Chapter II: Capitalism and the Wage System

I

The world is full of preventible evils which most men would be glad to see prevented.

Nevertheless, these evils persist, and nothing effective is done toward abolishing them.

This paradox produces astonishment in inexperienced reformers, and too often produces disillusionment in those who have come to know the difficulty of changing human institutions.

War is recognized as an evil by an immense majority in every civilized country; but this recognition does not prevent war.

The unjust distribution of wealth must be obviously an evil to those who are not prosperous, and they are nine tenths of the population. Nevertheless it continues unabated.

The tyranny of the holders of power is a source of needless suffering and misfortune to very large sections of mankind; but power remains in few hands, and tends, if anything, to grow more concentrated.

I wish first to study the evils of our present institutions, and the causes of the very limited success of reformers in the past, and then to suggest reasons for the hope of a more lasting and permanent success in the near future.

The war has come as a challenge to all who desire a better world. The system which cannot save mankind from such an appalling disaster is at fault somewhere, and cannot be amended in any lasting way unless the danger of great wars in the future can be made very small.

But war is only the final flower of an evil tree. Even in times of peace, most men live lives of monotonous labor, most women are condemned to a drudgery which almost kills the possibility of happiness before youth is past, most children are allowed to grow up in ignorance of all that would enlarge their thoughts or stimulate their imagination. The few who are more fortunate are rendered illiberal by their unjust privileges, and oppressive through fear of the awakening indignation of the masses. From the highest to the lowest, almost all men are absorbed in the economic struggle: the struggle to acquire what is their due or to retain what is not their due. Material possessions, in fact or in desire, dominate our outlook, usually to the exclusion of all generous and creative impulses. Possessiveness--the passion to have and to hold--is the ultimate source of war, and the foundation of all the ills from which the political world is suffering. Only by diminishing the strength of this passion and its hold upon our daily lives can new institutions

bring permanent benefit to mankind.

Institutions which will diminish the sway of greed are possible, but only through a complete reconstruction of our whole economic system. Capitalism and the wage system must be abolished; they are twin monsters which are eating up the life of the world. In place of them we need a system which will hold in cheek men's predatory impulses, and will diminish the economic injustice that allows some to be rich in idleness while others are poor in spite of unremitting labor; but above all we need a system which will destroy the tyranny of the employer, by making men at the same time secure against destitution and able to find scope for individual initiative in the control of the industry by which they live. A better system can do all these things, and can be established by the democracy whenever it grows weary of enduring evils which there is no reason to endure.

We may distinguish four purposes at which an economic system may aim: first, it may aim at the greatest possible production of goods and at facilitating technical progress; second, it may aim at securing distributive justice; third, it may aim at giving security against destitution; and, fourth, it may aim at liberating creative impulses and diminishing possessive impulses.

Of these four purposes the last is the most important. Security is chiefly important as a means to it. State socialism, though it might give material security and more justice than we have at present, would

probably fail to liberate creative impulses or produce a progressive society.

Our present system fails in all four purposes. It is chiefly defended on the ground that it achieves the first of the four purposes, namely, the greatest possible production of material goods, but it only does this in a very short-sighted way, by methods which are wasteful in the long run both of human material and of natural resources.

Capitalistic enterprise involves a ruthless belief in the importance of increasing material production to the utmost possible extent now and in the immediate future. In obedience to this belief, new portions of the earth's surface are continually brought under the sway of industrialism. Vast tracts of Africa become recruiting grounds for the labor required in the gold and diamond mines of the Rand, Rhodesia, and Kimberley; for this purpose, the population is demoralized, taxed, driven into revolt, and exposed to the contamination of European vice and disease. Healthy and vigorous races from Southern Europe are tempted to America, where sweating and slum life reduce their vitality if they do not actually cause their death. What damage is done to our own urban populations by the conditions under which they live, we all know. And what is true of the human riches of the world is no less true of the physical resources. The mines, forests, and wheat-fields of the world are all being exploited at a rate which must practically exhaust them at no distant date. On the side of material production, the world is living

too fast; in a kind of delirium, almost all the energy of the world has rushed into the immediate production of something, no matter what, and no matter at what cost. And yet our present system is defended on the ground that it safeguards progress!

It cannot be said that our present economic system is any more successful in regard to the other three objects which ought to be aimed at. Among the many obvious evils of capitalism and the wage system, none are more glaring than that they encourage predatory instincts, that they allow economic injustice, and that they give great scope to the tyranny of the employer.

As to predatory instincts, we may say, broadly speaking, that in a state of nature there would be two ways of acquiring riches--one by production, the other by robbery. Under our existing system, although what is recognized as robbery is forbidden, there are nevertheless many ways of becoming rich without contributing anything to the wealth of the community. Ownership of land or capital, whether acquired or inherited, gives a legal right to a permanent income. Although most people have to produce in order to live, a privileged minority are able to live in luxury without producing anything at all. As these are the men who are not only the most fortunate but also the most respected, there is a general desire to enter their ranks, and a widespread unwillingness to face the fact that there is no justification whatever for incomes derived in this way. And apart from the passive enjoyment of rent or interest, the methods of

acquiring wealth are very largely predatory. It is not, as a rule, by means of useful inventions, or of any other action which increases the general wealth of the community, that men amass fortunes; it is much more often by skill in exploiting or circumventing others. Nor is it only among the rich that our present régime promotes a narrowly acquisitive spirit. The constant risk of destitution compels most men to fill a great part of their time and thought with the economic struggle. There is a theory that this increases the total output of wealth by the community. But for reasons to which I shall return later, I believe this theory to be wholly mistaken.

Economic injustice is perhaps the most obvious evil of our present system. It would be utterly absurd to maintain that the men who inherit great wealth deserve better of the community than those who have to work for their living. I am not prepared to maintain that economic justice requires an exactly equal income for everybody. Some kinds of work require a larger income for efficiency than others do; but there is economic injustice as soon as a man has more than his share, unless it is because his efficiency in his work requires it, or as a reward for some definite service. But this point is so obvious that it needs no elaboration.

The modern growth of monopolies in the shape of trusts, cartels, federations of employers and so on has greatly increased the power of the capitalist to levy toll on the community. This tendency will not cease of itself, but only through definite action on the part of those

who do not profit by the capitalist régime. Unfortunately the distinction between the proletariat and the capitalist is not so sharp as it was in the minds of socialist theorizers. Trade-unions have funds in various securities; friendly societies are large capitalists; and many individuals eke out their wages by invested savings. All this increases the difficulty of any clear-cut radical change in our economic system. But it does not diminish the desirability of such a change.

Such a system as that suggested by the French syndicalists, in which each trade would be self-governing and completely independent, without the control of any central authority, would not secure economic justice. Some trades are in a much stronger bargaining position than others. Coal and transport, for example, could paralyze the national life, and could levy blackmail by threatening to do so. On the other hand, such people as school teachers, for example, could rouse very little terror by the threat of a strike and would be in a very weak bargaining position. Justice can never be secured by any system of unrestrained force exercised by interested parties in their own interests. For this reason the abolition of the state, which the syndicalists seem to desire, would be a measure not compatible with economic justice.

The tyranny of the employer, which at present robs the greater part of most men's lives of all liberty and all initiative, is unavoidable so long as the employer retains the right of dismissal with consequent

loss of pay. This right is supposed to be essential in order that men may have an incentive to work thoroughly. But as men grow more civilized, incentives based on hope become increasingly preferable to those that are based on fear. It would be far better that men should be rewarded for working well than that they should be punished for working badly. This system is already in operation in the civil service, where a man is only dismissed for some exceptional degree of vice or virtue, such as murder or illegal abstention from it. Sufficient pay to ensure a livelihood ought to be given to every person who is willing to work, independently of the question whether the particular work at which he is skilled is wanted at the moment or not. If it is not wanted, some new trade which is wanted ought to be taught at the public expense. Why, for example, should a hansom-cab driver be allowed to suffer on account of the introduction of taxies? He has not committed any crime, and the fact that his work is no longer wanted is due to causes entirely outside his control. Instead of being allowed to starve, he ought to be given instruction in motor driving or in whatever other trade may seem most suitable. At present, owing to the fact that all industrial changes tend to cause hardships to some section of wage-earners, there is a tendency to technical conservatism on the part of labor, a dislike of innovations, new processes, and new methods. But such changes, if they are in the permanent interest of the community, ought to be carried out without allowing them to bring unmerited loss to those sections of the community whose labor is no longer wanted in the old form. The instinctive conservatism of mankind is sure to make all processes of

production change more slowly than they should. It is a pity to add to this by the avoidable conservatism which is forced upon organized labor at present through the unjust workings of a change.

It will be said that men will not work well if the fear of dismissal does not spur them on. I think it is only a small percentage of whom this would be true at present. And those of whom it would be true might easily become industrious if they were given more congenial work or a wiser training. The residue who cannot be coaxed into industry by any such methods are probably to be regarded as pathological cases, requiring medical rather than penal treatment. And against this residue must be set the very much larger number who are now ruined in health or in morale by the terrible uncertainty of their livelihood and the great irregularity of their employment. To very many, security would bring a quite new possibility of physical and moral health.

The most dangerous aspect of the tyranny of the employer is the power which it gives him of interfering with men's activities outside their working hours. A man may be dismissed because the employer dislikes his religion or his politics, or chooses to think his private life immoral. He may be dismissed because he tries to produce a spirit of independence among his fellow employees. He may fail completely to find employment merely on the ground that he is better educated than most and therefore more dangerous. Such cases actually occur at present. This evil would not be remedied, but rather intensified,

under state socialism, because, where the State is the only employer, there is no refuge from its prejudices such as may now accidentally arise through the differing opinions of different men. The State would be able to enforce any system of beliefs it happened to like, and it is almost certain that it would do so. Freedom of thought would be penalized, and all independence of spirit would die out.

Any rigid system would involve this evil. It is very necessary that there should be diversity and lack of complete systematization. Minorities must be able to live and develop their opinions freely. If this is not secured, the instinct of persecution and conformity will force all men into one mold and make all vital progress impossible.

For these reasons, no one ought to be allowed to suffer destitution so long as he or she is willing to work. And no kind of inquiry ought to be made into opinion or private life. It is only on this basis that it is possible to build up an economic system not founded upon tyranny and terror.

II

The power of the economic reformer is limited by the technical productivity of labor. So long as it was necessary to the bare subsistence of the human race that most men should work very long hours for a pittance, so long no civilization was possible except an

aristocratic one; if there were to be men with sufficient leisure for any mental life, there had to be others who were sacrificed for the good of the few. But the time when such a system was necessary has passed away with the progress of machinery. It would be possible now, if we had a wise economic system, for all who have mental needs to find satisfaction for them. By a few hours a day of manual work, a man can produce as much as is necessary for his own subsistence; and if he is willing to forgo luxuries, that is all that the community has a right to demand of him. It ought to be open to all who so desire to do short hours of work for little pay, and devote their leisure to whatever pursuit happens to attract them. No doubt the great majority of those who chose this course would spend their time in mere amusement, as most of the rich do at present. But it could not be said, in such a society, that they were parasites upon the labor of others. And there would be a minority who would give their hours of nominal idleness to science or art or literature, or some other pursuit out of which fundamental progress may come. In all such matters, organization and system can only do harm. The one thing that can be done is to provide opportunity, without repining at the waste that results from most men failing to make good use of the opportunity.

But except in cases of unusual laziness or eccentric ambition, most men would elect to do a full day's work for a full day's pay. For these, who would form the immense majority, the important thing is that ordinary work should, as far as possible, afford interest and

independence and scope for initiative. These things are more important than income, as soon as a certain minimum has been reached. They can be secured by gild socialism, by industrial self-government subject to state control as regards the relations of a trade to the rest of the community. So far as I know, they cannot be secured in any other way.

Guild socialism, as advocated by Mr. Orage and the "New Age," is associated with a polemic against "political" action, and in favor of direct economic action by trade-unions. It shares this with syndicalism, from which most of what is new in it is derived. But I see no reason for this attitude; political and economic action seem to me equally necessary, each in its own time and place. I think there is danger in the attempt to use the machinery of the present capitalist state for socialistic purposes. But there is need of political action to transform the machinery of the state, side by side with the transformation which we hope to see in economic institutions. In this country, neither transformation is likely to be brought about by a sudden revolution; we must expect each to come step by step, if at all, and I doubt if either could or should advance very far without the other.

The economic system we should ultimately wish to see would be one in which the state would be the sole recipient of economic rent, while private capitalistic enterprises should be replaced by self-governing combinations of those who actually do the work. It ought to be

optional whether a man does a whole day's work for a whole day's pay, or half a day's work for half a day's pay, except in cases where such an arrangement would cause practical inconvenience. A man's pay should not cease through the accident of his work being no longer needed, but should continue so long as he is willing to work, a new trade being taught him at the public expense, if necessary. Unwillingness to work should be treated medically or educationally, when it could not be overcome by a change to some more congenial occupation.

The workers in a given industry should all be combined in one autonomous unit, and their work should not be subject to any outside control. The state should fix the price at which they produce, but should leave the industry self-governing in all other respects. In fixing prices, the state should, as far as possible, allow each industry to profit by any improvements which it might introduce into its own processes, but should endeavor to prevent undeserved loss or gain through changes in external economic conditions. In this way there would be every incentive to progress, with the least possible danger of unmerited destitution. And although large economic organizations will continue, as they are bound to do, there will be a diffusion of power which will take away the sense of individual impotence from which men and women suffer at present.

III

Some men, though they may admit that such a system would be desirable, will argue that it is impossible to bring it about, and that therefore we must concentrate on more immediate objects.

I think it must be conceded that a political party ought to have proximate aims, measures which it hopes to carry in the next session or the next parliament, as well as a more distant goal. Marxian socialism, as it existed in Germany, seemed to me to suffer in this way: although the party was numerically powerful, it was politically weak, because it had no minor measures to demand while waiting for the revolution. And when, at last, German socialism was captured by those who desired a less impracticable policy, the modification which occurred was of exactly the wrong kind: acquiescence in bad policies, such as militarism and imperialism, rather than advocacy of partial reforms which, however inadequate, would still have been steps in the right direction.

A similar defect was inherent in the policy of French syndicalism as it existed before the war. Everything was to wait for the general strike; after adequate preparation, one day the whole proletariat would unanimously refuse to work, the property owners would acknowledge their defeat, and agree to abandon all their privileges rather than starve. This is a dramatic conception; but love of drama is a great enemy of true vision. Men cannot be trained, except under very rare circumstances, to do something suddenly which is very

different from what they have been doing before. If the general strike were to succeed, the victors, despite their anarchism, would be compelled at once to form an administration, to create a new police force to prevent looting and wanton destruction, to establish a provisional government issuing dictatorial orders to the various sections of revolutionaries. Now the syndicalists are opposed in principle to all political action; they would feel that they were departing from their theory in taking the necessary practical steps, and they would be without the required training because of their previous abstention from politics. For these reasons it is likely that, even after a syndicalist revolution, actual power would fall into the hands of men who were not really syndicalists.

Another objection to a program which is to be realized suddenly at some remote date by a revolution or a general strike is that enthusiasm flags when there is nothing to do meanwhile, and no partial success to lessen the weariness of waiting. The only sort of movement which can succeed by such methods is one where the sentiment and the program are both very simple, as is the case in rebellions of oppressed nations. But the line of demarcation between capitalist and wage-earner is not sharp, like the line between Turk and Armenian, or between an Englishman and a native of India. Those who have advocated the social revolution have been mistaken in their political methods, chiefly because they have not realized how many people there are in the community whose sympathies and interests lie half on the side of capital, half on the side of labor. These people make a clear-cut

revolutionary policy very difficult.

For these reasons, those who aim at an economic reconstruction which is not likely to be completed to-morrow must, if they are to have any hope of success, be able to approach their goal by degrees, through measures which are of some use in themselves, even if they should not ultimately lead to the desired end. There must be activities which train men for those that they are ultimately to carry out, and there must be possible achievements in the near future, not only a vague hope of a distant paradise.

But although I believe that all this is true, I believe no less firmly that really vital and radical reform requires some vision beyond the immediate future, some realization of what human beings might make of human life if they chose. Without some such hope, men will not have the energy and enthusiasm necessary to overcome opposition, or the steadfastness to persist when their aims are for the moment unpopular. Every man who has really sincere desire for any great amelioration in the conditions of life has first to face ridicule, then persecution, then cajolery and attempts at subtle corruption. We know from painful experience how few pass unscathed through these three ordeals. The last especially, when the reformer is shown all the kingdoms of the earth, is difficult, indeed almost impossible, except for those who have made their ultimate goal vivid to themselves by clear and definite thought.

Economic systems are concerned essentially with the production and distribution of material goods. Our present system is wasteful on the production side, and unjust on the side of distribution. It involves a life of slavery to economic forces for the great majority of the community, and for the minority a degree of power over the lives of others which no man ought to have. In a good community the production of the necessaries of existence would be a mere preliminary to the important and interesting part of life, except for those who find a pleasure in some part of the work of producing necessaries. It is not in the least necessary that economic needs should dominate man as they do at present. This is rendered necessary at present, partly by the inequalities of wealth, partly by the fact that things of real value, such as a good education, are difficult to acquire, except for the well-to-do.

Private ownership of land and capital is not defensible on grounds of justice, or on the ground that it is an economical way of producing what the community needs. But the chief objections to it are that it stunts the lives of men and women, that it enshrines a ruthless possessiveness in all the respect which is given to success, that it leads men to fill the greater part of their time and thought with the acquisition of purely material goods, and that it affords a terrible obstacle to the advancement of civilization and creative energy.

The approach to a system free from these evils need not be sudden; it is perfectly possible to proceed step by step towards economic freedom

and industrial self-government. It is not true that there is any outward difficulty in creating the kind of institutions that we have been considering. If organized labor wishes to create them, nothing could stand in its way. The difficulty involved is merely the difficulty of inspiring men with hope, of giving them enough imagination to see that the evils from which they suffer are unnecessary, and enough thought to understand how the evils are to be cured. This is a difficulty which can be overcome by time and energy. But it will not be overcome if the leaders of organized labor have no breadth of outlook, no vision, no hopes beyond some slight superficial improvement within the framework of the existing system. Revolutionary action may be unnecessary, but revolutionary thought is indispensable, and, as the outcome of thought, a rational and constructive hope.