands for its acceptance that the individual throw overboard his common sense. Douglas, like Socialists, asks us to believe that the age-long pattern of human society has no longer any validity, that social salvation is not to come by returning to the normal, but by stabilizing the abnormal, on the assumption that the thoughtless application of machinery in the service of avarice, plus the Douglas Scheme

will lead to the Leisure State. But the Leisure State is a mirage. The social drift which we dignify with the name of social evolution does not move to anything so rational and undesirable, but to a vast increase of the irrational, to social hysteria, collective insanity, scientific barbarism, gangsterism, class hatreds, national hatreds, militarism, and, I fear, to war, and the destruction of civilization. It is strange that in spite of these developments people can still continue to believe that salvation will follow surrender to the machine. We are cowed and overawed by industrialism, much as dwellers in tropical latitudes are said to be cowed and overawed by the stupendous nature they see around them.

It should be pointed out that there is no necessary connection between the idea of Social Credit and a Wellsian social philosophy. They were not associated in the mind of the late Victor Brandford, the pioneer of Social Credit. On the contrary he envisaged Social Credit as nothing more than a measure of temporary economic expediency to enable society to turn a difficult corner by financing housing schemes with Treasury Notes.¹

I have criticized the Douglas Schemes, exposing their weaknesses. Yet the problem remains, and it looks very much as if, whether we like it or not, we shall be driven by the force of circumstances in a Douglasite direction, at any rate to the extent of agreeing to a more generous distribution of purchasing power. The principle is not entirely new, since as

¹ Brandford's ideas on the subject are contained in a pamphlet published by the Sociological Society (35, Gordon Square, W.C.1.) during the War with the title "The Banker's Part in Social Reconstruction."

a matter of fact, governments to-day distribute a considerable amount of purchasing power in the form of old-age and widows' pensions, unemployed allowances, family allowances, et cetera. It is inevitable that such distribution should increase, for as machinery becomes increasingly automatic and foreign markets contract, as they will, there must be an ever-increasing number of people thrust out of industry, with no hope of returning; and unless they are supported by the community, on a generous scale, as the victims of mechanization, the gulf between production and consumption must increase until industry is brought to a standstill; for it will be increasingly impossible to bridge the gulf by means of the expenditure of public money as is happening under the New Deal.

The New Deal, if I understand it rightly, is on its industrial side the Instalment Plan over again. Faced with the consequences of the unrestricted use of machinery, the Instalment Plan sought to equate consumption with production by persuading people to mortgage their future earnings; it came to an end when people could afford to contract no more debts. The New Deal seeks a solution of the same problem by mortgaging the credit of the community, and it must come to an end when the Government can afford to contract no more debts. In saying this I am not blaming President Roosevelt, for he was required to act in an emergency, and any action in such circumstances is inevitably conditioned by existing customs and prejudices. Until the implications of machine production are acknowledged, it will remain impossible for statesmen to do the things that require doing. Meanwhile the President tells us he does not believe in doles. But in the end he will have to

administer doles or restrict the use of machinery. He can't have it both ways.

The consideration that apart from a free distribution of purchasing power the progressive displacement of labour by machinery, by undermining purchasing power, must bring industry to a standstill, more than outweighs for me the grave objections to such a measure that are not to be denied. It is a choice of evils. A free distribution of purchasing power appears to me a lesser evil than industrial collapse, and, as I have said, I support such a distribution as an economic expedient to cope with an abnormal situation, not as a permanent arrangement. I can see no need for it as a permanent arrangement, because in the society to which I look forward, the economic security which leads Douglasites to support the National Dividend will be provided by the Guilds. A free distribution of purchasing power is like artificial respiration—a device very useful in an emergency, but not to be regarded as part of a normal life.

Another reason for supporting a free distribution of purchasing power is that, apart from it, really genuine social reconstruction on the industrial side must remain impossible; since unless some provision is made for people during the interregnum they cannot afford to take long views, and the only measures that will be taken will be those that are a part of the disease. People must live from day to day, and until this fact is recognized, and, provided for, the instincts of self-preservation will lead people to obstruct measures of social reconstruction, especially where they involve a restriction of the use of machinery, when they conflict with their immediate interests. Moreover, a free distribution of purchasing power is absolutely necessary if society is to be reconstructed

by peaceable means, for if big changes are to be made without any provision for those who are displaced during the period of transition, a spirit of unrest will be generated that must lead finally to violence, to revolution and war. We cannot allow machinery to destroy the livelihoods of people and finally escape the consequences, liberal principles notwithstanding.

A Nation Dividend involves labour conscription. The reason is not far to seek. If purchasing power is distributed as a gift the individual would, apart from labour conscription, be free to decide whether he would work or idle, and the whole system break down completely, for under industrialism work has become so hateful, so monotonous and nerve-racking that it is certain few would work in any industrial occupation if they had any choice in the matter; and as they could with a Nation Dividend presumably live comfortably without working, the incentive to labour would be gone, and as a consequence the necessary work of the community would not get done. Those who would be willing to work would be held up by those who were not. Hence it would happen that "Dividends for All" would be speedily followed by "Compulsion for All."

In the early days the faith of Douglas in liberty and human nature was such that he denied the necessity of compulsion. But he is apparently no longer prepared to do so, for in his "Scheme for Scotland," already referred to, he lays it down that dividends would only be paid to those who were willing to do any work that might be required of them. Thus he says:

"For a period of five years after the initiation of this scheme failure on the part of any individual to accept employment in whatever trade, business, or vocation

he was classified in the last census, under conditions recognized as suitable to that employment (unless exempted on a medical certificate) will render such individual liable to suspension of benefit in respect to the national dividend."

What is to happen after five years he leaves us to guess. Presumably human nature will have in the meantime been regenerated. But will it? I have a suspicion the Douglasite Leisure State will turn out to be our old friend the Servile State.

It is not only in this connection that Douglas has modified his original position. Mention has been made of the fact that at the start he denied the existence of any other problem than that of credit. But experience has led him to abandon this exclusive claim, and to admit the existence of other problems in addition to that of credit, as for instance those of machinery, agriculture, foreign trade, morals, et cetera. In these circumstances it follows that the scheme, in so far as it is a logical deduction from his original premise, is invalidated, for we cannot exclude factors from our premises and introduce them into our conclusions without being guilty of the grossest inconsistency. Yet the Scheme or Schemes are still being advocated, just as if the abandonment of its original premise made no difference.

Many people are afraid that the establishment of the Douglas Scheme would be followed by financial disaster; and it may be that the assisted price scheme would have unfortunate results. But I do not think this would necessarily be the case were a National Dividend established. It would in England, because England to-day is mainly dependent upon other countries for her supplies of food. So long as this circumstance remains it will not be safe to distribute

much more purchasing power than is being done at present, because as most of it would be spent in food, it would go out of the country, thereby giving rise to a financial drain which would slowly bleed the country to death. But in a country like the United States, which is practically self-supporting, both as regards food and manufactured products, there is no danger, because any money distributed by a National Dividend would not go out of the country, but remain to increase the circulation within. Indeed so far from it spelling financial disaster, its incidence would not be felt, for the money distributed would, by increasing consumption, react to revive trade, which in turn would react to reduce the number of the unemployed, if not to abolish them. So paradoxically it comes to this; granted self-sufficiency, increase in the amount of purchasing power distributed up to the point at which consumption equates with production, would not increase but decrease the burden it places on the community by the stimulus it would give to the revival of trade.

It is important to recognize this implication of Social Credit, for the Alberta fiasco may result in a reaction against Social Credit, and it would be a misfortune if what is good in the idea should suffer discredit for what is bad. But the false social idealism with which the Douglas Scheme is associated has hitherto prevented Douglas and his followers from accepting its implications. But for this his followers in Alberta would not have promised the impossible. As Alberta is anything but self-sufficient, producing only wheat for export, Social Credit touches none of its problems, which would be helped by mixed farming and the fostering of native industries. Yet fate decreed that Social Credit should be first attempted in Alberta.

Another implication of the successful operation of Social Credit is a restriction of the use of machinery, for if mass production proceeds unchecked a point comes when the possibilities of human consumption reach their limit, and the system would break down, not because of lack of purchasing power but because of a plethora of unwanted commodities. Yet before that happens I imagine a breakdown would come because of the inroads industrialism makes on the world's supply of irreplaceable raw materials. To ignore this basic fact in the situation is incredible folly. Blindly to trust to something always turning up to save us from the results of our wicked wastefulness is as reprehensible as is the spendthrift who squanders one fortune on the off-chance of inheriting another. Science has destroyed our prudence.

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The issues raised by the advocacy of the Douglas Scheme are of infinitely greater importance than the Scheme or Schemes themselves; not only because it has cast a powerful searchlight on the doings of the banks and because it has exposed the superstition of the gold standard and brought into question the canons of orthodox finance, but because it has been the means of raising the whole question of Social Credit. It has brought into daylight the fact that the economic life of society to-day is entirely at the mercy of coteries of bankers who inflate and deflate the currency, encourage speculation and then sabotage the resulting artificial prosperity as it suits or they imagine it suits their interests—for the intractable nature of the present depression suggests they have played their game once too often. Moreover, it has exposed the extraordinary swindle by which the people are taxed

to pay for interest on loans made by bankers to Governments, of credit which the bankers themselves artificially create, but which rests finally on the credit of the Governments themselves, who have been jockeyed into believing that they have no option in the matter; for it has been laid down by the economic pundits (the bankers' henchmen) that for Governments to use their own credit is against the principles of sound finance. They neglect to tell us these are the principles that put money in the pockets of bankers. For these reasons, the advocacy of the Douglas Scheme is doing a vast amount of good. It has exposed the "mysteries" with which finance is surrounded, and it has shown that the monetary system needs drastic overhauling. Yet so far the Douglasites have not been able to advance any satisfactory alternative scheme. And I suspect the reason for the failure is to be found in the fact that our currency reformers, like the bankers whom they criticize, suffer from the money illusion.

CHAPTER IX

THE NEW DEAL

To understand any social and political system it is necessary to understand its central idea, for it is only when we understand it that we can reconcile apparent contradictions. The New Deal is no exception to this rule; though as it is entirely empirical, its central idea is not easy to define, beyond perhaps the general one of National Recovery, that is Prosperity, as it is generally understood by the people, not as it is understood by the business men who talk a great deal about Prosperity and are bitterly opposed to Roosevelt. For whereas they think only about Prosperity as it immediately concerns themselves, the New Deal is primarily concerned with the general welfare. While he has been in office, the President has consistently supported the small man and the workers at the expense of the great industrialists and the formerly all-powerful Trusts.

Under the New Deal, America has to a great extent been lifted out of the trough into which it had fallen; and we must not under-rate the magnitude of the achievement. It is a great thing to have given industry a new lease of life when it threatened to come to a standstill, and to have changed the traditional attitude of the American towards government and the social question. Trade has been revived; unemployment reduced; the banking system has been so thoroughly overhauled that bank failures are as rare to-day as previously they were common; while many necessary

public works have been put in hand, such as the various afforestation and irrigation schemes. All public-minded men would be agreed in supporting these schemes, and those of understanding will regret the decision of the Supreme Court that the agricultural side of the programme was unconstitutional, not only because the now defunct A.A.A. accomplished much for the farmers of the Middle West, but because by fixing the price of agricultural produce it took the first step towards the creation of a new social order; for following fixed prices inevitably come Guilds and the corporate organization of society. Nothing else connected with the New Deal was of such significance and presaged so much for the future. It may be that the fixation of prices is against the letter of the Constitution; but if I understand it rightly it is not against its spirit. For the fixation of prices would operate to decentralize industry and restore local life, the preservation of which by safeguarding the independence of the individual States was the object of the Constitution.

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Though the New Deal saved the business world from approaching bankruptcy, business men, with few exceptions, will have none of it. They want to get rid of the whole of it (with the exception perhaps of the afforestation schemes) to remove the props which, if they could only see it, are the condition of such prosperity as they have. The situation is not unlike that which obtained in England after the War, when business men clamoured for the removal of the controls, which had everywhere been introduced during the War, to find when they were removed that they were in the soup. What is the explanation of this opposition? They urge that the New Deal is artificial, that it is

run mainly on borrowed money, and they fear that the large scale of the borrowings will result in national bankruptcy. There is some truth in these objections. But I very much doubt whether they are their real ones because their own activities work towards the same end, and they do not propose to abandon them. Nor do I think they object because they think by abolishing the New Deal they can increase their prosperity, for beyond a certain point increase of wealth ceases to be a motive with most business men. No, the real reason is that it spoils their game; it takes the fun out of business. Business men chafe under the restrictions which the New Deal imposes. They long to get back to the days of "prosperity" when they could speculate to their heart's content without Government interference. To them such interference is insufferable tyranny, a needless restriction on the freedom of the individual to do what he likes with his own. It is, they suppose, a needless restriction, because they are entirely blind to the consequences of their own activities which have turned the economic system into a gamble. They are just as blind as Socialists are to the consequences of their own activities; which suggest there is something in Plato's idea that the plutocrat and the democrat are the same type of man—the plutocrat is the successful democrat, and the democrat the unsuccessful plutocrat. They have the same outlook on life and are actuated by the same motives.

I feel well assured such is the case, for whereas business men are very alive to the ripples on the surface of society, they are for the most part unconscious of its underlying currents. It was fortunate for them that they did not succeed in defeating the New Deal; for if they had they would have been back

at 1933. There would have been a slump, followed in all probability by a revolutionary swing to the Left, and if European precedent is any guide, this would have either resulted in Communism which would have abolished the business men, or been followed by the rise of Fascism, which would have restricted their liberty infinitely more than the New Deal. It would seem that "prosperity," as they understood it, is gone for ever. A point has been reached when the economic liberty of the individual must be restricted in the general interest, for no society can last for long when its economics has become a gamble. Business men look upon the unrestricted freedom of exchange as the natural and normal thing. They do not realize that it is a very unnatural and abnormal thing—the consequences of a theory of society and economics that originated in the eighteenth century which broke with traditional ideas, and which is itself everywhere breaking down, for experience has proved that it is not a principle by which society can live, because in its wake there come all manner of problems. In the Middle Ages the danger of speculation was recognized and guarded against by fixed prices and laws against profiteering; the former as we saw came to an end in the sixteenth century, but the latter continued in England right down into the middle of last century. They were repealed in 1844. Until about 1825 practices which to-day are the mere commonplaces of business were condemned by public opinion, and anyone found guilty of profiteering was liable to prosecution. Public opinion changed as a consequence of the growing popularity of the theory of Free Trade which in those days was used in connection with internal as well as external trade. It is significant that Pitt defended food speculators on the

ground that it was the best means of ensuring an abundant and cheap supply of wheat when England was at war. During the Great War drastic action was taken to prevent profiteering in food as a peril to the nation. Thus the old ideas come back.

But while the New Deal moves towards the suppression of internal Free Trade, the New Dealers still believe in external Free Trade; they still believe in the myths of progress and indefinite industrial expansion. One reads that as a consequence of his overwhelming victory "the President is expected to take vigorous steps to further international trade." That is inconsistent, it is the snag on which the New Deal may come to grief. Or perhaps it won't, for the President is not likely to get very far in his efforts to stimulate international trade; he will soon find himself up against a brick wall, for the tendency to-day all over the world is away from universal markets and towards national self-sufficiency. The vast expansion of foreign trade which began towards the middle of last century and continued until the years preceding the War was not, as Free Traders suppose, a development with elements of permanence, but as we saw an entirely abnormal affair that owed its existence to the fact that the world was being equipped industrially; and the expansion was naturally followed by contraction as the equipment was completed. And because of this the President will find himself unable to further international trade. Politicians and business men confuse cause and effect when they assume that the volume of international trade has shrunk because of the growth of tariffs; the truth is the reverse; nations have raised their tariffs because the volume of world trade has shrunk.

It is strange that people should be so blind to this

central fact in the economic situation. If it had not been so the Post-war history of the World would have been very different. The Entente would not have imposed such impossible terms on Germany, for they would have understood that Germany could only pay such colossal reparations on the assumption that there was practically no limit to the expansion of foreign trade. In a contracting market such payments were clearly impossible, while any increase in German foreign trade that did take place would, in such circumstances, be mainly at the expense of the Entente countries, which was the last thing they desired. Then again, but for the Free Trade theory of indefinite industrial expansion, England and the United States would not have invested and lost such enormous sums in financing German industries under the Dawes Plan; for they would have known that, with markets contracting, rationalization could only make matters worse, and they would have avoided accelerating the economic collapse of 1929. Finally, to this same theory is to be ascribed the revival of militarism, because if Germany had been treated with some regard to the facts the situation which brought the Nazi's into power would never have arisen. All the troubles of the present day can be traced to belief in Free Trade, progress and indefinite industrial expansion. It is because politicians and business men cling so tenaciously on to these outworn theories, that are flatly contradicted by the facts, that things won't settle down. Things can't settle down when so many powers are bent on realizing the unrealizable.

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Belief in industrial expansion is central in the New Deal, and it is its central weakness. It accounts

for the building of power stations and other works, upon the assumption that we suffer because we have too little machinery instead of too much. The testing time of the New Deal will come when all this machinery is set in motion, just as the testing time of Germany under the Dawes Plan came when the rationalization was complete. For the time being the capital expenditure has promoted prosperity by distributing a lot of money; and it is that distribution that has quickened things into life. It would have been just the same if the same amount of money had been distributed direct as under the Douglas Scheme; the only difference between the two schemes being that whereas the New Deal distributes money through the agency of make-work schemes,¹ the Douglas Scheme proposes to distribute it direct. It is difficult to say which is the greater evil. The distribution of free purchasing power is an evil because it tends to undermine the sense of personal responsibility, however much in it may be justified as a measure of temporary economic expediency. Make-work schemes are equally objectionable, especially when they take the form of roadmaking, which they nearly all do; because concrete roads destroy the beauty of the countryside; and I hate to see the beauty of the countryside destroyed to make work for the unemployed.² A more disturbing thought is that it looks

¹ This is not to condemn all the schemes promoted by the New Deal. The afforestation and irrigation schemes, for instance, are more than justified.

² In England concrete road building has already destroyed an appreciable part of the beauty of the country; and there appears to be no stopping it, because the Ministry of Transport has more money than it knows what to do with. The trouble is the Road Fund which comes from a tax on petrol produces nowadays a surplus which can only be spent by unnecessary road-making which devastates the countryside. Another weapon in the hands of the Vandals is the Slum Clearance Act. According to it every old domestic building

as if the process of destruction must go on until there is not a scrap of beauty left. All make-work schemes are certain to have this effect, because their administration falls into the hands of engineers, and surveyors who with a few exceptions entirely lack taste, and the few who have some taste lack the training which would enable them to give expression to it. And all because we won't restrict the use of machinery. On Mondays, Wednesdays and Fridays we invent machines to save labour; On Tuesdays, Thursdays and Saturdays we spend our time inventing work for the labour we displaced. Could anything be more irrational? Yet it is the unacknowledged philosophy of the New Deal.

From this vicious circle there is no escape apart from boldly tackling the problem of machinery. The world seems irreconcilably divided between the majority who are unaware of any problem connected with the use of machinery except the problem of distributing equitably its products, and a minority who see only too clearly that as it is used it is destructive of the very fabric of civilization itself. The first attitude has given rise to the idea of salvation by Planning, which might be defined as Socialism with the sting left out; or perhaps more correctly as Fascism with the sting left out. For actually Planning is nearer to Fascism than Socialism because it does not interfere with the institution of private property. Spiritually,

must be made to conform with the building regulations. As these regulations are ill-considered and largely responsible for the architectural chaos of our suburbs, there does not appear to be much hope for our villages which are the most beautiful in the world. It looks as if the triumph of Vandalism would be complete. The only difference between the Vandalism of the Anarchists in Spain and that of the British Government is that whereas the former is the fruit of vengeance, the latter is perfectly respectable and done legally. But the end is the same. Our countryside will be destroyed because the Government has no time to give to such details.

however, it is nearer to Socialism, because most Planners have Socialist sympathies and look upon their schemes as stepping stones to Socialism. That by such external means the economic system can be galvanised into life and advantages accrue to individuals is not to be denied. But the price that must be paid is enormous. It involves the permanent acquiescence in servile conditions of life and labour, loss of independence and initiative; if anything of the present day can be considered permanent. The ground we stand on is too volcanic for us to be sure of the permanence of anything.

The fallacy of Planning is that it assumes society is static rather than dynamic. It seeks, as it were, to give permanence to what after all is only a phase of social development—to stabilize the abnormal. Planners skate about the surface, they are acutely conscious of the symptoms of the social disease, but are for the most part unaware of its nature. They see that the workers suffer from an insufficiency of material things, from unemployment and insecurity. They see, in fact, all the things that can be weighed and measured. But they are blind to the things that can't be weighed and measured, and that is why they do not possess the secret of the present confusion and unrest. They do not see that, except in extreme cases, it has less to do with the material side of life than with the sense of frustration which oppresses nearly everybody. Mechanization by centralizing wealth and power and by replacing skilled by unskilled labour has destroyed the distributed initiative that exists in all normal societies; it has deprived men of opportunities, and undermined personal independence. The result is that most men to-day feel themselves suffocated. That is why they rebel; they want to be able to breathe

freely. It is the secret of all rebellions, whatever form they take. Ever since the days of the Industrial Revolution men have suffered acutely from this oppression. But until yesterday there was money in it for great numbers, if not for all; and men came to acquiesce in the system, though disliking it, for the sake of what they could get out of it, and the gamble which was a part of it. Nowadays there is nothing in it for any but a privileged few. And so nowadays the energy which last generation was expended by men in individual enterprise is increasingly to-day being put into agitation, and the form it takes is purely destructive; the destruction masquerades as construction.

Viewed in this light it will be seen that though the Planners are right in regard to certain immediate issues, fundamentally they are mistaken. Approaching the social problem entirely from the viewpoint of externals they seek a remedy for material conditions as a separate and detached proposition, with the result that they further depress the spiritual life by closing up what avenues are still left for the expression of the spirit, liberty, independence and initiative. Half of life is irrational; inevitably so. But instead of accepting this fact as irrevocable Planners seek to make life entirely rational, with the result that they only succeed in rendering it more servile or more explosive as the case may be. The Distributist is wiser. He is closer to the facts in seeing that the solution is to be found in reversing the economic process, and in redistributing property. But he does not find it so easy to get to work, because the majority share the illusions of the Planner. But they will be disillusioned and his time will come. 3

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Meanwhile amidst all the uncertainty that surrounds us there is one thing of which we can be absolutely certain: the present system cannot last. It cannot last because it violates natural law at too many points to be permanent. If we are wise we shall accept that fact as axiomatic; and instead of devising schemes to bring order into society by external means we shall seek to renew its foundations, material and spiritual, so that we shall have something to rally round when the existing order breaks down completely, instead of being left stranded. But if this new centre of order is to be sufficiently strong to stand the strain of a general breakdown, we shall have to get to work at once; for there is no time to be lost. We shall have to give up our fatal habit of sitting on the fence where fundamental issues are concerned, and face the fact that modern civilization is an experiment that has failed; and it has failed because it cut itself adrift from its spiritual foundations.

