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The Industrial Situation

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THE INDUSTRIAL SITUATION.

WE find to-day two irreconcilable points of view with regard to the industrial situation. We have the point of view voiced by Mr. Arthur Henderson, that Capitalism and private enterprise have proved a complete failure, and, we have the view of almost the entire business world, that if Capitalism has its drawbacks, it is yet a system which we cannot even hope to dispense with.

The apologist for our existing order, if he confines himself to one aspect of things, has a sufficiently easy task. Individual enterprise on the competitive system in one respect has not proved a failure—it has been a brilliant success. It has achieved marvels of organisation, performed miracles of production. Every element of the physical universe has been conquered, no obstacle presented by Nature has ever daunted the genius of the industrial climber. The impossibilities of one generation become the common-place realities of the next. The only failure that can be charged to the account of private enterprise was its inability to cope with the requirements of the European War. But this proves too much, and social reformers should be wary of pressing the point. If private enterprise proved itself inadequate, so did Trade Union regulations, voluntary military enlistment, and finally personal liberty in almost every detail of life. The failure of Capitalism in this connection is nothing to its discredit.

The apologist of private enterprise might carry the war further into the enemy's camp. He might argue that it was the business of industry to organise for peace, not for war; that war was economically unsound, and that the enormous achievements of war industries under Government control could have no permanent foundations. These, however, are side issues. It remains incontestable that in regard to material results private enterprise as a system is almost invulnerable. Its failure is on the human side. The world is full of wealth and beauty, of the opportunity for leisure, health and enjoyment. Yet each member of the army of producers is doomed to a life of monotonous toil in ugly surroundings, for so inadequate a reward, that all are standing up to-day as one man to condemn the system.

The most disheartening feature of the industrial struggle is

the fact that the two opposing parties do not seem to meet at any point. Each seems entrenched behind the ramparts of its own prejudice. The adherent of the old order sees nothing but an admirable system which it would be futile to disturb; the reformer can see nothing but injustice so intolerable as to call for the wholesale destruction of the entire social order. In his view the poisonous power of Capital bulks so large, that the single word "Capitalism" is used to sum up all the intricacies, social and industrial, of our world, in one sweeping term of condemnation. And everyone who approves of, or profits by, the existing system belongs to the capitalist or to the middle classes. No very exact definition is given of the latter term, but it quite adequately covers all the persons who look at industrial questions from one particular angle, who share the belief that the division of classes as it exists to-day, is natural, fundamental, and inevitable. The plain man of the middle class seldom finds it necessary to justify his position, since he rarely meets anyone who will question it. The facts are there, patent and incontestable. Here are the upper and middle classes—persons of position, education, knowledge, and capacity. It is natural that they should possess wealth and leisure, and the opportunities to acquire more wealth and additional leisure. And there are the people—the hewers of wood and drawers of water. It is natural that they should earn, by hewing and drawing, enough to keep themselves and their families in being. It is perhaps regrettable that they cannot share in the advantages of wealth, leisure, and opportunity, and anything that *can* be done to alleviate their lot—anything in reason—should undoubtedly *be* done. But, of course, their poverty, besides being natural (have we not the best authority for the statement that the poor are always with us) is really their own fault. Every employer knows that there is ample opportunity in *his* service for the steady, capable, hard-working man to rise. He can never get enough competent over-lookers and foremen. If a man remains at the bottom of the ladder, clearly it is because he does not deserve promotion. And there is no finality either about being a foreman. Has not every private the Marshal's bâton in his knapsack, and did not he himself begin . . . etc., etc.

Within the limits of this class, there is a wide range and considerable diversity. We find at one end of the scale the elderly millowner who will not hear of any change—"Rank Socialism, sir, rank Socialism, rather than allow that I'd close my mill"; at the other end, the progressive young employer who welcomes welfare

workers and Whitley Councils, and deals frankly and honestly with the officials of his men's Union. But even between these two extremes, there is no difference in standpoint, for all subscribe to the view that whatever you may do with the details, the ground plan of industry must remain what it is to-day. If they were inclined to philosophise, they would probably say that it had developed by inherent necessity from the nature of men and things.

Where the middle-class man sees a necessity so fundamental that it is hardly worth while to waste regrets on it, the intelligent working man and his advocates see nothing but a deliberate system of expropriation. Capitalism means purely and simply the exploitation of the wage earner. One of the ablest exponents of the new ideals always refers to the workers as the "dispossessed." The worker is frankly and uncompromisingly Marxian. All wealth is the produce of labour, and the reward of labour is withheld from the working man by the tyranny and rapacity of the employer, who somehow has possessed himself of the instruments of production, and thus gained the power which he wields so unscrupulously. Precisely how the employer has acquired these instruments, our reformers do not trouble to enquire (for they do not search after origins much more industriously than their middle-class counterparts), but as these instruments were also produced in the first place by labour, so in equity they too belong to the worker, or, at any rate, to a succeeding generation of workers. By labour the Marxian meant manual labour pure and simple, but the Trade Unionist of to-day has travelled beyond that standpoint. The latest manifestoes are addressed to all "workers by hand or brain," and it is probably not suspected how much has been given away by the addition of the last two words. Mr. Orage, in his description of Guild Socialism, makes it clear that he admits brain-workers to salvation, and incidentally deplores—and wonders—that the brain-worker employee generally allies himself with the capitalist.¹ Actually the brain-worker is often not only allied but identified with the capitalist. One might imagine, from the writings of some reformers, that our industrial concerns sprang into existence ready-made to the last shaft and pulley, and that the capitalist thereupon supervened and took command. In the early days of

¹ Mr. G. D. H. Cole (*Labour in the Commonwealth*) maintains that the brain-workers' real interest lies with Labour rather than with Capital, and urges them to shake themselves free of their gilded chains, and throw in their lot with Labour.

every concern, the founder who began in a small way was often the only brain-worker, the owner of the brain which designed the whole edifice. In larger industrial undertakings, the brain-worker frequently either has a share, or aims at obtaining one. In any case, he hopes to make a much better position for himself than any that labour has hitherto been able to secure, or—he shrewdly suspects—might be willing to concede him, if it had the deciding voice.

The question for the impartial person to-day, the problem which must be solved unless civilisation is to perish, is how to bridge the gulf between two irreconcilable positions, how to keep what is of value in the old order, while making room for the new.

The first essential is the abolition of destitution and of great fortunes; there can be no toleration of the existing extremes of poverty and wealth. We must disabuse our minds once and for all of the idea of regrettable necessities. Industrial conditions are of our own making, and there are no necessary evils. Our productive powers, in this twentieth century, are sufficient to provide much more than the mere necessities of life for every man, woman, and child in the country. Further, these can be provided without exhausting hours of work, and without the labour of children.¹ Then Society and Industry must be so organised that every man, woman, and child shall have more than the necessities of life, that none shall work to the detriment of physical, mental, or moral welfare, or be haunted by the fear of unemployment. It is a matter of organisation, and the organisation must be forthcoming. If Communism alone could achieve these modest ends, then it must be Communism. Long ago, John Stuart Mill came to this conclusion :

“If, therefore, the choice were to be made between Communism, with all its chances, and the present state of Society, with all its sufferings and injustices . . . if this or Communism were the alternative, all the difficulties, great or small, of Communism would be as dust in the balance.”²

Mill, however, was not of the opinion that this drastic remedy for the evils of our social system was the only possible one, and

¹ It would be laughable if it were not pitiable to hear the old arguments on these questions repeated by one generation of employers after another. The industrialists of the early nineteenth century succeeded in convincing themselves and others that their trade (and incidentally the country) would be ruined if they were not allowed to employ children under eight years of age for twelve or fourteen hours a day. In 1916 the worsted spinners and manufacturers of Bradford persuaded the Education Committee temporarily to reduce the school-leaving (and factory-entering) age from fourteen to thirteen, in order to enable their export trade, so essential to the finances of the country, to carry on.

² *Principles of Political Economy*, Bk. II., Chap. I., Par. 3.

he contended that the *régime* of individual property, as it *might* be made, would be preferable to the dead level of Communism. All the instincts of the educated person have a trick of recoiling from the dreary prospect. Even the theorist who believes that he has ceased all truck with the system he condemns, sometimes comes to a point where he parts company with his Socialist friends. Mr. Bertrand Russell, for instance, who condemns Capitalism root and branch, would rather adhere to the old wicked system than submit to a form of State control which might destroy the initiative of the artist and the poet.¹ But he concludes that we need not put up with State Socialism, we can adopt Guild Socialism, and save our artistic souls. Many a rich young man who would enter the Kingdom of Heaven, is torn by conflicting emotions. He looks with agonies of anxiety at the achievements of civilisation, and asks if a new system will not endanger all that makes our lives worth living—art, letters, and learning, education and gentle manners, beauty and the appreciation of beauty in every form. The consistent Marxian is not troubled with any such doubts, or restrained by any such scruples. And he is perfectly justified, for all these delights the working population—that is, the majority of mankind—have never had the least opportunity of enjoying. It is immaterial if they go—“the worker has nothing to lose but his chains.”

A more moderate reformer recently stated² that the system of private enterprise, though wrong, had “been created constitutionally,” and “could only be improved in a constitutional manner.” We might go farther, and admit that the system had developed on lines suited to the progress of industry in that age; that incidentally it had rendered service to mankind, and that only because it rendered service, did the system develop and survive. The political economist of the old school very naïvely explained that our industrial system was so admirably adjusted to its ends that by serving his own interest, the merchant or manufacturer, or what not, incidentally (if unconsciously) served the best interests of the community and *vice versa*. This was the kernel of the theory of free competition, and the survival of the fittest in the realm of industry. We have lost these early illusions. We must, however, maintain that the capitalist system of private enterprise has rendered, and still renders, certain services. The running of an industrial concern, still more the

¹ *Roads to Freedom*, by the Hon. Bertrand Russell.

² Mr. Sexton, Labour M.P. for St. Helens, in support of the Amendment to the Address in reply to the King's Speech, House of Commons, February 13th, 1919.

starting of it, involves an act of creation. Every concern existed in the brain of its founder as a scheme, a hope, an ambition, a dream before—perhaps long before—it was realised. None has sprung spontaneously into existence. When “A” starts a small works with his savings, when he hires a shed, purchases a few machines, engages a few workmen, draws up a scheme of work, perhaps adapts existing machinery or devises a new process, and finds a market for the product, he does actually bring into existence something which was not there before, and of which the world is in most cases very glad to avail itself. When Mr. Cole takes our industrial system as it exists to-day, and analyses it into (1) manual workers, (2) technical workers, and (3) foremen, or manipulators of men, all equally “dispossessed” by the employer, and assumes that all would get on equally well without him, he appears to leave out two elements, the creative and the synthetic forces, which first brought the concern into existence, and made and make it a workable whole.

The main service which the capitalist has rendered has been the building up of values. The “abstinence” of the rich employer has been very much derided, and in vain economists have pointed out that by abstinence they did not mean abstemiousness. It is no doubt easy enough to “abstain” from consuming, when one has a considerable surplus to abstain with. It may involve no sacrifice, and there may be nothing in it morally creditable to the capitalist. Nevertheless, this despised abstention has made possible a considerable amount of planning, organising, and extending, and the capitalist has rendered actual service by so doing. If he had not done it, it would not have been done. There is no denying that, faulty as our arrangements are, a highly developed commercial community possesses much wealth useful for productive purposes, which a country less capitalistically developed does not possess.

We can admit all the considerations for the capitalist employer, and admit them to the hilt, without in the least prejudging the case in his favour. It does not follow either that the capitalist may not be getting—may not at all times have got—far more than adequate reward for the services rendered, or that he may not have fulfilled his part, that we may not have reached a stage in our development where he has no further services to render, and can be dispensed with.

The principal objection to the remuneration of the employer under a system of private enterprise, is that profits are often so very much out of proportion to the services rendered. There are

normally three ways in which a capitalist can amass a very large fortune—we are not speaking now of the earning of a moderate income. He may exploit his employees, or he may fleece the public, or he may actually offer the community something which no one else can offer, and for which the community is therefore glad to pay his price. The majority who get very rich, obviously would not do so if they paid higher wages to their workpeople, or charged lower prices to their customers. They might pay higher wages and charge lower prices, and content themselves with a more moderate profit. Where competition is keen this actually happens, and the public is well served, but the tendency to increased combination among employers is against the public in this respect.

A man may render service to the community and at the same time build up a very large fortune by means of improved methods of working, by the utilisation of a waste product, or by the introduction of some new device which the public is willing to pay for. But even if the public benefits by his improvement, it is difficult to estimate the exact value of the capitalist's services, and to see why he should be entitled to the whole of the return that he is able to obtain. The benefit which he confers may serve to obscure the fact that he is definitely levying a tax on society. Nevertheless the tax is a real one, the lowering of the price of the article sold might be a public boon, and there is obviously a limit to the remuneration which even genius should be allowed to command. When there is no unusual service rendered, no new method or process invented, no utilisation of waste products introduced, large profits can clearly be made only at the expense either of the employees or the consumer, or both.

As soon, however, as we leave the solid ground afforded by the old theory that the capitalist employer is entitled to whatever profits he can wring out of an unresisting public, we are left without any basis for the settling of his remuneration. We are up against the further difficulty that the employer will never, if he can avoid it, disclose what his profits are, or what relation they bear to his expenses. The law which ordains that a limited liability company must publish its accounts, would gain greatly in value if it stipulated that the accounts should be published in an intelligible form, should reveal what the company paid in wages, and how many employees shared these wages between them.

The employer will never lay his cards on the table. The obvious conclusion is either that he feels that his profits are

greater than his deserts, or that he fears other people may think so. He explains this to himself, and, if need be, to others, by dwelling on his past sacrifices, on the risk he has taken and still takes, on the losses he suffered in building up the business, for which he is entitled to recoup himself. All this is quite true and legitimate; but even so, the cards are not on the table, and it is difficult for the business man to be really honest with himself. At which point, losses having been made good, does he think it incumbent on him to cease making the largest profits obtainable? At what stage in his career does he conclude that having obtained a competence, he might begin to practise virtue? And exactly how does he, or, for the matter of that, how can we arrive at a just estimate of his value to the community? The founders of Chairs in our Universities expect to command the services of the very finest intellects for £1,000 a year or less, but a Yorkshire manufacturer of small beginnings and no education, will not necessarily think himself sufficiently remunerated by ten times that figure.

But the capitalist system, like the Thesis of a Hegelian trilogy, has brought with it its own corrective. Capitalism has called into existence the Trade Union movement. Day by day the Unions increase in power and influence, and practically every step in their progress is conditioned by some inhumanity, some stupidity, at the best some short-sighted blunder, on the part of the employer. An impartial observer of the world of industry cannot fail to be reminded of the old adage, that whom the gods wish to destroy they afflict with madness. Nothing short of madness can excuse the employers, in the light of their own interests. The *Times* stated, some time ago, with a fine show of impartiality, that if we had had no bad employers, we should never have had militant Trade Unions. The statement, of course, was tinged with regret. But the social reformer naturally shudders at the idea of a world regulated by the fiat of a set of perfectly benevolent employers.

In his Union the working man has learnt lessons of self-restraint, of self-government, and of sacrifice for the common good that he could never otherwise have had an opportunity of acquiring. His Union is his great education. The rise of the Trade Union movement, its splendid idealism, its appeal to the unselfishness and public spirit of its members, no less than its material achievements, stand out like a great romance in the sordid annals of our industrial life.

The system, of course, is not perfect. Mr. Cole is inclined to find the Unions too conservative, and somewhat lacking in

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imagination.¹ Organised working men have obtained a status, even if a poor one; below them is the abyss, into which at all costs they do not want to fall. Therefore they are not so anxious as a more drastic reformer could wish for wholesale changes in our industrial organisation.

The main weakness of the Trade Union is the tendency for the centralised government to lose touch with the rank and file. The successful Labour leader, especially after some years of Parliamentary experience, is liable to lose favour with his Union. He has ceased to be quite as drastic, at any rate with regard to immediate action, as some of his constituents. Mr. Bertrand Russell puts this down to the "subtle and almost unconscious influence of educated men," which "is apt to sap revolutionary ardour, producing doubt and uncertainty instead of the swift, simple assurance by which victory might have been won."² It is only necessary to read the criticisms of, say, *The Call*, or listen to the comments of some rank-and-file Socialist on the "top-hatted and black-coated gentlemen" whom he has helped to send to the House of Commons, to see that there is often a real loss of sympathy between Labour and its leaders. The leader has recognised that there is another side to every question, and that industrial and social problems are more complex and less easy to solve than his former colleagues are inclined to believe. Perhaps he has even come to recognise that though employers are practically always in the wrong, it may be that workpeople are not always in the right. This would, no doubt, sap his revolutionary ardour.

The shop steward, on the other hand, is hampered by no general knowledge, and his revolutionary ardour has full scope. It is too early as yet to pronounce judgment on this movement, which the general public only knows for its turbulence. On the face of it, the shop steward would seem to be not only a necessary product of the Trade Union, but an ideal link between the central committee and the individual members. The committee obviously cannot get inside experience of every "shop," and all the individual workers can hardly have access to the Union officials. There would seem to be no better link than the shop steward.

The practice, as usual, is apt to fall behind the theory. One of the difficulties of the shop steward's position is that he serves two masters. The Trade Union secretary is an independent

¹ See *Labour in the Commonwealth*, by G. D. H. Cole.

² *Principles of Social Reconstruction*, by the Hon. Bertrand Russell.

person who meets the employer on equal terms, and can afford to respect both himself and his adversary. The shop steward is actually in the employer's pay, and can only do his stewarding, whether peaceful or otherwise, in the time for which he is paid by the employer. Consciously or unconsciously, he is bound to resent the position.

The profession of shop steward suffers from further disabilities. In our modern industrial system, the capable and ambitious man can generally obtain some sort of promotion. He can become a skilled specialist, if his ability is mainly technical, or an over-looker, foreman or departmental manager, if his ability is more general. If he is an unselfish enthusiast he will probably wish to be a Trade Union organiser. It is at least probable that the ablest men will not become shop stewards. Revolutionary ardour without much solid backing, a talent for rhetoric, and the ability to attract the attention of men who are not inclined to do their own thinking, are likely to be the shop steward's main qualifications.

But whatever the methods by which the Trade Unions may eventually solve their internal problems, the Unions are the only practicable stepping stones for a peaceful transition from the present industrial system to something better. Two achievements stand to their credit; they have produced statesmen, and they have devised an honest, fearless, and constructive programme. We do not find in the policy or in the speeches of the more fortunate classes anything to match the spirit of practical Idealism, the true and far-sighted striving for the public good, that breathes in every word spoken by our greatest Labour Members to-day. Here are no reservations, no *arrière-pensées*, for there is nothing to conceal; there are no inconvenient facts to gloss over; above all, no indispensables—hereditary or financial—to conciliate. Their aim is a good life for the masses of the people, and almost every item on their programme goes to the heart of the matter.

One of the first demands of the Labour Party is the nationalisation of mines, railways, canals, and of land. With regard to the first three, it is clear that these services have now reached a magnitude and complexity where public control becomes a necessity; the importance of the interests served, and the vast number of persons employed makes the industries unsuitable for private enterprise. The miners, the railwaymen, and the dockers are convinced that this way salvation lies. They are not economists, but they know exactly where the shoe pinches, and their judgment is likely to be sound. There is as much justifi-

cation for the nationalisation of railways as there could ever have been for the establishment of a national Postal Service.

The demand for the immediate nationalisation of all industry, concurrently with the abolition of private capitalistic enterprise, is a different matter. The transition between the old order and a better cannot, without serious danger to the community, be a rapid or violent one, and the demand that the worker, without either the necessary education or experience, should immediately take over the entire control of industry, is an invitation to disaster. Nor is it safe, whatever their past and present wrongs, to assume that the proletariat have a monopoly of all the virtues. There is no doubt more idealism in a chapter of Trade Union history than in a whole library of records of capitalistic achievements. The Trade Union has the inspiration of wrongs to fight and sufferings to redress. To work for the raising of the masses is more inspiring than to strive to keep them in their places. To create a new world is a nobler ideal than, with one's head in the sand, to defend a privileged order. The worker has, at any rate, a cleaner start. But human nature is very much akin, and the noble ideals of the social reformer are perhaps not quite so universal as he would have us believe.

We must pin our faith to evolution, not revolution. Capital has already measured its strength with the Trade Union, and been defeated. It is fast losing the attribute which makes for the most evil—the power that it wields over the lives of the workers. Deprive it wholly of that power, and the sting has gone out of the system. The details of our industrial life are being rapidly reorganised on a new basis by the driving power of the Trade Unions. A minimum wage for all workers and a reasonable working day are the first essentials, and the next the securing for the worker of a legitimate share of control over conditions of work and processes. Details must vary, but there should be no difficulty in any industry run on sane lines, so to apportion the control as to secure beneficial results for all concerned. The problem of unemployment cannot be solved by industrial measures alone. Defects in housing, sanitation, and upbringing, are all largely responsible, though the main fault lies in the callousness which has allowed nearly every industry to rely on the existence of a large reservoir of unskilled labour, which can be tapped at need. While improvements in social organisation aim at eliminating unemployables, each industry must make itself responsible for the whole number of people whom it employs at any time.

When a national minimum wage has been established, when factory life has been made decent and its conditions bearable, when child labour with all its evils has been abolished; when land and the great public services have been nationalised, and monopolies have disappeared; when profiteering, as distinct from the earning of moderate profits, has been eliminated, and the workers have obtained joint control of industrial processes, we shall have scaled the first height in the path of progress, and gained an eminence which will afford a wider view. A new spirit will have come over industrial life. The amassing of large private fortunes will have become impossible, and the stimulus of great monetary reward will have been replaced by the ideal of service to the community. At this stage we may hope to have dispelled the great mass of prejudice in favour of the old order on the one hand, the extreme bitterness and desire for upheaval on the other hand. In happier circumstances, and with clearer view, we shall be better able to discern what is to be the next step forward.

HÉLÈNE REYNARD