

## CHAPTER VIII

### THE MIDDLE-CLASS MAN, THE BUSINESS MAN, AND SOCIALISM

#### § 1.

Let me insert here a few remarks upon a question that arises naturally out of the preceding discussion, and that is the future of that miscellaneous section of the community known as the middle class. It is one that I happen to know with a peculiar intimacy.

For a century or more the grinding out of the middle class has been going on. I began to find it interesting--altogether too interesting indeed, when I was still only a little boy. My father was one of that multitude of small shopkeepers which has been caught between the "Stores" and such-like big distributors above and the rising rates below, and from the knickerbocker stage onward I was acutely aware of the question hanging over us. "This isn't going on," was the proposition. "This shop in which our capital is invested will never return it. Nobody seems to understand what is happening, and there is nobody to advise or help us. What are we going to do?"

Except that people are beginning to understand a little now what it all means, exactly the same question hangs over many hundreds of thousands of households to-day, not only over the hundreds of small

shopkeepers, but of small professional men, of people living upon small parcels of investments, of clerks who find themselves growing old and their value depreciated by the competition of a new, better-educated generation, of private school-masters, of boarding-and lodging-house keepers and the like. They are all vaguely aware of something more than personal failure, of a drift and process which is against all their kind, of the need of "doing something" for themselves and their children, something different from just sticking to the shop or the "situation"--and they don't know what to do! What ought they to do?

Well, first, before one answers that, let us ask what it is exactly that is grinding the middle class in this way. Is it a process we can stop? Can we direct the millstones? If we can, ought we to do so? And if we cannot, or decide that it isn't worth while, then what can we do to mitigate this cruelty of slowly impoverishing and taxing out of existence a class that was once the backbone of the community? It is not mere humanity dictates this much, it is a question that affects the State as a whole. It must be extremely bad for the spirit of the nation and for our national future that its middle mass should be in a state of increasing financial worry and stress, irritated, depressed, and broken in courage. One effect is manifest in our British politics now. Each fresh election turns upon expenditure more evidently than the last, and the promise to reduce taxation or lower the rates overrides more and more certainly any other consideration. What are Empire or Education to men who feel themselves drifting helplessly

into debt? What chance has any constructive scheme with an electorate of men who are being slowly submerged in an economic bog?

The process that has brought the middle class into these troubles is a complex one, but the essential thing about it seems to be this, that there is a change of scale going on in most human affairs, a substitution of big organizations for detached individual effort almost everywhere. A hundred and fifty years ago or so the only very rich people in the community were a handful of great landowners and a few bankers; the rest of the world's business was being done by small prosperous independent men. The labourers were often very poor and wretched, ill clad, bootless, badly housed and short of food, but there was nevertheless a great deal of middle-class comfort and prosperity. The country was covered with flourishing farmers, every country town was a little world in itself, with busy tradespeople and professional men; manufacturing was still done mainly by small people employing a few hands, master and apprentice working together; in every town you found a private school or so, an independent doctor and the like, doing well in a mediocre, comfortable fashion. All the carrying trade was in the hands of small independent carriers; the shipping was held by hundreds of small shipowners. And London itself was only a larger country town. It was, in effect, a middle-class world ruled over by aristocrats; the millstones had as yet scarcely stirred.

Then machinery came into the lives of men, and steam power, and there

began that change of scale which is going on still to-day, making an ever-widening separation of master and man and an ever-enlarging organization of industry and social method. Its most striking manifestation was at first the substitution of organized manufacture in factories for the half-domestic hand-industrialism of the earlier period; the growth of the fortunes of some of the merchants and manufacturers to dimensions comparable with the wealth of the great landowners, and the sinking of the rest of their class towards the status of wage-earners. The development of joint-stock enterprise arose concurrently with this to create a new sort of partnership capable of handling far greater concerns than any single wealthy person, as wealth was measured by the old scale, could do. There followed a great development of transit, culminating for a time in the coming of the railways and steamships, which abolished the isolation of the old towns and brought men at the remotest quarters of the earth into business competition. Big towns of the modern type, with half-a-million inhabitants or more, grew up rapidly all over Europe and America. For the European big towns are as modern as New York, and the East End and south side of London scarcely older than Chicago. Shopkeeping, like manufactures, began to concentrate in large establishments, and big wholesale distribution to replace individual buying and selling. As the need for public education under the changing conditions of life grew more and more urgent, the individual enterprise of this school-master and that gave place to the organized effort of such giant societies as (in Britain) the old National School Society and the British School Society, and at last to State

education. And one after another the old prosperous middle-class callings fell under the stress of the new development.

The process still goes on, and there can be little doubt of the ultimate issue. The old small manufacturers are either ruined or driven into sweating and the slums; the old coaching innkeeper and common carrier have been impoverished or altogether superseded by the railways and big carrier companies; the once flourishing shopkeeper lives to-day on the mere remnants of the trade that great distributing stores or the branches of great companies have left him. Tea companies, provision-dealing companies, tobacconist companies, make the position of the old-established private shop unstable and the chances of the new beginner hopeless. Railways and tramways take the custom more and more effectually past the door of the small draper and outfitter to the well-stocked establishments at the centre of things; telephone and telegraph assist that shopping at the centre more and more. The small "middle-class" school-master finds himself beaten by revived endowed schools and by new public endowments; the small doctor, the local dentist, find Harley Street always nearer to them and practitioners in motor-cars from the great centres playing havoc with their practices. And while the small men are more and more distressed, the great organizations of trade, of production, of public science, continue to grow and coalesce, until at last they grow into national or even world trusts, or into publicly-owned monopolies. In America slaughtering and selling meat has grown into a trust, steel and iron are trustified, mineral oil is all gathered into a few hands.

All through the trades and professions and sciences and all over the world the big eats up the small, the new enlarged scale replaces the old.

And this is equally true, though it is only now beginning to be recognized, of the securities of that other section of the middle class, the section which lives upon invested money. There, too, big eats little. There, too, the small man is more and more manifestly at the mercy of the large organization. It was a pleasant illusion of the Victorian time that one put one's hundred pounds or thousand pounds "into something," beside the rich man's tens of thousands, and drew one's secure and satisfying dividends. The intelligent reader of Mr. Lawson's *Frenzied Finance* or of the bankruptcy proceedings of Mr. Hooley realizes this idyll is scarcely true to nature. Through the seas and shallows of investment flow great tides and depressions, on which the big fortunes ride to harbour while the little accumulations, capsized and swamped, quiver down to the bottom. It becomes more and more true that the small man saves his money for the rich man's pocket. Only by drastic State intervention is a certain measure of safety secured for insurance, and in America recently we have had the spectacle of the people's insurance-money used as a till by the rich financiers.

And when the middle-class man turns in his desperation from the advance of the big competitor who is consuming him, as a big codfish eats its little brother, to the State, he meets a tax-paper; he sees

as the State's most immediate aspect the rate-collector and inexorable demands. The burthen of taxation certainly falls upon him, and it falls upon him because he is collectively the weakest class that possesses any property to be taxed. Below him are classes either too poor to tax or too politically effective to stand taxation. Above him is the class which owns a large part of the property in the world; but it also owns the newspapers and periodicals that are necessary for an adequate discussion of social justice, and it finds it cheaper to pay a voluntary tax to the hoardings at election time than to take over the small man's burdens. He rolls about between these two parties, antagonized first to one and then the other, and altogether helpless and ineffectual. So the millstones grind, and so it would seem they will continue to grind until there is nothing between them; until organized property in the hands of the few on the one hand and the proletariat on the other grind face to face. So, at least, Karl Marx taught in *Das Kapital*.

But when one says the middle class will disappear, one means that it will disappear as a class. Its individuals and its children will survive, and the whole process is not nearly so fatalistic as the Marxists would have us believe. The new great organizations that are replacing the little private enterprises of the world before machinery are not all private property. There are alternatives in the matter of handling a great business. To the exact nature of these alternatives the middle-class mind needs to direct itself if it is to exert any control whatever over its future. Take the case of the butcher. It is

manifestly written on the scroll of destiny that the little private slaughter-house, the little independent butcher's shop, buying and selling locally, must disappear. The meat will all be slaughtered at some great, conveniently organized centre, and distributed thence to shops that will necessarily be mere agencies for distributing meat. Now, this great slaughtering and distributing business may either be owned by one or a group of owners working it for profit--in which case it will be necessary for the State to employ an unremunerative army of inspectors to see that the business is kept decently clean and honest--or it may be run by the public authority. In the former case the present-day butcher or his son will be a slaughterman or shopkeeper employed by the private owners; in the latter case by the public authority. This is equally true of a milk-seller, of a small manufacturer, of a builder, of a hundred and one other trades. They are bound to be incorporated in a larger organization; they are bound to become salaried men where formerly they were independent men, and it is no good struggling against that. It is doubtful, indeed, whether from the standpoint of welfare it would be worth the middle-class man's while to struggle against that. But in the case of very many great public services--meat, milk, bread, transit, housing and land administration, education and research, and the public health--it is still an open question whether the big organization is to be publicly owned, publicly controlled, and constantly refreshed by public scrutiny and comment, or whether it is to be privately owned, and conducted solely for the profit of a small group of very rich owners. The alternatives are Plutocracy or Socialism, and between these the



middle-class man remains weakly undecided and ineffectual, lending no weight to and getting small consideration therefore from either side. He remains so because he has not grasped the real nature of his problem, because he clings in the face of overwhelming fate to the belief that in some way the wheels of change may be arrested and his present method of living preserved.

I think, if he could shake himself free from that impossible conservatism he would realize that his interests lie with the interests of the intelligent working-class man--that is to say, in the direction of Socialism rather than in the direction of capitalistic competition; that the best use he can make of such educational and social advantages as still remain for him is to become the willing leader instead of the panic-fierce antagonist of the Socialist movement. His place, I hold, is to forward the development of that State and municipal machinery the Socialist foreshadows, and to secure for himself and his sons and daughters an adequate position and voice in the administration. Instead of struggling to diminish that burthen of public expenditure which educates and houses, conveys and protects him and his children, he ought rather to increase it joyfully, while at the same time working manfully to transfer its pressure to the broad shoulders of those very rich people who have hitherto evaded their legitimate share of it. The other course is to continue his present policy of obstinate resistance to the extension of public property and public services. In which case these things will necessarily become that basis of monopolistic property on which the

coming plutocracy will establish itself. The middle-class man will be taxed and competed out of independence just the same, and he will become a salaried officer just the same, but with a different sort of master and under different social conditions according as one or other of these alternatives prevails.

Which is the better master--the democratic State or a "combine" of millionaires? Which will give the best social atmosphere for one's children to breathe--a Plutocracy or a Socialism? That is the real question to which the middle-class man should address himself.

No doubt to many minds a Plutocracy presents many attractions. In the works of Thomas Love Peacock, and still more clearly in the works of Mr. W. H. Mallock, you will find an agreeable rendering of that conception. The bulk of the people will be organized out of sight in a state of industrious and productive congestion, and a wealthy, leisurely, and refined minority will live in spacious homes, with excellent museums, libraries, and all the equipments of culture; will go to town, concentrate in Paris, London, and Rome, and travel about the world. It is to these large, luxurious, powerful lives that the idealist naturally turns. Their motor-cars, their aeroplanes, their steam yachts will awaken terror and respect in every corner of the globe. Their handsome doings will fill the papers. They will patronize the arts and literature, while at the same time mellowing them by eliminating that too urgent insistence upon contemporary fact which makes so much of what is done to-day harsh and displeasing. The

middle-class tradition will be continued by a class of stewards, tenants, managers, and foremen, secretaries and the like, respected and respectful. The writer, the artist, will lead lives of comfortable dependence, a link between class and class, the lowest of the rich man's guests, the highest of his servants. As for the masses, they will be fed with a sort of careless vigour and considerable economy from the Chicago stockyards, and by agricultural produce trusts, big breweries, fresh-water companies, and the like; they will be organized industrially and carefully controlled. Their spiritual needs will be provided for by churches endowed by the wealthy, their physical distresses alleviated by the hope of getting charitable aid, their lives made bright and adventurous by the crumbs of sport that fall from the rich man's table. They will crowd to see the motor-car races, the aeroplane competitions. It will be a world rich in contrasts and not without its gleam of pure adventure. Every bright young fellow of capacity will have the hope of catching the eye of some powerful personage, of being advanced to some high position of trust, of even ending his days as a partner, a subordinate assistant plutocrat. Or he may win a quite agreeable position by literary or artistic merit. A pretty girl, a clever woman of the middle class would have before her even more brilliant and romantic possibilities.

There can be no denying the promises of colour and eventfulness a Plutocracy holds out, and though they do not attract me, I can quite understand their appeal to the more ductile and appreciative mind of Mr. Mallock. But there are countervailing considerations. There is, it

is said, a tendency in Plutocracies either to become unprogressive, unenterprising and stagnantly autocratic, or to develop states of stress and discontent, and so drift towards Cæsarism. The latter was the fate of the Roman Republic, and may perhaps be the destiny of the budding young Plutocracy of America. But the developing British Plutocracy, like the Carthaginian, will be largely Semitic in blood, and like the Carthaginian may resist these insurgent tendencies.

So much for the Plutocratic possibility. If the middle-class man on any account does not like that outlook, he can turn in the other direction; and then he will find fine promises indeed, but much more uncertainty than towards Plutocracy. Plutocracies the world has seen before, but a democratic civilization organized upon the lines laid down by modern Socialists would be a new beginning in the world's history. It is not a thing that will come about by itself; it will have to be the outcome of a sustained moral and intellectual effort in the community. If there is not that effort, if things go on as they are going now, the coming of a Plutocracy is inevitable. That effort, I am convinced, cannot be successfully made by the lower-class man alone; from him, unaided and unguided, there is nothing to be expected but wild convulsive attempts at social upheaval, which, whether they succeed (as the French Revolution did) or fail (as did the insurrectionary outbreaks of the Republic in Rome), lead ultimately to a Napoleon or a Cæsar. But our contemporary civilization is unprecedented in the fact that the whole population now reads, and that intelligence and free discussion saturate the whole mass. Only

time can show what possibilities of understanding, leadership, and political action lie in our new generation of the better-educated middle class. Will it presently begin to define a line for itself? Will it remain disorganized and passive, or will it become intelligent and decisive between these millstones of the organized property and the organizing State, between Plutocracy and Socialism, whose opposition is the supreme social and political fact in the world at the present time?

§ 2.

Perhaps, also, it may be helpful here to insert a view of the contemporary possibilities of Socialism from a rather different angle, a view that follows on to the matter of the previous section, but appeals to a different section of the Middle Class. It is a quotation from the Magazine of Commerce for September 1907, and leads to an explanation by the present writer.

"The recent return of Mr. Grayson, a Socialist, as member of Parliament for the Colne Valley, has brought prominently before the public mind the question of Socialism. Mr. Pete Curran's success at Jarrow a month or so ago, and the large number of Labour members returned at the last General Election, caused more or less desultory comment on Socialism as a possible feature of practical politics in the remote

future; but Mr. Grayson can certainly claim that his achievement at Colne Valley brought the question of Socialism in to the very forefront at one bound. It is difficult to ignore Socialism, to dismiss it as a mere fad and fancy of a few hare-brained enthusiasts, after Mr. Grayson's success. The verdict of Colne Valley may be the verdict of many another constituency where the so-called working-class electors are numerically predominant. When we consider that the manual worker represents the majority of the electorate of the country, this contingency does not appear to be so very remote, provided that the leaders of Socialism can organize their resources and canvass the working-men on a wide and carefully-planned scale. In this respect the Colne Valley result may very well give them the lead and stimulus they have been waiting for. It must be borne in mind, too, that the forward section of the Labour Party is avowedly Socialist in its sympathies, and a definite start may therefore be said to have been made towards capturing the machinery of Government in the Cause of Socialism.

"How will Socialism affect the business world? This is a question which many thoughtful business men must have already put to themselves. For reply we must go to the leaders of Socialism, and discover what their policy actually is. The common impression that Socialism spells barefaced confiscation is too superficial to be seriously adduced as an argument

against Socialism. The leaders of the Cause include some of the cleverest men of the day--men who have a more rational basis for their policy than that of simply robbing Peter to pay Paul. The suggestion that Socialism means a compulsory 'share out' may be rightly dismissed as an idle scare. The most bitter opponent of Socialism must at least admit that there is a stronger argument to be met than that implied by the parrot-cry of 'spoliation.' Socialism has, at any rate, so far advanced as to be allowed the ordinary courtesies of debate. We may oppose it tooth and nail, but we must confront argument with argument and not with abuse.

"Despite much excellent literature which is read widely by cultured people, very little is known by the general public of the principles which modern British Socialists have adopted as their guiding rules. Few business men care to study the subject. We have therefore addressed a letter to the chief leaders of the Cause, with the purpose of ascertaining the effect which Socialism would have on our business habits. Our object was to discover how far Socialism might disturb or improve business; whether it would altogether subvert present methods, or whether it could be applied without injury to these methods. To put the matter very plainly, we wished to learn whether we should carry on our business much as we do now, giving free play to individual effort and individual fortune-building.

"The reply of Mr. Wells is as follows:--

"MY DEAR SIR,

"I wish very much I could reply at adequate length to your very admirably framed question. The constant stream of abuse and of almost imbecile misrepresentations of Socialism in the Press has no doubt served to distort the idea of our movement in the minds of a large proportion of busy men, and filled them with an unfounded dread of social insecurity. If it were possible to allay that by an epigrammatic programme, "Socialism in a Nutshell," so to speak, I would do my best. But the economic and trading system of a modern State is not only a vast and complex tangle of organizations, but at present an uncharted tangle, and necessarily the methods of transition from the limited individualism of our present condition to the scientifically-organized State, which is the Socialist ideal, must be gradual, tentative and various.

"To build up a body of social and economic science, to develop a class of trained administrators, to rearrange local government areas, to educate the whole community in the "sense of the State" are necessary parts of the



Socialist scheme. You must try and induce your readers to recognize that when Socialism finds such supporters as Sir Oliver Lodge and Professor Karl Pearson, as William Morris (who revolutionized the furniture trade), as Granville Barker (who is revolutionizing the London stage), as Mr. George Cadbury and Mr. Fels (whose names are not unknown in the world of advertisement), as Mr. Allan (of the Allan Line), as Mr. George Bernard Shaw and Mrs. Shaw, Mr. and Mrs. Sidney Webb and Sir Sidney Olivier (the present Governor of Jamaica)--all of them fairly comfortable and independent people, practically acquainted with the business of investment and affairs generally and quite alive to the present relations of property to the civilized life--the suggestion that it is a raid of the ignorant "Have-nots" on the possessions of the wise and good "Haves" cannot be a very intelligent one nor addressed to very intelligent people. Essentially Socialism is the scientifically-organized State as distinguished from the haphazard, wasteful, blundering, child-sweating State of the eighteenth century. It is the systematization of present tendency. Necessarily its methods of transition will be progressively scientific and humane.

"So far as your specific questions go, I do not think there could possibly be anything in the nature of

"compulsory profit-sharing" if a Socialist Government came into office. There is at present a compulsory profit-sharing in the form of an income-tax, but that tax does not appeal to the Socialist as a particularly scientific one. The advent of a strongly-Socialist Government would mean no immediate revolutionary changes at all. There would be, no doubt, a vigorous acceleration of the educational movement to increase the economic value and productivity of the average citizen of the next generation, and legislation upon the lines laid down by the principle of the "minimum wage" to check the waste of our national resources by destructive employment. Also a systematic shifting of the burthen of taxation from enterprise to rent would begin. But nothing convulsive would occur."

"The means of transit and communication of the country (both internal and external), and especially the railways and canals (which are now rapidly falling into inefficiency through the exhaustion of their capital upon excessive dividends in the past), would probably be transferred from competitive private to organized public control--a transfer that would certainly be enormously stimulating to business generally. There would be no "robbery," the former shareholders would become stock or annuity holders. Nor would there be any financial

convulsion due to the raising of the "enormous sum" necessary to effect this purchase. The country would simply create stock, while at the same time taking over assets to balance the new liability.

"A Socialist Government would certainly also acquire the coal mines and the coal trade, and relieve industry from the inconveniences due to the manipulation of the supply of this vitally important factor, and it would accelerate the obvious tendency of the present time to bring the milk trade, the drink trade, slaughtering, local traffic, lighting and power supply into public hands. But none of this is the destruction of property, but only its organization and standardization. Such a State organization of public services is, I submit, enough to keep a Socialist Government busy for some few years, and makes not only for social progress, but social stability.

"And does an honest and capable business man stand to lose or gain by the coming of such a Socialist Government? I submit that, on the whole, he stands to gain. Let me put down the essential points in his outlook as I conceive them.

"Under a Socialist Government such as is quite possible

in England at the present time:--

"He will be restricted from methods of production and sale that are socially mischievous.

"He will pay higher wages.

"He will pay a larger proportion of his rate-rent outgoings to the State and Municipality, and less to the landlord. Ultimately he will pay it all to the State or Municipality, and as a voter help to determine how it shall be spent, and the landlord will become a Government stock-holder. Practically he will get his rent returned to him in public services.

"He will speedily begin to get better-educated, better-fed and better-trained workers, so that he will get money value for the higher wages he pays.

"He will get a regular, safe, cheap supply of power and material. He will get cheaper and more efficient internal and external transit.

"He will be under an organized scientific State, which will naturally pursue a vigorous scientific collective policy in support of the national trade.

"He will be less of an adventurer and more of a citizen...."

So I wrote to the Magazine of Commerce, and that for the energetic man who is conducting a real and socially useful business is the outlook. Socialism is not the coming of chaos and repudiation, it is the coming of order and justice. For confusion and accident and waste, the Socialist seeks to substitute design and collective economy. That too is the individual aim of every good business man who is not a mere advertising cheat or financial adventurer. To the sound-minded, clear-headed man of affairs, Socialism appeals just as it appeals to the scientific man, to the engineer, to the artist, because it is the same reality, the large scale aspect of the same constructive motive, that stirs in himself.

§ 3.

Let me finally quote the chairman of one of the most enterprising and enlightened business organizations of our time to show that in claiming the better type of business man for modern Socialism I am making no vain boast. Sir John Brunner may not call himself a Socialist, but this is very probably due to the fact that he gets his ideas of Socialism from the misquotations of its interested adversaries. This that follows from the Manchester Guardian is pure

Socialism.

Speaking at the annual meeting of Brunner, Mond and Co., Ltd., in Liverpool (1907), the chairman, Sir John Brunner, M.P., made a remarkable pronouncement on the subject of the collective ownership of canals. He said:--

"I have been one of a Royal Commission visiting the North of France, Belgium, and Northern Germany, and our duty has been to examine what those three countries have done in the improvement of their canals and their waterways. We have been very deeply impressed by what we have seen, and I can tell you to-day, speaking as a man of business to men of business, that the fact that in these three countries there is communal effort--that is to say, that the State in money and in credit for the benefit of the national trade--has brought to those three countries enormous, almost incalculable, benefits; and I think that any man, any intelligent man, who studies this matter as I have studied it for a great many years, will come the conclusion, as I have come very clearly and decidedly, that the old policy which we have adopted for generations of leaving all public works to private enterprise--the old policy, so called, of *laissez faire*--is played out completely, and I am of opinion, very firmly, that, if we mean to hold our own in matters of trade, we must learn to follow the example that has been set us not only by France, Belgium,

and Germany, but by the United States and by every one of the Colonies of our Empire. Everywhere do you find that trade is helped by the effort of the community, by the force of the State, and I shall be very heartily pleased if those who hear me will think the matter over and decide for themselves whether or not we as business people--preeminently the business people of the world--are to maintain the old policy of leaving everything to private enterprise, or whether we are to act together for the good of all in this important matter of the national trade."